

# It Takes More Than a Wish.



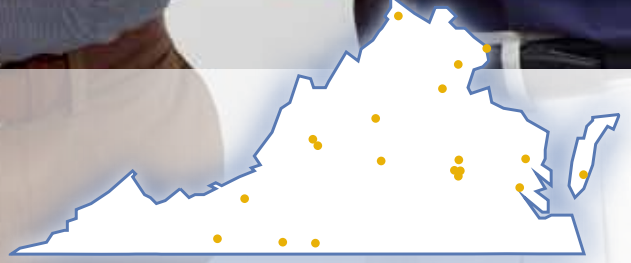


1992-2017

# It takes a strong foundation.

The **seeds** we've sown and nurtured  
have transformed the healthcare  
safety net and the lives of uninsured  
Virginians for 25 years...





VHCF Grants for Behavioral Health Integration

“Many uninsured patients face extremely challenging life circumstances.”

**T**hese can lead to depression, anxiety, psychoses or suicidal thoughts and the need for mental health care, as well as medical care. Many physicians can't help due to limited behavioral health training.

VHCF **seed** money has helped change that via a pilot that embeds Clinical Psychology doctoral trainees from Virginia Commonwealth University (VCU) in health safety net clinics with medical residents. When patients at the VCU Ambulatory Care Clinic also have mental health concerns, the team works together to help them. It's been a win/win. Patients receive immediate help with mental health issues, and the trainees and residents learn how to work in an integrated care environment.

Over the past seven years, this program has broadened to eight sites in the greater Richmond area. It has already trained 100 psychology trainees who have worked with 500 medical residents, and now has the capacity to treat 5,000 underserved adults and children each year.

“This has been a game changer for the clinics, their patients and our residents. It would absolutely not have happened without VHCF's funding. The Foundation's belief in our program and its support was a vital factor in our success and growth.”

“VHCF's disciplined approach and coaching nudged us along and helped us to think strategically and long term.” 



Dr. Bruce Rybarczyk – Professor, VCU Departments of Psychology and Psychiatry, Richmond, VA

“75% of our elementary school children had never sat in a dental chair!”

“VHCF’s strategic investments have contributed greatly to the metamorphosis of dental health here.”



The place? Accomack County, Virginia’s Eastern Shore. The year? 1992. When the leaders of the Accomack Public School System discovered this problem, they knew they had to do something about it.

With untended teeth, a good number of these children developed painful cavities and gum issues that made it difficult to concentrate in school, and set them up for future health disorders. “When we first met VHCF, we had begun to attack the problem via a small mobile dental trailer. We knew we had a long journey ahead to make dental care a reality for all.

**VHCF’s support and funding helped our dental program take off!**

Its **seed** money over the years allowed us to create two permanent school dental facilities, support a new traveling dental outreach program, hire a dentist, and furnish five dental operatories in one of our new health centers. Now, we serve children and adults. The Foundation also helped pay for a professional assessment of our dental program and advice that has helped us make it sustainable.

Our long partnership with VHCF has been extraordinarily successful. Since 1995, we’ve delivered dental care to more than 10,000 children via 90,000 visits. This has increased attendance and attention in the classroom, and fear of the dentist has been replaced with the excitement of belonging to the No Cavity Club.”

**Nancy Stern** – Chief Executive Officer, Eastern Shore Rural Health System, Inc.



**Eastern Shore Dental Sites Where None Previously Existed (1998 - 2017)**



“So many at-risk patients with so many health needs – Where to start?”

“**W**hen faced with such overwhelming need, you want to try to do everything right away. How could we solely focus on medical care when we had such a huge volume of patients with unmet dental needs, or mental health issues? How could we prescribe medications when our patients couldn’t afford to fill them?”

**VHCF is one of our few partners who can brainstorm and problem-solve with us.** It helped drive us toward where we are today, helping us develop professional, structured programs with sustainable streams of funding.

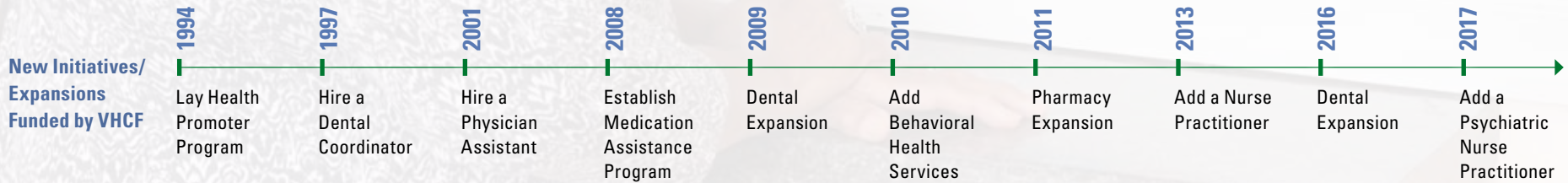
The Foundation has been with us every step of the way, providing **seed** money for medical, dental and pharmacy staff to supplement our volunteer providers and doing so much for us and our community. Without support from VHCF, our community pharmacy would not have been able to grow into the life-changing program it is today.

CrossOver is now a true health home for our patients, offering a broad range of healthcare and wraparound services. As we look back on where we came from, VHCF stands out as one of the most supportive and dedicated organizations we have had the privilege to partner with.”

“VHCF helped us focus on the needs and the right way to prioritize and meet them.” 



**Julie Bilodeau** – Chief Executive Officer, CrossOver Healthcare Ministry, Richmond, Virginia



“VHCF’s investment in our clinic at a critical time made all the difference.”

“**T**oday, Neighborhood Health provides an array of comprehensive services to more than 16,000 children and adults at 11 sites in Alexandria, and Arlington and Fairfax counties. Whether medical, dental, or mental health care – we offer it. We also help our hard-working patients obtain needed prescription medicines, and we help eligible children apply for health insurance from the state’s FAMIS programs.

