



AT THE HEART OF HEALTH CARE FOR ALL.

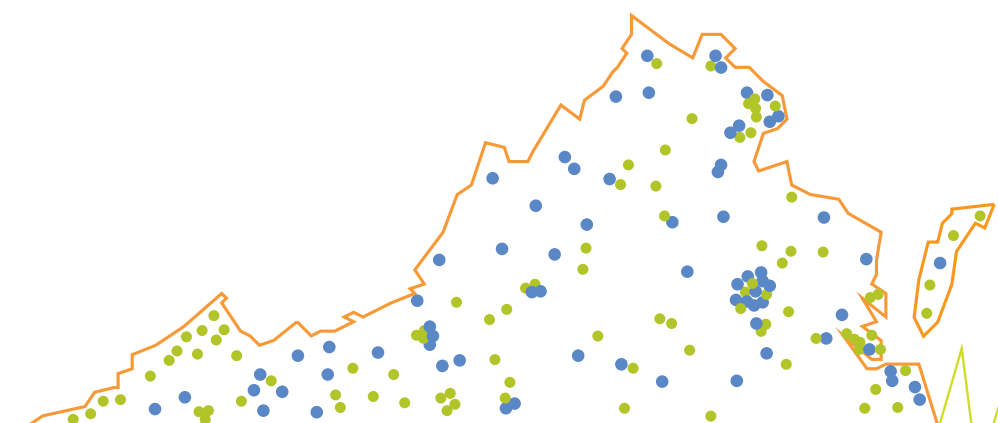


The Virginia Health Care Foundation stands in the gap for the one million Virginians without health insurance.

Often, people only see the organizations we support.

The truth is, **we are behind the scenes**, always working, building, collaborating and making a difference where it matters most—**at the heart of Virginia's health care safety net.**

Fact: Since 1992, we've invested nearly \$28 million in Virginia's health care safety net, increasing the number of providers from 33 to 194.



Virginia health care safety net providers • = VHCF grant • = Other

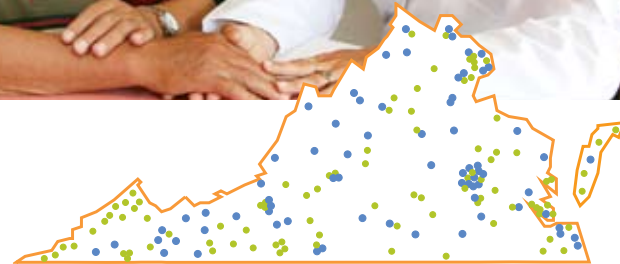
 At the heart of medical care for uninsured Virginians.

For most people, there's nothing scarier than becoming seriously ill.

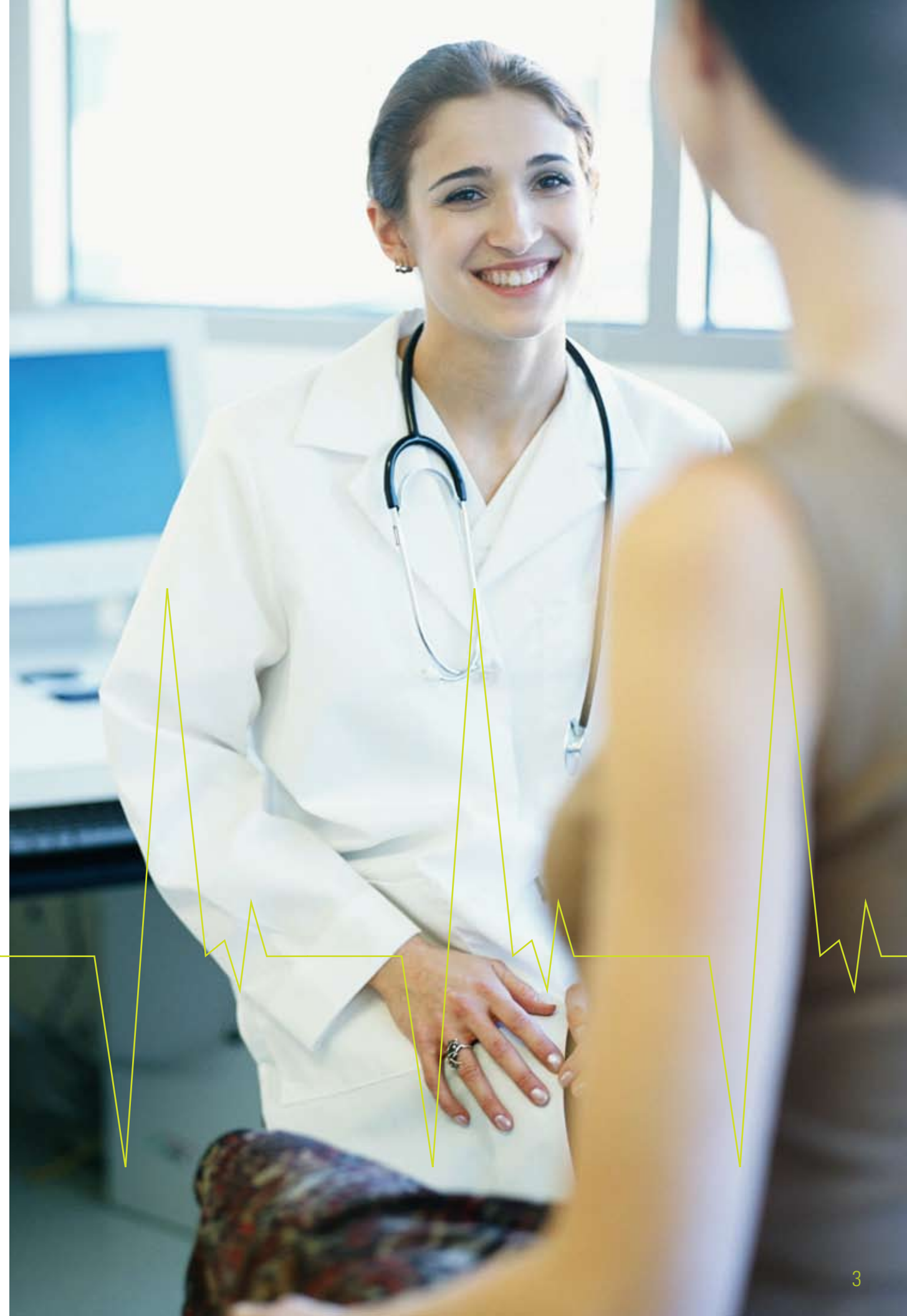
For the uninsured, it's having nowhere to turn when they do.



Fact: Since 1992, VHCF grants have made more than 1.7 million patient visits possible.



Medical safety net sites ● = VHCF grant ● = Other





 **At the heart of** much needed dental care.

Is there any pain more debilitating than a toothache?
For many uninsured Virginians, pain is not a short-term condition.
It's a way of life.

Fact: Last year, VHCF grants provided 42,825 dental procedures valued at \$2.6 million.

