



I never thought
it would be **me...**



Virginia Health Care Foundation
2013 Annual Report



But, I'm one of Virginia's one million Uninsured

Nearly **15%** of
Virginians under age 65 are
without health insurance

70%
are part of
working families

79%
are US citizens

We represent all racial/ethnic groups:

47% are white

29% are black

20% are Hispanic

7% are Asian/Pacific Islanders

SOURCE: *Profile of Virginia's Uninsured*
(2012) by The Urban Institute for the
Virginia Health Care Foundation



We live throughout the state, and are:

your
neighbors

your
friends

your
family members and many
people with whom you interact every day.

Many of us are working two part-time jobs, and don't qualify for insurance coverage.

Some of us suddenly became uninsured due to lay-offs, loss of a spouse, or other unexpected events.

With no insurance, the medical care and medicines we need are often beyond our reach. When we get sick, it impacts our ability to work and take care of our families.

Get to know us a little better...



“God help me if I couldn’t work,
because I’m all alone. I’m all I’ve got.”

Pamela

Sales Clerk and Pizza Delivery Person • Middlesex County

She works two jobs, and six days a week—often until after midnight. But, Pamela, age 51, has no health insurance—it ended when her marriage did.

The medicines required to control her hypertension, vertigo, rapid heartbeat, and gastro-intestinal issues cost \$2,300 a month—far more than what she earns.

The stress of working two jobs increases her blood pressure, and makes things worse.

hardworking

The Gloucester Mathews Free Clinic has been Pamela's lifeline, providing her with the medical care and medicines she needs to control her illnesses, and keep working.

**Capacity is limited—
70% of eligible uninsured
have no health safety net.**



Cheryl

Waitress • Waynesboro

After 10 years as a waitress, Cheryl is up to \$2.40 an hour. On a good day, tips help her earn a living wage. Slow days with few customers make her want to cry.

Health insurance isn't an option. It costs half her income, and doesn't cover her severe migraines and anxiety, which are pre-existing conditions. Without it, she couldn't afford a doctor to diagnose the cause of dramatic weight loss that dropped her to ninety pounds.

grateful



The team at the Augusta Regional Free Clinic came to the rescue, and today Cheryl is healthier than she's been in years.

**Capacity is limited—
70% of eligible uninsured
have no health safety net.**



“I love my job and my customers.
Without the medical care I needed,
I’d have lost it all.”



“I used to think that people who were uninsured were lazy, or takers. I never thought they were hardworking people like me.”

James

Electrical Contractor, Medical Courier • Charlottesville

James had a solid job and comprehensive health insurance. He lost both in the recession. With his income gone, James eventually had to go without the insulin that helped control his diabetes.

He knew about the free clinic, but thought it was for other people, not professionals like him. Finally, with his vision deteriorating, he made an appointment.

It turned out that his case was critical. Had he waited just one more day, he would have lost his eyesight forever.

blindsided

When providers at the Charlottesville Free Clinic first saw James, they knew that immediate speciality care was essential, and speedily got him what he needed.

Capacity is limited—
70% of eligible uninsured have no health safety net.



Julie

Medical Assistant • New Market

Putting her children first after her husband died 11 years ago, meant finding a way to support them. So, Julie went back to school to become a registered medical assistant.

After several years, the medical trust her husband left behind ran out of funds. This left Julie without the money needed for medicine to control her severe asthma. As a result, she stopped taking it.

Eventually, her asthma got so bad that she couldn't work.

determined



The Shenandoah County Free Clinic changed Julie's life. It provided the medicine to control her asthma, and hired her as a medical assistant!

**Capacity is limited—
70% of eligible uninsured
have no health safety net.**



“You can’t work if you can’t breathe.”



VHCF Donors FY13

Leadership Partner Extraordinaire (\$1,000,000+)

Delta Dental of Virginia Foundation

Premier Partners (\$300,000 to \$999,999)

Williamsburg Community Health
Foundation

Danville Regional Foundation

Inova Health System

Leadership Partners (\$100,000 to \$299,999)

Bon Secours Virginia Health
System

LogistiCare, Inc.

Patterson Dental

Riverside Health System Foundation

Sentara Health Foundation

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Carilion Clinic

Anne W. Faszewski, CPA

HCA Virginia

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Virginia Association of Health Plans

Wells Fargo Foundation

Contributing Partners (\$1,000 to \$7,499)

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 The Turner Family Fund ‡

**Special Thanks to Our
 Public Sector Partners**

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

**Thanks to All Who
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 Campaigns**

Commonwealth of Virginia
 Campaign (CVC 3471)
 Combined Federal Campaigns
 (CFC 31808)
 United Way of Greater Richmond
 and Petersburg

The above listing reflects gifts received between July 1, 2012 and June 30, 2013. We have taken great care to ensure the accuracy and completeness of this list, and regret any errors or omissions. Please contact Megan Wilson at 804-828-5804 if any corrections are needed.

LEGEND

§ Donor-advised funds of The
 Community Foundation Serving
 Richmond and Central Virginia
 ‡ Donor-advised funds of The
 Foundation for Roanoke Valley

thank you



They are not unmotivated.
They are simply **Uninsured.**

Last year, the Virginia Health Care Foundation (VHCF) and the clinics and health centers which comprise Virginia's health care safety net treated 233,000 uninsured Virginians. Every one of them is a person like Pamela, James, and the others profiled here. Most often, they are hardworking, and striving to take care of themselves and their families.

Either their employers don't offer insurance, or like Cheryl, when it's offered, they can't afford it. So, their lives progress, until something happens—the sudden blurring of vision triggered by diabetes, the blinding pain of a toothache, or an unexpected diagnosis of cancer.

Then their fragile worlds start to fall apart. The lucky ones find their local health safety net provider, but many are unable to obtain the treatment they need. Virginia's health care safety net only has the capacity to treat 30% of eligible uninsured Virginians.

At VHCF, we have worked to expand the number and capacity of these special places over the years.

The number of Virginia's health care safety net sites has grown by 618% since VHCF's inception. What started as 33 free clinics and community health center sites in 1992 has grown to 183 today, with 21 additional sites run by other types of health care safety net organizations.

While VHCF is not responsible for all of these new sites, it has invested substantially in many of them, with grants totaling \$40.1 million.

In FY13, alone, VHCF helped underwrite the salaries of 58 providers at health safety net sites. They treated more than 31,000 uninsured Virginians.

Longevity of these sites is a priority, because we are building for the long term. The Virginia Health Reform Initiative estimated that about 289,000 Virginians under 200% FPL would remain uninsured even if Virginia expands Medicaid eligibility, and the other coverage components of the Patient Protection and Affordable Care Act (*PPACA*) are implemented. It is clear that the need for a vibrant and effective health care safety net will still exist.

