



VIRGINIA
HEALTH CARE
FOUNDATION

**IF SEEING
A DOCTOR
MAKES YOU
FEEL
VULNERABLE,
IMAGINE NOT
BEING ABLE TO.**



**THE VIRGINIA HEALTH CARE
FOUNDATION:
SO FEWER VIRGINIANS
EXPERIENCE THE UNIMAGINABLE.**

**"YOU CANNOT TREAT PATIENTS'
MEDICAL CONDITIONS
WITHOUT ADDRESSING THEIR
MENTAL HEALTH ISSUES. THEY
ARE INEXTRICABLY LINKED."**

Marlene Adams, FNP, PMHNP
Bassett Family Practice
Bassett, Virginia

"I had worked in child and adolescent mental health as a nurse, but felt limited in my ability to help my patients. Thanks to the Virginia Health Care Foundation's scholarship program, I became a psychiatric nurse practitioner. Now I see patients with a range of behavioral health conditions. In this setting, the age range is from 16 to 85. The most prevalent issues are anxiety and depression."

"This area of Virginia has experienced so much loss — housing, jobs, marriages crumbling. The people we see have not learned the coping mechanisms to deal with any of it. They often feel stuck. I work with them on how to empower themselves and overcome their fears so they can get "unstuck." I help them learn that, while many bad things may have happened to them, they are not victims."

8 MENTAL HEALTH PROFESSIONALS
ADDED TO VIRGINIA'S HEALTHCARE
SAFETY NET BY VHCF JUST LAST YEAR.





"YOU CAN JUST SEE THE RELIEF ON THEIR FACES WHEN WE GIVE THEM THE MEDICINES THEY NEED."

Leo Ross, RPh, MBA
CrossOver Healthcare Ministry
Richmond, Virginia

"Our patients worry. They have serious chronic diseases, and the medicines to treat them are very expensive and far beyond their financial reach. At CrossOver, we use *The Pharmacy Connection* from the Virginia Health Care Foundation. It helps us get brandname medicines for free, manage our costs, and improve the health of our patients."

"What I enjoy is knowing that every time I volunteer at CrossOver, I am changing peoples' lives. It's hard to beat that good feeling you get when you help patients in need."

\$298
MILLION IN FREE PRESCRIPTION MEDICINES FOR 44,000 UNINSURED VIRGINIANS WAS OBTAINED BY VHCF INITIATIVES IN 2016.



"I WAS ONE OF THOSE
UNINSURED KIDS, RIDING
A BUS TO THE CLINIC."

Martha Welman, MD, FAAP
Neighborhood Health
Alexandria, Virginia

"The woman doctor who took care of me was my role model. I wanted to be like her — to help children have a healthy life and future."

"There is such a big difference in the health outcomes of kids who have FAMIS coverage versus other children in our community. They have a medical home. They stay out of the Emergency Department. We keep them well so they can stay in the classroom, and their parents don't have to miss work to take care of them."

"It is tough for a lot of our patients just to afford our \$15 co-pay. It doesn't sound like a lot to us, but to people in economic stress, it adds up. They're working hard to pull themselves up by their bootstraps, but sometimes the bootstraps are just too long."

87,500
CHILDREN ENROLLED IN FAMIS
HEALTH INSURANCE PROGRAMS
BY VHCF-FUNDED OUTREACH
WORKERS SINCE 1999.



**"EVERY SINGLE DAY I
HAVE TO EXTRACT TEETH
THAT COULD BE SAVED."**

Brooke Hasenfelt, DDS
Lackey Clinic
Yorktown, Virginia

"Our patients have to make choices based on finances only. They can't afford a root canal and a crown. The sad part is that they're so grateful just to get the tooth out, because they've been in pain for so long."

"I love serving the working poor and the unemployed. There is such a big gap in our society. There are people who are trying really hard, but just can't make it. It's a joy to help them. We are giving them a boost up so they'll be able to keep taking care of their families."

\$12.3
MILLION
INVESTED IN CREATING AND
EXPANDING A DENTAL SAFETY
NET IN VIRGINIA BY VHCF

LEADERSHIP PARTNER EXTRAORDINAIRE

(\$1,000,000+)

Delta Dental of Virginia Foundation

PREMIER PARTNER

(\$300,000 - \$999,999)

Williamsburg Health Foundation

LEADERSHIP PARTNERS

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

Carilion Clinic

Monticello Community Surgery Center

Patterson Dental

DISTINGUISHED PARTNERS

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

BB&T

Centra Health

DentaQuest

Kaiser Permanente Foundation of the
Mid-Atlantic States

Merck

Owens & Minor

Pediatric Specialists of Virginia

Riverside Health System

Virginia Cancer Institute

Wells Fargo Foundation

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

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Mary Washington Healthcare

Mr. & Mrs. G. Gilmer Minor, III

PhRMA

Virginia Association of Health Plans

Wilbur Moreland Havens

Charitable Foundation

CONTRIBUTING PARTNERS

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

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In Honor of Eddy and Clarion Johnson

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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, 2015 and June 30, 2016. We have taken great care to ensure the accuracy of this list and regret any errors or omissions. Please contact Cristi Lawton, cristi@vhcf.org, with any corrections.

IMAGINE THE LIVES

WE CHANGE TOGETHER.

THANK YOU.



"I CAN'T AFFORD TO GET SICK RIGHT NOW."

You've said it. We all have.

But it means something entirely different when you're uninsured. When you literally cannot afford to see the doctor. To miss work, to pay for your medicines.

At the Virginia Health Care Foundation (VHCF), we recognize that health insurance enables early intervention when a person is sick, and helps keep folks well. For the 400,000 Virginians for whom it is unavailable, however, VHCF has spent the past twenty years helping build a health care safety net. It now comprises 204 free clinics, community health centers, and other similar organizations throughout the Commonwealth.

All are staffed by paid or volunteer health professionals like those profiled in this report. They are dedicated to caring for their uninsured patients, and ensuring that an illness gets treated immediately so that it doesn't spiral into debilitating consequences.



There's a lot that goes into providing a place where these remarkable health professionals can work their magic. VHCF understands this and has undertaken a range of initiatives to make their work possible.