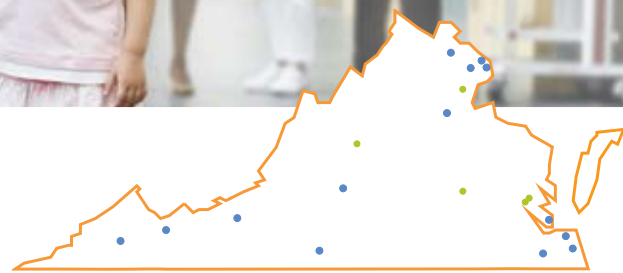


Community-based dental safety net sites • = VHCF grant • = Other

 **At the heart of** health insurance for children.

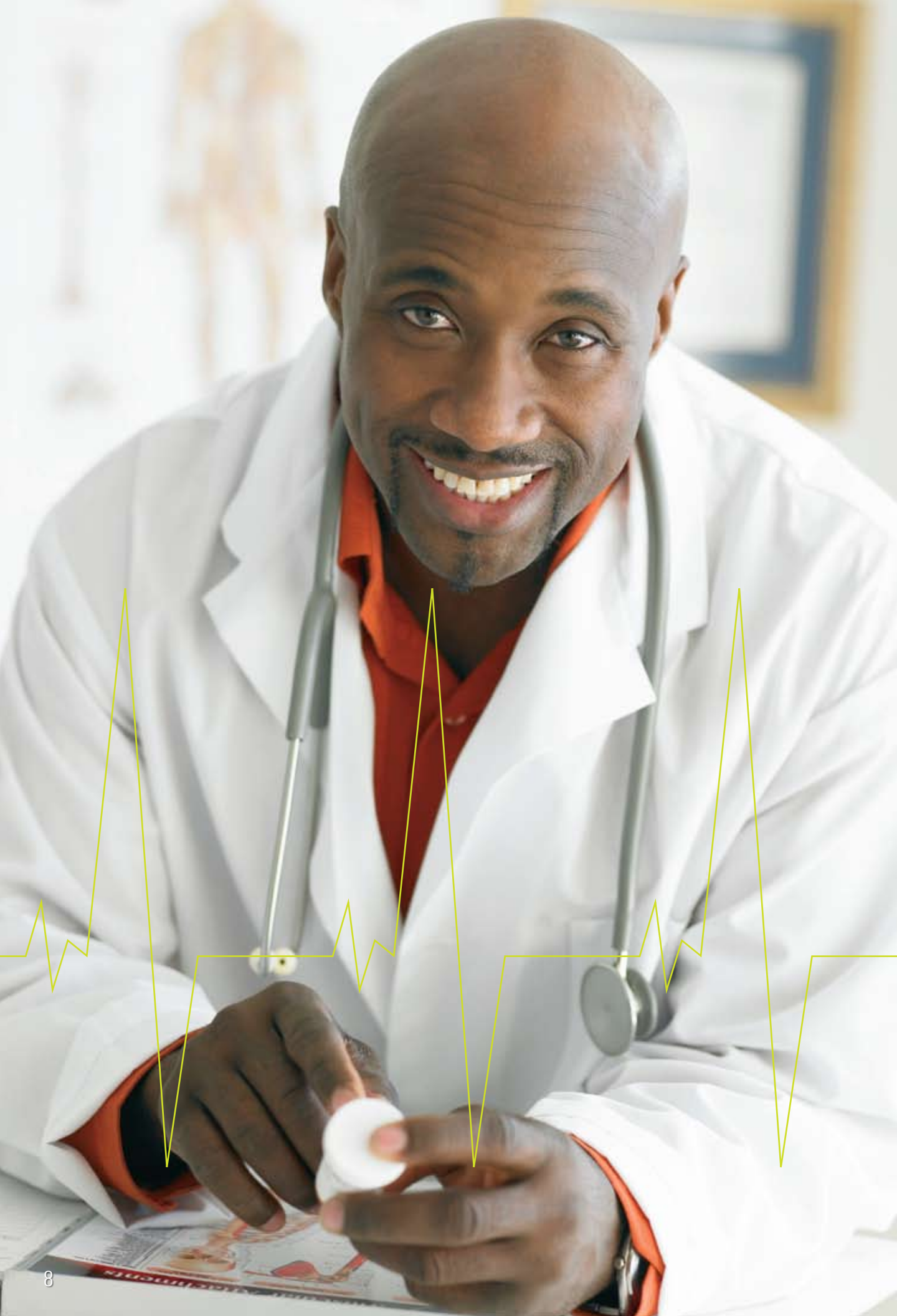
Thousands of Virginia families struggle when their kids get sick.
Most don't realize help is available.

Fact: 44,508 children have been enrolled in state-sponsored health insurance by VHCF grantees since 2000.



Outreach and enrollment initiatives ● = VHCF grant ● = Other



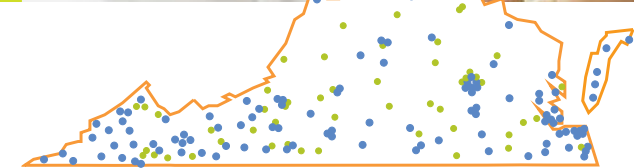


 At the heart of lifesaving medicines for the chronically ill.

What good is a prescription if you can't afford to fill it?

That's the dilemma facing some of the sickest uninsured Virginians.

Fact: Over \$555 million in free medications have helped more than 160,600 uninsured, chronically ill Virginians, thanks to *The Pharmacy Connection*, VHCF's innovative software.

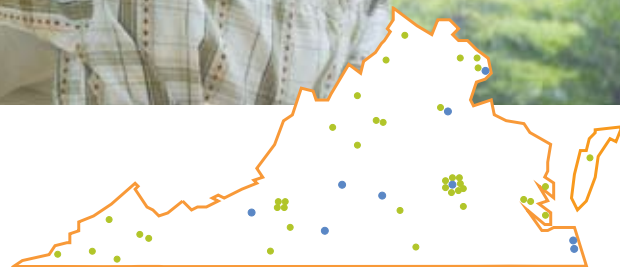


Medication access sites • = VHCf grant • = Other

 **At the heart of** expanding mental health services.

Nothing is more overwhelming than the dark despair of depression.
Untreated, it devastates lives, careers, families and futures.

Fact: VHCF grants have brought mental health care to a third of the Virginia localities lacking it most.



Sites offering basic mental health services to the uninsured ● = VHCF grant ● = Other





VHCF Donors FY08

PREMIER PARTNERS

(\$300,000 and above)

Anthem Blue Cross and
Blue Shield Foundation
Inova Health System
Williamsburg Community
Health Foundation

Leadership Partners

(\$100,000 - \$299,999)

Bon Secours Virginia
Carilion Clinic
Kaiser Permanente
LogistiCare, Inc.
Riverside Health System
Foundation
Sentara Healthcare

Distinguished Partners

(\$25,000 - \$99,999)

Alliancemaging, Inc.
AMERIGROUP Foundation
BB&T Corporation
Delta Dental of Virginia
Anne W. Faszewski, CPA
HCA Virginia
Owens&Minor
Patterson Dental - Richmond
Radiology Imaging Associates
Robins Foundation
Virginia Hospital & Healthcare
Association

Supporting Partners

(\$7,500 - \$24,999)

Capital One
Doral Dental, USA, LLC
ExxonMobil Corporation
Ellen McCloy Hall
InteCardia

Keiter, Stephens, Hurst, Gary
& Shreaves
Medical Society of Virginia
Merck & Co. Inc.
Mr. & Mrs. G. Gilmer Minor, III
The Noto Family Foundation
in honor of Ellen McCloy Hall
PhRMA
Mr. & Mrs. Thomas G. Snead, Jr.
Tuckahoe Orthopaedic
Associates, Ltd.
Virginia Association of
Health Plans
The Wachovia Foundation

Contributing Partners

(\$1,000 - \$7,499)

Boehringer Ingelheim
Chemicals, Inc.
Boehringer Ingelheim
Pharmaceuticals, Inc.
Mr. & Mrs. E. Cabell Brand
Bristol-Myers Squibb Company
CIGNA Foundation
Donald H. Clark
Community Memorial
Healthcenter
Mr. & Mrs. Ben J. Davenport, Jr.
Norwood H. Davis, Jr.
Eli Lilly & Company
Mr. & Mrs. Charles K. Fox
Kester S. Freeman, Jr.
GlaxoSmithKline
The Honorable Elmon T. Gray
Susan F. Hammaker, PhD
Dr. & Mrs. John F. House
Dr. & Mrs. Clarion E. Johnson
*in memory of Mr. Clarion &
Mrs. Eddy P. Johnson*
Mr. & Mrs. Stephen E. Kitchen

George A. Levicki, DDS
Mr. & Mrs. Lemuel E. Lewis
Thom A. Mayer, MD, FACEP, FAAP
Milbank Memorial Fund
Linda Nablo
James G. Nuckolls, MD, MACP
William & Anne Overbey
The Praxis Foundation
Tom French: Flowers
Wyeth
Virginia College of Emergency
Physicians

Friends

(under \$1,000)

Thomas H. Adams
in honor of Susan Gring
Kenneth Anderson
Jean Clary Bagley
Sandra Johnson Bailey
Mr. & Mrs. Donald P. Baker
Kevin G. Baskerville
Mr. & Mrs. Ivars Bemberis
Kimberly A. Bemberis
The Honorable Robert S. Bloxom
Sharon & Rob Brager
Raymond E. Brann, Jr.
Cat & Mouse inc.
Chris Carney
The Honorable
Jean W. Cunningham
Danthao Dang
Dr. & Mrs. Daniel Davidow
Beverly Druitt
Mr. & Mrs. Victor Engelhard
Manju Ganeriwala
Richard L. Grier
The Honorable John H. Hager
Woody B. Hanes
Veronica K. Harris