To that end, we practice "venture philanthropy", where every potential grantee is scrutinized

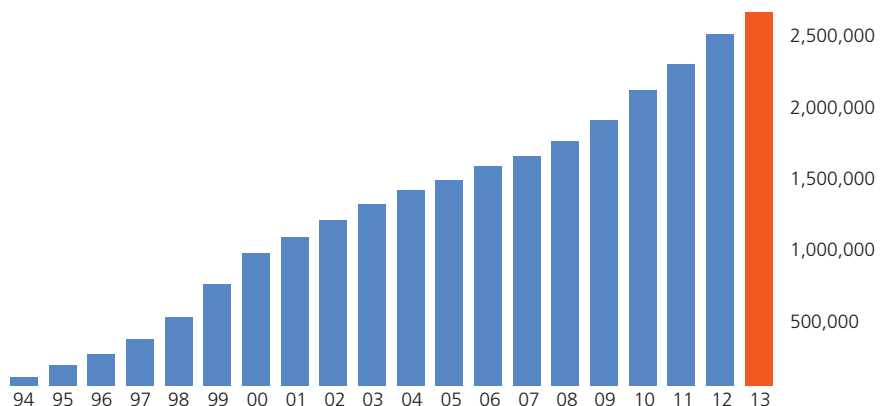
with the eye of an investor seeking to build a stable, sustainable health care safety net. The result? A noteworthy sustainability rate among VHCF's health safety net grantees: 89% continue at or above their prior level of performance for at least three years after "graduating" from VHCF funding.

This requires a lot more than "front end" scrutiny. VHCF continually engages grantees and all of Virginia's health safety net organizations with education about best practices and planning for the future.

In FY13, VHCF partnered with the Virginia Association of Free and Charitable Clinics (*VAFCC*) to develop and implement **Road to Reform: Charting the Future**. This special initiative helps local

Cumulative Patient Visits Provided by VHCF Grantees

(Fiscal Years 1994–2013)



free clinic leaders understand the implications of PPACA for their operations and their patients. It provided workshops, white papers, webinars, and an on-line support center on a range of topics including utilization of electronic health records in a free clinic setting; HIPAA laws; options for different business models; ensuring delivery of quality care; and creation of a strategic development plan.

Virginia's health safety net organizations worked on parallel tracks in FY13, trying to understand and prepare for the uncertainties of the future, while operating medical practices with overwhelming numbers of uninsured patients.

\$1.5 Billion in Free Rx Medicines

More than 70% of health safety net patients have one or more chronic illness. Often prescription medicines are the most effective treatment. They are also the most expensive. Fortunately, the brandname pharmaceutical companies offer help through their Patient Assistance Programs (PAPs), which provide many chronic disease medications free-of-charge for the uninsured.

VHCF has undertaken a number of initiatives over the years to maximize the amount of these free medicines that come to Virginia. **The Pharmacy Connection** (TPC), special VHCF-developed software which

expedites processing of PAP applications, is the cornerstone of these efforts. In FY13, VHCF marked a fifth consecutive record-breaking year as TPC generated \$271 million in free medicines for 55,000 sick, uninsured Virginians. That brings the cumulative total of all free medicines obtained through TPC to \$1.5 billion!

Development of a new TPC, which is web-based and has many new time-saving features, was begun in FY13. It will be available early in FY14.

About a quarter of the 156 Virginia hospitals, clinics, health centers, and other organizations which utilize TPC participate in **RxRelief Virginia** or the **Greater Williamsburg Medication Assistance Program** (underwritten by the Williamsburg Community Health Foundation). Both employ Medication Assistance Caseworkers (MACs), whose sole focus is using TPC to obtain free medicines for eligible Virginians. In FY13, RxRelief Virginia MACs helped 17,098 uninsured Virginians from 67 localities obtain a total of \$85.4 million (AWP) in free medicines, using only \$1.2 million in state funds.



RxPartnership (RxP) is another innovative method of tapping into free medicines, which VHCF helped foster and establish ten years ago. *RxP* directs free medicines from participating PAPs to 23 affiliate safety net organizations with licensed pharmacies. The result? Patients can obtain needed medicines the same day the doctor writes the prescription. This differs from the several week wait often associated with the medicines ordered through PAPs.

RxP's affiliates provided 16,582 patients with \$19.1 million (*AWP*) in free medicines last year with the help of the following companies: GlaxoSmithKline, Merck, Novartis, Abbvie, Alcon, and AstraZeneca.

Putting Some Teeth Into Oral Health

Got teeth? A surprising number of Virginians don't.

Access to oral health care is the number one unmet need in many communities throughout the Commonwealth. Why? Only half of Virginians have dental insurance. All others who want dental care must purchase it directly, like any other commodity. For those with limited earnings, the choice between getting their teeth cleaned and checked, or



George A. Levicki, DDS, President and CEO, Delta Dental of Virginia, presents a \$1 million challenge grant check to Deborah D. Oswalt, Executive Director of VHCF.

buying family essentials is no choice at all. The decision to forgo the check-up is understandable. Unfortunately, a series of decisions to forgo the dentist over a period of time almost always results in throbbing pain and the ultimate loss of teeth.

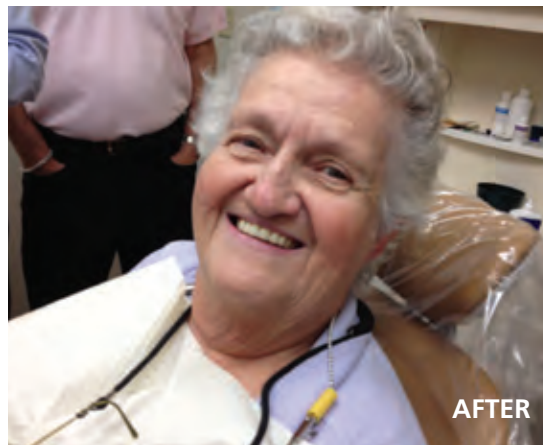
VHCF has worked diligently and invested \$9.5 million since 1998 to establish a dental safety net in Virginia. Today, there are dental safety net clinics in 65 localities. VHCF has funded 43 of them, including 12 in FY13. While progress has been made, there are still 70 localities without one.

The Delta Dental of Virginia Foundation took a leadership role in stimulating the development of more dental safety net clinics in FY13 by issuing VHCF a

\$1 million challenge grant over three years. VHCF will match it dollar-for-dollar, and invest the \$2 million total in creating 7-12 dental clinics in areas that have none, and expanding small clinics that are ready to grow.

As a first step, VHCF convened **Filling the Gaps**, a statewide dental safety net conference in October 2012 to educate and engage those from localities without dental clinics about various models and techniques for meeting local oral health needs. It was co-convened by the Virginia Dental Association, the VCU School of Dentistry, the Virginia Oral Health Coalition, the Virginia Community Healthcare Association, the VAFCC, and the Virginia Department of Health.

