



WHAT'S NEXT?

2018 Virginia Health Care Foundation Annual Report



WE KEEP ON TRUCKIN'

NEW CHANGES WILL MAKE HEALTH

INSURANCE available to many uninsured Virginians. We celebrate this significant milestone, as we remain focused on the road ahead.

THERE ARE MILES TO GO in the journey of making health care available to all.

To help Virginia reach that destination,

WE WILL...



KEEP ON...

helping uninsured Virginians obtain health coverage

Applying for coverage is difficult for everyone. It can be especially overwhelming for those who lack the computer or educational literacy needed to navigate the required forms and attachments.

These individuals literally cannot afford to make a mistake – an incorrect application may prevent them from receiving coverage. They need someone in their corner to help them with the application process.

VHCF has helped enroll more than 100,000 children in Virginia’s FAMIS health insurance programs over the past 20 years. Now, we are extending that expertise to those newly eligible for Medicaid.

For nearly 400,000 Virginians, health coverage is, at last, within their grasp. VHCF is working hard to help them reach it.

“One-on-one application assistance is critical for families who do not know how to access health coverage.”

– Ralph S. Northam
Governor of Virginia



KEEP ON...

advancing effective new ways to deliver care

There always will be better ideas and improved approaches to delivering care. The challenge is identifying and promoting those that make the biggest impact in improving patients' health and access to care.

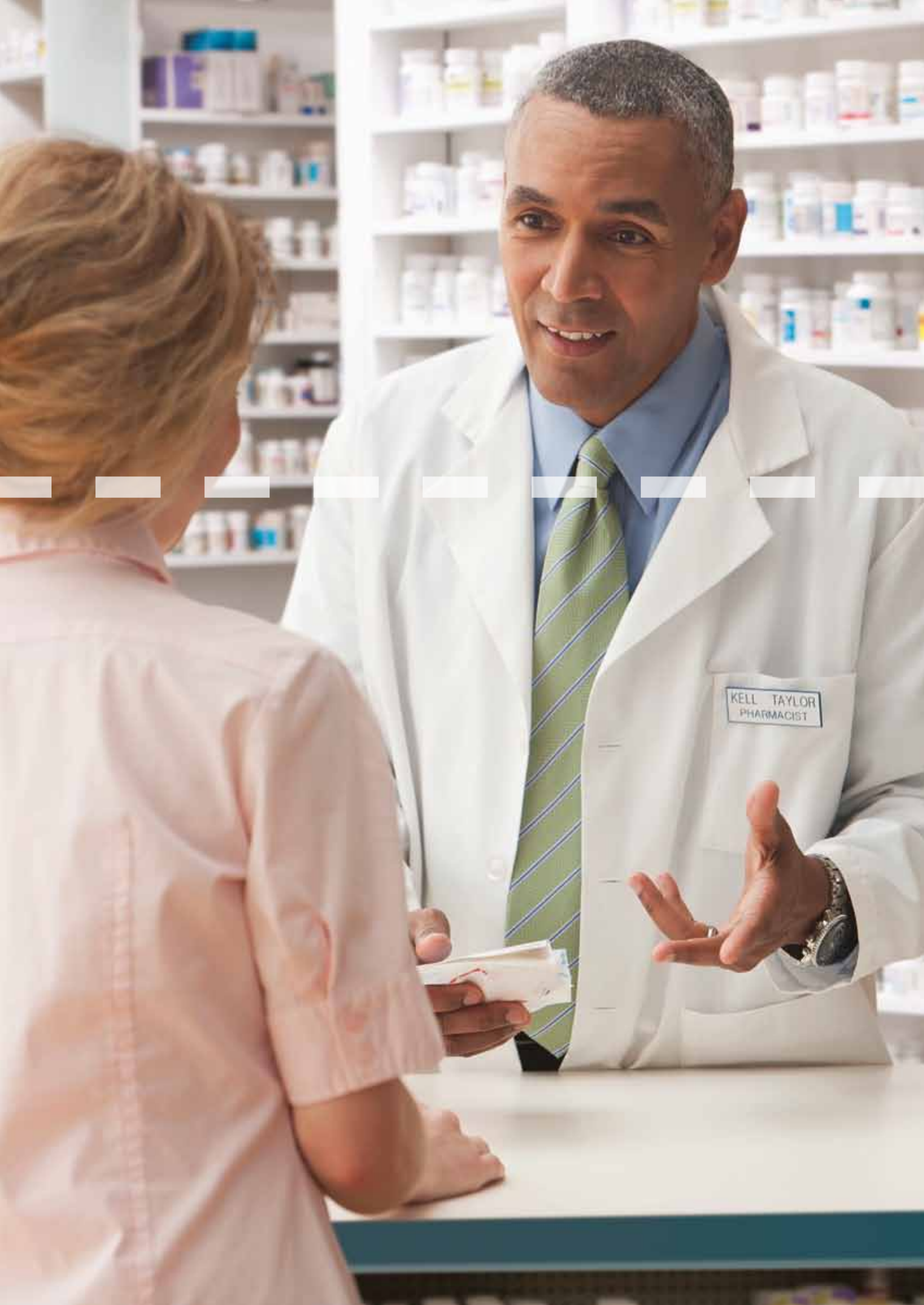
Integrating oral health care and medical care is one such best practice. Gum disease increases the risk of miscarriage. Uncontrolled bacteria in the mouth exacerbates the effects of diabetes and heart disease.