At the heart of our work: Our private & public donors

Mr. & Mrs. Henry R. Holgate
in honor of Bert Hayes
Mr. & Mrs. S. Anderson Hughes
Earl E. Ihle, Jr.
Carlene Jones
Mr. & Mrs. R. Walter Jones, IV
Kol Bio - Medical
Instruments, Inc.
Mr. & Mrs. Thomas J. Kusiak
Nancy Langston
Ralph & Debbie Lattanzio
in honor of Dr. Clarion E. Johnson
Karen M. Levin
Reverend & Mrs.
J. Fletcher Lowe, Jr.
James Mason
Lilia Mayer
Anne R. McCaffrey
Leigh B. Middleditch, Jr.
*in memory of
Dr. J. Thomas Hulvey*
Angela F. Moody
Suzanne G. Moulton
Mrs. Leonard A. Muse
Mr. & Mrs. James C. Oswald
Mr. & Mrs. W. Lee Oswald, III

Clementine S. &
William H. Pollok
Sheelin Prinzing
James S. Reinhard, MD
Minnis E. Ridenour
Katie Roeper
Mr. & Mrs. Leo Ross
Mr. & Mrs. Milton Rubin
Sara Jo & Joel Rubin
Stephen Rudlin
Elizabeth Scott Russell
Sandra W. Ryals
A. Christina Searing
The Honorable & Mrs.
Elliot S. Schewel
Senior Connections
Dr. & Mrs. Robert S. Shayne
Cheryl Smith
in honor of Edmund Brown
Karla M. Sorensen
Paul A. Speidell
James M. Turner, Jr.
Washington Redskins
Katharine Webb
John F. Zugschwert
16 Anonymous Donors

Special thanks to our public sector partners:

Virginia Department of Health
Virginia Department of
Medical Assistance Services
Virginia Department of
Social Services

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.

We have taken great care to assure the accuracy and completeness of this list, and regret any errors or omissions. Please contact Jonathan Hendler at 804-828-5804 if any corrections are needed.



Steady and strong, the Virginia Health Care Foundation beats at the heart of Virginia's health safety net. Constant and reliable, VHCF is vital to helping the safety net thrive and grow. • **Often, VHCF's work occurs at an inner level, unseen.** Yet the results are evident every day, visible in



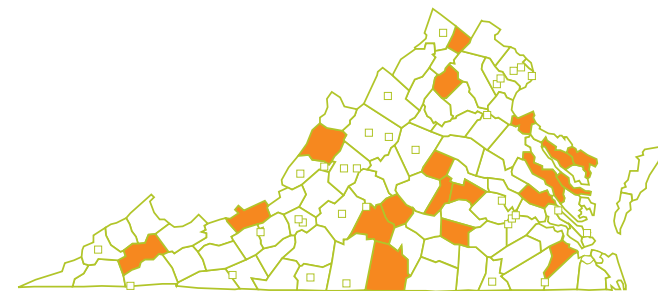
the growing ranks of medical personnel and dentists for Virginia's uninsured; millions of dollars worth of free chronic disease medications; better management and leadership skills among safety net staff; and in the vigor of thousands of children who have health insurance. • **When a child is sick, a mom needs**

treatment, or a man loses his job and his family's health coverage, the Virginia Health Care Foundation is there to help, as the **invisible partner at the heart of health care for all.**

Making Care More Available

Nowhere is VHCF's impact more evident than in the tremendous **growth of Virginia's health care safety net.** Working both as an investor and partner, VHCF has awarded nearly \$28 million in grants over the past 16 years. The result? The number of outlets of care for uninsured Virginians has grown by 500%, jumping from 33 to 194.

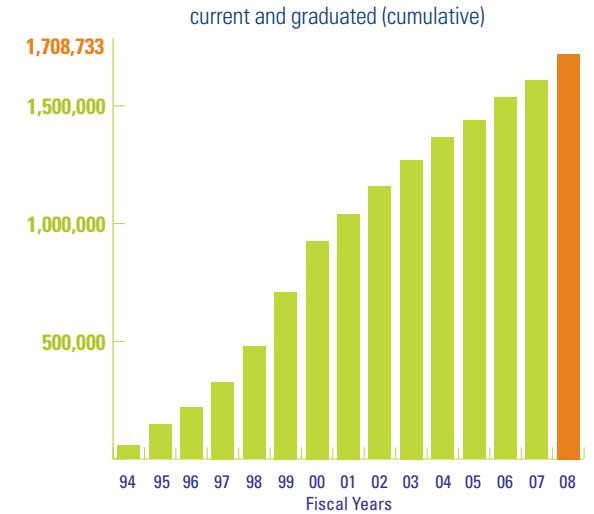
One of our best returns on investment is the result of a partnership with the Virginia Community Healthcare Association. During the past four years, we provided \$172,000 to hire professional grant-writers and reviewers so that Virginia's community health centers could present compelling applications for federal expansion funds. This produced over \$7.3 million in new federal allocations, and nine new community health centers. With VHCF's help, Virginia placed 7th nationally in the number of new access points funded.



Localities without a medical safety net site = ■

In addition to special initiatives like this, VHCF focuses on expanding the capacity of Virginia's health safety net. In FY08 alone, VHCF helped underwrite the addition of 23 health care professionals (*physicians, dentists, nurse practitioners, licensed clinical social workers, pharmacists*); construction of a new community health center; and a program linking medical specialists with safety net patients.

Patient visits to VHCF projects



Our approach is working. Last year, VHCF-funded projects provided 100,674 patient visits, for a cumulative total of more than 1.7 million visits since VHCF's inception.

While these are solid accomplishments, there is much more to do. Layoffs due to the poor economy, the elimination of health benefits, and higher employee costs for health insurance, are leaving more and more Virginians uninsured. During the past year, most health safety net providers were forced to turn away patients regularly, due to huge surges in the numbers seeking care. Months-long waiting lists, lotteries for appointments and prohibitions on new patients are increasingly commonplace. What is more, 19 Virginia localities still have no health safety net provider within their geographic boundaries.

Growing Need for Basic Mental Health Services

Sometimes it's not just the body that needs attention; it's the mind as well. Although the main focus of Virginia's health care safety net has been medical care for the uninsured, the need for basic mental health care has never been greater. State funding for community services boards is targeted to the



seriously mentally ill. As a result, uninsured Virginians who suffer from debilitating conditions such as clinical depression or anxiety are turning to their local health safety net providers for help.

In response, VHCF has turned more of its attention to mental health care. During the past year, we have interviewed Virginia mental health leaders to ascertain the services available to meet basic mental health needs. We have also funded several community-based programs with diverse approaches to delivering mental health services. As the effectiveness of each approach is determined, VHCF will promote and help provide financing to replicate the models that are successful.

“Pain Is Not an Emergency”: Addressing the Dental Access Crisis

From increasing the risk of heart disease to impairing an individual’s ability to obtain or retain employment, oral health plays a critical role in an individual’s overall health and well-being. Fortunately, as communities learn of the dental distress and associated health consequences experienced by many of their citizens, more and more are taking action. Today, 71 localities have a community-based provider of dental care for the uninsured. VHCF has funded 44 percent of them.

Increasing the number of dental professionals serving Virginia’s uninsured is only part of the equation. Helping the dental safety net stretch its dollars is another Foundation goal. Thanks to financial support from Delta Dental of Virginia, VHCF was able to add a part-time Dental Opportunities Coordinator (DOC) dedicated to obtaining cost savings and providing support to these providers. By every measure, this has been an exceptional investment. Last year, the DOC negotiated a substantial discount on dental supplies for Virginia’s dental safety net from Patterson Dental Company. In the first 12 months alone, this resulted in an impressive \$87,750 in savings. The initiative has been so successful that Patterson recently agreed to provide discounts on dental equipment, as well.

Despite significant progress, the need for dental care, especially among uninsured adults, is extremely pressing. **Sixty-four localities have no community-based dental safety net provider.**



Localities without a community-based dental safety net site = ■

Even those that do, are totally overwhelmed, with the need far outpacing their resources. The situation of one provider captures the experience of many: “Four month wait. Pain is not an emergency.”

Ensuring Quality of Care and Operational Efficiencies

As skyrocketing demand for services tests the limits of the safety net, tools to maximize impact are critical. To that end, VHCF has supported a number of initiatives designed to improve quality of care and operational efficiencies throughout the health safety net. Of special note is our **grant to the Virginia Association of Free Clinics (VAFC), enabling it to establish an accreditation program** and related web-based database for its members. During the past year, VAFC has developed standards for governance, administration and program services. The Association envisions a phased approach to accreditation, with the goal of 15 accredited free clinics by the end of 2009.