What a difference teeth make! With VHCF's deep discount, Larell One Step Denture™ is now available in a greater number of dental safety net clinics.



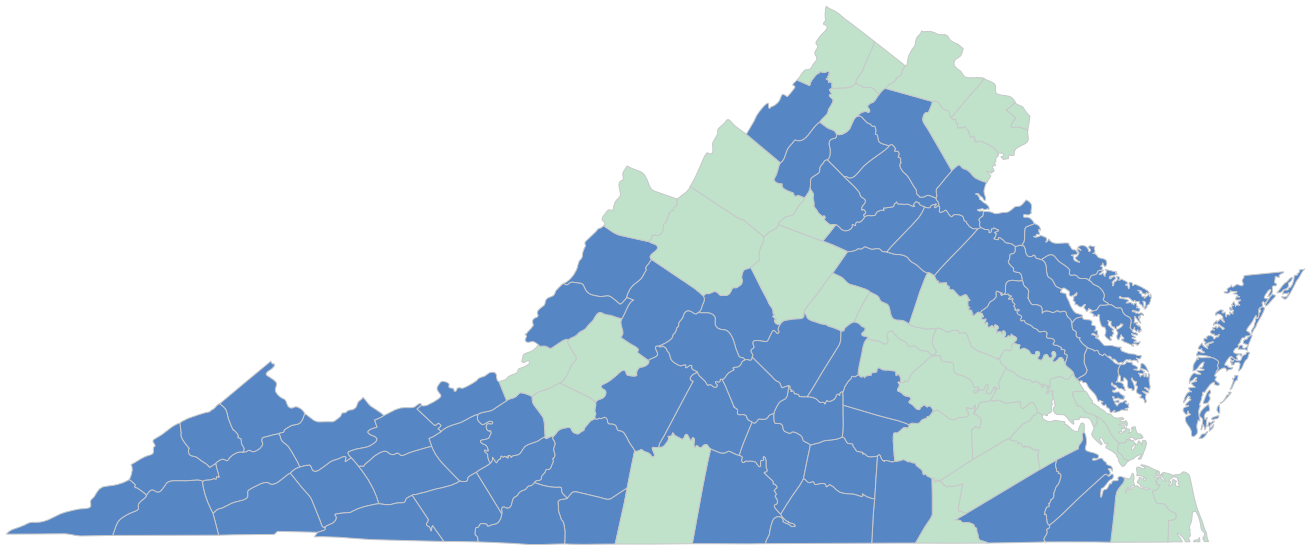
The conference was sponsored by Delta Dental of Virginia and the Patterson Dental Company.

As the new clinics come on line, they will be able to save money on dental supplies, equipment, practice software, and repairs and maintenance via a special **dental safety net discount program**, which VHCF established in partnership with **Patterson Dental Company** five years ago. Patterson extends its maximum discount, regardless of clinic size. Since its inception, that program has saved Virginia's dental safety net \$1.16 million in costs.

The new clinics will also be able to obtain materials and special training to produce the innovative **Larell One Step Denture™** at a substantial discount. VHCF hosted two Larell trainings in FY13, bringing the total number of dental safety net clinics trained to 31.

Both of these special discount programs plus many of the Tooth Talk Roundtables and technical assistance activities have been developed and staffed by a part-time **Dental Opportunities Champion** at VHCF. This position has been underwritten by Delta Dental of Virginia since 2006.

Virginia's Mental Health Professional Shortage Areas



A New Day for Mental Health Services

Depression, anxiety and other basic mental health conditions are among the top diagnoses in Virginia's health safety net. They are debilitating illnesses that often immobilize their victims, and keep them from being productive, or engaging with their families. They often affect people with diabetes or other serious chronic diseases, as well. It is difficult for a patient to adhere to a treatment plan or make needed lifestyle changes, if s/he is depressed.

For the past five years, VHCF has helped to underwrite, and

encourage the approach of integrating delivery of behavioral health services and medical care to free clinics and health centers through a variety of grants and mental health roundtables. While the results related to patient outcomes have been remarkable, the experience has exposed the shortages in Virginia's workforce of behavioral health professionals.

To ensure a thorough understanding of these workforce issues, VHCF hired a researcher to dig deeper, and to survey local health safety net organizations. The findings raised concern. Much of the state has been designated a mental health

professional shortage area. As a result, recruitment of behavioral health professionals often takes months, and turnover is not unusual, leaving many positions unfilled for long periods of time. The problem is particularly acute with Psychiatric Nurse Practitioners. There are only 133 licensed in Virginia (*less than one per locality*), and only 106 practice in the state.

VHCF is in the midst of developing two special initiatives which will help address this shortage within Virginia's health safety net.

Health Insurance for Children

At VHCF, we recognize that having health insurance is the best safety net of all. Where there is state-sponsored health insurance, we have made it a priority to identify eligible uninsured Virginians and help them enroll in it.

VHCF has led private sector efforts to maximize the number of children enrolled in Virginia's FAMIS programs, since the state expanded coverage for children 14 years ago. In that time, VHCF's *Project Connect* Outreach Workers have helped 70,900 children enroll; 5,400 of those enrollments were in FY13. This success would not have been

possible without the partnership of the Virginia Department of Medical Assistance Services (DMAS) and other key state agencies.

In addition to outreach and enrollment, VHCF trains health and human resource professionals in the intricacies of the FAMIS programs through its *SignUpNow* initiative. These trainings and the *SignUpNow* Tool Kit are available in person or online.

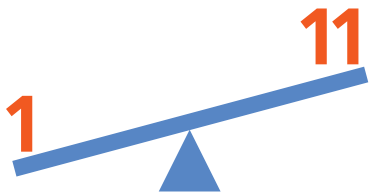
Both of these initiatives were underwritten by grants from DMAS, the Centers for Medicaid and Medicare Services, Anthem Blue Cross and Blue Shield, DentaQuest, and the Danville Regional Foundation in FY13.

While 86% of eligible children are now enrolled in the FAMIS programs, there are still about 71,000 who aren't. VHCF will boost its efforts to reach these children over the next two years with the help from a *Connecting Kids to Coverage* grant from the Centers for Medicaid and Medicare Services.

11:1 Leverage

One key to VHCF's growth and success is its constant search for new opportunities which meet the health needs of Virginians, and add value to Virginia. This entrepreneurial approach stems from VHCF's core values. As a public/private partnership, one





of the Foundation's guiding principles is to leverage state dollars to maximize the return on the Commonwealth's investment in VHCF.

This has produced a great return over the years. Since its inception, VHCF has leveraged an average of \$11 in cash, health services, and other in-kind contributions for every \$1 expended.

The Foundation's good stewardship is also reflected in VHCF's administrative costs. They were a low 10.9% in FY13.