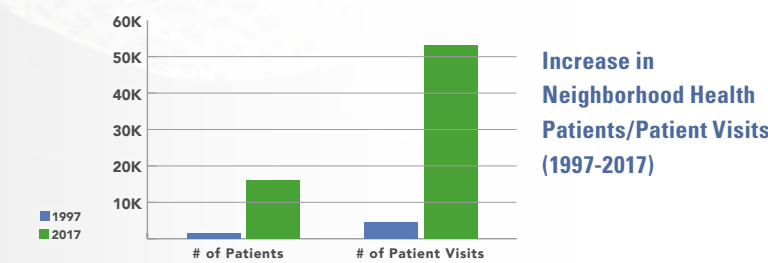
“VHCF has been a central and steady force in our growth  for 20 years.”

It wasn’t always this way. We started as a small health department clinic with preventive services for women and children. During the first year on our own, **VHCF helped us establish a strong operational and financial base. It has helped us evolve and grow ever since.** Over the years, it has provided **seed** money for expansions in our scope of services and for additional facilities. It has also provided needed technical assistance.

I’m proud of what we’ve built together. VHCF has helped us make a tremendous difference in our patients’ health outcomes and their lives.

We cannot stop here, however. The demand for our services is unrelenting. There’s a long way to go before needed health care is available to all uninsured Virginians!”

**Dr. Basim Khan** – Executive Director, Neighborhood Health, Alexandria, Virginia





New Health Centers via  
Appleseed Initiative

## “Time after time, VHCF has helped us take the next step forward.”

It started small, but its leaders always thought big. What began as a one-night-a-week free clinic many years ago is now a community health center with three full-time sites serving four localities and offering a comprehensive set of services to New River Valley residents. It treated nearly 3000 patients last year.

“VHCF was absolutely essential to our growth and expansion, providing the **seed** money to develop all our programs. **It saw the potential of our small clinic and nudged us toward excellence for two decades.**”

We now have a trifecta of services under one roof – behavioral health, dental care, and primary medical care. The Foundation was by our side as we initiated each one. It also provided support for important strategic planning as we grew and weighed whether to become a community health center. After we decided to make the transition, VHCF’s Appleseed Initiative provided the funding to underwrite the cost of preparing the necessary federal grant applications.

VHCF has made a world of difference for our center and our patients.”

“The significance of an understanding collaborative partner who sticks with you cannot be overstated.”



Michelle Brauns – Chief Executive Officer, Community Health Center of the New River Valley

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# Chairman's

“There is no quality so essential to success as perseverance.”

– John D. Rockefeller



# Report

The adage “change is constant”, has certainly been true during the 25 years of the Virginia Health Care Foundation’s (VHCF) existence. The healthcare terrain has continuously changed with each renewed quest to lower costs, improve quality, and expand access to services.

To be most effective in these dynamic times, VHCF has changed, too. What started as a focus on identifying and replicating innovative service delivery models has expanded over the years as the Foundation has identified a variety of service gaps and opportunities to address them.

By practicing “venture philanthropy”, VHCF has invested its limited resources strategically by providing **seed** money and supports to fulfill its mission of increasing access to primary care for uninsured and medically underserved Virginians. More than 700,000 people have benefited, as a result.

The Foundation’s role and portfolio are difficult to pigeonhole. Among other things, VHCF has brought more health professionals to underserved areas; helped families



apply for state-sponsored children’s health insurance; maximized the amount of free prescription medicines available to uninsured Virginians; and greatly expanded the size of Virginia’s healthcare safety net and the range of services it offers.

Entrepreneurism has been one of the Foundation’s guiding principles. VHCF has created, incubated, and spun off three statewide organizations which operate independently and have served the Commonwealth well for many years (**SeniorNavigator** (aka

VirginiaNavigator), the **RxPartnership**, and the **Virginia Oral Health Coalition**).

As a public/private partnership, VHCF has an additional mission – to maximize the impact of each dollar it spends. To that end, the Foundation has adopted organizational values which produce results: exemplary stewardship, a drive for excellence, integrity, and being a catalyst for change.

What started as a “gleam in the eye” when the General Assembly and its Joint Commission on Health Care initiated VHCF in 1992, evolved quickly into a dynamic and effective force which has returned the Commonwealth’s investment many times over. We are proud to share

this report on VHCF’s work in FY17, its cumulative effect over the past 25 years, and our thoughts about future directions.

## Transforming Virginia’s Healthcare Safety Net

The free clinics, community health centers, and other similar organizations that comprise Virginia’s healthcare safety net are not “pop-ups” or created overnight. They require thoughtful planning, community support, viable means of sustainability, strong leadership, and a lot of hard work.

The number of these lifesaving organizations has grown by 618% since VHCF’s inception. While the Foundation is not responsible for all of that growth, it has invested

Virginia’s Healthcare Safety Net



substantially in a great deal of it with grants totaling \$47.7 million.

**VHCF's Appleseed Initiative**

has been exceptionally fruitful in expanding the number and size of community health centers over the years (page 10). It underwrites the costs of professional grantwriters and reviewers who prepare compelling applications for new federal community health center funds. VHCF's investment of \$376,000 has generated \$53.1 million and an array of new health centers and services over the past 14 years.

VHCF's venture philanthropy approach to grantmaking has done more

than increase the size of Virginia's healthcare safety net. It has helped make it more stable and sustainable: 89% of the Foundation's former grantees continue to operate at or above their prior level of performance for at least three years after "graduating" from VHCF funding.

VHCF also directs funding and significant staff time to nurturing the development of Virginia's health safety net clinics and centers. This includes financial support for stronger infrastructure, staff and board training, strategic plan development, and occasional grant initiatives such as **Taking Aim, Improving Health**, which VHCF launched in FY17. This



population health initiative is designed to introduce a data driven approach to identifying high cost uninsured patients and provide treatment and a range of services to them to prevent avoidable hospitalizations.