Another initiative to help improve efficiencies and quality of care relies on technology. VHCF has provided a total of \$339,000 to the Virginia Community Healthcare Association to help purchase an **electronic medical record system for community health centers** throughout the Commonwealth. The system is already making a difference in the centers which have installed it. Patients enrolled in the centers’ statewide Chronic Disease Registry have increased by 80%.

Neither of these “infrastructure” initiatives would be successful without solid management. As part of VHCF’s ongoing effort to develop health safety net staff, the Foundation hosted a series of classes

and webinars in FY08 regarding strategies for greater effectiveness and financial stability. Representatives from 21 free clinics and community health centers attended. Several participated in advanced sessions, which included organizational assessments and one-on-one consultations.

Partnerships and Innovation at the Heart of Success

While VHCF is at the heart of Virginia’s health care safety net, **partnerships are at the heart of VHCF.** One of the Foundation’s most valuable partnerships is with the nation’s brandname pharmaceutical companies, whose Patient Assistance Programs (PAPs) make free chronic disease medicines available to the uninsured. Recognizing the tremendous value of the PAPs, VHCF has developed an array of cutting edge initiatives to expedite access to their valuable medications.

Impact of *The Pharmacy Connection* (cumulative figures 1997-2008)

	Patients - 160,678
	Prescriptions - 2,130,215
	Value of Free Medicines - \$555,361,713

VHCF’s flagship initiative is **The Pharmacy Connection (TPC)**, a special software used by 160 safety net organizations, hospitals and physicians throughout Virginia. Launched 11 years ago, TPC achieved breakthrough results in FY08, generating over \$95.4 million in free medicines and bringing the cumulative total of medications generated to over a **half Billion dollars!**

The **RxPartnership** (RxP), another VHCF-fostered initiative, received national recognition in FY08 when it earned a Peter F. Drucker Award for Non-profit Innovation. RxP allows health safety sites with pharmacies to eliminate the 4-8 week wait for free medicines that occurs when they are ordered via PAPs. Instead, RxP solicits free medicines in bulk, which participating companies ship directly to 20 RxP affiliates. The result: patients can obtain needed medicines the same day the doctor writes the prescription. No more waiting!

This past year, Alcon joined GlaxoSmithKline, Merck & Co., Novartis Pharmaceuticals and Abbott in donating products to this unique public/private partnership. Collectively, these companies have donated more than \$17.5 million in free medicines to fill 100,601 prescriptions for over 18,500 uninsured Virginians since RxP launched three and a half years ago.

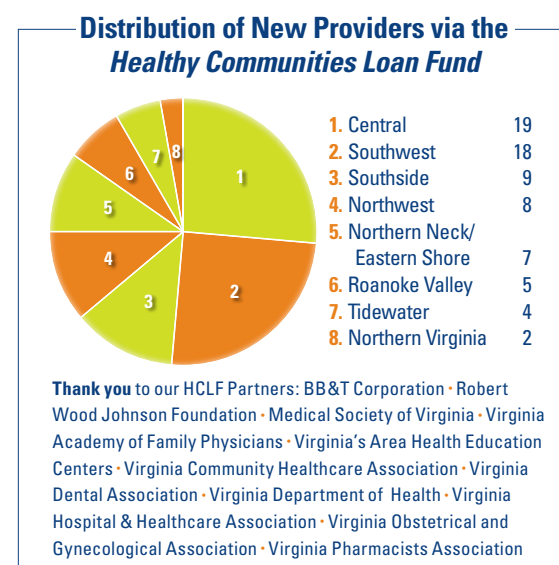
RxRelief Virginia utilizes an entirely different approach, employing Medication Assistance Caseworkers to spread the benefit of free medications to entire communities. This initiative, funded by the Governor and General Assembly, now serves portions of 70 localities. In FY08, RxRelief Virginia grantees helped 10,814 uninsured eligible Virginians obtain a total of \$28.9 million in free medications, utilizing only \$1.4 million in state funds.

Virginia's future depends on the health of today's children. That's why VHCF has led private sector efforts for the past seven years to work with the Virginia Department of Medical Assistance Services and other key state agencies to maximize the number of children enrolled in state-sponsored health insurance (FAMIS). Through a series of initiatives

and its **Project Connect** outreach workers, VHCF has enrolled a cumulative total of 44,508 children.

This commitment received a tremendous boost in FY08, when a significant grant from the Anthem Blue Cross and Blue Shield Foundation enabled VHCF to double the number of its Project Connect sites, focusing on some of the localities with the highest number of eligible uninsured children. This upsurge in outreach capacity couldn't have come at a better time. New estimates from The Urban Institute indicate that the number of uninsured children eligible for the FAMIS programs jumped to 123,000 in the past year.

Partnerships also have been instrumental to the success of the **Healthy Communities Loan Fund**. Since its inception, this special program has generated more than \$9.5 million in low interest rate loans to bring 72 new providers to medically underserved Virginia communities. Started 13 years ago through a partnership with the Robert Wood Johnson Foundation, the loans made possible through the Healthy Communities Loan Fund are



underwritten by BB&T, with support and guidance provided by several of Virginia's leading health professional organizations.

11:1 Leverage: Making the Most of Investments

Partnerships often produce synergies that cannot occur if an organization works in isolation. As a catalyst for these synergies, VHCF has, through its strong and diverse partnerships, been able to leverage an average of \$11 in cash, health services and other in kind contributions for every \$1 expended. This tremendous return on donor investment is a VHCF hallmark.

Sound investment and good stewardship are core VHCF traits, as well.

"Proven track record of positive impact."

"Commitment to excellence."

"Among the most efficient and effective ways to guarantee that our funds are having a positive impact."

These are just a handful of the ways **partners and policymakers described the Foundation in a recent survey.**

Those impressions are more than substantiated by the data: 89 percent of VHCF funded projects continue at or above their prior level of performance for at least three years after "graduating" from VHCF funding. This success is a direct result of VHCF's practice of "venture philanthropy," in which every potential grantee is scrutinized with the eye of an investor seeking to build strong, stable, sustainable health care for those in need.

Maintaining an Unwavering Focus

There is no question that the delivery of health care has become more complex. There is nothing complicated, however, about recognizing that Virginians who are sick, need care.

At the Virginia Health Care Foundation, that is our focus. We put our mission statement – not on paper – but into lives, by increasing access to health care for those who need it. That's our purpose, our job, our calling. We're at the heart of health care for all.

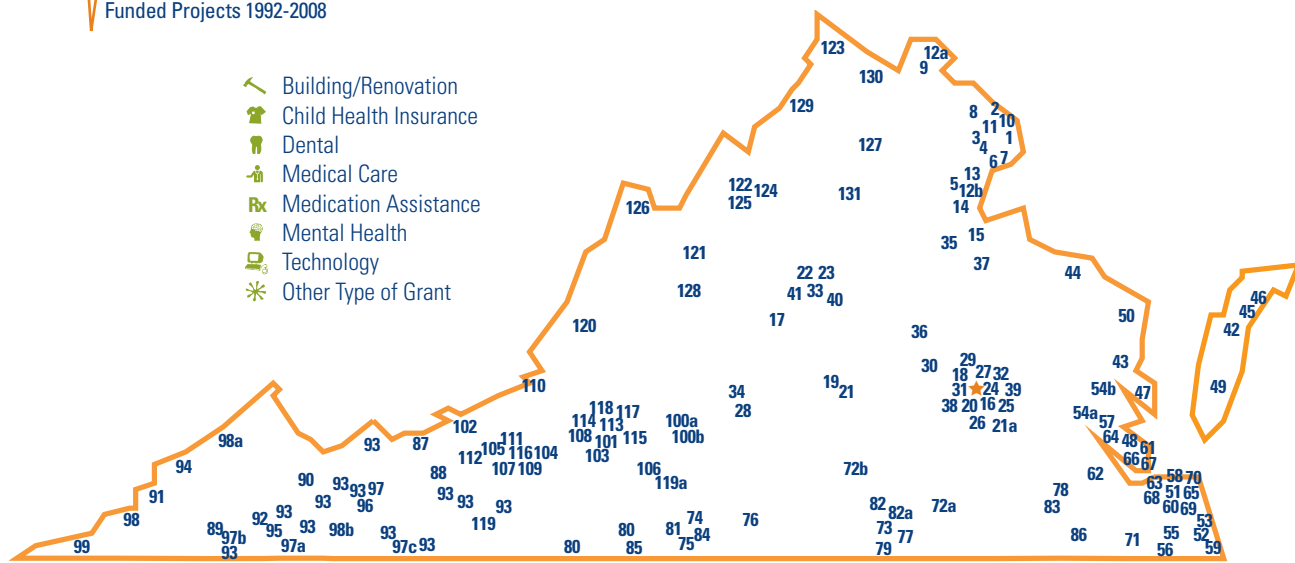


Jean W. Cunningham
Jean W. Cunningham
Chairman FY08

VHCF Support for the Virginia Health Safety Net

Funded Projects 1992-2008

- ↪ Building/Renovation
- 👶 Child Health Insurance
- 🦷 Dental
- 🏠 Medical Care
- 💊 Medication Assistance
- 🧠 Mental Health
- 💻 Technology
- ✳️ Other Type of Grant