VHCF also adds value as a job producer. VHCF grants underwrote 132 jobs in FY13. At the same time, various VHCF grantees trained 452 health professions students from a wide variety of disciplines and 27 colleges and universities, to help prepare the health workforce of the future.

What We Know

Amidst the uncertainty and confusion about future health coverage and delivery options in Virginia, there are two things that stand out for us at VHCF:

- The ability to obtain needed medical care is essential to a person's productivity and well-being.
- The current capacity of Virginia's health care safety net is woefully inadequate to provide medical care to all who are eligible for its services.

With this in mind, we have charted a thoughtful, yet nimble, course for the future that will engage our key partners in working with us to develop and implement meaningful, value-added initiatives. As we move forward, we will focus on that which matters most—helping uninsured and medically underserved Virginians obtain the health care they need.



Jane Norwood Kusiak
(Chairman FY13)



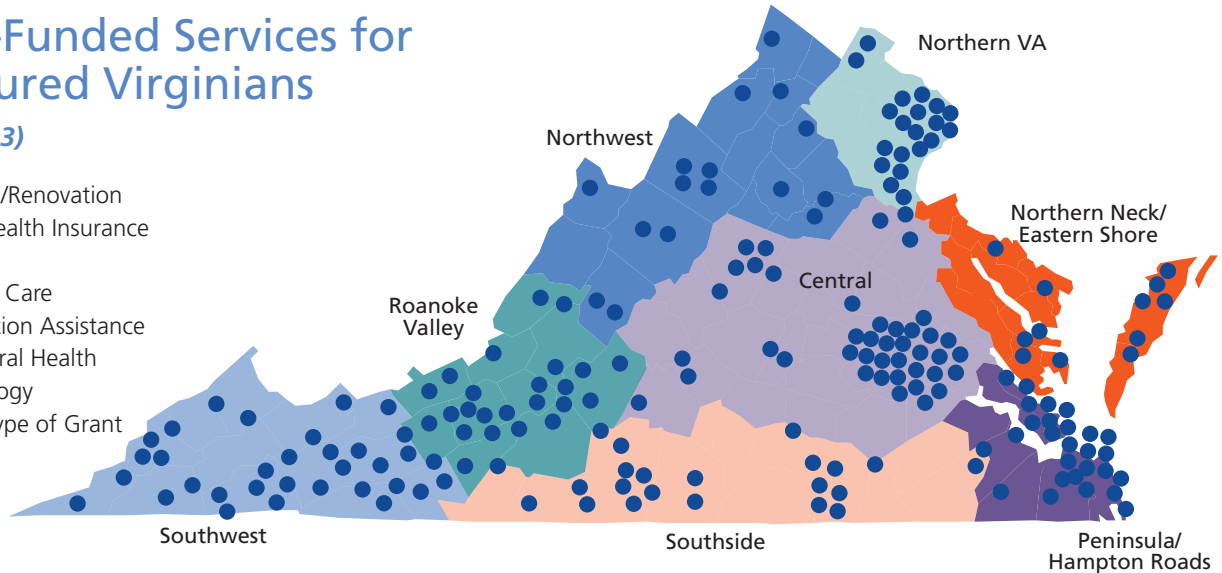
T. Carter Melton, Jr.
(Chairman FY14)

focused

VHCF-Funded Services for Uninsured Virginians

(1992–2013)

- Building/Renovation
- Child Health Insurance
- Dental
- Medical Care
- Medication Assistance
- Behavioral Health
- Technology
- Other Type of Grant



Statewide

- Central VA Lions Hearing Aid Bank
- Medical Society of Virginia Foundation
- MCV School of Dentistry Mobile Dental Clinic
- UVA Nurse Practitioner Telemedicine Initiative
- VA Association of Free and Charitable Clinics
- Virginia Dental Association/Foundation
- VA Community Healthcare Association

Northern Virginia

- Alexandria Community Services Board
- Alexandria Neighborhood Health Services, Inc.
- Arlington Community Services Board
- Arlington Free Clinic
- Fairfax Community Health Care Network
- Fairfax Medical Care for Children Project
- Greater Prince William Area Community Health Center
- HealthWorks for Northern Virginia – Herndon (formerly known as Jeanie Schmidt Free Clinic)
- HealthWorks for Northern Virginia – Leesburg (formerly known as Loudoun Community Health Center)
- Inova Partnership for Healthier Kids
- Inova Pediatric Center
- Marymount University Physical Therapy at Arlington Free Clinic
- Northern VA Dental Clinic
- Northern VA Family Service
 - a. Loudoun

Roanoke Valley

- b. Prince William
- Potomac Hospital
- Prince William County Community Services Board
- Prince William Pediatric Primary Care
- Stafford County Public Schools
- a. In partnership with Stafford County Department of Social Services

Central Virginia

- Access Now
- Blue Ridge Medical Center
- Bon Secours Richmond Health System
- a. Care-A-Van Mobile Medical Clinic
- Buckingham County Rural Mental Health Initiative
- Capital Area Health Network – Vernon J. Harris Community Health Center
- Center for High Blood Pressure
- Central Virginia Health Care Project
- Central Virginia Health Services, Inc.
- a. Petersburg Health Care Alliance
- Charlottesville Area Dental Access
- Charlottesville Free Clinic
- Children’s Hospital
- CHIP of Greater Richmond
- CrossOver Health Center
- Fan Free Clinic
- Free Clinic of Central Virginia/MedsHelp
- Freedom House – Greater Richmond Homeless Medical Respite
- Goochland Free Clinic and Family Services
- Hayes E. Willis Health Center (Richmond Urban Primary Care Initiative)
- Henrico Area Mental Health & Development Services

- Henrico County Public Schools
- Irvin Gammon Craig Health Center
- Jefferson Area Board for the Aging – Geriatric Assessment/Intervention Team
- Johnson Health Services
- Lloyd F. Moss Free Clinic
- Louisa County Resource Council
- Love of Jesus Clinic
- Rappahannock Area Health District – Caroline Caries Program
- Richmond City Health Department in partnership with Richmond Redevelopment & Housing Authority
- Senior Connections
- Thomas Jefferson CHIP Program
- United Way – Thomas Jefferson Area
- Virginia Commonwealth University’s Medical College of Virginia
- Virginia Treatment Center for Children

Northern Neck/Eastern Shore

- Accomack County School-Based Dental Program
- Bay Aging
- Central Virginia Health Services, Inc. – Westmoreland Medical Center
- Eastern Shore Community Services Board
- Eastern Shore Rural Health System
- a. Onley Community Health Center
- b. Atlantic Community Health Center
- Eastern VA Telemedicine Network
- Gloucester-Mathews Free Clinic
- Lackey Free Clinic
- Middle Peninsula Northern Neck Community Services Board
- Northampton County School-Based Dental Program
- Northern Neck Free Health Clinic