INCREASING THE HEALTH WORKFORCE

We instituted the **Appleseed Initiative** 13 years ago to help increase the number of health safety net sites and services in Virginia. Since that time, we have invested \$415,000 in underwriting the costs of professional grant-writers and reviewers who prepare compelling applications for federal funds to expand the number and size of Virginia's community health centers. The results? That modest expenditure has resulted in a total of \$53.1 million in federal grants. In FY16 alone, Virginia's community health centers obtained \$2.4 million for new sites and services in return for the \$31,500 VHCF spent to ensure successful proposals.

Often, health professionals who want to work in underserved areas can't afford to, because of the debt they've incurred in obtaining their degrees. To help address this, VHCF partnered with the Virginia Department of Health in FY16, providing \$150,000 to match an equal amount of federal dollars for the **Virginia Student Loan Repayment Program**. This enabled six health safety net organizations throughout the state to bring 2 dentists, 1 licensed clinical social worker, 2 physicians, and a nurse practitioner to several health professional shortage areas.

Scholarships can also effectively help health professionals expand their expertise. Several years ago, we noted the shortage of Psychiatric Nurse Practitioners in Virginia and the health safety net. To address this problem, we established a **Psychiatric Nurse Practitioner Scholarship Program** through which VHCF pays all tuition and required fees for nurse practitioners who complete a Psych NP post-graduate program and agree to practice in Virginia's health care safety net for two years thereafter. The three nurse practitioners who have already graduated are now using their new expertise to help uninsured patients in Gloucester County, Martinsville, and Winchester. Several more are in the pipeline.

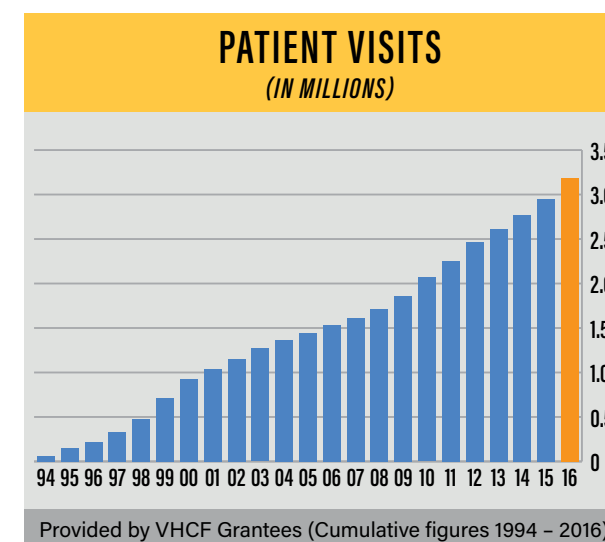
In addition to these special health workforce initiatives, VHCF awards grants to help in-

crease the number of providers in the health safety net. In FY16, VHCF helped underwrite the salaries of 29 health professionals who provided 40,000 patient visits.

TAKING AIM, IMPROVING HEALTH

The Triple Aim (*improve health, enhance care, reduce cost*), cost and payment pressures, and the Affordable Care Act are driving unprecedented change and many improvements throughout the world of health care. Although most changes have focused on the insured, these innovations can be applied to caring for the uninsured, as well.

To that end, VHCF launched a **population health initiative** in FY16 designed to stimulate collaboration between health safety net organizations and their local hospitals to improve the health of specific subsets of uninsured patients. **Taking Aim, Improving Health** grants totaling \$855,000 were awarded to six local population health collaboratives throughout the state for an 18-month period. All participants recognize that current local approaches are inadequate to create positive health outcomes in the populations they're targeting. All have developed specific interventions designed to address identified shortcomings. The grantees will apply and track the impact of these new interventions. They will meet quarterly to compare techniques and results, and learn from each other.



MEDICATION ASSISTANCE: A PRIORITY

While qualified health professionals and special interventions are critical to diagnosing diseases and ensuring patient follow-up, prescription medicines are typically the essential element of successful treatment. There has always been a need for prescription assistance among the low income uninsured. That need has become pervasive and has spread to insured patients with higher income levels as health industry dynamics have changed, and the prices of generic and brandname medicines continue to rise.

VHCF has long made medication assistance a priority. Nineteen years ago, it developed **The Pharmacy Connection (TPC)**, an interactive software that expedites and tracks applications for free chronic disease medicines made available through the brandname pharmaceutical companies' Patient Assistance Programs (PAPs).

Over the years, the organizations that have used TPC have helped 306,306 sick uninsured Virginians fill 4,636,539 ninety-day prescriptions with an average wholesale price value of \$4.6 Billion. In FY16 alone, 44,242 patients obtained \$298 million in free primary care related medicines.

With the goal of maximizing the amount of free medicines available to uninsured Virginians, VHCF doubled down in 2005 and started

giving grants to health safety net organizations to hire Medication Assistance Caseworkers (MACs). Their role is to use TPC to obtain needed medicines for uninsured Virginians with chronic illnesses. The Williamsburg Health Foundation took the lead in underwriting MACs through the Greater Williamsburg Medication Assistance Program, a special partnership with VHCF that has continued for 11 years. The General Assembly provided funding to place MACs in other parts of the state via the **RxRelief Virginia (RxRVa)** initiative.

In FY16, new state funding added 12.5 new MACs, bringing the total to 50.25 RxRVa MACs. Combined, they helped 17,923 uninsured Virginians from 80 localities obtain \$121 million (AWP) in free medicines, using only \$1.6 million in state funds. The new state money enabled VHCF to expand this effective initiative to 11 more localities.

In addition, VHCF helped establish the **RxPartnership (RxP)** thirteen years ago to make free PAP medicines available more quickly from the free clinics that have licensed pharmacies. RxP provided patients with \$9.6 million (AWP) in free medicines last year with the help of GlaxoSmithKline, Merck, Novartis, AbbVie, Alcon and Pfizer.

While all of these medication assistance initiatives continue to help tens of thousands of uninsured Virginians each year, a number of factors are requiring a shift in health safety net strategy and practice. The biggest is that many of the medicines frequently prescribed for the most common chronic diseases have gone off patent and been removed from the PAPs in the past few years. Although these medicines have become available in generic form, most generics are expensive, and there are no PAPs offered by generic companies.

As a result, many health care safety net budgets for prescription medicines, which had been flat for years, are suddenly growing quickly, and the role of MACs has been expanded from that of simply completing applications and gathering required financial



eligibility documents to also becoming "comparison shoppers" who are constantly searching for a free alternative or for the best deal amongst the constantly changing prices of generics. For many health care safety net organizations and their patients, the days when all medicines are free are over. Now, it's a blend of free and generic.