Northern Virginia

1. Alexandria Neighborhood Health Services, Inc. 🏠🦷👶💊
2. Arlington Free Clinic 🏠🏠
3. Fairfax Community Health Care Network 🏠🏠
4. Fairfax Medical Care for Children Project 🏠
5. Greater Prince William Area Community Health Center 🏠
6. Inova Partnership for Healthier Kids 🏠
7. Inova Pediatric Center 🏠
8. Jeanie Schmidt Free Clinic 🏠
9. Loudoun Community Health Center 🏠
10. Marymount University Physical Therapy at Arlington Free Clinic 🏠
11. Northern VA Dental Clinic 🦷
12. Northern VA Family Service
 - a. Loudoun 🏠💊
 - b. Prince William 💊💊
13. Potomac Hospital 🏠
14. Prince William Pediatric Primary Care 🏠
15. Stafford County Public Schools Head Start 🏠🏠

Central Virginia

16. Access Now 🏠
17. Blue Ridge Medical Center ↪️🏠✳️
18. Bon Secours Care-A-Van Mobile Medical Clinic 🏠🏠
19. Buckingham County Rural Mental Health Initiative 🧠
20. Capital Area Health Network –

Northern Neck/Eastern Shore

21. Central Virginia Health Services, Inc. 🧠
22. Charlottesville Area Dental Access 🦷
23. Charlottesville Free Clinic 🦷↪️🏠
24. Children's Hospital 🦷
25. CHIP of Greater Richmond ✳️🏠🏠
26. CrossOver Health Center ✳️🦷🏠💊
27. Fan Free Clinic 💊🏠
28. Free Clinic of Central Virginia/MedsHelp 🏠💊🦷💊
29. Freedom House – Greater Richmond Homeless Medical Respite 🏠
30. Goochland Free Clinic and Family Services 🏠
31. Hayes E. Willis Health Center (Richmond Urban Primary Care Initiative) 🏠
32. Irvin Gammon Craig Health Center 🏠🏠💊
33. Jefferson Area Board for the Aging – Geriatric Assessment/Intervention Team 🏠🏠
34. Johnson Health Services 🏠🏠🦷🧠🏠
35. Lloyd F. Moss Free Clinic 🏠🏠🦷
36. Louisa County Resource Council 🏠🏠
37. Rappahannock Area Health District – Caroline Caries Program 🦷🦷
38. Richmond Area High Blood Pressure Center 🏠💊
39. Senior Connections 💊
40. Thomas Jefferson CHIP Program ✳️
41. United Way – Thomas Jefferson Area 🏠🏠💊

Northern Neck/Eastern Shore

42. Accomack County School-Based Dental Program 🦷🦷
43. Bay Aging ✳️
44. Central Virginia Health Services, Inc. – Westmoreland Medical Center 🏠
45. Eastern Shore Rural Health System 🏠💊
46. Eastern VA Telemedicine Network 🏠
47. Gloucester-Mathews Free Clinic 💊
48. Lackey Free Family Medicine Clinic 💊💊
49. Northampton County School-Based Dental Program 🦷
50. Northern Neck Free Health Clinic 🏠💊

Hampton Roads/Peninsula

51. American Red Cross of Southeastern VA – Partners in Dental Care 🦷
52. Beach Health Clinic 🏠🏠💊
53. Catholic Charities of Eastern Virginia 🦷🦷
54. Central Virginia Health Services, Inc.
 - a. Charles City Regional Health Services 💊
 - b. King William Dawn Community Doctors 💊
55. Chesapeake Care Free Clinic 🏠
56. CHIP/Healthy Families of Chesapeake ✳️🏠
57. Colonial Services Board 💊

58. Consortium for Infant and Child Health 🏠🏠
59. Educare for Seniors 🧠
60. EVMS Resource Mothers Program ✳️
61. Hampton Ecumenical Lodgings and Provisions, Inc. (HELP Free Clinic) 💊
62. Horizon Health Services – Surry Medical Center ↪️
63. Bon Secours Maryview Foundation Healthcare Center 🏠💊
64. Olde Towne Medical Center 🏠🦷💊
65. Oral Health Improvement Coalition of South Hampton Roads 🦷
66. Peninsula Agency on Aging MedTran Project ✳️
67. Peninsula Institute for Community Health 🏠💊💊🏠
68. Portsmouth Adult Care Clinic 🏠
69. South Norfolk Health Center/Chronic Care Adult Clinic 🏠
70. The STOP Organization 🏠
71. Western Tidewater Free Clinic 💊

Southside

72. Central VA Health Services, Inc.
 - a. Alberta Family Health Services ↪️
 - b. Charlotte Primary Care 🏠🏠
73. Community Memorial Healthcenter 🏠🏠💊
74. Danville-Pittsylvania Community Services 🏠/🧠
75. Free Clinic of Danville 🏠
76. Halifax Regional Development Foundation, Inc. 💊
77. Health Care on the Square – Boynton Medical Center 💊🦷
78. Horizon Health Services – Waverly Medical Center ↪️
79. Lake Country Area Agency on Aging ↪️
80. Martinsville/Henry County Coalition for Health & Wellness 💊🏠
81. Piedmont Access to Health Services (PATHS) 💊
82. Southern Dominion Health System 💊
 - a. Lunenburg Community Health Center ↪️✳️
83. Stony Creek Community Health Center 🏠
84. VA Western Community College Telemedicine Dental Hygiene Initiative 🏠/🦷
85. West Piedmont Health District 🦷

86. Western Tidewater Health District Children's Dental Clinic 🦷
87. Bland County Medical Clinic ↪️
88. Brock Hughes Free Clinic 🏠🏠
89. Clinch River Health Services ↪️🏠
90. Cumberland Plateau Health District 🏠
91. Lenowisco Health District 🏠💊✳️
92. Mendota Community Association Health Clinic ↪️
93. Mt. Rogers Medication Assistance Program 💊
94. Mountain Empire Older Citizens, Inc. 💊
95. People, Inc. of Southwest Virginia ✳️🦷
96. Smyth County Free Clinic 🏠
97. Southwest VA Community Health Systems, Inc. ↪️
 - a. Meadowview Health Clinic ↪️🏠
 - b. Twin City Medical Center – Bristol Telemedicine 🏠
 - c. Whitetop Community Health Center 🏠
98. Stone Mountain Health Services 🏠
 - a. Clinchco Dental Center 🦷
 - b. Konnarock Family Health Center 🏠
99. UVA/Southwest VA Alliance for Telemedicine 🏠

Roanoke Valley

100. Bedford Community Health Foundation
 - a. Bedford Children's and Adult Dental Clinic 🦷
 - b. Bedford Ride Program ✳️
101. Bradley Free Clinic 🦷
102. Carilion Giles Memorial Hospital 🏠💊
103. CHIP of Roanoke Valley ✳️🏠
104. College of Health Sciences' Physician Assistant Program 🏠
105. Free Clinic Consortium of the New River Valley ✳️
106. Free Clinic of Franklin County 💊🏠
107. Free Clinic of the New River Valley 🏠🦷🏠
108. New Horizons Healthcare 💊
109. Mental Health Association of the New River Valley 🧠
110. Monroe Health Center – Craig County Health Center 🏠

111. New River Valley Medication Assistance Program 💊
112. New River Valley Senior Services MedRide ✳️
113. Carilion Clinic – Pediatric Dental Program 🦷🦷
114. Project Access of the Roanoke Valley 🏠
115. Project Together (Blue Ridge Community Services) ✳️
116. Radford University 🏠🏠🏠
117. Rescue Mission of Roanoke 🏠
118. Roanoke Adolescent Health Partnership 🏠
119. Tri-Area Health Clinic 💊
 - a. Ferrum Community Health Clinic 🏠