Peninsula/Hampton Roads

- American Red Cross of Southeastern VA – Partners in Dental Care 🦷
- Beach Health Clinic 🦷 🦷 Rx
- Catholic Charities of Eastern Virginia Rx 🦷
- Central Virginia Health Services, Inc.
 - a. Charles City Regional Health Services Rx
 - b. King William Dawn Community Doctors Rx
- Chesapeake Care Free Clinic 📞 🦷
- CHIP/Healthy Families of Chesapeake ✨ 🦷
- Colonial Behavioral Health Rx
- Community Free Clinic of Newport News 🦷
- Consortium for Infant and Child Health 🦷 🦷
- EVMS Resource Mothers Program ✨
- Hampton Ecumenical Lodgings and Provisions, Inc. (HELP Free Clinic) Rx
- Horizon Health Services – Surry Medical Center ⚡
- Jewish Family Services of Tidewater 🦷
- Maryview Foundation Healthcare Center 🦷 Rx
- Olde Towne Medical Center 🦷 🦷 Rx ⚡ 🦷
- Oral Health Improvement Coalition of South Hampton Roads 🦷
- Peninsula Agency on Aging MedTran Project ✨
- The Planning Council 🦷
- Portsmouth Adult Care Clinic 🦷
- Riverside Health System Foundation – Project CARE 🦷
- Southeastern Virginia Health System 🦷 Rx Rx 🦷
- South Norfolk Health Center/Chronic Care Adult Clinic 🦷
- The STOP Organization 🦷 🦷
- Western Tidewater Free Clinic Rx 🦷 🦷

Southside

- Central VA Health Services, Inc.
 - a. Alberta Family Health Services ⚡
 - b. Charlotte Primary Care 🦷 🦷 🦷
- Community Memorial Healthcenter 🦷 Rx
- Danville-Pittsylvania Community Services 📞 / 🦷 🦷
- Free Clinic of Danville 🦷 🦷
- Halifax Regional Development Foundation, Inc. Rx 🦷
- Health Care on the Square – Boydton Medical Center Rx 🦷
- Horizon Health Services – Waverly Medical Center ⚡
- Lake Country Area Agency on Aging ⚡
- Martinsville/Henry County Coalition for Health & Wellness Rx 🦷 🦷

- Piedmont Access to Health Services (PATHS) Rx 🦷 🦷
- Pittsylvania County Community Action, Inc. 🦷
- Southern Dominion Health System Rx
 - a. Lunenburg Community Health Center ⚡ ✨ 🦷
- Stony Creek Community Health Center 🦷
- VA Western Community College Telemedicine Dental Hygiene Initiative 📞 / 🦷
- West Piedmont Health District 🦷
- Western Tidewater Health District Children’s Dental Clinic 🦷

Southwest

- Bland County Medical Clinic ⚡
- Brock Hughes Free Clinic 🦷 🦷
- Clinch River Health Services ⚡ 🦷
- Cumberland Plateau Health District 🦷
- The Health Wagon 🦷
- Lenowisco Health District 🦷 Rx ✨
- Lonesome Pine Office on Youth 🦷
- Mendota Community Association Health Clinic ⚡
- Mt. Rogers Medication Assistance Program Rx
- Mountain Empire Older Citizens, Inc. Rx
- People, Inc. of Southwest Virginia ✨ 🦷
- Smyth County Free Clinic 🦷
- Southwest VA Community Health Systems, Inc. ⚡
 - a. Meadowview Health Clinic ⚡ 🦷
 - b. Southwest Virginia Regional Dental Center 🦷
 - c. Twin City Medical Center – Bristol Telemedicine 📞
 - d. Whitetop Community Health Center 🦷
- Stone Mountain Health Services 🦷
 - a. Clinchco Dental Center 🦷
 - b. Konnarock Family Health Center 🦷
- Tri-Area Community Health at Laurel Fork 🦷
- UVA/Southwest VA Alliance for Telemedicine 📞

Roanoke Valley

- Alleghany Highlands Community Services Board 🦷
- Alleghany Highlands Free Clinic 🦷 🦷
- Bedford Community Health Foundation
 - a. Bedford Children’s and Adult Dental Clinic 🦷
 - b. Bedford Ride Program ✨
- Bradley Free Clinic 🦷
- Carilion Giles Memorial Hospital 🦷 Rx
- CHIP of Roanoke Valley ✨ 🦷
- College of Health Sciences’ Physician Assistant Program 🦷

- Free Clinic Consortium of the New River Valley ✨
- Free Clinic of Franklin County Rx 🦷 🦷 🦷
- Free Clinic of the New River Valley 🦷 🦷 🦷
 - a. Giles Free Clinic 🦷
- New Horizons Healthcare Rx
- Mental Health Association of the New River Valley 🦷
- Monroe Health Center – Craig County Health Center 🦷
- New River Valley Medication Assistance Program Rx
- New River Valley Senior Services MedRide ✨
- Carilion Clinic – Pediatric Dental Program 🦷 🦷
- Project Access of the Roanoke Valley 🦷
- Project Together (Blue Ridge Community Services) ✨
- Radford University 🦷 🦷 🦷 🦷
- Rescue Mission of Roanoke 🦷 🦷 ⚡
- Roanoke Adolescent Health Partnership 🦷
- Southwest Virginia Community Health Systems, Inc. – Center for Family Health 🦷
- Tri-Area Community Health Rx
 - a. Tri-Area Community Health Center at Ferrum 🦷
 - b. Tri-Area Community Health Center at Floyd 🦷

Northwest

- Augusta Regional Dental Clinic 🦷
- Augusta Regional Free Clinic 🦷 🦷
- Blue Ridge Area Health Education Center ✨ 🦷
- Free Medical Clinic of Northern Shenandoah Valley, Inc. 🦷 🦷
- Harrisonburg Community Health Center 🦷 ⚡
- Harrisonburg-Rockingham Dental Clinic 🦷
- Harrisonburg-Rockingham Free Clinic ⚡ 🦷
- Highland Medical Center ⚡ Rx 🦷
- Orange County Free Clinic 🦷
- Piedmont Regional Dental Clinic 🦷
- Rappahannock-Rapidan Community Services Board Rx
- Rockbridge Area Community Services 🦷
- Rockbridge Area Free Clinic 🦷 🦷 🦷
- Shenandoah County Free Clinic 🦷 🦷
- St. Luke Community Clinic 🦷
- UVA – Greene County School-Based Nursing Clinic 🦷

