

# Mission: Critical

**URGENT!**

Health care  
unavailable for  
most uninsured  
Virginians!



Virginia Health Care Foundation  
2014 Annual Report

If you're sick and uninsured in Virginia, the odds are against you.

Only **1 in 3** can get care from their local health safety net clinic.

The remaining **465,000** low-income uninsured?

**Lotteries, annual health care events, and in most cases, no care at all.**

For 22 years, the Virginia Health Care Foundation has greatly expanded the capacity of Virginia's health care safety net. More providers, more medicines, greater access to dental and mental health care.

**Now, the need is even greater.  
The lines are longer.**





Lawrence Cheng Photography

And we have never been more invested...

# A Light in the Darkness





## The deep despair of depression and the trauma of anxiety

are well known to many uninsured Virginians. Untreated, these diseases can destroy families, ruin livelihoods, and prevent their victims from managing other illnesses.

Behavioral health conditions are among the top three diagnoses in most health safety net clinics and health centers. The ability to treat them, however, is insufficient. Most health safety net organizations can't afford to hire behavioral health providers, and the supply is limited.

Two thirds of Virginia is an official "mental health professional shortage area."

## Results of VHCF's Investment

- Over the past five years, VHCF has helped bring **behavioral health services** to 16 health safety net sites with **grants totaling \$3.6 million**. All have focused on integrating the delivery of mental health services with primary medical care as a way to reduce stigma and fully engage patients.
- VHCF created a **Scholarship Program designed to produce 10 more Psychiatric Nurse Practitioners (Psych NPs)** for Virginia's health care safety net. There are only 106 Psych NPs currently practicing in Virginia.
- Two behavioral health **webinars to better prepare primary care providers for diagnosing and treating mental health conditions** were produced and launched by VHCF in FY14.



**URGENT!**

**2/3** of  
Virginia is a mental  
health professional  
shortage area.

# A Chance to Get Well



## Imagine the panic of knowing you can't get the life-saving medicines or medical care you need.

Or the anxiety of feeling sick, but unable to pay a doctor to find out why.

That's the way many of Virginia's one million uninsured live every day. The lucky ones find help at their local free clinic, community health center, or other similar organization.

The capacity of these health safety net providers and the services they offer, however, are limited. Meanwhile, the number of uninsured adults in Virginia is increasing. (*Profile of Virginia's Uninsured: 2014*)

## Results of VHCF's Investment

- **\$2.2 Billion in free prescription medicines** for 276,000 uninsured Virginians with chronic illnesses obtained via *The Pharmacy Connection* in the past 17 years.
- **52 dentists, doctors, nurse practitioners, and behavioral health professionals** employed at health safety net sites in FY14 via VHCF grants.
- **95% of VHCF's health safety net grants** were directed to **Medically Underserved Areas** of Virginia in FY14.



**CRITICAL!**

**100**  
uninsured Arlingtonians  
await the free clinic's  
monthly lottery to  
add 20 new patients



# A Reason to Smile





## The blinding pain of a toothache

is all too common among many of the four million Virginians without dental insurance.

While inadequate access to dental care now tops the list in many community needs assessments, nearly half of Virginia's localities (66) have no dental safety net clinic.

Why is this a problem? Poor oral health and related inflammation exacerbate a range of medical conditions, including diabetes, cardio-vascular illnesses, and pregnancy. In afflicted children, they also inhibit learning and overall school performance.

## Results of VHCF's Investment

- VHCF's \$10.7 million in grants have helped **establish or expand 46 of Virginia's 81 dental safety net clinics.**
- To reduce the high cost of dental operations, VHCF established a **Dental Safety Net Discount Program** in partnership with Patterson Dental Company in 2007. To date, it has generated **\$1.4 million in savings on dental supplies, equipment, practice software, and repairs and maintenance.**
- VHCF negotiated a **deep discount for** and introduced the innovative and easily crafted Larell **dentures** for Virginia's dental safety net patients. More than 2,036 of the dentures have already been installed in the past three years.



# A Healthy Start





## A child suffering without medical care

is no longer necessary thanks to Virginia's FAMIS programs, which provide comprehensive health insurance from birth to age 19 to children from families with incomes at or below 200% of the federal poverty level.

Although 87% of eligible Virginia children are enrolled, 68,000 remain uninsured. Remarkably, many parents are unaware that this wonderful coverage is available to help their children. It provides the preventive medical and dental care kids need to get a healthy start in life. It also covers sick care, hospitalizations, prescription medicines, and other important health services, if children need them.

## Results of VHCF's Investment

- VHCF's **Project Connect outreach workers have enrolled 75,000 eligible children** in the FAMIS programs in the past 15 years.
- VHCF **has trained more than 9,300** health and human resources professionals in the intricacies of the FAMIS programs. This enables them to educate parents and help them apply.
- VHCF's **SignUpNow Tool Kit is a respected reference manual** about the FAMIS programs, which is regularly consulted by school nurses and other child-serving professionals.



**ESSENTIAL!**

**68,000**  
eligible children are  
not yet enrolled in  
state health insurance  
programs.

# Donors Are Critical Partners



## FY 2014

### Leadership Partner Extraordinaire

(\$1,000,000 +)

Delta Dental of Virginia Foundation

### Premiere Partners (\$300,000 to \$999,999)

Williamsburg Health Foundation

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

Carilion Clinic

Inova Health System

Patterson Dental

### Distinguished Partners (\$25,000 to \$99,999)

Annabella R. Jenkins Foundation

Anthem Blue Cross & Blue Shield  
Foundation

Sandra Johnson Bailey

BB&T

Dominion Foundation

Anne W. Faszewski, CPA

Kaiser Permanente Foundation of  
the Mid-Atlantic States

Larrell Dentures

Mr. & Mrs. Gilmer Minor, III

Obici Healthcare Foundation

Owens & Minor

Shelton H. Short, Jr. Trust

Richard and Caroline T. Gwathmey  
Memorial Trust

Roanoke Ambulatory Surgery Center

### Supporting Partners (\$7,500 to \$24,999)

Amerigroup Charitable Foundation

Health Diagnostic Laboratory, Inc.

Keiter

Mary Washington Healthcare

Monticello Community Surgery  
Center

Merck

Newton B. Shingleton Trust



PhRMA  
Virginia Association of Health Plans  
Wells Fargo Foundation  
Wilbur Moreland Havens Charitable  
Foundation

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

Chris Bailey  
Lois M. Beck  
Robert M. Blue  
Mr. & Mrs. Thomas R. Byrd  
Dr. Mark W. Clark & Dr. Rhonda  
R. Clark  
Claude Moore Charitable  
Foundation  
Mr. & Mrs. Ben J. Davenport, Jr.  
Davenport & Company  
Barbara Dunn  
John F. Fick, III  
Mr. & Mrs. Charles K. Fox  
Ellen McCloy Hall  
Mr. & Mrs. Charlie W. Hill, Jr.  
Dr. & Mrs. John F. House  
Dr. & Mrs. Clarion E. Johnson  
*In Honor of Eddy and  
Clarion Johnson*  
Mr. & Mrs. R. Walter Jones, IV  
Mr. & Mrs. Robert W. Jones, Jr.  
Mr. & Mrs. Stephen E. Kitchen  
Dr. & Mrs. George A. Levicki  
Lilly, USA  
Medical Society of Virginia  
Mr. & Mrs. Carter T. Melton, Jr.  
Mr. & Mrs. Stewart R. Nelson  
Dr. & Mrs. James G. Nuckolls  
Anne T. Overbey  
Mr. & Mrs. William Pollok  
Showalter Family Fund §  
R. Gordon Smith  
Thompson McMullen  
Titmus Foundation  
Virginia Premier Health Plan  
Mr. & Mrs. D. Eugene Webb, Jr.  
Wythe-Bland Foundation