Northwest

120. Alleghany Highlands Free Clinic 🏠
121. Augusta Regional Free Clinic 🏠🏠
122. Blue Ridge Area Health Education Center ✳️🏠
123. Free Medical Clinic of Northern Shenandoah Valley, Inc. 🏠🦷
124. Harrisonburg Community Health Center 🏠
125. Harrisonburg-Rockingham Free Clinic ↪️🏠
126. Highland Medical Center ↪️💊🦷
127. Rappahannock-Rapidan Community Services Board 💊
128. Rockbridge Area Free Clinic 🏠
129. Shenandoah County Free Clinic 🏠🏠🦷
130. St. Luke Community Clinic 🏠
131. UVA – Greene County School-Based Nursing Clinic 🏠

Statewide

132. Central VA Lions Hearing Aid Bank ✳️
133. Medical Society of Virginia Foundation 💊
134. MCV School of Dentistry Mobile Dental Clinic 🦷
135. UVA Nurse Practitioner Telemedicine Initiative 🏠🏠
136. VA Association of Free Clinics ✳️✳️
137. VA Dental Association 🦷🦷
138. VA Community Healthcare Association ✳️🏠✳️🏠

Virginia Health Care Foundation and Affiliate
Consolidated Statements of Financial Position
June 30, 2008 and June 30, 2007

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 1,125,788	\$ 1,330,072
Investments	6,707,066	6,812,437
Appropriations receivable	4,080,571	4,080,571
Interest receivable	30,984	32,271
Contributions receivable	443,926	250,890
Grants receivable	143,123	200,088
Prepaid expenses	24,730	43,146
Restricted certificate of deposit	700,000	700,000
Total current assets	<u>13,256,188</u>	<u>13,449,475</u>
Contributions receivable, net of current portion	629,686	777,380
Property and equipment, net	32,209	23,568
Total assets	<u>\$ 13,918,083</u>	<u>\$ 14,250,423</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,199	\$ 78,555
Accrued rent	74,289	-
Grants payable	3,969,803	4,399,437
Total current liabilities	<u>4,109,291</u>	<u>4,477,992</u>
Long-term debt	700,000	700,000
Total liabilities	<u>4,809,291</u>	<u>5,177,992</u>
Net assets:		
Unrestricted	3,868,744	3,877,726
Temporarily restricted	5,240,048	5,194,705
Total net assets	<u>9,108,792</u>	<u>9,072,431</u>
Total liabilities and net assets	<u>\$ 13,918,083</u>	<u>\$ 14,250,423</u>

Virginia Health Care Foundation and Affiliate
Consolidated Statements of Activities
Years Ended June 30, 2008 and June 30, 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Appropriations	\$ -	\$ 3,876,542	\$ 3,876,542	\$ -	\$ 4,080,571	\$ 4,080,571
Contributions	329,297	1,304,940	1,634,237	334,968	1,070,482	1,405,450
Grant revenue	-	548,147	548,147	-	756,883	756,883
VHC membership interest	-	(24,771)	(24,771)	-	70,242	70,242
Investment income	401,844	-	401,844	422,195	-	422,195
Unrealized net gains (losses) on investments	(414,894)	-	(414,894)	347,389	-	347,389
Other income	81,459	-	81,459	86,050	-	86,050
Net assets released from restriction	<u>5,659,515</u>	<u>(5,659,515)</u>	<u>-</u>	<u>5,280,252</u>	<u>(5,280,252)</u>	<u>-</u>
Total support and revenue	<u>6,057,221</u>	<u>45,343</u>	<u>6,102,564</u>	<u>6,470,854</u>	<u>697,926</u>	<u>7,168,780</u>
Expenditures:						
Program services – grants	5,335,152	-	5,335,152	4,638,278	-	4,638,278
Supporting services:						
Management and general	567,913	-	567,913	579,860	-	579,860
Fundraising	<u>163,138</u>	<u>-</u>	<u>163,138</u>	<u>137,635</u>	<u>-</u>	<u>137,635</u>
Total expenditures	<u>6,066,203</u>	<u>-</u>	<u>6,066,203</u>	<u>5,355,773</u>	<u>-</u>	<u>5,355,773</u>
Change in net assets	(8,982)	45,343	36,361	1,115,081	697,926	1,813,007
Net assets, beginning of year	<u>3,877,726</u>	<u>5,194,705</u>	<u>9,072,431</u>	<u>2,762,645</u>	<u>4,496,779</u>	<u>7,259,424</u>
Net assets, end of year	<u>\$ 3,868,744</u>	<u>\$ 5,240,048</u>	<u>\$ 9,108,792</u>	<u>\$ 3,877,726</u>	<u>\$ 5,194,705</u>	<u>\$ 9,072,431</u>

Audited financial statements and report in its entirety available upon request.