Virginia Health Care Foundation
Consolidated Statements of Financial Position
June 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 2,517,622	\$ 1,054,480
Certificates of deposit	270,267	525,461
Investments	8,153,316	7,718,797
Appropriations receivable	4,080,571	5,100,714
Interest receivable	14,599	11,671
Contributions receivable	376,333	739,012
Contract receivable	102,081	122,307
Prepaid expenses	18,511	16,014
Total current assets	<u>15,533,300</u>	<u>15,288,456</u>
Contributions receivable, net of current portion	332,369	32,438
Property and equipment, net	14,759	18,095
Total assets	<u>\$15,880,428</u>	<u>\$ 15,338,989</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 152,794	\$ 86,140
Accrued rent	23,246	23,123
Grants payable	4,562,450	5,223,599
Total current liabilities	<u>4,738,490</u>	<u>5,332,862</u>
Deferred Revenue	800,000	—
Total liabilities	<u>5,538,490</u>	<u>5,332,862</u>
Net assets:		
Unrestricted	5,450,585	4,011,657
Temporarily restricted	4,891,353	5,994,470
Total net assets	<u>10,341,938</u>	<u>10,006,127</u>
Total liabilities and net assets	<u>\$15,880,428</u>	<u>\$ 15,338,989</u>

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

Virginia Health Care Foundation
Consolidated Statements of Activities
Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Appropriations	\$ —	\$ 4,080,571	\$ 4,080,571	\$ —	\$ 4,080,571	\$ 4,080,571
Contributions	222,906	1,030,464	1,253,370	278,813	918,362	1,197,175
Grant revenue	—	468,907	468,907	—	472,500	472,500
VHC membership interest	—	(208)	(208)	—	(57,570)	(57,570)
Investment income	695,903	—	695,903	341,784	—	341,784
Unrealized net gains on investments	293,507	—	293,507	111,005	—	111,005
Other income	143,116	—	143,116	103,835	—	103,835
Total support and revenue	1,355,432	5,579,734	6,935,166	835,437	5,413,863	6,249,300
Net assets released from restriction	6,682,851	(6,682,851)	—	5,072,057	(5,072,057)	—
Expenditures:						
Program services—grants	5,832,311	—	5,832,311	6,526,302	—	6,526,302
Supporting services:						
Management and general	610,331	—	610,331	455,111	—	455,111
Fundraising	156,713	—	156,713	181,735	—	181,735
Total expenditures	6,599,355	—	6,599,355	7,163,148	—	7,163,148
Change in net assets	1,438,928	(1,103,117)	335,811	(1,255,654)	341,806	(913,848)
Net assets, beginning of year	4,011,657	5,994,470	10,006,127	5,267,311	5,652,664	10,919,975
Net assets, end of year	\$ 5,450,585	\$ 4,891,353	\$ 10,341,938	\$ 4,011,657	\$ 5,994,470	\$ 10,006,127

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

responsible

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provide uninsured Virginians
with the health care they need?

thank you

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



**VIRGINIA
HEALTH CARE
FOUNDATION**

Consolidated Financial Statements

June 30, 2013 and 2012

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Virginia Health Care Foundation and Affiliate (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virginia Health Care Foundation and Affiliate as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keita", with a long horizontal flourish extending to the right.

August 9, 2013
Glen Allen, Virginia

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position
June 30, 2013 and 2012

<u>Assets</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 2,517,622	\$ 1,054,480
Certificates of deposit	270,267	525,461
Investments	8,153,316	7,718,797
Appropriations receivable	4,080,571	5,100,714
Interest receivable	14,599	11,671
Contributions receivable	376,333	739,012
Grants receivable	102,081	122,307
Prepaid expenses	<u>18,511</u>	<u>16,014</u>
Total current assets	15,533,300	15,288,456
Contributions receivable, net of current portion	332,369	32,438
Property and equipment, net	<u>14,759</u>	<u>18,095</u>
Total assets	<u>\$ 15,880,428</u>	<u>\$ 15,338,989</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 152,794	\$ 86,140
Accrued rent	23,246	23,123
Grants payable	<u>4,562,450</u>	<u>5,223,599</u>
Total current liabilities	4,738,490	5,332,862
Deferred revenue	<u>800,000</u>	<u>-</u>
Total liabilities	<u>5,538,490</u>	<u>5,332,862</u>
Net assets:		
Unrestricted	5,450,585	4,011,657
Temporarily restricted	<u>4,891,353</u>	<u>5,994,470</u>
Total net assets	<u>10,341,938</u>	<u>10,006,127</u>
Total liabilities and net assets	<u>\$ 15,880,428</u>	<u>\$ 15,338,989</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Appropriations	\$ -	\$ 4,080,571	\$ 4,080,571
Contributions	222,906	1,030,464	1,253,370
Contract revenue	-	468,907	468,907
VHC membership interest	-	(208)	(208)
Investment income	695,903	-	695,903
Unrealized net gain on investments	293,507	-	293,507
Other income	143,116	-	143,116
	<u>1,355,432</u>	<u>5,579,734</u>	<u>6,935,166</u>
Total support and revenue			
Net assets released from restriction	<u>6,682,851</u>	<u>(6,682,851)</u>	<u>-</u>
Expenditures:			
Program services - grants	5,832,311	-	5,832,311
Supporting services:			
Management and general	610,331	-	610,331
Fundraising	156,713	-	156,713
	<u>6,599,355</u>	<u>-</u>	<u>6,599,355</u>
Total expenditures			
Change in net assets	1,438,928	(1,103,117)	335,811
Net assets, beginning of year	<u>4,011,657</u>	<u>5,994,470</u>	<u>10,006,127</u>
Net assets, end of year	<u>\$ 5,450,585</u>	<u>\$ 4,891,353</u>	<u>\$ 10,341,938</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Activities
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Appropriations	\$ -	\$ 4,080,571	\$ 4,080,571
Contributions	278,813	918,362	1,197,175
Contract revenue	-	472,500	472,500
VHC membership interest	-	(57,570)	(57,570)
Investment income	341,784	-	341,784
Unrealized net gain on investments	111,005	-	111,005
Other income	103,835	-	103,835
	<u>835,437</u>	<u>5,413,863</u>	<u>6,249,300</u>
Total support and revenue			
Net assets released from restriction	<u>5,072,057</u>	<u>(5,072,057)</u>	<u>-</u>
Expenditures:			
Program services - grants	6,526,302	-	6,526,302
Supporting services:			
Management and general	455,111	-	455,111
Fundraising	181,735	-	181,735
	<u>7,163,148</u>	<u>-</u>	<u>7,163,148</u>
Total expenditures			
Change in net assets	(1,255,654)	341,806	(913,848)
Net assets, beginning of year	<u>5,267,311</u>	<u>5,652,664</u>	<u>10,919,975</u>
Net assets, end of year	<u>\$ 4,011,657</u>	<u>\$ 5,994,470</u>	<u>\$ 10,006,127</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Functional Expenses Year Ended June 30, 2013