VHCF has been trying to stay ahead of the curve by including generic discount programs in TPC. In FY16, the Foundation negotiated special discount rates with RxOutreach, a generic drug supplier, and added an Rx-Outreach portal to TPC. In FY16, the number of generic medicines obtained through TPC increased by 76% from 5,480 to 9,680.

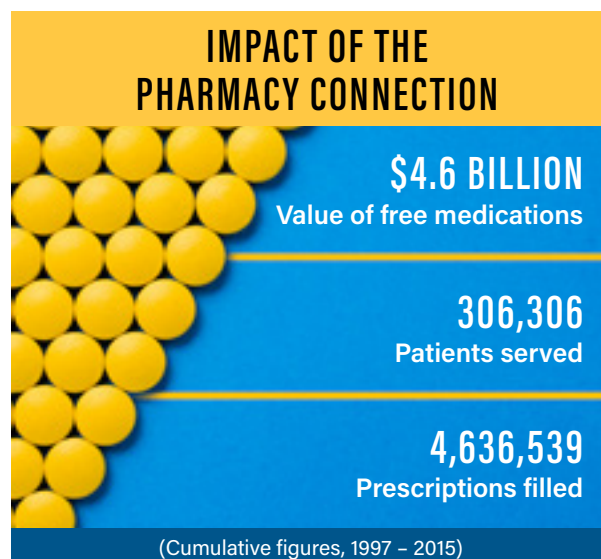
The need for prescription assistance will likely continue to grow for both health safety net organizations and their patients, and for many insured Virginians whose high deductibles and co-pays put needed medicines beyond their reach. VHCF, the RxPartnership and other key stakeholder organizations have been researching viable approaches to address this complicated conundrum.

INCREASING MENTAL HEALTH SERVICES

Availability of behavioral health services was cited as a critical service gap in 62 of 73 community health needs assessments from throughout the state in a recent VHCF analysis. In more than two-thirds of those assessments, increasing access to behavioral health and improving behavioral health services was at the top of their list of priorities to be addressed.

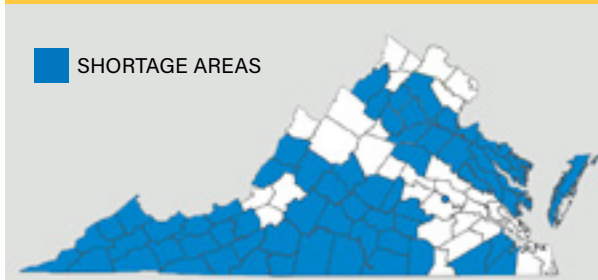
There are a number of factors that have created this situation. One is the tremendous shortage of mental health professionals throughout much of the state. **Nearly 3/4 of Virginia localities are federally designated mental health professional shortage areas.** As a result, recruitment of behavioral health professionals can be very time-consuming, and typically leaves many positions unfilled and many Virginians untreated.

This is problematic in Virginia's health safety net where behavioral health conditions are among the top three diagnoses for uninsured patients. It is also a problem for insured



patients, however, since about 40% to 50% of visits to all primary care physicians are related to depression, anxiety, and other basic mental health conditions.

VIRGINIA'S MENTAL HEALTH PROFESSIONAL SHORTAGE AREAS



Untreated, these debilitating illnesses often immobilize their victims and are barriers to productivity and family engagement. In addition, these diseases often hinder successful treatment of diabetes and other serious chronic conditions with which they frequently co-occur. It's not reasonable to expect a person to start exercising and making other lifestyle changes when s/he is too depressed to get out of bed in the morning.

Thankfully, many patients can be treated successfully, and for relatively low cost, with the right prescription medicines and some counseling or coaching. **Since 2010, VHCF has invested \$4.3 million to expand the delivery of mental health services in Virginia's health care safety net.** We have also introduced the best practice of integrating the delivery of behavioral health services with primary medical care to the healthcare safety net, and have underwritten implementation of this practice in 24 clinics and health centers.

While the results of that investment have been life-changing for many, there are many more Virginians who need these important services. VHCF is in the midst of preparing a multipronged behavioral health initiative to help improve access to behavioral health services where needed in the Commonwealth.

ORAL HEALTH MATTERS

At VHCF, we understand that the mouth is an integral part of the body and that poor oral health can exacerbate diabetes, cardiac conditions, and even result in premature labor and delivery. We also understand that many Virginians only go to a dentist when they are experiencing the agony and throbbing pain of a toothache.

Why does this happen? Because about half of all Virginians have no dental insurance. As a result, they must pay for dental care as they would for any other service or commodity. For the working poor, who must constantly choose how to spend their limited dollars, immediate necessities like food, rent, or a child's winter coat always prevail.

As a result, we are addressing this problem with a multi-faceted approach. First and foremost, **VHCF has invested \$12.3 million 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 eleven in FY16. While tremendous progress has been made, there are still 66 localities without one.

We are grateful for the leadership and concern of the Delta Dental of Virginia Foundation, which issued VHCF a three-year \$1 million challenge grant to create 7-12 new dental safety net clinics in localities that have none and to expand small clinics that are ready to grow. This is enabling dental safety net growth to occur more rapidly. VHCF successfully finished matching this challenge grant in FY16, and has already invested a significant portion of the proceeds in establishing new dental clinics.

We also provide training and tools for dental safety net clinics to use with their patients. In FY16, for example, VHCF hosted a well-received statewide conference outlining how to implement



the best practice of integrating oral health with medical care in the dental safety net. We also researched, produced, and distributed 75 "Brushing Up!" toolkits to dental safety net clinics with funding from the Claude Moore Charitable Foundation. These are full of oral health educational information and activities designed to engage children of all ages in caring for their teeth.

In addition, VHCF seeks and creates ways for dental safety net clinics to save money. With such costly equipment and supplies, it is expensive to operate a dental practice. To help stretch limited dental safety net budgets, VHCF has established **dental safety net discount programs** with denture and dental supply companies.

Our partnership with Patterson Dental Company extends its deepest discount on supplies, equipment, practice software, repairs, and maintenance regardless of the clinic's size. This program alone has saved Virginia's dental safety net clinics more than \$1.9 million in costs in the past 9 years.