### Friends of the Foundation (Under \$1,000)

Anonymous (3)  
Jean Clary Bagley  
Mr. & Mrs. Donald Baker  
*In Memory of Clair Horton*  
Mary Ann Bergeron  
Dr. & Mrs. Lawrence E. Blanchard, III  
E. Cabell Brand  
The Honorable Jean W. Cunningham  
Dr. & Mrs. Daniel Davidow  
Sally J. Duran  
Robert Follek & Stacy Feldman  
Mr. & Mrs. Kester S. Freeman, Jr.  
The Honorable John A. Gibney, Jr.  
Victor Grand  
Richard L. Grier  
Sheila Gray  
The Honorable & Mrs. John H. Hager  
Grace E. Harris, PhD  
Mr. & Mrs. Bernard L. Henderson, Jr.  
Rebecca Neubert Hill  
Darryl K. Horne  
Ralph L. Howell, Jr., DDS, MAGD  
Mr. & Mrs. S. Anderson Hughes  
Caroline D. Juran  
Daniel Karnes  
Jane Norwood Kusiak  
Rev. & Mrs. J. Fletcher Lowe, Jr.  
Richard E. Merritt  
Hal Meyers  
*In Honor Of Cheryl Atkins*  
Leigh B. Middleditch, Jr.  
The Honorable William C. Mims  
Linda Nablo & Jay Ziehl  
Mr. & Mrs. James C. Oswald  
Mr. Walter Oswald, III & Beverly  
Moss-Oswalt  
Sheelin A. Prinzing  
Mr. & Mrs. Ken Roeper  
Leo H. Ross, RPh, MBA  
Mr. & Mrs. James Rothrock  
*In Memory of Shirley Brand*  
Mark E. Rubin  
Mr. & Mrs. Milton Rubin

Elizabeth Scott Russell, RPh  
Dr. & Mrs. David Sarrett  
The Honorable & Mrs. Elliot S.  
Schewel  
Dr. & Mrs. Robert S. Shayne  
Mr. & Mrs. Michael Shook  
Sarah "Sally" W. Southard  
Robert B. Stroube, MD, MPH  
Mr. & Mrs. John K. Taylor  
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 contributed through Workplace Charitable Campaigns

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

The listing above reflects gifts received between July 1, 2013 and June 30, 2014. 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

# What happens when YOU get so sick that you need a doctor and medicine?



**Odds are, you get the treatment you need.**

**Not so for most uninsured Virginians.**

**The care they need isn't exotic, but it might as well be.**

An inhaler for asthma; test strips and insulin for diabetes; medicine for high blood pressure—the costs of these simple cures are beyond the means of the many working poor who comprise a significant part of Virginia's uninsured.

## **The consequence?**

**Many treatable conditions deteriorate and can become fatal.**

Within hospital walls, the term "critical care" has a rather narrow meaning. At the Virginia Health Care Foundation, we understand that any care needed to keep someone alive and functioning productively in their jobs and for their families is critical.



## VHCF: A Critical Partner

We also know that VHCF is critical to Virginia's network of free clinics, community health centers, other health safety net organizations, and Virginia's uninsured.

With so many lives at stake, we have invested heavily in expanding the number and capacity of these special places over the years.

The number of Virginia's health safety net sites has grown by 518% 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 safety net organizations.

While VHCF is not responsible for all of them, it has invested substantially in many, with grants totaling \$42 million.

In FY14, VHCF helped underwrite the treatment of more than 31,000 uninsured Virginians and the salaries of 52 health professionals at health safety net sites.

VHCF's *Appleseed Initiative* has been exceptionally fruitful in expanding the number and size of community health centers over the years. It underwrites the costs of professional grantwriters

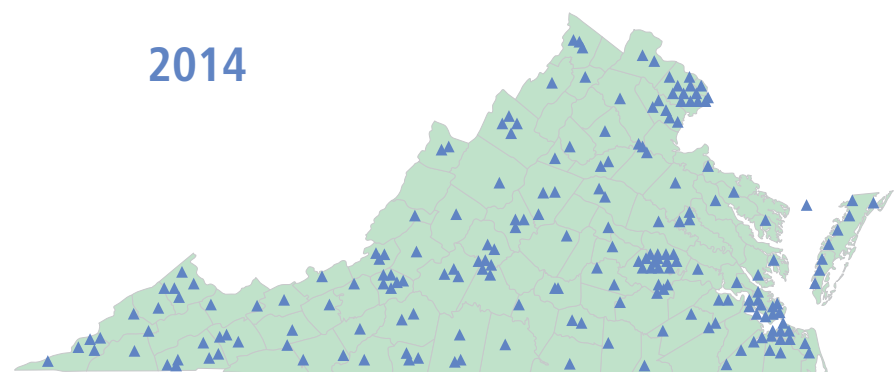
and reviewers who prepare compelling applications for federal funds to expand Virginia's network of community health centers. VHCF's investment of \$354,000 has generated \$48.5 million and an array of new health centers and services over the past eleven years. In FY14, a Richmond area health center secured \$250,000 to expand behavioral health services through the *Appleseed Initiative*.

With so many uninsured Virginians, it is clear these sites

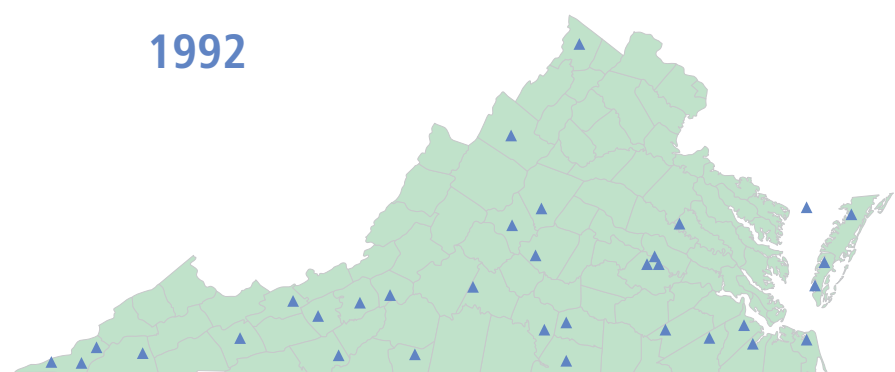
are needed now, but they will be needed in the future, too.

The Virginia Health Reform Initiative undertaken by the McDonnell administration estimated that about 289,000 Virginians under 200% FPL would remain uninsured even if all available coverage components of the Patient Protection and Affordable Care Act are implemented. It is clear that the need for a vibrant and effective health care safety net will still exist.