In addition, the Foundation also promotes best practices and provides related information via roundtables, webinars, and other forms of technical assistance. All of this is designed to elevate the level of sophistication and operations of Virginia's health safety net organizations so they can better sustain themselves.

**Maximizing the Availability of Needed Medicines**

Few things are more critical to treating an illness than prescription medicines. They have never been able to achieve so much, and they have never been more expensive. There has always been a need for medication assistance among the uninsured. That need has spread to many insured patients who now have high deductibles. With the double whammy of high deductibles and rising prices of generic and brandname medicines, the need for medication assistance has become pervasive.

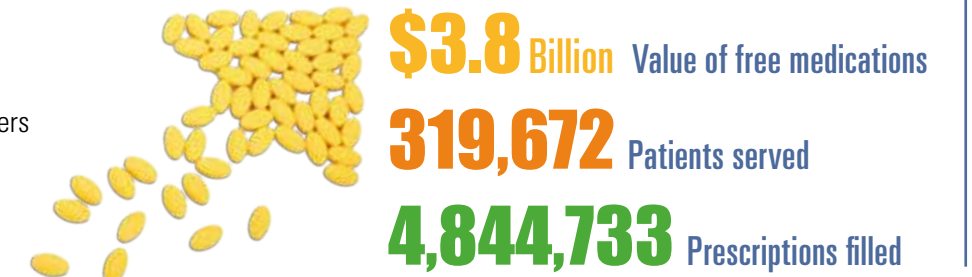
VHCF has long recognized the vital importance of prescription medicines. It made medication assistance a priority twenty years ago and set out to maximize the amount of free medicines available to uninsured Virginians via the brandname pharmaceutical companies' Patient Assistance Programs (PAPs).

To that end, it developed **The Pharmacy Connection (TPC)**, an interactive (now web-based) software that expedites and tracks PAP applications for free chronic disease medicines. Over the years, the organizations that have used TPC have helped more than 319,000 sick uninsured Virginians fill 4,844,733 ninety day prescriptions with an average wholesale price (AWP) value of \$3.8 billion. In FY17 alone, 42,548 patients obtained \$327 million in free primary care medicines.

Recognizing that VHCF could do even more, in 2005 the Foundation started giving grants to health safety net organizations to hire Medication Assistance Caseworkers (MACs). They 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 12 years. The General Assembly provided funding to place MACs in other parts of the state via the **RxRelief Virginia (RxRVa)** initiative.

In FY17 a total of 51.5 RxRVa MACs helped 17,684 uninsured Virginians from 75 localities obtain \$139.8 million AWP in free medicines, using only \$1.6 million in state funds.

**Impact of The Pharmacy Connection**



In addition, VHCF led the effort to establish the RxPartnership (RxP) 14 years ago to make free PAP medicines available more quickly from the clinics and centers that have licensed pharmacies. RxP provided patients with \$29.5 million (AWP) in free medicines last year from GlaxoSmithKline, Merck, Novartis, AbbVie, and Pfizer.

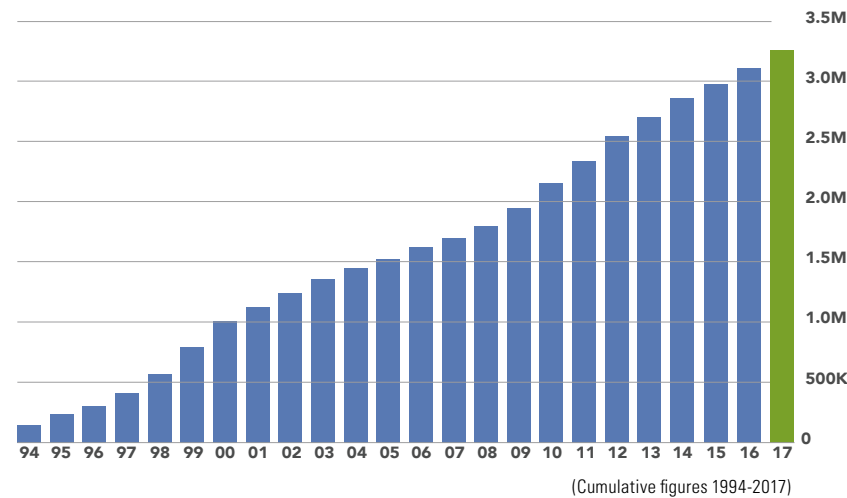
While all of these medication assistance initiatives continue to help tens of thousands of uninsured

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 several 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 safety net budgets for prescription medicines,



**Patient Visits via VHCF Grants**



which had been flat for years, are suddenly growing quickly. Accordingly, 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 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 addressed this problem in several ways. It has included portals with the generic discount programs RxOutreach and Xubex in TPC. In FY17, the number of generic prescriptions obtained through TPC increased by 42% from 9,680 to 13,830.

VHCF also created and deployed a special TPC app in FY17 designed to help health safety net providers determine which, if any, medicines needed to treat a patient’s illnesses are free while in the exam room with

a patient. The app also identifies comparable generics for medicines that aren’t free.

The need for prescription assistance will likely continue to grow for 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.

### Making Critical Investments in Mental Health Services

As the vital role of the brain in physical health has become more fully appreciated, it has led to growing recognition of the value of integrating behavioral healthcare with primary medical care. As a result, the demand for behavioral health professionals has never been greater.