BEST YEAR YET FOR FAMIS ENROLLMENT

There's no question that health insurance helps give children a good start in life and keeps them healthy. Numerous studies have demonstrated the important link between health insurance and academic achievement. That's why VHCF has led private sector efforts to maximize enrollment in Virginia's FAMIS health insurance programs for children since they were established 17 years ago. Our ultimate goal is to ensure that every eligible child has FAMIS coverage.

FY16 was a banner year for VHCF's **Project Connect** initiative and its dedicated outreach workers. Located in communities with the highest numbers of eligible children, they helped enroll 8,019 children in Virginia's FAMIS programs. This breaks all previous records, bringing the total number of children covered via Project Connect to 87,500.

Much of this expanded effort was made possible by Governor McAuliffe's "A Healthy



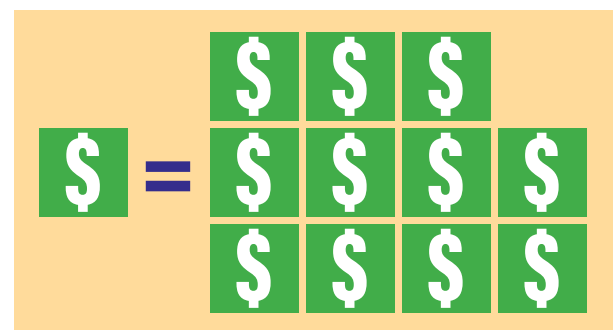
Virginia" initiative which provided funding for five additional outreach workers, new marketing initiatives, and a FAMIS Enrollment Summit which VHCF hosted for 300+ representatives from state and local departments of social services and an array of application assisters.

In addition to outreach and enrollment, VHCF trains health and human resources professionals in the intricacies of the FAMIS programs through its **SignUpNow** initiative. These trainings and an accompanying SignUpNow Tool Kit are available in person or online. To date, more than 10,400 people have been trained via SignUpNow.

All of VHCF's FAMIS outreach, enrollment and training initiatives are underwritten by the Virginia Department of Medical Assistance Services and the federal Centers for Medicare & Medicaid Services.

11:1 LEVERAGE

As a public/private partnership, VHCF understands and is devoted to its obligation to provide value for the dollars it receives. To accomplish this, we practice "**venture philanthropy**": This means that we constantly search for new and innovative opportunities which meet the health needs of uninsured and underserved Virginians and add value to Virginia. Then we scrutinize each potential undertaking with the eye of an investor



VHCF has leveraged an average of more than \$11 in cash, health services, and other in-kind contributions for every \$1 expended since its inception.

seeking an effective, sustainable initiative. We apply this standard to ourselves, as well as our grantees.

This approach accounts for the sustainability rate of grants funded by VHCF. 89% of our health safety net grantees continue at or above their prior level of performance for at least three years after graduating from VHCF funding. We delivered all of these results in FY16 at a low administrative cost of 7.7 %.

MOVING FORWARD

Over the years, we have learned that VHCF's mission of increasing access to primary health care for uninsured and medically underserved Virginians cannot be achieved by focusing on only one solution. There are many inter-related components of health care that must come together in an environment that stimulates growth and creates synergies. These components include a sufficient and well-distributed health workforce, availability of needed treatment and services at an affordable cost, a strong and vibrant health care safety net, and a payment source for health services that works for everyone.

We at the Virginia Health Care Foundation will continue to work on all fronts to improve Virginia's standing in each of these key areas so that in the future, NO Virginian has to experience the unimaginable.



Ralph L. Howell, Jr.
(Chairman FY16)



Governor Terry McAuliffe presents the NETworthy Award to representatives from LabCorp for its generous contribution of services to Virginia's free clinics and community health centers.

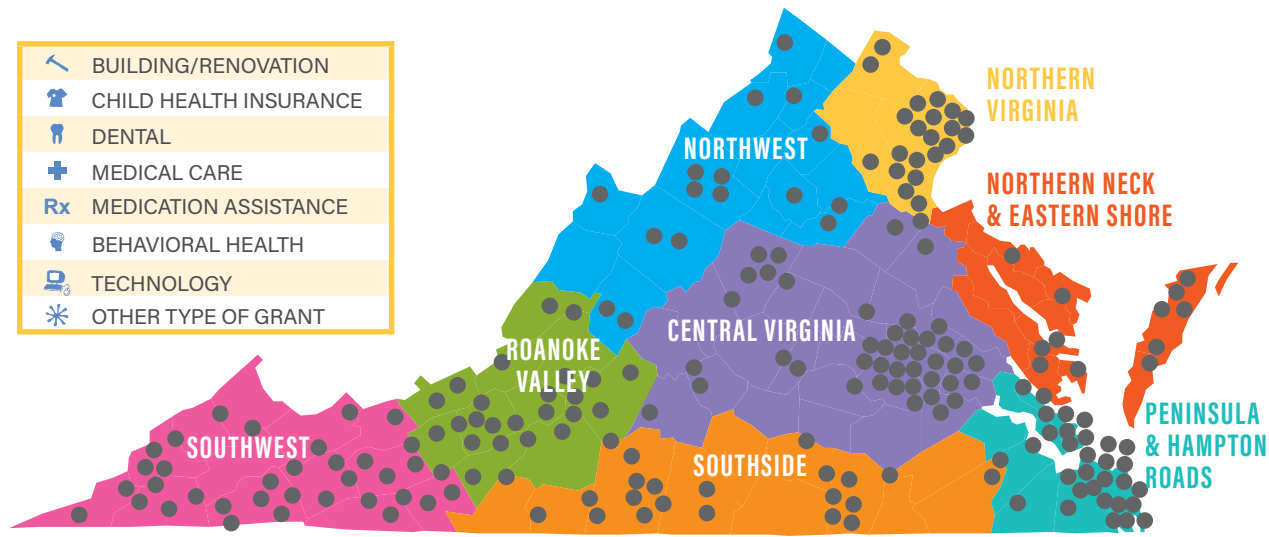


Senator Emmett W. Hanger, Jr. and Deborah D. Oswalt, Executive Director of the Virginia Health Care Foundation, thank George Levicki, CEO of Delta Dental of Virginia, for the company's leadership to expand Virginia's dental safety net.