## Virginia's Free Clinics, Community Health Centers, and Other Similar Sites

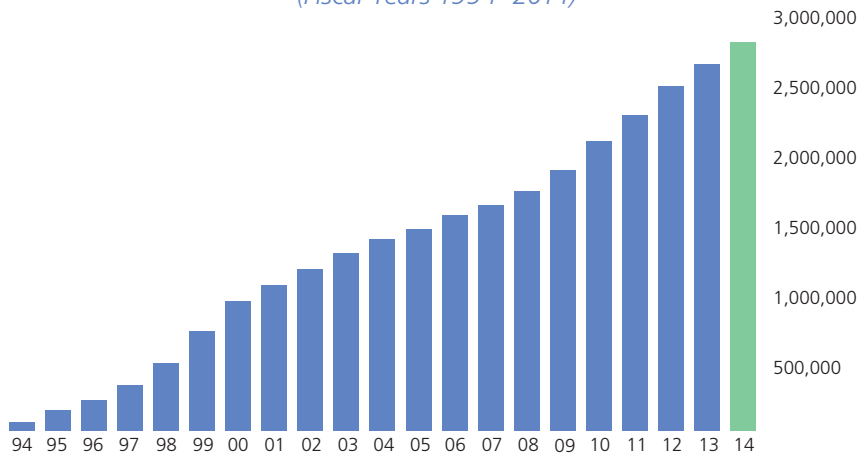


## Virginia's Free Clinics and Community Health Centers



## Cumulative Patient Visits Provided by VHCF Grantees

(Fiscal Years 1994–2014)



To that end, we practice “venture philanthropy”, where every prospective 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.

### \$2.2 Billion in Free Rx Medicines

Few things are more critical to treating an illness than prescription medicines. Given the high cost of many of them, VHCF has devoted itself to maximizing the amount of free medicines available to uninsured Virginians via the brandname drug companies’ Patient Assistance Programs (PAPs) over the years.

FY14 was significant, because the cumulative amount of free medicines obtained via VHCF’s medication assistance initiatives topped \$2 Billion.

The Foundation’s flagship for prescription assistance is *The Pharmacy Connection (TPC)*, a special VHCF-developed software which expedites access to the PAPs. FY14 was a banner year for *TPC*. It generated a record-breaking \$449 million (Average Wholesale Price) in free prescription medicines for 52,000 sick uninsured Virginians. It was also totally re-created and became a web-based software. This resulted in more functionalities and the ability to interface with Electronic Health Records.

About a quarter of the 150 Virginia hospitals, clinics, health centers, and other organizations which use *TPC* participate in



### Impact of *The Pharmacy Connection* (Cumulative figures 1997–2014)

**\$2.2 Billion**

Value of free medications

**276,448**

Patients served

**4,161,548**

Prescriptions filled



**RxRelief Virginia** or the **Greater Williamsburg Medication Assistance Program** (underwritten by the Williamsburg Health Foundation). Both employ Medication Assistance Caseworkers (MACs), whose sole focus is using TPC to obtain free medicines for eligible Virginians. In FY14, *RxRelief Virginia* MACs helped 16,450 uninsured from 67 localities obtain a total of \$85.2 million (AWP) in free medicines, using only \$1.2 million in state funds.

**Rx Partnership (RxP)** is another innovative method of tapping into free medicines, which VHCF helped foster and establish ten years ago. *RxP* arranges for the direct delivery of free medications from participating PAPs to 22 affiliate health 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 16,321 patients with \$19.8 million (AWP) in free medicines last year with the help of the following companies: GlaxoSmithKline, Merck, Novartis, Abbvie, Alcon, AstraZeneca, and Pfizer.



## Expanding Vital Mental Health Services

In the midst of the important conversations about the inadequacies of mental health crisis services and adequate treatment for the Seriously Mentally Ill within the Commonwealth, the issue of treatment for basic behavioral health conditions often receives less focus.

This is not the case at VHCF. Depression, anxiety and other basic mental health conditions are among the top diagnosis among uninsured Virginians and health safety net patients. These are debilitating illnesses that often immobilize their victims, and keep them from being productive, or engaging with their families. They often accompany diabetes or other serious chronic diseases, and hinder successful

medical treatment. It is difficult for a patient to adhere to a treatment plan or make needed lifestyle changes, if s/he is depressed.

Many can be treated successfully and for a relatively low cost with the right prescription medicines and some coaching or counseling.

For the past four years, VHCF has invested \$3.6 million to underwrite the addition of behavioral health professionals in free clinics and community health centers. It has also encouraged integrating the delivery of behavioral health services with medical care.

While the results related to patient outcomes have been remarkable, the experience has exposed the shortages in Virginia's workforce of behavioral health professionals. 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 (*Psych NP*). There are only 133 licensed in Virginia (*less than one per locality*), and only 106 actually practice in the state.

This led VHCF to establish a **Psychiatric Nurse Practitioner Scholarship Program** in FY14. It will underwrite all tuition and required fees for up to ten health safety net nurse practitioners who complete a Psych NP post-graduate program and agree to practice in Virginia's health safety net for two years thereafter.

Another issue that surfaced via VHCF's mental health grants was the discomfort of many primary care physicians with diagnosing and prescribing medicines for behavioral health conditions. Many have had little training in this area. To help address this problem, VHCF funded the development of two continuing medical education **behavioral health webinars to better prepare primary care providers**. Both were launched in FY14.



*Delegate Riley E. Ingram presents an award recognizing the \$1 million challenge grant given by the Delta Dental of Virginia Foundation to VHCF to George A. Levicki, DDS, President and CEO of Delta Dental of Virginia.*

## Oral Health Matters

Why is access to dental care such a big problem in the Commonwealth? Because only about half of all Virginians have dental insurance. All others must purchase dental care directly, like any other commodity. For those with limited earnings, the choice between dental check-ups and buying family essentials is no choice at all. The decision to forgo a 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 ultimately, the loss of teeth.



VHCF has worked diligently and invested \$10.7 million since 1998 to establish a dental safety net in Virginia. Today, there are dental safety net clinics in 68 localities. VHCF has funded 46 of them, including 13 in FY14. While progress has been made, there are still 66 localities without one.



The Delta Dental of Virginia Foundation has taken a leadership role to stimulate the development of more dental safety net clinics by issuing VHCF a \$1 million challenge grant over three years. VHCF successfully matched the first portion of the challenge in FY14. It has already invested the proceeds, creating three new dental clinics in areas that have none.

As the new clinics come on line, they can 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** seven years ago.

Through it Patterson extends its maximum discount, regardless of clinic size. Since its inception, that program has saved Virginia's dental safety net \$1.4 million in costs.

The new clinics will also be able to obtain materials and special training to produce "one step"

dentures at a substantial discount. VHCF hosted one such training in FY14 for 23 dental safety net dentists and assistants, bringing the total number of dental safety net clinics trained to 37.

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



## A Special Safety Net for Children

In 1998, Virginia's lawmakers established the FAMIS health insurance programs to help give low income children a healthy start in life. Shortly thereafter, VHCF created *Project Connect*, which funds and trains outreach workers to identify and enroll eligible uninsured children throughout the state.

The original initiative was so successful that the Virginia Department of Medical Assistance Services engaged VHCF in a partnership to continue it. FY14 marked the fifteenth

year of this productive partnership and the **75,000<sup>th</sup> child enrolled by *Project Connect*** outreach workers in the FAMIS programs.

Enrollment now stands at 87% of eligible children—a significant portion. There are still 68,000 who are estimated to be eligible, however, who have not enrolled. VHCF is focused on reaching them, and has obtained a special CHIPRA grant from the Centers for Medicare & Medicaid Services to expand its outreach efforts.

VHCF also completely rewrote its *SignUpNow* Tool Kit and trainings

in FY14 to reflect the many changes in determining eligibility for the FAMIS programs triggered by the new health reform law and changes in Virginia's eligibility and operating systems. To date, more than 9,300 health and human services professionals have been trained in the intricacies of the FAMIS programs in person or online via *SignUpNow*.