Unfortunately, there is a tremendous shortage of mental health professionals throughout much of



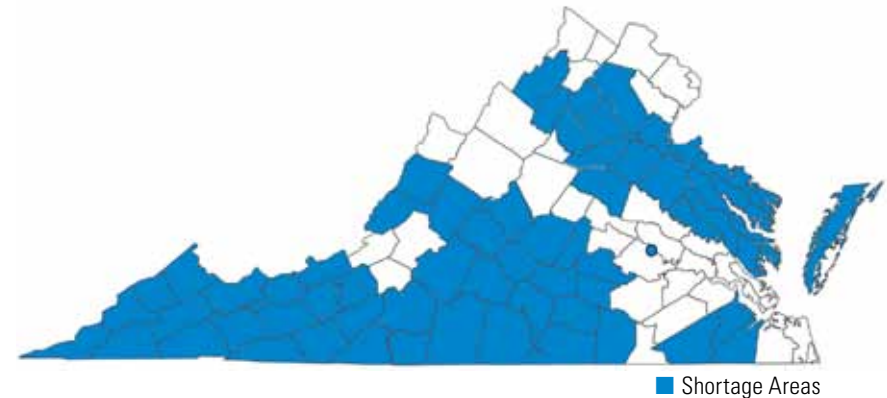
the state, just when they’re needed most. Nearly ¾ of Virginia localities are federally designated mental health professional shortage areas. As a result, recruitment of behavioral health professionals can be very time-consuming, and typically leaves many positions unfilled and many Virginians untreated.

It is no wonder that access to 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. This is especially problematic in Virginia’s healthcare safety net where behavioral conditions such as depression and anxiety are among the top three diagnoses for uninsured patients. Untreated, these



debilitating illnesses often immobilize their victims and are barriers to productivity, family involvement, and engagement in treatment plans for diabetes and other serious chronic conditions with which they co-occur.

### Virginia’s Mental Health Professional Shortage Areas



VHCF has invested \$4.6 million in the past seven years to **seed** and expand the delivery of mental health services in Virginia’s healthcare safety net. This year, to mark the Foundation’s 25th anniversary and to help address some significant gaps in behavioral health services, VHCF announced **Beyond Blue**. This multi-pronged behavioral health initiative is designed to: neutralize the effect of depression on diabetes self-management among health safety net patients; address some of the shortage of mental health professionals by increasing the number of Psychiatric Nurse Practitioners (only 213 practice in Virginia); and introduce

a trauma informed approach to care and resiliency training to Virginia’s health safety net providers.

This \$1.5 million two-year initiative, which will launch in FY18, is underwritten by a \$500,000 challenge grant from the Collis/Warner Foundation. VHCF’s Founding Funders (Anthem Blue Cross and Blue Shield, Kaiser Permanente, and the Virginia Hospital and Healthcare Association) and other key donors will help meet the required 2:1 match.



## Developing and Nurturing a Dental Safety Net

For those of us who have been accustomed to regular dental care, it is startling to learn how many Virginians have never seen a dentist, and astounding that many people equate teeth with pain! About 50%

of Virginians have no dental insurance. As a result, they must pay for dental care as they would for any service or commodity.

For hardworking families just scraping by, it's no surprise that routine dental care often loses out to immediate necessities like food, rent, or a child's winter coat. Nor is it curious that access to oral health care continues to be among the top issues in many community health needs assessments.



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 recognize the importance of accessible oral healthcare for all Virginians.

To that end, VHCF has invested \$13.1 million in **seed** money to establish a dental safety net in the Commonwealth. Today, there are dental safety net clinics in 68 localities. VHCF has funded 46 of them, including 10 in FY17. While tremendous progress has been made, there are still 66 localities without one.

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 \$2 million in costs in the past 10 years.

These special discount programs plus VHCF's Tooth Talk Roundtables and a wide range of 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.

## Giving 95,000 Kids a Strong Foundation for Life

The importance of health insurance for children is indisputable. Numerous studies have documented its link to better health and academic achievement. That's why Virginia's General Assembly established the Family Access to Medical Insurance Security (FAMIS) program in 1998.

It is also why VHCF established **Project Connect** 18 years ago to fund

outreach workers who educate parents about FAMIS and help them apply. Our goal is to ensure that every eligible child ultimately has FAMIS coverage.

FY17 was a wonderful year for our dedicated cadre of 17 Project Connect outreach workers. They helped 7,500 children obtain FAMIS coverage and brought the cumulative total of kids enrolled via Project Connect to 95,000!

Teens are typically the hardest to inform. This led VHCF to partner with the Virginia Department of Education on several initiatives targeted to high school students in FY17. As a result, there is now language about FAMIS on the forms students must complete to participate in school athletics. In addition, a continuing education webinar about the FAMIS program has been created and is now available for

coaches. And, to reach teens directly, information about FAMIS was included in the health and physical education curriculum, a course which all Virginia 9<sup>th</sup> graders are required to take.

In addition to outreach and enrollment, VHCF trains health and human resource professionals in the intricacies of the FAMIS programs through its **SignUpNow** initiative. These trainings

and an accompanying SignUpNow Tool Kit are available in person or online. To date, nearly 10,900 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

“Value add” has been VHCF’s mantra since inception. The Foundation is constantly on the lookout for ways to leverage tax dollars to make a meaningful difference for uninsured and medically underinsured Virginians.

This approach has resulted in VHCF **seeding** and nurturing the organizations and many innovative initiatives highlighted in this report. It has also enabled the Foundation to leverage an average of more than \$11 in cash, health services, and other in-kind contributions for every \$1 expended since inception.

VHCF not only provides significant value add in its investments, it also practices the value add mantra by keeping administrative costs low. They were only 8.2% in FY17.

When we reflect on VHCF’s 25 years of service, another adage, “With age comes wisdom”, springs to mind. As we set a future course of action for VHCF, we will apply the many lessons learned over the years in hopes of reaching a time when health care for all Virginians is a reality, not a wish.