MAKING HEALTH CARE A REALITY THROUGHOUT VIRGINIA

ALL VHCF GRANTEES 1992-2016

	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 Rx
- 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 Community Health Center
- HealthWorks for Northern Virginia – Herndon
- HealthWorks for Northern Virginia – Leesburg
- 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
 - Loudoun Rx
 - Prince William Rx Rx
- Potomac Hospital
- Prince William County Community Services Board
- Prince William Pediatric Primary Care
- Stafford County Public Schools
 - In partnership with Stafford County Department of Social Services

CENTRAL VIRGINIA

- Access Now
- Blue Ridge Medical Center
- Bon Secours Richmond Health System
 - Care-A-Van Mobile Medical Clinic
- Buckingham County Rural Mental Health Initiative
- Capital Area Health Network –
 - Vernon J. Harris Community Health Center
- Center for Healthy Hearts
- Central Virginia Health Care Project

- Central Virginia Health Services, Inc.
 - Petersburg Health Care Alliance
- Charlottesville Area Dental Access
- Charlottesville Free Clinic
- Chesterfield Health District
- Children's Hospital of Richmond at VCU
- CHIP of Greater Richmond
- CrossOver Healthcare Ministry
- The Daily Planet
- Free Clinic of Central Virginia/MedsHelp
- Freedom House – Greater Richmond Homeless Medical Respite
- Goochland Free Clinic and Family Services
- Hayes E. Willis Health Center
- The Health Brigade
- 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 District
- Senior Connections
- Thomas Jefferson CHIP Program
- United Way – Thomas Jefferson Area
- Virginia Commonwealth University Health System
- Virginia Treatment Center for Children

NORTHERN NECK AND 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
 - Onley Community Health Center
 - Atlantic Community Health Center
- Eastern VA Telemedicine Network
- Gloucester-Mathews Care Clinic
- Lackey Clinic
- Middle Peninsula Northern Neck Community Services Board
- Northampton County School-Based Dental Program
- Northern Neck Free Health Clinic

PENINSULA AND HAMPTON ROADS

- Access Partnership
- American Red Cross of Southeastern VA –
 - Partners in Dental Care
- Beach Health Clinic
- Catholic Charities of Eastern Virginia
- Central Virginia Health Services, Inc.
 - Charles City Regional Health Services
 - King William Dawn Community Doctors
- Chesapeake Care Clinic
- CHIP of South Hampton Roads
- Colonial Behavioral Health
- 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)
- Hampton Roads Community Health Center (Norfolk)
- Horizon Health Services – Surry Medical Center
- Jewish Family Services of Tidewater
- Maryview Foundation Healthcare Center
- Olde Towne Medical and Dental Center
- 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
- Sentara Medical Group
- Southeastern Virginia Health System
 - Stoneybrook Physicians
 - Virginia Beach Family Medical Center
- South Norfolk Health Center/Chronic Care Adult Clinic
- The STOP Organization
- Western Tidewater Free Clinic

SOUTHSIDE

- Central Virginia Health Services, Inc.
 - Alberta Family Health Services
 - Charlotte Primary Care
- Community Memorial Healthcenter
- Danville-Pittsylvania Community Services
- Free Clinic of Danville
- Halifax Regional Development Foundation, Inc.
- Health Care on the Square – Boynton Medical Center
- Horizon Health Services – Waverly Medical Center
- Lake Country Area Agency on Aging
- Martinsville/Henry County Coalition for Health & Wellness
- Piedmont Access to Health Services (PATHS)
 - PATHS Community Dental Center – Boynton
- Pittsylvania County Community Action, Inc.
- Southern Dominion Health System
 - 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
- Lonesome Pine Office on Youth
- Mel Leaman Free Clinic

- Mendota Community Association Health Clinic
- Mt. Rogers Medication Assistance Program
- Mountain Empire Older Citizens, Inc.
- Mountain States Health Alliance
- Norton Community Hospital
- People, Inc. of Southwest Virginia
- Southwest VA Community Health Systems, Inc.
 - Meadowview Health Clinic
 - Southwest Virginia Regional Dental Center
 - Twin City Medical Center – Bristol Telemedicine
 - 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
 - Pediatric Practices
- Carilion Giles Memorial Hospital
- 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
- New Horizons Healthcare
- Mental Health Association of the New River Valley
- Monroe Health Center – Craig County Health Center
- New River Valley Medication Assistance Program
- 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 Center at Ferrum
 - Tri-Area Community Health Center at Floyd

NORTHWEST

- Augusta Health Foundation
- Augusta Regional Dental Clinic
- Augusta Regional 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
- Orange County Free Clinic
- Piedmont Regional Dental Clinic
- Rappahannock-Rapidan Community Services Board
- Rockbridge Area Community Services
- Rockbridge Area Health Center
- Shenandoah Community Health Clinic
- St. Luke Community Clinic
- UVA – Greene County School-Based Nursing Clinic

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

ASSETS	2016	2015
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,700,665	\$ 3,116,483
Investments	9,855,503	9,189,536
Appropriations receivable	5,725,714	4,580,571
Interest receivable	19,003	13,202
Contributions receivable	1,005,579	810,723
Prepaid expenses	14,628	17,157
TOTAL CURRENT ASSETS	18,321,091	17,727,672
Contributions receivable, net of current portion		19,914
Property and equipment, net	24,412	26,977
TOTAL ASSETS	\$ 18,345,503	\$ 17,774,563

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 89,850	\$ 189,731
Accrued rent	24,969	26,084
Grants payable	4,605,393	3,813,831
TOTAL CURRENT LIABILITIES	4,720,212	4,029,646
Deferred Revenue		103,718
TOTAL LIABILITIES	4,720,212	4,133,364
NET ASSETS:		
Unrestricted	5,054,448	6,505,201
Temporarily restricted	8,570,843	7,135,998
TOTAL NET ASSETS	13,625,291	13,641,199
TOTAL LIABILITIES AND NET ASSETS	\$ 18,345,503	\$ 17,774,563