VHCF has led private sector efforts to maximize the number of children enrolled in Virginia's FAMIS programs, and will continue until all eligible children have health insurance, which is integral to a healthy start in life.



## 11:1 Leverage

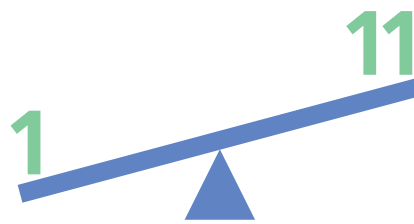
As a public/private partnership, VHCF has an additional mission—to maximize the impact of each dollar it expends.

To meet this charge, the Foundation has adopted a set of values that are integral to all of its actions and decisions: exemplary stewardship, a drive for excellence, integrity, and being a catalyst for change.

Entrepreneurism is one of our guiding principles. We constantly search for new and innovative ways to meet the health needs of uninsured Virginians, and add value to Virginia.

Another 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 tremendous 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 low administrative costs. They were 9% in FY14.

In addition, VHCF adds value as a job producer. VHCF grants underwrote 121 jobs in FY14. At the same time, various VHCF grantees trained 456 health professions students from a wide variety of disciplines and 31 colleges and universities last year. These training opportunities are integral to preparing the health workforce of the future.

### Mission: Critical

Many have exclaimed about the throngs of uninsured who line up for medical or dental care at charity clinics throughout the state. While the sight is discomfiting, the precarious lives of those in the lines are far beyond uncomfortable. The inability of uninsured Virginians to obtain treatment when they need it is tragic.

As we contemplate this dilemma, 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 need its services.

With this in mind, we have redoubled our efforts to invest in initiatives that maximize the number of uninsured Virginians who have access to needed health care.

This is no small task, but there is no mission more critical.



*T. Carter Melton, Jr.*

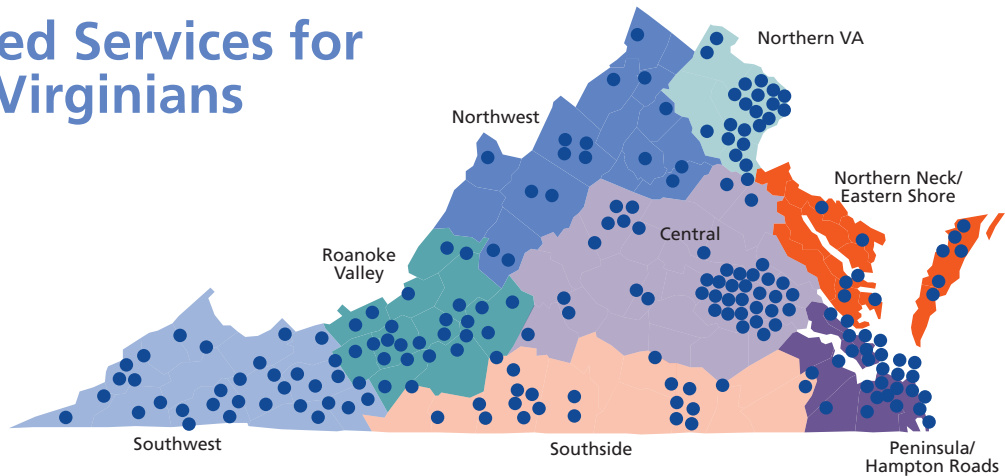
T. Carter Melton, Jr.  
(Chairman FY14)



# VHCF-Funded Services for Uninsured Virginians

(1992–2014)

- 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
- Virginia Association of Free and Charitable Clinics
- Virginia Dental Association/Foundation
- Virginia Community Healthcare Association

## Northern Virginia

- Alexandria Community Services Board
- Arlington Community Services Board
- Arlington Free Clinic
- Fairfax Community Health Care Network
- Fairfax Medical Care for Children Project
- Fauquier Free Clinic
- 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
- Neighborhood Health
- Northern VA Dental Clinic
- Northern VA Family Service
  - a. Loudoun
  - 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 Care 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.
  - Charles City Regional Health Services Rx
  - 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
- Hampton Roads Community Health Center (Norfolk) 🏠
- 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 Virginia Health Services, Inc.
  - Alberta Family Health Services 🏠
  - 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 🏠
  - PATHS Community Dental Center – Boydton 🏠
- Pittsylvania County Community Action, Inc. 🏠
- Southern Dominion Health System Rx
  - Lunenburg Community Health Center 🏠 ✨ 🏠
- Stony Creek Community Health Center - 🏠
- Virginia 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. 🏠
  - Meadowview Health Clinic 🏠 - 🏠
  - Southwest Virginia Regional Dental Center 🏠
  - Twin City Medical Center – Bristol Telemedicine 🏠
- d. Whitetop Community Health Center - 🏠
- Stone Mountain Health Services 🏠
  - Clinchco Dental Center 🏠
  - Konnarock Family Health Center - 🏠
- Tri-Area Community Health at Laurel Fork 🏠
- UVA/Southwest VA Alliance for Telemedicine 🏠

## Roanoke Valley

- Alleghany Highlands Community Services Board 🏠
- Bedford Community Health Foundation
  - Bedford Children’s and Adult Dental Clinic 🏠
  - Bedford Ride Program ✨
- Bradley Free Clinic 🏠
- Carilion Clinic – Pediatric Dental Program 🏠 🏠
- Carilion Giles Memorial Hospital 🏠 Rx
- CHIP of Roanoke Valley ✨ 🏠
- College of Health Sciences’ Physician Assistant Program - 🏠
- Community Health Center of the New River Valley - 🏠 🏠 🏠
  - Giles Community Health Center - 🏠
- Free Clinic Consortium of the New River Valley ✨
- Free Clinic of Franklin County Rx - 🏠 - 🏠 - 🏠
- 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 ✨
- Project Access of the Roanoke Valley - 🏠
- Project Together (Blue Ridge Community Services) ✨
- Radford University 🏠 🏠 🏠 🏠
- Rescue Mission of Roanoke - 🏠 🏠
- Riverside Health Center - 🏠 🏠
- Roanoke Adolescent Health Partnership - 🏠
- Southwest Virginia Community Health Systems, Inc. – Center for Family Health - 🏠
- Tri-Area Community Health Rx
  - Tri-Area Community Health Center at Ferrum - 🏠
  - 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 Health Center - 🏠 🏠 🏠
- Shenandoah County Free Clinic - 🏠 - 🏠 - 🏠
- St. Luke Community Clinic - 🏠
- UVA – Greene County School-Based Nursing Clinic - 🏠