	Supporting Services			Total
	Program Services - Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 204,969	\$ 92,494	\$ 297,463
Employee benefits/payroll taxes	-	54,463	27,745	82,208
	-			
Total salaries and related expenditures	-	259,432	120,239	379,671
Grants	3,993,000	-	-	3,993,000
RX Partnership	115,000	-	-	115,000
The Pharmacy Connection	679,594	-	-	679,594
MAP	268,675	-	-	268,675
Strategic Initiatives	206,903	-	-	206,903
Child Health Insurance Initiatives	154,186	-	-	154,186
Grantee Technical Assistance	70,518	-	-	70,518
Grantmaking	242,352	-	-	242,352
Dental Opportunities Initiative	102,083	-	-	102,083
Contractual services	-	135,023	1,505	136,528
Office rent	-	45,259	-	45,259
Investment fees	-	48,227	-	48,227
Telephone and fax	-	5,892	916	6,808
Supplies	-	1,480	275	1,755
Computer software and supplies	-	27,914	516	28,430
Printing and copying	-	11,661	-	11,661
Postage	-	4,051	686	4,737
Travel	-	8,535	1,390	9,925
Meeting/conference costs	-	16,762	-	16,762
Special events	-	22,000	29,104	51,104
Miscellaneous	-	1,117	1,192	2,309
Insurance	-	11,167	-	11,167
Subscriptions, fees and dues	-	4,573	890	5,463
	-			
Total expenditures before depreciation and amortization	5,832,311	603,093	156,713	6,592,117
Depreciation and amortization of property and equipment	-	7,238	-	7,238
	-			
Total expenditures	<u>\$ 5,832,311</u>	<u>\$ 610,331</u>	<u>\$ 156,713</u>	<u>\$ 6,599,355</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Functional Expenses Year Ended June 30, 2012

	Supporting Services			Total
	Program Services - Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 121,064	\$ 102,438	\$ 223,502
Employee benefits/payroll taxes	-	40,966	29,541	70,507
	-			
Total salaries and related expenditures	-	162,030	131,979	294,009
Grants	5,049,905	-	-	5,049,905
RX Partnership	115,000	-	-	115,000
The Pharmacy Connection	294,537	-	-	294,537
MAP	249,431	-	-	249,431
Strategic Initiatives	221,162	-	-	221,162
Child Health Insurance Initiatives	195,090	-	-	195,090
Grantee Technical Assistance	61,631	-	-	61,631
Grantmaking	219,746	-	-	219,746
Dental Opportunities Initiative	119,800	-	-	119,800
Contractual services	-	119,859	2,450	122,309
Office rent	-	47,940	-	47,940
Investment fees	-	45,817	-	45,817
Telephone and fax	-	5,898	950	6,848
Supplies	-	1,470	275	1,745
Computer software and supplies	-	1,074	516	1,590
Printing and copying	-	6,885	247	7,132
Postage	-	3,769	833	4,602
Travel	-	3,251	937	4,188
Meeting/conference costs	-	6,167	395	6,562
Special events	-	22,000	40,468	62,468
Miscellaneous	-	831	934	1,765
Insurance	-	11,109	-	11,109
Subscriptions, fees and dues	-	5,082	1,751	6,833
Total expenditures before depreciation and amortization	6,526,302	443,182	181,735	7,151,219
Depreciation and amortization of property and equipment	-	11,929	-	11,929
Total expenditures	<u>\$ 6,526,302</u>	<u>\$ 455,111</u>	<u>\$ 181,735</u>	<u>\$ 7,163,148</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 335,811	\$ (913,848)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	7,238	11,929
Interest income on certificates of deposit	(5,777)	(11,031)
Net investment income reinvested	(116,220)	(116,271)
Net realized and unrealized gain on investments	(812,831)	(278,929)
Change in assets and liabilities:		
Appropriations receivable	1,020,143	(680,095)
Interest receivable	(2,928)	5,616
Contributions and grants receivable	82,974	338,288
Prepaid expenses	(2,497)	(3,110)
Accounts payable and accrued expenses	66,776	8,386
Grants payable	(661,149)	232,537
Deferred revenue	800,000	-
	<u>711,540</u>	<u>(1,406,528)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(3,901)	(13,332)
Proceeds from maturity of certificates of deposit	260,971	260,452
Proceeds from sales of investments	2,463,830	2,834,891
Purchase of investments	<u>(1,969,298)</u>	<u>(2,488,386)</u>
	<u>751,602</u>	<u>593,625</u>
Net cash provided by investing activities		
Net change in cash and cash equivalents	1,463,142	(812,903)
Cash and cash equivalents, beginning of year	<u>1,054,480</u>	<u>1,867,383</u>
Cash and cash equivalents, end of year	<u>\$ 2,517,622</u>	<u>\$ 1,054,480</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 as a public/private partnership by 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 (collectively, the “Foundation”) (see Note 11) as of and for the fiscal years ended June 30, 2013 and 2012.

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 (“GAAP”).

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, 2013 and 2012, 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.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Deferred Revenue: The Foundation received a \$1,000,000 three year pledge with a \$1 for \$1 matching requirement. The Foundation raised \$200,000 towards the matching requirement during 2013 and recorded a contribution of \$200,000, along with the matching funds received, in the accompanying statement of activities. The unmatched portion of the pledge (\$800,000 at June 30, 2013) is included in the accompanying statement of financial position as deferred revenue.

Cash and 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 or with original maturities of three months or less to be cash equivalents. Certificates of deposit with maturities exceeding three months are separately classified in the accompanying consolidated financial statements.

Concentrations of Credit Risk: Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Foundation places its cash and cash equivalents with multiple financial institutions to help limit this risk. At times, these balances are in excess of the FDIC insurance limit by a modest amount.

Contributions and grants receivable 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. 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.

Fair Value of Financial Instruments: The carrying amounts of cash and cash equivalents; certificates of deposit; 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.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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").

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Foundation has no significant financial statement exposure to uncertain income tax positions at June 30, 2013 and 2012. The Foundation's tax returns since 2010 remain open for examination by tax authorities. The Foundation is not currently under audit by any tax jurisdiction.