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE:						
Appropriations	\$	\$ 4,580,571	\$ 4,580,571	\$	\$ 4,580,571	\$ 4,580,571
Contributions	125,508	892,597	1,018,105	113,260	1,447,809	1,561,069
Contract revenue		1,467,515	1,467,515		680,851	680,851
Investment income	256,509		256,509	761,469		761,469
Unrealized net gains (Losses) on investments	16,206		16,206	(285,727)		(285,727)
Other income	116,078		116,078	122,797		122,797
TOTAL SUPPORT AND REVENUE	514,301	6,940,683	7,454,984	711,799	6,709,231	7,421,030
NET ASSETS RELEASED FROM RESTRICTION	\$5,505,838	(\$5,505,838)		\$6,145,923	(\$6,145,923)	

EXPENDITURES:

Program services - grants	\$ 6,878,961	\$	\$ 6,878,961	\$5,317,823	\$	\$ 5,317,823
Supporting services:						
Management and general	509,073		509,073	536,982		536,982
Fundraising	82,858		82,858	102,461		102,461
TOTAL EXPENDITURES	7,470,892		7,470,892	5,957,266		5,957,266
Change in net assets	(1,450,753)	1,434,845	(15,908)	900,456	563,308	1,463,764
NET ASSETS, BEGINNING OF YEAR	6,505,201	7,135,998	13,641,199	5,604,745	6,572,690	12,177,435
NET ASSETS, END OF YEAR	\$5,054,448	\$8,570,843	\$13,625,291	\$6,505,201	\$7,135,998	\$13,641,199

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

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THE VIRGINIA HEALTH CARE FOUNDATION is a public/private partnership dedicated to increasing access to primary health care for uninsured and medically underserved Virginians. Initiated by the General Assembly and its Joint Commission on Health Care in 1992, the Foundation has helped more than 600,000 uninsured Virginians obtain the health care they need.

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.

ORGANIZATIONAL VALUES

EXEMPLARY STEWARDSHIP

We are laser-focused, creative and efficient in getting the most value out of limited resources, and leveraging what we have for the greatest benefit and return. We invest for the long term, maximizing the sustainability of the organizations we fund. We constantly evaluate the impact of our actions, and hold ourselves and our grantees accountable for demonstrating results to our donors and the citizens of Virginia.

DRIVE FOR EXCELLENCE

We are energetic and enthusiastic in the pursuit of our mission, and are tenacious in our commitment to achieve extraordinary results. We are action-oriented and effective. We strive to use best practices in everything we do.

INTEGRITY

We hold ourselves to the highest standards of professionalism and accountability. We do all things for the benefit of our mission. Our decisions are data driven. We are honest in our words, actions and results. We do what we say we are going to do.

CATALYST FOR CHANGE

We never rest on our laurels. We are progressive and entrepreneurial in our thinking, always seeking new and innovative ways to deliver our services, add value to our constituencies and move our mission forward.

I M A G I N E



VIRGINIA
HEALTH CARE
FOUNDATION



**VIRGINIA
HEALTH CARE
FOUNDATION**

Consolidated Financial Statements

June 30, 2016 and 2015



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Glen Allen, Virginia 23060
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VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

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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, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Virginia Health Care Foundation and Affiliate as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

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

August 15, 2016
Glen Allen, Virginia

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Financial Position
June 30, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 1,700,665	\$ 3,116,483
Investments	9,855,503	9,189,536
Government appropriations receivable	5,725,714	4,580,571
Interest receivable	19,003	13,202
Contributions receivable	1,005,579	810,723
Prepaid expenses	<u>14,627</u>	<u>17,157</u>
Total current assets	18,321,091	17,727,672
Contributions receivable, net of current portion	-	19,914
Property and equipment, net	<u>24,412</u>	<u>26,977</u>
Total assets	<u>\$ 18,345,503</u>	<u>\$ 17,774,563</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 89,850	\$ 189,731
Accrued rent	24,969	26,084
Grants payable	<u>4,605,393</u>	<u>3,813,831</u>
Total current liabilities	4,720,212	4,029,646
Deferred revenue	<u>-</u>	<u>103,718</u>
Total liabilities	<u>4,720,212</u>	<u>4,133,364</u>
Net assets:		
Unrestricted	5,054,448	6,505,201
Temporarily restricted	<u>8,570,843</u>	<u>7,135,998</u>
Total net assets	<u>13,625,291</u>	<u>13,641,199</u>
Total liabilities and net assets	<u>\$ 18,345,503</u>	<u>\$ 17,774,563</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	125,508	892,597	1,018,105
Contract revenue	-	1,467,515	1,467,515
Investment income	256,509	-	256,509
Unrealized net gain on investments	16,206	-	16,206
Other income	116,078	-	116,078
Total support and revenue	514,301	6,940,683	7,454,984
Net assets released from restriction	5,505,838	(5,505,838)	-
Expenditures:			
Program services - grants	6,878,961	-	6,878,961
Supporting services:			
Management and general	509,073	-	509,073
Fundraising	82,858	-	82,858
Total expenditures	7,470,892	-	7,470,892
Change in net assets	(1,450,753)	1,434,845	(15,908)
Net assets, beginning of year	6,505,201	7,135,998	13,641,199
Net assets, end of year	\$ 5,054,448	\$ 8,570,843	\$ 13,625,291

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	113,260	1,447,809	1,561,069
Contract revenue	-	680,851	680,851
Investment income	761,469	-	761,469
Unrealized net loss on investments	(285,727)	-	(285,727)
Other income	122,797	-	122,797
	<u>711,799</u>	<u>6,709,231</u>	<u>7,421,030</u>
 Total support and revenue	<u>711,799</u>	<u>6,709,231</u>	<u>7,421,030</u>
 Net assets released from restriction	<u>6,145,923</u>	<u>(6,145,923)</u>	<u>-</u>
 Expenditures:			
Program services - grants	5,317,823	-	5,317,823
Supporting services:			
Management and general	536,982	-	536,982
Fundraising	102,461	-	102,461
	<u>5,957,266</u>	<u>-</u>	<u>5,957,266</u>
 Total expenditures	<u>5,957,266</u>	<u>-</u>	<u>5,957,266</u>
 Change in net assets	<u>900,456</u>	<u>563,308</u>	<u>1,463,764</u>
 Net assets, beginning of year	<u>5,604,745</u>	<u>6,572,690</u>	<u>12,177,435</u>
 Net assets, end of year	<u>\$ 6,505,201</u>	<u>\$ 7,135,998</u>	<u>\$ 13,641,199</u>

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Functional Expenses Year Ended June 30, 2016