# Integrity and exemplary stewardship...

## Virginia Health Care Foundation Consolidated Statements of Financial Position June 30, 2014 and 2013

| <b>Assets</b>                                    | <b>2014</b>         | <b>2013</b>          |
|--|---------------------|----------------------|
| Current assets:                                  |                     |                      |
| Cash and cash equivalents                        | \$ 2,438,474        | \$ 2,517,622         |
| Certificates of deposit                          | —                   | 270,267              |
| Investments                                      | 9,257,621           | 8,153,316            |
| Appropriations receivable                        | 4,080,571           | 4,080,571            |
| Interest receivable                              | 12,820              | 14,599               |
| Contributions receivable                         | 877,849             | 376,333              |
| Contract receivable                              | —                   | 102,081              |
| Prepaid expenses                                 | 14,383              | 18,511               |
| Total current assets                             | 16,681,718          | 15,533,300           |
| Contributions receivable, net of current portion | 392,792             | 332,369              |
| Property and equipment, net                      | 16,789              | 14,759               |
| Total assets                                     | <u>\$17,091,299</u> | <u>\$ 15,880,428</u> |
| <br><b>Liabilities and Net Assets</b>            |                     |                      |
| Current liabilities:                             |                     |                      |
| Accounts payable and accrued expenses            | \$ 65,695           | \$ 152,794           |
| Accrued rent                                     | 24,945              | 23,246               |
| Grants payable                                   | 4,254,769           | 4,562,450            |
| Total current liabilities                        | 4,345,409           | 4,738,490            |
| Deferred Revenue                                 | 568,455             | 800,000              |
| Total liabilities                                | <u>4,913,864</u>    | <u>5,538,490</u>     |
| Net assets:                                      |                     |                      |
| Unrestricted                                     | 5,604,745           | 5,450,585            |
| Temporarily restricted                           | 6,572,690           | 4,891,353            |
| Total net assets                                 | <u>12,177,435</u>   | <u>10,341,938</u>    |
| Total liabilities and net assets                 | <u>\$17,091,299</u> | <u>\$ 15,880,428</u> |

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



...guide our actions and decisions.

**Virginia Health Care Foundation**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2014 and 2013**

|                                      | 2014                |                           |                      | 2013                |                           |                      |
|--------------------------------------|---------------------|---------------------------|----------------------|---------------------|---------------------------|----------------------|
|                                      | Unrestricted        | Temporarily<br>Restricted | Total                | Unrestricted        | Temporarily<br>Restricted | Total                |
| Support and revenue:                 |                     |                           |                      |                     |                           |                      |
| Appropriations                       | \$ —                | \$ 4,080,571              | \$ 4,080,571         | \$ —                | \$ 4,080,571              | \$ 4,080,571         |
| Contributions                        | 197,519             | 2,397,321                 | 2,594,840            | 222,906             | 1,030,464                 | 1,253,370            |
| Contract revenue                     | —                   | 472,500                   | 472,500              | —                   | 468,907                   | 468,907              |
| Investment income                    | 648,108             | —                         | 648,108              | 695,903             | —                         | 695,903              |
| Unrealized net gains on investments  | 499,301             | —                         | 499,301              | 293,507             | —                         | 293,507              |
| Other income                         | 124,473             | 1                         | 124,474              | 143,116             | (208)                     | 142,908              |
| Total support and revenue            | 1,469,401           | 6,950,393                 | 8,419,794            | 1,355,432           | 5,579,734                 | 6,935,166            |
| Net assets released from restriction | 5,269,056           | (5,269,056)               | —                    | 6,682,851           | (6,682,851)               | —                    |
| Expenditures:                        |                     |                           |                      |                     |                           |                      |
| Program services—grants              | 5,942,689           | —                         | 5,942,689            | 5,832,311           | —                         | 5,832,311            |
| Supporting services:                 |                     |                           |                      |                     |                           |                      |
| Management and general               | 543,443             | —                         | 543,443              | 610,331             | —                         | 610,331              |
| Fundraising                          | 98,165              | —                         | 98,165               | 156,713             | —                         | 156,713              |
| Total expenditures                   | 6,584,297           | —                         | 6,584,297            | 6,599,355           | —                         | 6,599,355            |
| Change in net assets                 | 154,160             | 1,681,337                 | 1,835,497            | 1,438,928           | (1,103,117)               | 335,811              |
| Net assets, beginning of year        | 5,450,585           | 4,891,353                 | 10,341,938           | 4,011,657           | 5,994,470                 | 10,006,127           |
| Net assets, end of year              | <u>\$ 5,604,745</u> | <u>\$ 6,572,690</u>       | <u>\$ 12,177,435</u> | <u>\$ 5,450,585</u> | <u>\$ 4,891,353</u>       | <u>\$ 10,341,938</u> |

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

## Board of Trustees 2013-14

**T. Carter Melton, Jr.** (*Chairman*)  
Harrisonburg

**Ralph L. Howell, Jr., DDS, MAGD**  
(*Vice Chairman*)  
Suffolk

**Thomas R. Byrd** (*Treasurer*)  
Richmond

**Robert M. Blue**  
Richmond

**Mark W. Clark, MD, MPH**  
Newport News

**John F. Fick, III**  
Fredericksburg

**May H. Fox**  
Richmond

**Charlie W. Hill**  
Hampton

**Darryl K. Horne**  
Fairfax

**The Honorable William C. Mims**  
Richmond

**R. Gordon Smith, Esq.**  
Richmond

**Sarah "Sally" W. Southard,**  
**MSN, PNP, BC**  
Salem

## Board of Advisors

**Jean Clary Bagley**  
South Hill

**LuAnn L. Bennett**  
Delaplane

**Lawrence E. Blanchard, III, MD**  
Richmond

**E. Cabell Brand**  
Salem

**The Honorable Jean W. Cunningham**  
Richmond

**Ben J. Davenport, Jr.**  
Chatham

**Norwood H. Davis, Jr.**  
Richmond

**Kester S. Freeman, Jr.**  
Farmville

**Richard L. Grier**  
Richmond

**The Honorable John H. Hager**  
Richmond

**Ellen McCloy Hall**  
Upperville

**Grace E. Harris, PhD**  
Richmond

**S. Anderson Hughes**  
Richmond

**Clarion E. Johnson, MD**  
Chevy Chase, MD

**Jane Norwood Kusiak**  
Richmond

**George A. Levicki, DDS**  
Roanoke

**Lemuel E. Lewis**  
Suffolk

**Leigh B. Middleditch, Jr.**  
Charlottesville

**G. Gilmer Minor, III**  
Richmond

**Bruce Randolph Murray**  
Charlottesville

**James G. Nuckolls, MD, FACP**  
Galax

**Philip M. Reilly**  
Fairfax County

**Thomas G. Snead, Jr.**  
Richmond

**Karla M. Sorensen**  
Fairfax County

**James M. Turner, Jr.**  
Roanoke

## Staff

**Deborah D. Oswalt**  
*Executive Director*

**Rachel L. Rees**  
*Deputy Director of Programs  
& Operations*

**Sandra Johnson Bailey**  
*Web Content Manager*

**Kimberly A. Bemberis**  
*Director of Administration  
& Technology*

**Natalie Díaz-Taylor**  
*Application Specialist*

**Anne W. Faszewski**  
*Director of Finance*

**Jonathan P. Hendler**  
*Grants Administrator*

**Kate Honsberger**  
*Child Health Insurance  
Program Manager*

**Lisa M. Hueston**  
*The Pharmacy Connection  
Program Coordinator*

**Cat Hulburt**  
*Senior Program Officer*

**Denise Daly Konrad**  
*Director of Strategic Initiatives  
& Policy*

**Sarah Jane Stewart**  
*RxRelief Virginia Program Officer*

**Juliet R. Tinsley**  
*The Pharmacy Connection  
Program Manager*

**Tracey A. van Marcke**  
*Dental Opportunities Champion*

**Sheri Warren**  
*Senior Program Officer*

**Megan M. Wilson**  
*Fund Development &  
Communications Coordinator*

**Kari L. Zavsza**  
*Special Assistant to the  
Executive Director*

# Your Help is Critical, Too!

## Thank you!

### **Mission**

VHCF's mission is to increase access to primary health care for uninsured and medically underserved Virginians.