Virginia Health Care Foundation Board of Trustees

**The Honorable
Jean W. Cunningham**
(Chairman) Richmond

Donald H. Clark
Virginia Beach

May H. Fox
Richmond

Kester S. Freeman, Jr.
Farmville

Richard L. Grier
(Treasurer) Richmond

Ellen McCloy Hall
Upperville

S. Anderson Hughes*
Richmond

Jane Norwood Kusiak
Richmond

George A. Levicki, DDS
(Vice Chairman) Roanoke

Lemuel E. Lewis
Norfolk

Thom A. Mayer, MD, FACEP, FAAP
Fairfax

G. Gilmer Minor, III
Richmond

Bruce Randolph Murray*
Charlottesville

Thomas G. Snead, Jr.**
Richmond

*Trustee 2002-2008
**Trustee 2001-2008

Virginia Health Care Foundation Board of Advisors

Jean Clary Bagley
South Hill

E. Cabell Brand
Salem

Raymond E. Brann, Jr.
Arlington

Ben J. Davenport, Jr.
Chatham

Norwood H. Davis, Jr.
Richmond

The Honorable John H. Hager
Richmond

Michael P. Haley
Martinsville

Edward L. Hamm, Jr.
Virginia Beach

Grace E. Harris, PhD
Richmond

Clarion E. Johnson, MD
Fairfax

Leigh B. Middleditch, Jr.
Charlottesville

James G. Nuckolls, MD, MACP
Galax

Philip M. Reilly
Chantilly

Minnis E. Ridenour
Blacksburg

Karla M. Sorensen
McLean

James M. Turner, Jr.
Roanoke

Virginia Health Care Foundation Staff

Deborah D. Oswalt
Executive Director

Judith A. Cash
Deputy Director

Sandra Johnson Bailey
Web Content Manager

Kimberly A. Bemberis
*Director of Administration
and Technology*

Amanda H. Farnum
Senior Program Officer

Anne W. Faszewski
Director of Finance

Sherrina L. Gibson
Program Officer

Veronica K. Harris
Office Manager

Jonathan P. Hendler
*Special Assistant to the
Executive Director*

Sarah Bedard Holland
Dental Opportunities Coordinator

Lisa M. Hueston
*The Pharmacy Connection
Coordinator*

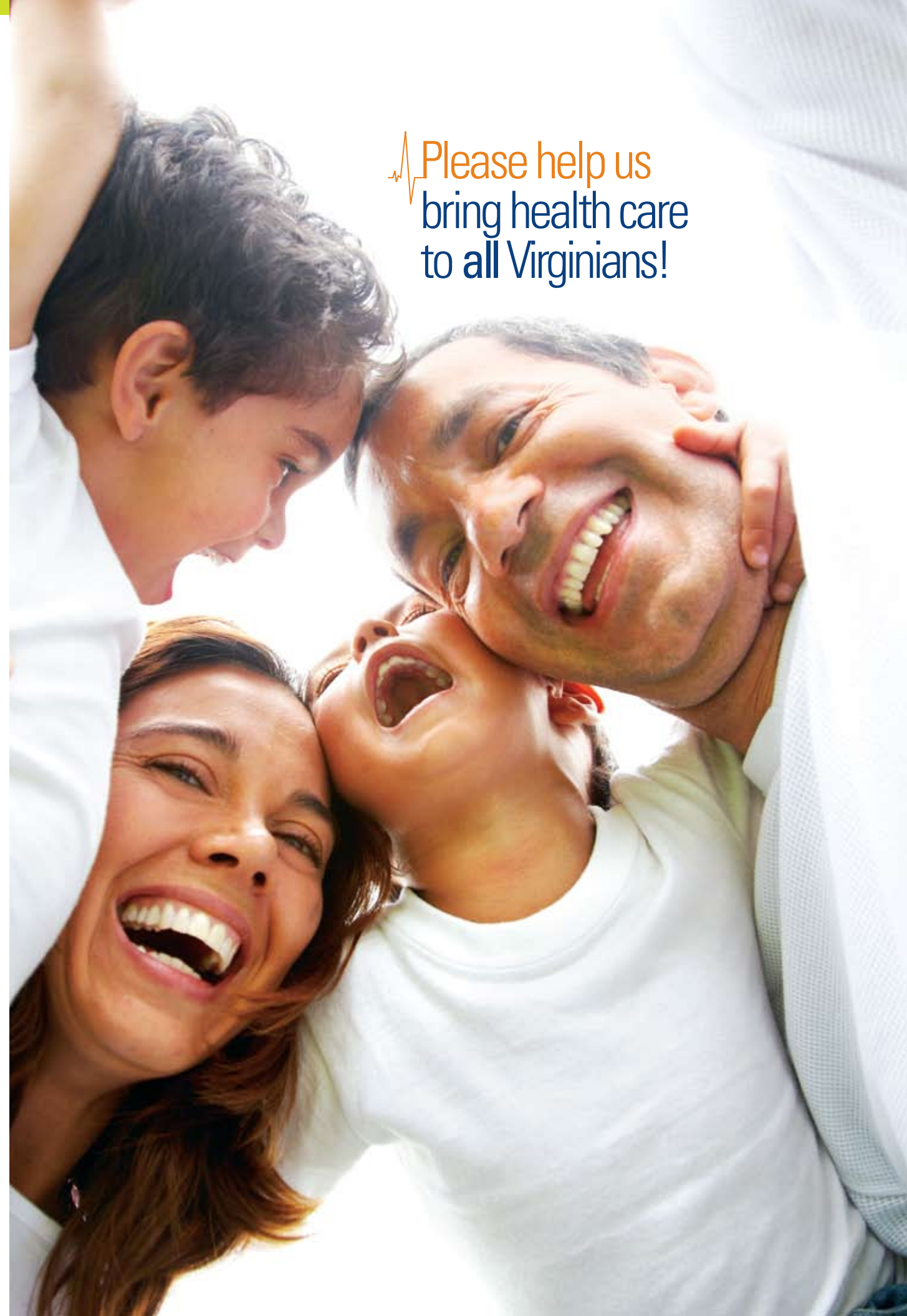
Jennifer S. Johnson
*Child Health Program
Manager/Trainer*

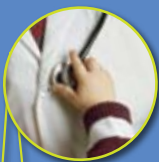
Sheri Lucy
Grants Administrator

Sarah Jane Stewart
RxRelief Virginia Coordinator

Juliet R. Tinsley
*The Pharmacy Connection
Program Manager*

Please help us
bring health care
to all Virginians!





VIRGINIA
HEALTH CARE
FOUNDATION

707 East Main Street, Suite 1350, Richmond, VA 23219

Phone: 804-828-5804 Fax: 804-828-4370

e-mail: info@vhcf.org

www.vhcf.org



Special thanks to Owens & Minor whose generous support has made this publication possible.

**VIRGINIA HEALTH CARE FOUNDATION
AND AFFILIATE**

Consolidated Financial Statements

June 30, 2008 and 2007

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated statements of financial position of Virginia Health Care Foundation and Affiliate (collectively, the "Foundation") as of June 30, 2008 and 2007, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Keiter, Stephens, Hurst, Gary & Shreaves, P.C.

August 13, 2008

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position
June 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 1,125,788	\$ 1,330,072
Investments	6,707,066	6,812,437
Appropriations receivable	4,080,571	4,080,571
Interest receivable	30,984	32,271
Contributions receivable	443,926	250,890
Grants receivable	143,123	200,088
Prepaid expenses	24,730	43,146
Restricted certificate of deposit	<u>700,000</u>	<u>700,000</u>
Total current assets	13,256,188	13,449,475
Contributions receivable, net of current portion	629,686	777,380
Property and equipment, net	<u>32,209</u>	<u>23,568</u>
Total assets	<u>\$ 13,918,083</u>	<u>\$ 14,250,423</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,199	\$ 78,555
Accrued rent	74,289	-
Grants payable	<u>3,969,803</u>	<u>4,399,437</u>
Total current liabilities	4,109,291	4,477,992
Long-term debt	<u>700,000</u>	<u>700,000</u>
Total liabilities	<u>4,809,291</u>	<u>5,177,992</u>
Net assets:		
Unrestricted	3,868,744	3,877,726
Temporarily restricted	<u>5,240,048</u>	<u>5,194,705</u>
Total net assets	<u>9,108,792</u>	<u>9,072,431</u>
Total liabilities and net assets	<u>\$ 13,918,083</u>	<u>\$ 14,250,423</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statement of Activities
Year Ended June 30, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Appropriations	\$ -	\$ 3,876,542	\$ 3,876,542
Contributions	329,297	1,304,940	1,634,237
Grant revenue	-	548,147	548,147
VHC membership interest	-	(24,771)	(24,771)
Investment income	401,844	-	401,844
Unrealized net losses on investments	(414,894)	-	(414,894)
Other income	81,459	-	81,459
Net assets released from restriction	<u>5,659,515</u>	<u>(5,659,515)</u>	<u>-</u>
 Total support and revenue	 <u>6,057,221</u>	 <u>45,343</u>	 <u>6,102,564</u>
Expenditures:			
Program services - grants	5,335,152	-	5,335,152
Supporting services:			
Management and general	567,913	-	567,913
Fundraising	<u>163,138</u>	<u>-</u>	<u>163,138</u>
 Total expenditures	 <u>6,066,203</u>	 <u>-</u>	 <u>6,066,203</u>
 Change in net assets	 (8,982)	 45,343	 36,361
 Net assets, beginning of year	 <u>3,877,726</u>	 <u>5,194,705</u>	 <u>9,072,431</u>
 Net assets, end of year	 <u>\$ 3,868,744</u>	 <u>\$ 5,240,048</u>	 <u>\$ 9,108,792</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statement of Activities
Year Ended June 30, 2007

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Support and revenue:			
Appropriations	\$ -	\$ 4,080,571	\$ 4,080,571
Contributions	334,968	1,070,482	1,405,450
Grant revenue	-	756,883	756,883
VHC membership interest	-	70,242	70,242
Investment income	422,195	-	422,195
Unrealized net gains on investments	347,389	-	347,389
Other income	86,050	-	86,050
Net assets released from restriction	<u>5,280,252</u>	<u>(5,280,252)</u>	<u>-</u>
Total support and revenue	<u>6,470,854</u>	<u>697,926</u>	<u>7,168,780</u>
Expenditures:			
Program services - grants	4,638,278	-	4,638,278
Supporting services:			
Management and general	579,860	-	579,860
Fundraising	<u>137,635</u>	<u>-</u>	<u>137,635</u>
Total expenditures	<u>5,355,773</u>	<u>-</u>	<u>5,355,773</u>
Change in net assets	1,115,081	697,926	1,813,007
Net assets, beginning of year	<u>2,762,645</u>	<u>4,496,779</u>	<u>7,259,424</u>
Net assets, end of year	<u>\$ 3,877,726</u>	<u>\$ 5,194,705</u>	<u>\$ 9,072,431</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statement of Functional Expenses Year Ended June 30, 2008

	Program Services	Supporting Services		Total
	Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 135,501	\$ 94,046	\$ 229,547
Employee benefits/payroll taxes	-	43,740	29,570	73,310
Total salaries and related expenditures	-	179,241	123,616	302,857
Grants	3,905,763	-	-	3,905,763
RX Partnership	130,000	-	-	130,000
The Pharmacy Connection	280,375	-	-	280,375
Healthy Communities Loan Fund	30,998	-	-	30,998
MAP	203,601	-	-	203,601
Special Initiatives	64,459	-	-	64,459
Child Health Insurance Initiatives	197,772	-	-	197,772
Grantee Technical Assistance	174,377	-	-	174,377
Grantmaking	204,164	-	-	204,164
Dental Opportunities Initiative	143,643	-	-	143,643
Contractual services	-	131,701	-	131,701
Office rent	-	40,711	-	40,711
Investment fees	-	43,439	-	43,439
Telephone and fax	-	9,863	-	9,863
Supplies	-	2,463	274	2,737
Computer software and supplies	-	2,457	199	2,656
Printing and copying	-	18,558	-	18,558
Postage	-	7,454	-	7,454
Travel	-	5,082	832	5,914
Meeting costs	-	13,351	689	14,040
Special events	-	22,000	36,828	58,828
Miscellaneous	-	2,890	-	2,890
Moving	-	14,922	-	14,922
Video	-	45,000	-	45,000
Insurance	-	10,614	-	10,614
Subscriptions, fees and dues	-	5,311	700	6,011
Total expenditures before depreciation and amortization	5,335,152	555,057	163,138	6,053,347
Depreciation and amortization of property and equipment	-	12,856	-	12,856
Total expenditures	\$ 5,335,152	\$ 567,913	\$ 163,138	\$ 6,066,203