	Supporting Services			Total
	Program Services - Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 200,706	\$ 37,994	\$ 238,700
Employee benefits/payroll taxes	-	56,918	7,172	64,090
Total salaries and related expenditures	-	257,624	45,166	302,790
Grants	4,952,517	-	-	4,952,517
RX Partnership	115,000	-	-	115,000
The Pharmacy Connection	369,274	-	-	369,274
MAP	268,158	-	-	268,158
Strategic Initiatives	216,096	-	-	216,096
Child Health Insurance Initiatives	532,901	-	-	532,901
Grantee Technical Assistance	103,879	-	-	103,879
Grantmaking	245,997	-	-	245,997
Dental Opportunities Initiative	75,139	-	-	75,139
Contractual services	-	59,724	-	59,724
Office rent	-	45,215	-	45,215
Investment fees	-	52,785	-	52,785
Telephone and fax	-	4,407	392	4,799
Supplies	-	2,669	639	3,308
Computer software and supplies	-	3,628	286	3,914
Printing and copying	-	13,575	128	13,703
Postage	-	4,057	384	4,441
Travel	-	2,579	244	2,823
Meeting/conference costs	-	12,210	-	12,210
Special events	-	22,000	33,099	55,099
Miscellaneous	-	658	1,601	2,259
Insurance	-	13,227	-	13,227
Subscriptions, fees and dues	-	4,959	919	5,878
Total expenditures before depreciation and amortization	6,878,961	499,317	82,858	7,461,136
Depreciation and amortization of property and equipment	-	9,756	-	9,756
Total expenditures	\$ 6,878,961	\$ 509,073	\$ 82,858	\$ 7,470,892

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Functional Expenses Year Ended June 30, 2015

	Supporting Services			Total
	Program Services - Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 210,518	\$ 50,369	\$ 260,887
Employee benefits/payroll taxes	-	51,073	12,547	63,620
Total salaries and related expenditures	-	261,591	62,916	324,507
Grants	3,642,365	-	-	3,642,365
RX Partnership	115,000	-	-	115,000
The Pharmacy Connection	363,567	-	-	363,567
MAP	248,811	-	-	248,811
Strategic Initiatives	184,284	-	-	184,284
Child Health Insurance Initiatives	360,004	-	-	360,004
Grantee Technical Assistance	99,320	-	-	99,320
Grantmaking	241,565	-	-	241,565
Dental Opportunities Initiative	62,907	-	-	62,907
Contractual services	-	84,269	4,732	89,001
Office rent	-	44,626	-	44,626
Investment fees	-	49,941	-	49,941
Telephone and fax	-	4,285	282	4,567
Supplies	-	434	1,646	2,080
Computer software and supplies	-	1,098	516	1,614
Printing and copying	-	8,427	-	8,427
Postage	-	5,939	96	6,035
Travel	-	5,337	233	5,570
Meeting/conference costs	-	21,608	593	22,201
Special events	-	24,000	30,593	54,593
Miscellaneous	-	1,800	-	1,800
Insurance	-	12,723	-	12,723
Subscriptions, fees and dues	-	4,435	854	5,289
Total expenditures before depreciation and amortization	5,317,823	530,513	102,461	5,950,797
Depreciation and amortization of property and equipment	-	6,469	-	6,469
Total expenditures	\$ 5,317,823	\$ 536,982	\$ 102,461	\$ 5,957,266

See accompanying notes to consolidated financial statements.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Consolidated Statements of Cash Flows Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (15,908)	\$ 1,463,764
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	9,756	6,469
Net investment income reinvested	(143,823)	(123,196)
Net realized and unrealized gain on investments	(86,898)	(309,619)
Change in assets and liabilities:		
Government appropriations receivable	(1,145,143)	(500,000)
Interest receivable	(5,801)	(382)
Contributions receivable	(174,942)	440,004
Prepaid expenses	2,530	(2,775)
Accounts payable and accrued expenses	(100,996)	125,176
Grants payable	791,562	(440,938)
Deferred revenue	(103,718)	(464,738)
	(973,381)	193,765
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(7,191)	(16,656)
Proceeds from sales of investments	3,122,112	3,410,371
Purchase of investments	(3,557,358)	(2,909,471)
	(442,437)	484,244
Net cash (used in) provided by investing activities		
Net change in cash and cash equivalents	(1,415,818)	678,009
Cash and cash equivalents, beginning of year	3,116,483	2,438,474
Cash and cash equivalents, end of year	\$ 1,700,665	\$ 3,116,483

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”) was 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 had the authority to elect the board of directors of VHC. On October 30, 2015, the VHC Board of Directors approved the dissolution of the corporation. Upon dissolution, the assets were distributed to VHCF in accordance with the restated articles of incorporation.

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

Basis of Consolidation: The accompanying consolidated financial statements include the accounts and activities of VHCF and the VHC through its dissolution on October 30, 2015 (collectively, the “Foundation”) (see Note 11) as of and for the fiscal years ended June 30, 2016 and 2015. 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, 2016 and 2015, 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.

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.

The Foundation's receivables are from individuals, corporations, government organizations and foundations. During 2016 and 2015, there were no concentrations in receivables other than the government appropriation. 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 the government appropriation.

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 in marketable securities are carried at fair value as determined by the investment managers. Unrealized gains and losses are included in the consolidated statements of activities. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain marketable securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the consolidated financial statements.

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; government appropriations receivable; interest receivable; contributions receivable; accounts payable and accrued expenses; and grants payable approximate fair value because of the short-term nature of these financial instruments.

Deferred Revenue: In December 2012, the Foundation received a \$1,000,000 three year pledge with a \$1 for \$1 matching requirement, which was required to be met prior to December 31, 2015. During 2015, the Foundation raised \$464,737 towards the matching requirement and recorded a contribution of \$467,737, along with the matching funds received, in the accompanying consolidated statements of activities. The unmatched portion of the pledge (\$103,718 at June 30, 2015) is included in the accompanying consolidated statements of financial position. The Foundation met the matching requirement and raised the remaining \$103,718 by December 31, 2015 and recorded a contribution of \$103,718 in the accompanying consolidated statements of activities.