### **Vision**

All Virginians will have access to the health care they need.

### **VHCF Organizational Values**

- Exemplary Stewardship
- Drive for Excellence
- Catalyst for Change
- Integrity

Design: Literati

Principal Photography: Dennis McWaters

Printing: Worth Higgins and Associates



# What are your odds?



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](mailto:info@vhcf.org)

[www.vhcf.org](http://www.vhcf.org)



A special thank you to Owens & Minor whose  
generous support has made this publication possible.



**VIRGINIA  
HEALTH CARE  
FOUNDATION**

**Consolidated Financial Statements**

**June 30, 2014 and 2013**

# VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| Report of Independent Accountants              | 1           |
| Financial Statements:                          |             |
| Consolidated Statements of Financial Position  | 3           |
| Consolidated Statements of Activities          | 4           |
| Consolidated Statements of Functional Expenses | 6           |
| Consolidated Statements of Cash Flows          | 8           |
| Notes to Consolidated Financial Statements     | 9           |



## REPORT OF INDEPENDENT ACCOUNTANTS

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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Virginia Health Care Foundation and Virginia Health Council ("Affiliate"), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, 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.

 **Certified Public  
Accountants & Consultants**

Mailing Address:  
P.O. Box 32066  
Richmond, VA 23294

4401 Dominion Boulevard  
2nd Floor  
Glen Allen, VA 23060  
Tel: 804.747.0000  
Fax: 804.747.3632

Web: [www.keitercpa.com](http://www.keitercpa.com)

## 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, 2014 and 2013, 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 "Keitner", with a stylized, cursive script.

August 14, 2014  
Glen Allen, Virginia

**VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE**

Consolidated Statements of Financial Position  
June 30, 2014 and 2013

| <u>Assets</u>                                    | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|
| Current assets:                                  |                      |                      |
| Cash and cash equivalents                        | \$ 2,438,474         | \$ 2,517,622         |
| Certificate of deposit                           | -                    | 270,267              |
| Investments                                      | 9,257,621            | 8,153,316            |
| Government appropriations receivable             | 4,080,571            | 4,080,571            |
| Interest receivable                              | 12,820               | 14,599               |
| Contributions receivable                         | 877,849              | 376,333              |
| Grants receivable                                | -                    | 102,081              |
| Prepaid expenses                                 | <u>14,383</u>        | <u>18,511</u>        |
| Total current assets                             | 16,681,718           | 15,533,300           |
| Contributions receivable, net of current portion | 392,792              | 332,369              |
| Property and equipment, net                      | <u>16,789</u>        | <u>14,759</u>        |
| Total assets                                     | <u>\$ 17,091,299</u> | <u>\$ 15,880,428</u> |
| <u>Liabilities and Net Assets</u>                |                      |                      |
| Current liabilities:                             |                      |                      |
| Accounts payable and accrued expenses            | \$ 65,695            | \$ 152,794           |
| Accrued rent                                     | 24,945               | 23,246               |
| Grants payable                                   | <u>4,254,769</u>     | <u>4,562,450</u>     |
| Total current liabilities                        | 4,345,409            | 4,738,490            |
| Deferred revenue                                 | <u>568,455</u>       | <u>800,000</u>       |
| Total liabilities                                | <u>4,913,864</u>     | <u>5,538,490</u>     |
| Net assets:                                      |                      |                      |
| Unrestricted                                     | 5,604,745            | 5,450,585            |
| Temporarily restricted                           | <u>6,572,690</u>     | <u>4,891,353</u>     |
| Total net assets                                 | <u>12,177,435</u>    | <u>10,341,938</u>    |
| Total liabilities and net assets                 | <u>\$ 17,091,299</u> | <u>\$ 15,880,428</u> |

See accompanying notes to consolidated financial statements.



**VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE**

Consolidated Statements of Activities  
Year Ended June 30, 2014

|                                      | Unrestricted | Temporarily<br>Restricted | Total         |
|--------------------------------------|--------------|---------------------------|---------------|
| Support and revenue:                 |              |                           |               |
| Government appropriations            | \$ -         | \$ 4,080,571              | \$ 4,080,571  |
| Contributions                        | 197,519      | 2,397,321                 | 2,594,840     |
| Contract revenue                     | -            | 472,500                   | 472,500       |
| Investment income                    | 648,108      | -                         | 648,108       |
| Unrealized net gain on investments   | 499,301      | -                         | 499,301       |
| Other income                         | 124,473      | 1                         | 124,474       |
| Total support and revenue            | 1,469,401    | 6,950,393                 | 8,419,794     |
| Net assets released from restriction | 5,269,056    | (5,269,056)               | -             |
| Expenditures:                        |              |                           |               |
| Program services - grants            | 5,942,689    | -                         | 5,942,689     |
| Supporting services:                 |              |                           |               |
| Management and general               | 543,443      | -                         | 543,443       |
| Fundraising                          | 98,165       | -                         | 98,165        |
| Total expenditures                   | 6,584,297    | -                         | 6,584,297     |
| Change in net assets                 | 154,160      | 1,681,337                 | 1,835,497     |
| Net assets, beginning of year        | 5,450,585    | 4,891,353                 | 10,341,938    |
| Net assets, end of year              | \$ 5,604,745 | \$ 6,572,690              | \$ 12,177,435 |

See accompanying notes to consolidated financial statements.

**VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE**

Consolidated Statements of Activities  
Year Ended June 30, 2013

|  | Unrestricted        | Temporarily<br>Restricted | Total                |
|--|---------------------|---------------------------|----------------------|
| Support and revenue:                     |                     |                           |                      |
| Government appropriations                | \$ -                | \$ 4,080,571              | \$ 4,080,571         |
| Contributions                            | 222,906             | 1,030,464                 | 1,253,370            |
| Contract revenue                         | -                   | 468,907                   | 468,907              |
| Investment income                        | 695,903             | -                         | 695,903              |
| Unrealized net gain on investments       | 293,507             | -                         | 293,507              |
| Other income                             | 143,116             | (208)                     | 142,907              |
|  | <u>1,355,432</u>    | <u>5,579,734</u>          | <u>6,935,166</u>     |
| <br>Total support and revenue            |                     |                           |                      |
|  | <u>1,355,432</u>    | <u>5,579,734</u>          | <u>6,935,166</u>     |
| <br>Net assets released from restriction | <u>6,682,851</u>    | <u>(6,682,851)</u>        | <u>-</u>             |
| <br>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>     |
| <br>Total expenditures                   |                     |                           |                      |
|  | <u>6,599,355</u>    | <u>-</u>                  | <u>6,599,355</u>     |
| <br>Change in net assets                 | <u>1,438,928</u>    | <u>(1,103,117)</u>        | <u>335,811</u>       |
| <br>Net assets, beginning of year        | <u>4,011,657</u>    | <u>5,994,470</u>          | <u>10,006,127</u>    |
| <br>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 Functional Expenses Year Ended June 30, 2014