*Robert M. Blue*  
**Robert M. Blue**  
 (Chairman FY18)



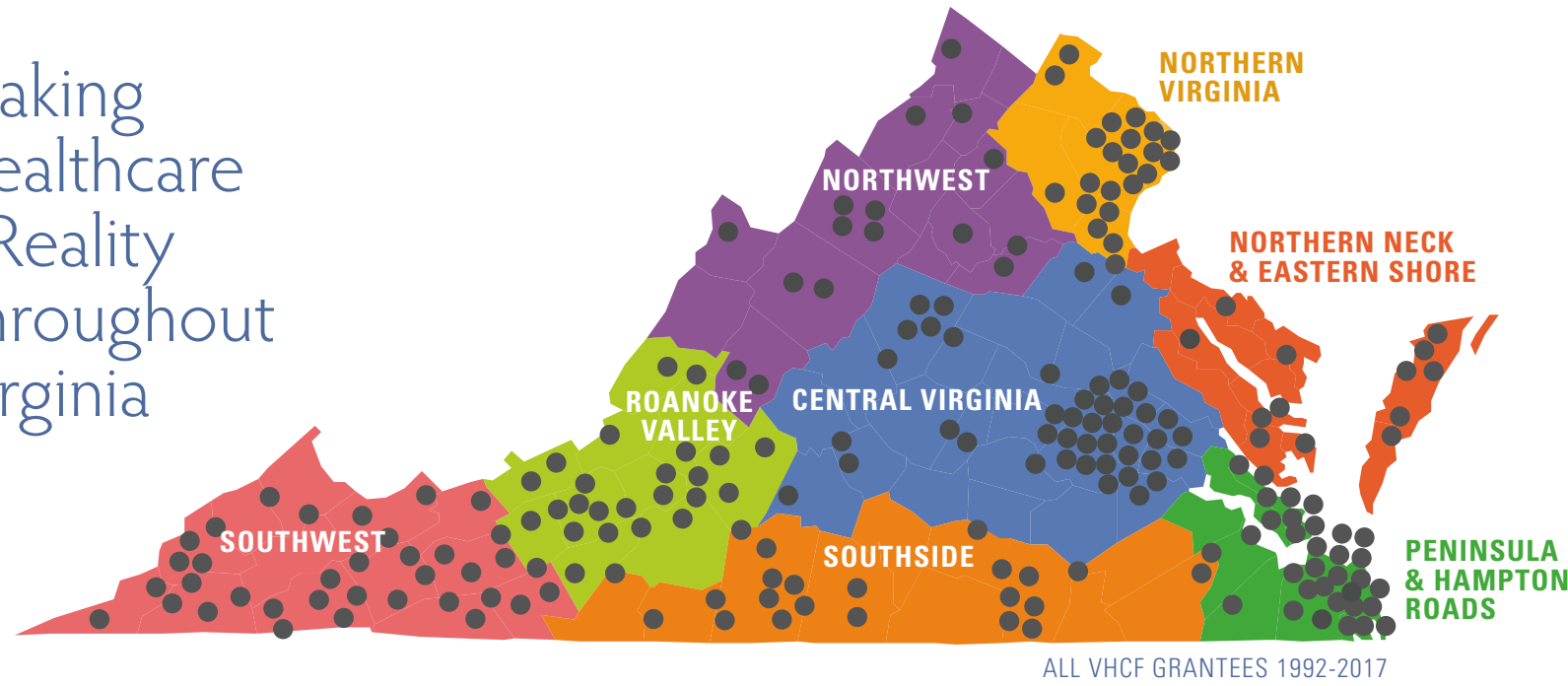
*Ralph L. Howell, Jr.*  
**Ralph L. Howell, Jr.**  
 (Chairman FY17)

VHCF marked its 25<sup>th</sup> anniversary as a public/private partnership by receiving a Commending Resolution on the floor of the Virginia Senate with legislative leaders and many of its former chairmen.

It also recognized its Founding Chairman, U.S. Senator Mark R. Warner, and representatives of the General Assembly’s Joint Commission on Health Care at a special *Heroes in Health Care* event.



# Making Healthcare a Reality Throughout Virginia



ALL VHCf GRANTEEES 1992-2017

## 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
- ChildSavers
- CHIP of Greater Richmond
- CrossOver Healthcare Ministry
- Daily Planet Rx
- Free Clinic of Central Virginia/MedsHelp

- Freedom House – Greater Richmond Homeless Medical Respite
- Goochland Free Clinic and Family Services
- Hayes E. Willis Health Center
- 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 Rx
- 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
- Ledwith Lewis Free 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
- Chesapeake Health Dept.
- 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
- Norfolk Department of Public Health
- 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 Hospital

- Danville-Pittsylvania Community Services
- Free Clinic of Danville
- Halifax Regional Development Foundation, Inc.
- Health Care on the Square – Boydton 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 – Boydton
- 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
  - Tazewell Community Health 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 Rx
  - 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

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

## VHCF Consolidated Statements of Financial Position

June 30, 2017 and 2016

Assets	2017	2016
Current assets:		
Cash and cash equivalents	\$ 2,650,871	\$ 1,700,665
Investments	10,849,627	9,855,503
Appropriations receivable	4,580,571	5,725,714
Interest receivable	19,032	19,003
Contributions receivable	830,066	1,005,579
Prepaid expenses	16,233	14,628
Total current assets	18,946,400	18,321,091
Property and equipment, net	25,720	24,412
<b>Total assets</b>	<b>\$18,972,120</b>	<b>\$18,345,503</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 38,326	\$ 89,850
Accrued rent	21,545	24,969
Grants payable	4,606,919	4,605,393
Total current liabilities	4,666,790	4,720,212
Total liabilities	4,666,790	4,720,212
Net assets:		
Unrestricted	6,953,463	5,054,448
Temporarily restricted	7,294,406	8,570,843
Permanently restricted	57,461	-
Total net assets	14,305,330	13,625,291
<b>Total liabilities and net assets</b>	<b>\$18,972,120</b>	<b>\$18,345,503</b>