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, 2016 and 2015. 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 2016 and 2015, the Foundation received professional services at no charge from outside organizations. These services, valued by the donors at approximately \$30,209 in 2016 and \$45,677 in 2015, 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, Virginia not-for-profit organizations to carry out its mission. A grant is recognized as an expense in the year the board of trustees authorizes 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 \$164,479 in 2016 and \$420,229 in 2015 for grants recognized in prior years that will not be paid. These reductions relate to terminated or reduced grants resulting from the grantees' inability to fulfill the requirements of the grants, and to grantees that did not spend anticipated funding. 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 15, 2016, 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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash on deposit	\$ 1,674,447	\$ 3,090,285
Money market funds	<u>26,218</u>	<u>26,198</u>
	<u>\$ 1,700,665</u>	<u>\$ 3,116,483</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, 2016 and 2015 are summarized as follows:

	2016		2015	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 821,450	\$ 821,450	\$ 686,878	\$ 686,878
Certificates of deposit	-	-	400,000	400,747
U.S. Treasury Bills	-	-	100,370	100,578
Common stocks	5,001,834	6,560,548	4,391,778	5,982,830
Corporate bonds	2,402,985	2,473,505	1,997,482	2,018,503
	<u>\$ 8,226,269</u>	<u>\$ 9,855,503</u>	<u>\$ 7,576,508</u>	<u>\$ 9,189,536</u>

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

	2016	2015
Interest income	\$ 185,817	\$ 166,123
Net realized gains	<u>70,692</u>	<u>595,346</u>
	<u>\$ 256,509</u>	<u>\$ 761,469</u>
Net unrealized gains (losses)	<u>\$ 16,206</u>	<u>\$ (285,727)</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, 2016 and 2015.

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, 2016 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Investments:			
Money market funds	\$ 821,450	\$ -	\$ 821,450
Common stocks:			
Closed end mutual funds	701,735	-	701,735
Consumer discretionary	791,477	-	791,477
Consumer staples	748,907	-	748,907
Energy	396,109	-	396,109
Financials	1,372,391	-	1,372,391
Health care	516,719	-	516,719
Industrials	720,262	-	720,262
Information technology	396,380	-	396,380
Materials	262,403	-	262,403
Real estate investment trusts	423,784	-	423,784
Telecommunication services	185,182	-	185,182
Utilities	45,199	-	45,199
Corporate bonds	-	2,473,505	2,473,505
	<u>\$ 7,381,998</u>	<u>\$ 2,473,505</u>	<u>\$ 9,855,503</u>

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, 2015 include the following:

	Assets at Fair Value		
	Level 1	Level 2	Total
Assets:			
Money market funds	\$ 686,878	\$ -	\$ 686,878
Certificates of deposit	-	400,747	400,747
U.S. Treasury Bills	-	100,578	100,578
Common stock			
Closed end mutual funds	572,695	-	572,695
Consumer discretionary	755,100	-	755,100
Consumer staples	662,915	-	662,915
Energy	318,077	-	318,077
Financials	1,315,936	-	1,315,936
Health care	685,675	-	685,675
Industrials	556,143	-	556,143
Information technology	431,970	-	431,970
Materials	272,972	-	272,972
Real estate investment trusts	304,724	-	304,724
Telecommunication services	71,514	-	71,514
Utilities	35,107	-	35,107
Corporate bonds	-	2,018,503	2,018,503
	\$ 6,669,708	\$ 2,519,828	\$ 9,189,536

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

5. Fair Value Measurements, Continued:

The Foundation's investments in corporate bonds are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2016, the redemption periods and related amounts were as follows:

Year Ended June 30:		
2017	\$	352,210
2018		125,307
2019		358,461
2020		127,794
2021		387,111
2022		650,480
2023		-
2024		283,719
2025		105,839
2026		82,584
	\$	2,473,505

6. Contributions Receivable:

Contributions receivable are summarized as follows as of June 30, 2016 and 2015:

	2016	2015
Unconditional contributions expected to be collected in:		
Less than one year	\$ 1,005,579	\$ 810,723
One year to five years	-	20,000
	1,005,579	830,723
Less discount	-	86
Total contributions receivable	\$ 1,005,579	\$ 830,637

There was no discount on future expected cash flows from contributions receivable in 2016. The future expected cash flows from contributions receivable were discounted using a discount rate of .43% in 2015.

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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 89,049	\$ 105,237
Leasehold improvements	2,949	2,949
Software	<u>42,749</u>	<u>42,519</u>
	134,747	150,705
Less accumulated depreciation and amortization	<u>110,335</u>	<u>123,728</u>
 Property and equipment, net	 <u>\$ 24,412</u>	 <u>\$ 26,977</u>

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 \$103,807 in 2016 and \$102,575 in 2015. Future minimum lease payments as of June 30, 2016 are:

	<u>Amount</u>
Year ending June 30:	
2017	\$ 105,507
2018	105,663
2019	99,494
2020	<u>76,006</u>
 Total	 <u>\$ 386,670</u>

9. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following periods subsequent to June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
For periods after the end of the fiscal year	<u>\$ 8,570,843</u>	<u>\$ 7,135,998</u>

The amounts are restricted for program development purposes.

VIRGINIA HEALTH CARE FOUNDATION AND AFFILIATE

Notes to Consolidated Financial Statements, Continued

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 contributions, subject to certain limitations. The Foundation's contribution to the plan was \$53,332 in 2016 and \$47,694 for 2015.

11. Virginia Health Council Membership and Trust Fund:

The Foundation received income from the Arthur Graham Glasgow Trust as the sole member of VHC for many years. The trust is a split-interest agreement naming VHC as a 1.7% beneficiary of the trust's principal assets (at trust's termination) and the trust's annual income (received quarterly). As of May 24, 2011, the remaining measuring life ended and the trust began the termination process. As of June 30, 2015, all VHC's interest in the trust had been distributed to and received by VHC. In 2015, the final principal distributions to VHC totaled \$10,115. Upon dissolution of VHC on October 30, 2015, net cash of \$433,975 remaining with VHC was distributed to VHCF.

12. Government Appropriations:

The Commonwealth of Virginia (the "Commonwealth") has designated an appropriation in its biennial budget to the Foundation of \$4,580,571 for the 2017 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 2017 budget, the appropriation was included as a receivable as of June 30, 2016 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 2017 fiscal year budget. These appropriations accounted for 61% of support and revenue for 2016 and 62% of support and revenue for 2015. These appropriations accounted for 85% of total receivables at June 30, 2016 and 84% of total receivables at June 30, 2015.