|   | Program Services -<br>Grants | Supporting Services       |                  | Total               |
|---|------------------------------|---------------------------|------------------|---------------------|
|   |                              | Management and<br>General | Fundraising      |                     |
| Salaries  | \$ -                         | \$ 177,041                | \$ 60,331        | \$ 237,372          |
| Employee benefits/payroll taxes                         | -                            | 58,021                    | 13,387           | 71,408              |
|   | -                            |                           |                  |                     |
| Total salaries and related expenditures                 | -                            | 235,062                   | 73,718           | 308,780             |
| Grants  | 4,130,710                    | -                         | -                | 4,130,710           |
| RX Partnership  | 115,000                      | -                         | -                | 115,000             |
| The Pharmacy Connection                                 | 538,922                      | -                         | -                | 538,922             |
| MAP   | 242,688                      | -                         | -                | 242,688             |
| Strategic Initiatives                                   | 180,590                      | -                         | -                | 180,590             |
| Child Health Insurance Initiatives                      | 291,619                      | -                         | -                | 291,619             |
| Grantee Technical Assistance                            | 89,472                       | -                         | -                | 89,472              |
| Grantmaking   | 240,344                      | -                         | -                | 240,344             |
| Dental Opportunities Initiative                         | 113,344                      | -                         | -                | 113,344             |
| Contractual services                                    | -                            | 140,816                   | 4,905            | 145,721             |
| Office rent   | -                            | 48,899                    | -                | 48,899              |
| Investment fees   | -                            | 50,356                    | -                | 50,356              |
| Telephone and fax                                       | -                            | 5,335                     | 705              | 6,040               |
| Supplies  | -                            | 1,762                     | 275              | 2,037               |
| Computer software and supplies                          | -                            | 2,380                     | 516              | 2,896               |
| Printing and copying                                    | -                            | 12,930                    | -                | 12,930              |
| Postage   | -                            | 3,779                     | 862              | 4,641               |
| Travel  | -                            | 4,948                     | 535              | 5,483               |
| Meeting/conference costs                                | -                            | 9,013                     | 602              | 9,615               |
| Special events  | -                            | -                         | 13,029           | 13,029              |
| Miscellaneous   | -                            | 641                       | 2,403            | 3,044               |
| Insurance   | -                            | 11,952                    | -                | 11,952              |
| Subscriptions, fees and dues                            | -                            | 7,648                     | 615              | 8,263               |
|   |                              |                           |                  |                     |
| Total expenditures before depreciation and amortization | 5,942,689                    | 535,521                   | 98,165           | 6,576,375           |
| Depreciation and amortization of property and equipment | -                            | 7,922                     | -                | 7,922               |
|   |                              |                           |                  |                     |
| Total expenditures                                      | <u>\$ 5,942,689</u>          | <u>\$ 543,443</u>         | <u>\$ 98,165</u> | <u>\$ 6,584,297</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 -<br>Grants | Management and<br>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 Cash Flows  
Years Ended June 30, 2014 and 2013

|  | 2014         | 2013         |
|--|--------------|--------------|
| Cash flows from operating activities:  |              |              |
| Change in net assets   | \$ 1,835,497 | \$ 335,811   |
| Adjustments to reconcile change in net assets to net cash from operating activities: |              |              |
| Depreciation and amortization  | 7,922        | 7,238        |
| Interest income on certificates of deposit   | (836)        | (5,777)      |
| Net investment income reinvested   | (114,134)    | (116,220)    |
| Net realized and unrealized gain on investments                                      | (992,680)    | (812,831)    |
| Loss on sale of property and equipment   | 303          | -            |
| Change in assets and liabilities:  |              |              |
| Government appropriations receivable   | -            | 1,020,143    |
| Interest receivable  | 1,779        | (2,928)      |
| Contributions and grants receivable  | (459,858)    | 82,974       |
| Prepaid expenses   | 4,128        | (2,497)      |
| Accounts payable and accrued expenses  | (85,400)     | 66,776       |
| Grants payable   | (307,681)    | (661,149)    |
| Deferred revenue   | (231,545)    | 800,000      |
|  | (342,505)    | 711,540      |
| Net cash (used in) provided by operating activities                                  |              |              |
| Cash flows from investing activities:  |              |              |
| Purchase of property and equipment   | (10,980)     | (3,901)      |
| Proceeds from sale of property and equipment   | 725          | -            |
| Proceeds from maturity of certificates of deposit                                    | 271,103      | 260,971      |
| Proceeds from sales of investments   | 2,213,024    | 2,463,830    |
| Purchase of investments  | (2,210,515)  | (1,969,298)  |
|  | 263,357      | 751,602      |
| Net cash provided by investing activities  |              |              |
| Net change in cash and cash equivalents  | (79,148)     | 1,463,142    |
| Cash and cash equivalents, beginning of year   | 2,517,622    | 1,054,480    |
| Cash and cash equivalents, end of year   | \$ 2,438,474 | \$ 2,517,622 |

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 state government, health care professionals, the business sector and local private funds.

Virginia Health Council, Inc. (“Affiliate” or “VHC”) is a Virginia not-for-profit entity which was created on July 20, 1960 for the purpose of strengthening through cooperative efforts a full health program for Virginia by serving as a clearinghouse on health and medical care problems and issues; assisting in the elimination of duplication and overlapping of efforts, when desirable; bringing together individuals, agencies, and organizations in order to facilitate joint planning where needed for special joint efforts; and supporting specific programs which are directed toward meeting health and medical care needs. On July 20, 1995, 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.

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

**Basis of Consolidation:** The accompanying consolidated financial statements include the accounts and activities of VHCF and the VHC (collectively, the “Foundation”) (see Note 11) as of and for the fiscal years ended June 30, 2014 and 2013. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Accounting:** The Foundation prepares its consolidated 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, 2014 and 2013, 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. Expenditures 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 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 receivables. 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.

The Foundation's receivables are from individuals, corporations, government organizations and foundations. During 2014, in addition to the government appropriation, one contributor accounted for 14% of total receivables. During 2013, in addition to the government appropriation, one contributor accounted for 15% of total receivables. The Foundation believes its credit risk related to these receivables is limited due to the nature of its donors. See Note 12 for additional information on government appropriations.

The Foundation places its short-term investments in a variety of financial instruments and, by policy, limits the amount of credit exposure through diversification and by restricting its investments to highly rated securities.

**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.

## VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**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.

**Deferred Revenue:** During 2013, the Foundation received a \$1,000,000 three year pledge with a \$1 for \$1 matching requirement. The Foundation raised \$231,545 towards the matching requirement during 2014 and recorded a contribution of \$231,545, along with the matching funds received, in the accompanying consolidated statements of activities. During 2013, the Foundation raised \$200,000 towards the matching requirement and recorded a contribution of \$200,000, along with the matching funds received, in the accompanying consolidated statements of activities. The unmatched portion of the pledge (\$568,455 at June 30, 2014 and \$800,000 at June 30, 2013) is included in the accompanying consolidated statements of financial position as deferred revenue.

**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, 2014 and 2013. The Foundation's tax returns since 2011 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 2014 and 2013, the Foundation received professional, marketing, and advertising services at no charge from outside organizations. These services, valued by the donors at approximately \$92,342 in 2014 and \$127,977 in 2013, were recorded as unrestricted contribution revenue and recorded as expenditures in the related expense accounts in the accompanying consolidated statements of activities.

## VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements, Continued

#### 2. Summary of Significant Accounting Policies, Continued:

**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 \$94,543 in 2014 and \$370,616 in 2013 for grants recognized in prior years that will not be paid. In 2014, these reductions related to terminated or reduced grants resulting from the grantees' inability to full the requirements of the grants, and to grantees that did not spend anticipated funding due to the inability to recruit health professionals and/or savings in budgeted personnel costs. In 2013, \$288,227 related to terminated or reduced 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/or savings in budgeted personnel costs. The remaining \$82,389 related to the unexpected closing of an organization. All of these funds were reallocated to future grants.