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

## VHCF Consolidated Statements of Activities

June 30, 2017 and 2016

	2017				2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:							
Appropriations	\$	\$ 4,445,538	\$	\$ 4,445,538	\$	\$ 4,580,571	\$ 4,580,571
Contributions	150,883	1,295,104	57,461	1,503,448	125,508	892,597	1,018,105
Contract revenue		757,166		757,166		1,467,515	1,467,515
Investment income	571,684			571,684	256,509		256,509
Unrealized net gains on investments	465,562			465,562	16,206		16,206
Other income	307,956			307,956	116,078		116,078
Total support and revenue	1,496,085	6,497,808	57,461	8,051,354	514,301	6,940,683	7,454,984
Net assets released from restriction	7,774,245	(7,774,245)			5,505,838	(5,505,838)	
Expenditures:							
Program services – grants	6,705,436			6,705,436	6,878,961		6,878,961
Supporting services:							
Management and general	480,570			480,570	509,073		509,073
Fundraising	185,309			185,309	82,858		82,858
Total expenditures	7,371,315			7,371,315	7,470,892		7,470,892
Change in net assets	1,899,015	(1,276,437)	57,461	680,039	(1,450,753)	1,434,845	(15,908)
Net assets, beginning of year	5,054,448	8,570,843		13,625,291	6,505,201	7,135,998	13,641,199
<b>Net assets, end of year</b>	<b>\$ 6,953,463</b>	<b>\$ 7,294,406</b>	<b>\$ 57,461</b>	<b>\$14,305,330</b>	<b>\$ 5,054,448</b>	<b>\$ 8,570,843</b>	<b>\$13,625,291</b>

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

## BOARD OF TRUSTEES

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*Fund Development & Communications  
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*Application Specialist*

Juliet R. Tinsley  
*The Pharmacy Connection  
Program Manager*

Ally Singer Wright  
*Dental Opportunities Champion*

# It Takes More Than a Wish




# Thank you!

The **Virginia Health Care Foundation** (VHCF) 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 700,000 uninsured Virginians obtain the health care they need.

**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.







VIRGINIA  
HEALTH CARE  
FOUNDATION

25 YEARS

707 East Main Street, Suite 1350  
Richmond, Virginia 23219  
(804) 828-5804

25 years of sowing and  
nurturing seeds...

vhcf.org



**BB&T**

A special thank you to BB&T  
whose generous support has  
made this publication possible.



**VIRGINIA  
HEALTH CARE  
FOUNDATION**

Financial Statements

June 30, 2017 and 2016



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Glen Allen, Virginia 23060  
Tel: 804.747.0000  
[www.keitercpa.com](http://www.keitercpa.com)

# VIRGINIA HEALTH CARE FOUNDATION

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Virginia Health Care Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Virginia Health Care Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its 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, sweeping horizontal stroke extending to the right.

August 30, 2017  
Glen Allen, Virginia

## VIRGINIA HEALTH CARE FOUNDATION

### Statements of Financial Position June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 2,650,871	\$ 1,700,665
Investments	10,849,627	9,855,503
Government appropriations receivable	4,580,571	5,725,714
Interest receivable	19,032	19,003
Contributions receivable	830,066	1,005,579
Prepaid expenses	<u>16,233</u>	<u>14,627</u>
Total current assets	18,946,400	18,321,091
Property and equipment, net	<u>25,720</u>	<u>24,412</u>
Total assets	<u>\$ 18,972,120</u>	<u>\$ 18,345,503</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 38,326	\$ 89,850
Accrued rent	21,545	24,969
Grants payable	<u>4,606,919</u>	<u>4,605,393</u>
Total current liabilities	<u>4,666,790</u>	<u>4,720,212</u>
Total liabilities	<u>4,666,790</u>	<u>4,720,212</u>
Net assets:		
Unrestricted	6,953,463	5,054,448
Temporarily restricted	7,294,406	8,570,843
Permanently restricted	<u>57,461</u>	<u>-</u>
Total net assets	<u>14,305,330</u>	<u>13,625,291</u>
Total liabilities and net assets	<u>\$ 18,972,120</u>	<u>\$ 18,345,503</u>

See accompanying notes to financial statements.

**VIRGINIA HEALTH CARE FOUNDATION**

Statements of Activities  
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue:				
Government appropriations	\$ -	\$ 4,445,538	\$ -	\$ 4,445,538
Contributions	150,883	1,295,104	57,461	1,503,448
Contract revenue	-	757,166	-	757,166
Investment income	571,684	-	-	571,684
Unrealized net gain on investments	465,562	-	-	465,562
Other income	307,956	-	-	307,956
	<u>1,496,085</u>	<u>6,497,808</u>	<u>57,461</u>	<u>8,051,354</u>
Total support and revenue				
Net assets released from restriction	<u>7,774,245</u>	<u>(7,774,245)</u>	<u>-</u>	<u>-</u>
Expenditures:				
Program services - grants	6,705,436	-	-	6,705,436
Supporting services:				
Management and general	480,570	-	-	480,570
Fundraising	185,309	-	-	185,309
	<u>7,371,315</u>	<u>-</u>	<u>-</u>	<u>7,371,315</u>
Total expenditures				
Change in net assets	1,899,015	(1,276,437)	57,461	680,039
Net assets, beginning of year	<u>5,054,448</u>	<u>8,570,843</u>	<u>-</u>	<u>13,625,291</u>
Net assets, end of year	<u>\$ 6,953,463</u>	<u>\$ 7,294,406</u>	<u>\$ 57,461</u>	<u>\$ 14,305,330</u>

See accompanying notes to financial statements.

## VIRGINIA HEALTH CARE FOUNDATION

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
	<u>514,301</u>	<u>6,940,683</u>	<u>7,454,984</u>
 Total support and revenue			
	<u>514,301</u>	<u>6,940,683</u>	<u>7,454,984</u>
 Net assets released from restriction	<u>5,505,838</u>	<u>(5,505,838)</u>	<u>-</u>
 Expenditures:			
Program services - grants	6,878,961	-	6,878,961
Supporting services:			
Management and general	509,073	-	509,073
Fundraising	82,858	-	82,858
	<u>7,470,892</u>	<u>-</u>	<u>7,470,892</u>
 Total expenditures			
	<u>7,470,892</u>	<u>-</u>	<u>7,470,892</u>
 Change in net assets	<u>(1,450,753)</u>	<u>1,434,845</u>	<u>(15,908)</u>
 Net assets, beginning of year	<u>6,505,201</u>	<u>7,135,998</u>	<u>13,641,199</u>
 Net assets, end of year	<u>\$ 5,054,448</u>	<u>\$ 8,570,843</u>	<u>\$ 13,625,291</u>

See accompanying notes to financial statements.