Contributions and Contract 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. Contract revenue is recorded in the year the contract 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 2013 and 2012, the Foundation received professional, marketing, and advertising services at no charge from outside organizations. These services, valued by the donors at approximately \$127,977 in 2013 and \$65,076 in 2012, 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 \$370,616 in 2013 and \$292,843 in 2012 for grants recognized in prior years that will not be paid. In 2013, \$288,227 of this reduction related to terminated grants resulting from the grantees' inability to fulfill the requirements of the grants, primarily enrollment goals, and grantees that did not spend anticipated funding due to the inability to recruit health professionals, and savings in budgeted personnel costs. The remaining \$82,389 related to the unexpected closing of an organization. In 2012, \$148,052 related to terminated grants as a result of the grantees' inability to fulfill the requirements of the grants; primarily enrollment goals. The remaining \$144,791 related to grantees that did not spend anticipated funding due to the inability to recruit health professionals and/or savings in budgeted personnel costs. All of these funds were reallocated to future grants.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Use of Estimates: The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through August 9, 2013, the date the consolidated financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

3. Cash and Cash Equivalents:

Cash and cash equivalents include the following as of June 30, 2013 and 2012:

	2013	2012
Cash on deposit	\$ 2,231,251	\$ 874,869
Money market funds	286,371	179,611
	\$ 2,517,622	\$ 1,054,480

4. Investments:

The costs and fair values of investments as of June 30, 2013 and 2012 are summarized as follows:

	2013		2012	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 358,119	\$ 358,119	\$ 214,590	\$ 214,590
Certificates of deposit	410,000	412,473	585,000	590,039
U.S. Treasury Bills	100,957	99,937	-	-
Common stocks	3,438,393	4,802,231	3,328,989	4,357,799
Corporate bonds	2,446,392	2,480,556	2,359,680	2,411,593
Government obligations	-	-	124,591	144,776
	\$ 6,753,861	\$ 8,153,316	\$ 6,612,850	\$ 7,718,797

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

4. Investments, Continued:

Investment income and gains and losses for investments are comprised of the following for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest income	\$ 176,579	\$ 173,860
Net realized gains	<u>519,324</u>	<u>167,924</u>
	<u>\$ 695,903</u>	<u>\$ 341,784</u>
Net unrealized gains	<u>\$ 293,507</u>	<u>\$ 111,005</u>

5. Fair Value Measurements:

The Financial Accounting Standards Board (“FASB”) has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal and most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The levels of the hierarchy are defined as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. The Foundation did not have any Level 3 assets or liabilities at June 30, 2013 and 2012.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Money market funds: Valued at the cash balance.

Certificates of deposit: Valued at face value and accrued interest.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

5. Fair Value Measurements, Continued:

U.S. Treasury Bills: Valued at the discount price until maturity.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued at the present value of the bond's cash flow which includes periodic interest payments and the repayment of principal.

Government obligations: Valued at the present value of the bond's cash flow which includes periodic interest payments and the repayment of principal.

Investments measured at fair value on a recurring basis at June 30, 2013 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Investments:			
Money market funds	\$ 358,119	\$ -	\$ 358,119
Certificates of deposit	-	412,473	412,473
U.S. Treasury Bills	-	99,937	99,937
Common stocks:			
Closed end mutual funds	422,238	-	422,238
Consumer discretionary	586,346	-	586,346
Consumer staples	600,121	-	600,121
Energy	477,032	-	477,032
Financials	915,426	-	915,426
Health care	453,258	-	453,258
Industrials	459,634	-	459,634
Information technology	537,208	-	537,208
Limited Partnerships	2,721	-	2,721
Materials	153,320	-	153,320
Miscellaneous	44,838	-	44,838
Real estate investment trusts	106,381	-	106,381
Telecommunication services	20,696	-	20,696
Utilities	23,012	-	23,012
Corporate bonds	-	2,480,556	2,480,556
	\$ 5,160,350	\$ 2,992,966	\$ 8,153,316

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

5. Fair Value Measurements, Continued:

Investments measured at fair value on a recurring basis at June 30, 2012 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Investments:			
Money market funds	\$ 214,590	\$ -	\$ 214,590
Certificates of deposit	-	590,039	590,039
Common stocks:			
Closed end mutual funds	75,366	-	75,366
Consumer discretionary	487,377	-	487,377
Consumer staples	595,546	-	595,546
Energy	434,869	-	434,869
Financials	848,767	-	848,767
Health care	342,399	-	342,399
Industrials	397,242	-	397,242
Information technology	831,418	-	831,418
Materials	156,697	-	156,697
Real estate investment trusts	79,764	-	79,764
Telecommunication services	79,459	-	79,459
Utilities	28,895	-	28,895
Corporate bonds	-	2,411,593	2,411,593
Government obligations	-	144,776	144,776
	<u>\$ 4,572,389</u>	<u>\$ 3,146,408</u>	<u>\$ 7,718,797</u>

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

5. Fair Value Measurements, Continued:

The Foundation's investments in certificates of deposit, corporate bonds, and government obligations are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2013, the redemption periods and related amounts were as follows:

Year Ended June 30:	Certificates of Deposit	Corporate Bonds	U.S. Treasury Bills
2014	\$ 412,473	\$ 637,365	\$ -
2015	-	92,396	-
2016	-	900,397	-
2017	-	644,055	99,937
2022	-	206,343	-
	<u>\$ 412,473</u>	<u>\$ 2,480,556</u>	<u>\$ 99,937</u>

6. Contributions and Grants Receivable:

Contributions and grants receivable are summarized as follows as of June 30, 2013 and 2012:

	2013	2012
Unconditional contributions and grants expected to be collected in:		
Less than one year	\$ 478,414	\$ 861,319
One year to five years	333,000	32,500
	811,414	893,819
Less discount	632	62
Total contributions and grants receivable	<u>\$ 810,783</u>	<u>\$ 893,757</u>

The future expected cash flows from contributions and grants receivable have been discounted using a discount rate of .14% in 2013 and .19% in 2012.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

7. Property and Equipment, Net:

Property and equipment, net as of June 30, 2013 and 2012 is as follows:

	2013	2012
Equipment	\$ 118,864	\$ 115,161
Leasehold improvements	2,949	2,949
Software	42,519	42,519
	164,332	160,629
Less accumulated depreciation and amortization	149,573	142,534
Property and equipment, net	\$ 14,759	\$ 18,095

8. Lease Commitments:

The Foundation is obligated under operating leases for office space and equipment that expire on various dates through March 31, 2020. 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 \$92,187 in 2013 and \$98,978 in 2012. Future minimum lease payments as of June 30, 2013 are:

	Amount
Year ending June 30:	
2014	\$ 100,876
2015	101,436
2016	103,690
2017	105,507
2018	105,663
Thereafter	175,500
Total	\$ 692,672

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

9. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following periods subsequent to June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
For periods after the end of the fiscal year	<u>\$ 4,891,353</u>	<u>\$ 5,994,470</u>

The amounts are restricted for program development purposes.

10. Employee Retirement Plan:

The Foundation has an employee retirement plan under Section 403(b) of the IRC. 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 \$49,369 in 2013 and \$42,570 for 2012.

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 as 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. As of May 24, 2011, the remaining measuring life ended; as a result, VHC will receive 1.7% of the trust assets. The present value of the percentage interest in the trust (\$13,333 as of June 30, 2013 and \$83,998 as of June 30, 2012) has been recorded as contributions receivable and as temporarily restricted net assets in the accompanying consolidated statements of financial position. VHC received \$70,456 of the trust proceeds in 2013 and \$338,106 in 2012.

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 2014 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 2014 budget, the appropriation was included as a receivable as of June 30, 2013 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 2014 fiscal year budget. These appropriations accounted for 59% of support and revenue for 2013 and 65% of support and revenue for 2012.