**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 expenditures during the reporting period. Actual results could differ from those estimates.

**Subsequent Events:** Management has evaluated subsequent events through August 19, 2014, 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, 2014 and 2013:

|                    | <u>2014</u>         | <u>2013</u>         |
|--------------------|---------------------|---------------------|
| Cash on deposit    | \$ 2,412,316        | \$ 2,231,251        |
| Money market funds | <u>26,158</u>       | <u>286,371</u>      |
|                    | <u>\$ 2,438,474</u> | <u>\$ 2,517,622</u> |

## VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements, Continued

#### 4. Investments:

The costs and fair values of investments as of June 30, 2014 and 2013 are summarized as follows:

|                         | 2014                |                     | 2013                |                     |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
|                         | Cost                | Fair value          | Cost                | Fair value          |
| Money market funds      | \$ 589,836          | \$ 589,836          | \$ 358,119          | \$ 358,119          |
| Certificates of deposit | 200,000             | 201,044             | 410,000             | 412,473             |
| U.S. Treasury Bills     | 100,614             | 100,531             | 100,957             | 99,937              |
| Common stocks           | 4,571,002           | 6,419,859           | 3,438,393           | 4,802,231           |
| Corporate bonds         | <u>1,897,413</u>    | <u>1,946,351</u>    | <u>2,446,392</u>    | <u>2,480,556</u>    |
|                         | <u>\$ 7,358,865</u> | <u>\$ 9,257,621</u> | <u>\$ 6,753,861</u> | <u>\$ 8,153,316</u> |

Investment income and gains and losses for investments are comprised of the following for the years ended June 30, 2014 and 2013:

|                      | 2014              | 2013              |
|----------------------|-------------------|-------------------|
| Interest income      | \$ 154,729        | \$ 176,579        |
| Net realized gains   | <u>493,379</u>    | <u>519,324</u>    |
|                      | <u>\$ 648,108</u> | <u>\$ 695,903</u> |
| Net unrealized gains | <u>\$ 499,301</u> | <u>\$ 293,507</u> |



## VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

### Notes to Consolidated Financial Statements, Continued

#### 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 Foundation has the ability to access.
- Level 2        Inputs to the valuation methodology are 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, 2014 and 2013.

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.

**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.

## 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, 2014 include the following:

|                               | Fair Value Using |              | Investments<br>at Fair Value |
|-------------------------------|------------------|--------------|------------------------------|
|                               | Level 1          | Level 2      |                              |
| Investments:                  |                  |              |                              |
| Money market funds            | \$ 589,836       | \$ -         | \$ 589,836                   |
| Certificates of deposit       | -                | 201,044      | 201,044                      |
| U.S. Treasury Bills           | -                | 100,531      | 100,531                      |
| Common stocks:                |                  |              |                              |
| Closed end mutual funds       | 545,786          | -            | 545,786                      |
| Consumer discretionary        | 681,430          | -            | 681,430                      |
| Consumer staples              | 604,237          | -            | 604,237                      |
| Energy                        | 501,676          | -            | 501,676                      |
| Financials                    | 1,409,297        | -            | 1,409,297                    |
| Health care                   | 790,002          | -            | 790,002                      |
| Industrials                   | 668,912          | -            | 668,912                      |
| Information technology        | 636,150          | -            | 636,150                      |
| Materials                     | 270,476          | -            | 270,476                      |
| Real estate investment trusts | 271,385          | -            | 271,385                      |
| Telecommunication services    | 20,482           | -            | 20,482                       |
| Utilities                     | 20,026           | -            | 20,026                       |
| Corporate bonds               | -                | 1,946,351    | 1,946,351                    |
|                               | \$ 7,009,695     | \$ 2,247,926 | \$ 9,257,621                 |

## 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, 2013 include the following:

|                               | Fair Value Using    |                     | Investments<br>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 Partnership           | 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                    |
|                               | <u>\$ 5,160,350</u> | <u>\$ 2,992,966</u> | <u>\$ 8,153,316</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, 2014, the redemption periods and related amounts were as follows:

| Year Ended<br>June 30: | Certificates of<br>Deposit | U.S. Treasury<br>Bills | Corporate<br>Bonds  |
|------------------------|----------------------------|------------------------|---------------------|
| 2015                   | \$ -                       | \$ -                   | \$ 257,231          |
| 2016                   | 201,044                    | -                      | 514,752             |
| 2017                   | -                          | 100,531                | 704,384             |
| 2019                   | -                          | -                      | 153,071             |
| 2022                   | -                          | -                      | 214,125             |
| 2024                   | -                          | -                      | 102,788             |
|                        | <u>\$ 201,044</u>          | <u>\$ 100,531</u>      | <u>\$ 1,946,351</u> |

#### 6. Contributions and Grants Receivable:

Contributions and grants receivable are summarized as follows as of June 30, 2014 and 2013:

|   | 2014                | 2013              |
|---|---------------------|-------------------|
| Unconditional contributions and grants expected to be collected in: |                     |                   |
| Less than one year  | \$ 877,849          | \$ 478,414        |
| One year to five years  | 393,185             | 333,000           |
|   | 1,271,034           | 811,414           |
| Less discount   | 393                 | 632               |
| Total contributions and grants receivable                           | <u>\$ 1,270,641</u> | <u>\$ 810,783</u> |

The future expected cash flows from contributions and grants receivable have been discounted using a discount rate of .10% in 2014 and .14% in 2013.



**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, 2014 and 2013 is as follows:

|  | 2014      | 2013       |
|--|-----------|------------|
| Equipment                                      | \$ 91,529 | \$ 118,864 |
| Leasehold improvements                         | 2,949     | 2,949      |
| Software                                       | 42,519    | 42,519     |
|  | 136,997   | 164,332    |
| Less accumulated depreciation and amortization | 120,208   | 149,573    |
| Property and equipment, net                    | \$ 16,789 | \$ 14,759  |

**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 \$103,683 in 2014 and \$92,187 in 2013. Future minimum lease payments as of June 30, 2014 are:

|                      | Amount     |
|----------------------|------------|
| Year ending June 30: |            |
| 2015                 | \$ 101,436 |
| 2016                 | 103,690    |
| 2017                 | 105,507    |
| 2018                 | 105,663    |
| 2019                 | 99,494     |
| Thereafter           | 76,006     |
| Total                | \$ 591,796 |

## 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, 2014 and 2013:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| For periods after the end of the fiscal year | <u>\$ 6,572,690</u> | <u>\$ 4,891,353</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 \$48,316 in 2014 and \$49,369 for 2013.

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

The Foundation began receiving income from the Arthur Graham Glasgow Trust as the sole member of VHC. 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 (\$13,334 as of June 30, 2014 and \$13,333 as of June 30, 2013) has been recorded as contributions receivable and as temporarily restricted net assets in the accompanying consolidated statements of financial position. VHC received \$0 of the trust proceeds in 2014 and \$70,456 in 2013.

#### 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 2015 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 2015 budget, the appropriation was included as a receivable as of June 30, 2014 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 2015 fiscal year budget. These appropriations accounted for 48% of support and revenue for 2014 and 59% of support and revenue for 2013. These appropriations accounted for 76% of total receivables at June 30, 2014 and 89% of total receivables at June 30, 2013.