## VIRGINIA HEALTH CARE FOUNDATION

### Statements of Functional Expenses Year Ended June 30, 2017

	Supporting Services			Total
	Program Services - Grants	Management and General	Fundraising	
Salaries	\$ -	\$ 162,388	\$ 107,017	\$ 269,405
Employee benefits/payroll taxes	-	45,100	26,103	71,203
<b>Total salaries and related expenditures</b>	<b>-</b>	<b>207,488</b>	<b>133,120</b>	<b>340,608</b>
Grants	4,935,242	-	-	4,935,242
RX Partnership	111,850	-	-	111,850
The Pharmacy Connection	414,765	-	-	414,765
MAP	247,728	-	-	247,728
Strategic Initiatives	234,851	-	-	234,851
Child Health Insurance Initiatives	374,045	-	-	374,045
Grantee Technical Assistance	86,144	-	-	86,144
Grantmaking	254,109	-	-	254,109
Dental Opportunities Initiative	46,702	-	-	46,702
Contractual services	-	92,241	-	92,241
Office rent	-	50,560	-	50,560
Investment fees	-	57,915	-	57,915
Telephone and fax	-	4,028	419	4,447
Supplies	-	2,025	46	2,071
Computer software and supplies	-	2,339	-	2,339
Printing and copying	-	7,051	131	7,182
Postage	-	3,915	317	4,232
Travel	-	1,703	251	1,954
Meeting/conference costs	-	15,686	375	16,061
Special events	-	5,058	48,464	53,522
Miscellaneous	-	2,039	200	2,239
Insurance	-	13,258	-	13,258
Subscriptions, fees and dues	-	5,256	1,986	7,242
<b>Total expenditures before depreciation and amortization</b>	<b>6,705,436</b>	<b>470,562</b>	<b>185,309</b>	<b>7,361,307</b>
Depreciation and amortization of property and equipment	-	10,008	-	10,008
<b>Total expenditures</b>	<b>\$ 6,705,436</b>	<b>\$ 480,570</b>	<b>\$ 185,309</b>	<b>\$ 7,371,315</b>

See accompanying notes to financial statements.

## VIRGINIA HEALTH CARE FOUNDATION

### 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
<b>Total salaries and related expenditures</b>	<b>-</b>	<b>257,624</b>	<b>45,166</b>	<b>302,790</b>
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
<b>Total expenditures before depreciation and amortization</b>	<b>6,878,961</b>	<b>499,317</b>	<b>82,858</b>	<b>7,461,136</b>
Depreciation and amortization of property and equipment	-	9,756	-	9,756
<b>Total expenditures</b>	<b>\$ 6,878,961</b>	<b>\$ 509,073</b>	<b>\$ 82,858</b>	<b>\$ 7,470,892</b>

See accompanying notes to financial statements.

## VIRGINIA HEALTH CARE FOUNDATION

### Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 680,039	\$ (15,908)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	10,008	9,756
Net investment income reinvested	(164,294)	(143,823)
Net realized and unrealized gain on investments	(842,169)	(86,898)
Contributions restricted for endowment	(57,461)	-
Change in assets and liabilities:		
Government appropriations receivable	1,145,143	(1,145,143)
Interest receivable	(29)	(5,801)
Contributions receivable	175,513	(174,942)
Prepaid expenses	(1,606)	2,530
Accounts payable and accrued expenses	(54,948)	(100,996)
Grants payable	1,526	791,562
Deferred revenue	-	(103,718)
	891,722	(973,381)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(11,315)	(7,191)
Proceeds from sales of investments	3,012,950	3,122,112
Purchase of investments	(3,000,612)	(3,557,358)
	1,023	(442,437)
Net cash provided by (used in) investing activities		
Cash flow provided by financing activities:		
Contributions restricted for endowment	57,461	-
	950,206	(1,415,818)
Net change in cash and cash equivalents		
Cash and cash equivalents, beginning of year	1,700,665	3,116,483
Cash and cash equivalents, end of year	\$ 2,650,871	\$ 1,700,665

See accompanying notes to financial statements.

# VIRGINIA HEALTH CARE FOUNDATION

## Notes to Financial Statements

### 1. **Organization and Business:**

Virginia Health Care Foundation (the “Foundation”) 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. The Foundation’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 local private funds, and revenue from various sources.

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

**Basis of Accounting:** The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”).

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

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

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

Permanently restricted net assets are endowment funds that are restricted to investment in perpetuity, the income from which is expendable to support the various programs sponsored by the Foundation.

**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 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.

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

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

**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 2017 and 2016, 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 11 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 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 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.

**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.

**Income Taxes:** The Foundation 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, 2017 and 2016. The Foundation is not currently under audit by any tax jurisdiction.

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

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

**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 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 statements of financial position.

**Donated Services:** During 2017 and 2016, the Foundation received professional services at no charge from outside organizations. These services, valued by the donors at approximately \$24,099 in 2017 and \$30,209 in 2016, were recorded as unrestricted contribution revenue and recorded as expenditures in the related expense accounts in the accompanying statements of activities.