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statement of Functional Expenses Year Ended June 30, 2007

	Program Services	Supporting Services		Total
	Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 134,757	\$ 79,327	\$ 214,084
Employee benefits/payroll taxes	-	44,924	19,738	64,662
Total salaries and related expenditures	-	179,681	99,065	278,746
Grants	3,500,113	-	-	3,500,113
RX Partnership	130,000	-	-	130,000
The Pharmacy Connection	254,122	-	-	254,122
Healthy Communities Loan Fund	39,730	-	-	39,730
MAP	193,929	-	-	193,929
Special Initiatives	77,951	-	-	77,951
Child Health Insurance Initiatives	240,431	-	-	240,431
Grantee Technical Assistance	27,148	-	-	27,148
Grantmaking	138,935	-	-	138,935
Dental Opportunities Initiative	35,919	-	-	35,919
Contractual services	-	197,859	-	197,859
Office rent	-	61,170	-	61,170
Investment fees	-	32,976	-	32,976
Telephone and fax	-	9,459	199	9,658
Supplies	-	2,066	493	2,559
Computer software and supplies	-	3,409	-	3,409
Printing and copying	-	15,313	-	15,313
Postage	-	5,722	-	5,722
Travel	-	8,081	1,440	9,521
Meeting costs	-	20,837	219	21,056
Special events	-	2,000	34,073	36,073
Miscellaneous	-	3,046	-	3,046
Insurance	-	9,267	-	9,267
Subscriptions, fees and dues	-	3,471	2,146	5,617
Total expenditures before depreciation and amortization	4,638,278	554,357	137,635	5,330,270
Depreciation and amortization of property and equipment	-	25,503	-	25,503
Total expenditures	\$ 4,638,278	\$ 579,860	\$ 137,635	\$ 5,355,773

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows
Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 36,361	\$ 1,813,007
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	12,856	25,503
Net realized and unrealized loss (gain) on investments	274,910	(448,888)
Change in assets and liabilities:		
Interest receivable	1,287	(13,650)
Appropriations receivable	-	(450,000)
Contributions and grants receivable	11,623	(235,274)
Other receivables	-	8,604
Prepaid expenses	18,416	(5,591)
Accounts payable and accrued expenses	60,933	(967)
Grants payable	<u>(429,634)</u>	<u>(493,143)</u>
Net cash (used in) provided by operating activities	<u>(13,248)</u>	<u>199,601</u>
Cash flows from investing activities:		
Purchase of property and equipment	(21,733)	(26,060)
Proceeds from sales of property and equipment	236	-
Proceeds from sales of investments	2,527,178	2,344,144
Purchase of investments	<u>(2,696,717)</u>	<u>(2,533,384)</u>
Net cash used in investing activities	<u>(191,036)</u>	<u>(215,300)</u>
Net change in cash and cash equivalents	(204,284)	(15,699)
Cash and cash equivalents, beginning of year	<u>1,330,072</u>	<u>1,345,771</u>
Cash and cash equivalents, end of year	<u>\$ 1,125,788</u>	<u>\$ 1,330,072</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

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.

The accompanying consolidated financial statements include the accounts and activities of VHCF and the Virginia Health Council (see Note 12) as of and for the fiscal years ended June 30, 2008 and 2007 (collectively, the “Foundation”).

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

Basis of Accounting: The Foundation prepares its 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, 2008 and 2007, there were no permanently restricted net assets.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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.

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.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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 2008 and 2007, the Foundation received professional, marketing, and advertising services at no charge from outside organizations. These services, valued by the donors at approximately \$132,100 in 2008 and \$94,409 in 2007, were recorded as unrestricted contribution revenue and recorded as expenses in the related expense accounts 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 grants expense by \$263,240 in 2008 and \$266,262 in 2007 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 \$638,029 as of June 30, 2008 and \$569,856 as of June 30, 2007 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").

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

3. Cash and Cash Equivalents:

Cash and cash equivalents are comprised of the following as of June 30, 2008 and 2007:

	2008	2007
Cash on deposit	\$ 1,020,441	\$ 1,219,790
Money market funds	105,347	110,282
	\$ 1,125,788	\$ 1,330,072

4. Investments:

The costs and fair values of investments as of June 30, 2008 and 2007 are summarized as follows:

	2008		2007	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 580,166	\$ 580,166	\$ 387,979	\$ 387,979
U.S. Treasury bills	273,882	287,588	273,882	270,877
Common stock	2,936,634	3,006,490	2,789,643	3,347,069
Corporate bonds	1,273,162	1,273,795	1,338,094	1,315,247
Government obligations	1,545,078	1,559,027	1,509,801	1,491,265
	\$ 6,608,922	\$ 6,707,066	\$ 6,299,399	\$ 6,812,437

Investment income and gains and losses for investments are comprised of the following for the years ended June 30, 2008 and 2007:

	2008	2007
Interest income	\$ 261,860	\$ 312,625
Net realized gains	139,984	109,570
	\$ 401,844	\$ 422,195
Net unrealized (losses) gains	\$ (414,894)	\$ 347,389

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

5. Property and Equipment, Net:

Property and equipment, net as of June 30, 2008 and 2007 is as follows:

	2008	2007
Equipment	\$ 90,847	\$ 93,938
Leasehold improvements	2,949	7,331
Software	42,519	42,519
	136,315	143,788
Less accumulated depreciation and amortization	104,106	120,220
Property and equipment, net	\$ 32,209	\$ 23,568

6. Contributions and Grants Receivable:

Contributions and grants receivable are summarized as follows as of June 30, 2008 and 2007:

	2008	2007
Unconditional contributions and grants expected to be collected in:		
Less than one year	\$ 587,049	\$ 450,978
One year to five years	653,772	847,616
	1,240,821	1,298,594
Less discount	24,086	70,236
Total contributions and grants receivable	\$ 1,216,735	\$ 1,228,358

The future expected cash flows from contributions and grants receivable have been discounted using discount rates ranging from 2.42% to 4.98%.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

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 Company ("BB&T") 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, 2008 and 2007. The restricted amounts in the money market account were \$105,347 as of June 30, 2008 and \$110,282 as of June 30, 2007. The loan proceeds are deposited in a CD bearing interest at 2.98% for 2008 and 5.00% for 2007.

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.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

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. The office space lease includes scheduled rent increases at specified intervals during the term of the lease. The Foundation recognizes rent expense on a straight-line basis over the life of the related lease. Total rental expense for operating leases was \$84,105 in 2008 and \$81,613 in 2007. Future minimum lease payments as of June 30, 2008 are:

	Amount
Year ending June 30:	
2009	\$ 93,581
2010	103,314
2011	105,135
2012	107,802
2013	110,541
Thereafter	8,550
Total	\$ 528,923

10. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following periods subsequent to June 30, 2008 and 2007:

	2008	2007
For periods after the end of the fiscal year	\$ 5,240,048	\$ 5,194,705

The amounts are restricted for program development purposes.

11. Employee Retirement Plan:

The Foundation has an employee retirement plan under Section 403(b) of the Internal Revenue Code. The plan provides for salary reduction contributions by eligible employees and for Foundation matching contributions, subject to certain limitations. The Foundation's matching contribution to the plan was \$68,110 for 2008 and \$52,566 for 2007.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

12. 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 (\$377,106 less unamortized discount of \$12,717 as of June 30, 2008, and \$429,282 less unamortized discount of \$40,122 as of June 30, 2007) has been recorded as contributions receivable and as temporarily restricted net assets in the accompanying consolidated financial statements.

13. 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 2009 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 2009 budget, the appropriation was included as a receivable as of June 30, 2008 in the accompanying consolidated financial statements. The amount of the appropriation is subject to change should the Commonwealth experience a budget shortfall; however, the Foundation has taken this possibility into consideration in its 2009 fiscal year budget.