**Grants:** The Foundation makes grants to various 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 \$213,620 in 2017 and \$164,479 in 2016 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 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 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 30, 2017, the date the financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

#### 3. Cash and Cash Equivalents:

Cash and cash equivalents include the following as of June 30, 2017 and 2016:

	2017	2016
Cash on deposit	\$ 2,634,653	\$ 1,674,447
Money market funds	16,218	26,218
	\$ 2,650,871	\$ 1,700,665

#### 4. Investments:

The costs and fair values of investments as of June 30, 2017 and 2016 are summarized as follows:

	2017		2016	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 626,654	\$ 626,654	\$ 821,450	\$ 821,450
Certificates of deposit	500,000	500,000	-	-
Common stocks	4,935,094	7,003,611	5,001,834	6,560,548
Corporate bonds	2,693,083	2,719,362	2,402,985	2,473,505
	\$ 8,754,831	\$ 10,849,627	\$ 8,226,269	\$ 9,855,503

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

	2017	2016
Interest income	\$ 195,077	\$ 185,817
Net realized gains	376,607	70,692
	\$ 571,684	\$ 256,509
Net unrealized gains	\$ 465,562	\$ 16,206

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to 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, 2017 and 2016.

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.

**Securities:** Valued at the closing price reported on the active market on which the individual mutual funds and common stocks 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**

Notes to Financial Statements, Continued

**5. Fair Value Measurements, Continued:**

Investments measured at fair value on a recurring basis at June 30, 2017 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Assets:			
Money market funds	\$ 626,654	\$ -	\$ 626,654
Certificates of deposit	-	500,000	500,000
Securities:			
Closed end mutual funds	887,742	-	887,742
Consumer discretionary	702,953	-	702,953
Consumer staples	638,025	-	638,025
Energy	477,784	-	477,784
Financials	1,219,965	-	1,219,965
Health care	826,784	-	826,784
Industrials	799,665	-	799,665
Information technology	723,431	-	723,431
Materials	279,137	-	279,137
Real estate investment trusts	361,313	-	361,313
Telecommunication services	39,301	-	39,301
Utilities	47,511	-	47,511
Corporate bonds	-	2,719,362	2,719,362
	<u>\$ 7,630,265</u>	<u>\$ 3,219,362</u>	<u>\$ 10,849,627</u>

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to 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
Securities:			
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
	\$ 7,381,998	\$ 2,473,505	\$ 9,855,503

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

#### 5. Fair Value Measurements, Continued:

The Foundation's investments in certificates of deposit and corporate bonds are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2017, the redemption periods and related amounts were as follows:

Year Ended June 30:	Certificates of Deposit	Corporate Bonds
2018	\$ 500,000	\$ -
2019	-	352,683
2020	-	427,843
2021	-	484,101
2022	-	627,505
2023	-	-
2024	-	350,092
2025	-	102,007
2026	-	185,878
2027	-	189,253
	\$ 500,000	\$ 2,719,362

#### 6. Contributions Receivable:

Contributions receivable are summarized as follows as of June 30, 2017 and 2016:

	2017	2016
Unconditional contributions expected to be collected in:		
Less than one year	\$ 830,066	\$ 1,005,579
Total contributions receivable	\$ 830,066	\$ 1,005,579

There was no discount on future expected cash flows from contributions receivable in 2017 and 2016.

**VIRGINIA HEALTH CARE FOUNDATION**

Notes to Financial Statements, Continued

**7. Property and Equipment, Net:**

Property and equipment, net as of June 30, 2017 and 2016 is as follows:

	2017	2016
Equipment	\$ 97,971	\$ 89,049
Leasehold improvements	2,949	2,949
Software	42,749	42,749
	143,669	134,747
Less accumulated depreciation and amortization	117,949	110,336
Property and equipment, net	\$ 25,720	\$ 24,412

**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 \$104,465 in 2017 and \$103,807 in 2016. Future minimum lease payments as of June 30, 2017 are:

Year Ended June 30:	Amount
2018	\$ 106,647
2019	100,478
2020	76,498
Total	\$ 283,623

**9. Restricted Net Assets:**

Temporarily restricted net assets are available for program development purposes in the following periods subsequent to June 30, 2017 and 2016:

	2017	2016
For periods after the end of the fiscal year	\$ 7,294,406	\$ 8,570,843

Net assets released from restriction in 2016 and 2015 were released for program development purposes.

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

#### 9. Restricted Net Assets, Continued:

During 2017, the Foundation established the *Deborah D. Oswalt Excellence in Leadership Endowment*. The purpose of the endowment is to support, encourage, and sustain Virginia's health safety net leaders. The Foundation has received contributions to the endowment fund totaling \$57,461, which are primarily held in cash at June 30, 2017.

#### 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 \$52,560 in 2017 and \$53,332 in 2016.

#### 11. 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 2018 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 2018 budget, the appropriation was included as a receivable as of June 30, 2017 in the accompanying 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 2018 fiscal year budget. These appropriations accounted for 55% of support and revenue for 2017 and 61% of support and revenue for 2016. These appropriations accounted for 85% of total receivables at June 30, 2017 and 84% of total receivables at June 30, 2016.

## VIRGINIA HEALTH CARE FOUNDATION

### Notes to Financial Statements, Continued

#### 12. New Accounting Guidance:

**Not-for-Profit Financial Statements:** In August 2016, FASB issued Accounting Standards Update (“ASU”) No. 2016-14, “Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities”, which both simplifies certain aspects of reporting required by not-for-profit organizations and increases disclosures with a goal to improve the usefulness of not-for-profit financial statements to the various stakeholders, including management, directors, lenders, and donors. Key changes include the following:

- Replaces the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets—net assets with donor restrictions and net assets without donor restrictions
- Changes the net asset classification of the underwater amounts of donor-restricted endowment funds to be shown as a component of *net assets with donor restrictions* and requires additional disclosures for underwater endowment funds
- Requires all not-for-profits to provide expenses by nature and function
- Requires expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources

The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The Foundation has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.

**Leases:** In February 2016, the FASB issued a new accounting standard for leases that will impact both lessees and lessors. The new lease standard will require leases with terms more than 12 months to be recognized on the statement of financial position of lessees by recording a right of use asset with a corresponding obligation to pay rent liability which will be calculated based on the net present value of rental payments. This change is expected to be effective starting with years beginning after December 15, 2018. The Foundation is evaluating the impact that this pronouncement will have on its financial statements.