Building on the efforts of the Virginia Oral Health Coalition, VHCF has helped educate dental safety net clinics throughout the state about the importance of oral health integration and how to achieve it. We have also woven requirements for oral health integration into all new dental grants.

Whether spotting new approaches on our own, or advancing those championed by others, VHCF promotes best practices within the healthcare safety net, and is helping improve efficiencies, outcomes, and access to care.

“One’s overall health is dependent on the health of the mouth and teeth. Integrating oral health care and medical care is a must!”

– **David C. Sarrett,**
*DMD, MS, Dean,
School of Dentistry,
Associate Vice
President, Faculty Affairs
Virginia Commonwealth
University*



KEEP ON...

innovating to remove barriers to treatment

People with chronic diseases depend on prescription medicines to live longer, healthier lives, but most uninsured Virginians can't afford them.

Brandname pharmaceutical companies have Prescription Assistance Programs (PAPs) that provide these medicines free for those in need. But, each requires a separate application and has different criteria.

VHCF addressed the problem in a brand new way, developing *The Pharmacy Connection* (TPC), a software that streamlines and consolidates a patient's applications across all PAPs, including tracking and re-ordering as needed.

Twenty years later, TPC is the flagship of VHCF's many innovations, having filled more than 5 million prescriptions for 334,000 chronically ill Virginians. The value of these meds: \$4.8 billion. That's Billion with a B!

This is just one of VHCF's creations. Where there are obstacles to care, VHCF has demonstrated success in finding ways to overcome them.

"Initially, we couldn't provide many of the free medicines, because we had to complete the applications manually. The Pharmacy Connection changed everything!"

– Jeanne Nelson
*Executive Director,
Northern Neck-
Middlesex Free
Health Clinic*



KEEP ON...

addressing shortages in Virginia's health workforce

There are far too many areas in Virginia where there's no one to help. Overburdened professionals have no room for new patients and can barely accommodate the ones they have – if there are any local providers at all.

The most critical shortage is in behavioral health. The number of Virginians needing care is increasing, while the pool of mental health professionals is dwindling.

The shortage of psychiatric nurse practitioners (Psych NPs) is most compelling. There are only 275 in the entire Commonwealth! Half of Virginia localities have none.

To address this, VHCF offers full scholarships to nurse practitioners who want a post-master's Psych NP certificate, so they can learn to diagnose and treat mental illnesses. In return, scholarship recipients must work in a Virginia health safety net setting for two years after graduating.

This initiative is just one of the ways VHCF is working to ensure there are needed health professionals in all parts of Virginia.

“There is a critical shortage of mental health professionals across most of Virginia.”

– Daniel Carey
Virginia Secretary of Health and Human Resources

KEEP ON... Giving Thanks

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Commonwealth of Virginia
Campaign (CVC 003471)
Combined Federal Campaign
(CFC 31808)

The list above reflects gifts over \$100 received between July 1, 2017 and June 30, 2018. We have taken great care to ensure the accuracy of this list and deeply regret any errors or omissions. Please contact Stephanie Buxton, stephanie@vhcf.org, with any corrections.



CHAIRMAN'S REPORT



We often hear that life is all about the journey. As we strive to fulfill the Virginia Health Care Foundation's (VHCF) mission, however, we are all about the **destination** – *ensuring that needed health care is available for all.*

We have long recognized that there are many factors that affect access to health care – affordability, a sufficient number of providers well-distributed throughout the state, and effective service delivery models, among others. As a public/private partnership, our approach has been to work on all of these issues, complementing the Commonwealth's priorities and identifying every opportunity to leverage our limited resources.

As circumstances have changed and new possibilities have become apparent throughout the years, VHCF has undertaken new initiatives

designed to move Virginia closer to our ultimate destination.

That was certainly true in the past year, as VHCF launched **Beyond Blue**, a special behavioral health initiative to help address several mental health concerns. That will also be true as we work in partnership with the Commonwealth to maximize enrollment of those newly eligible for Medicaid.

At the same time, we continue to implement our core programs which do so much for so many. This year, VHCF marked significant

achievements in the value of free prescription medicines obtained via **The Pharmacy Connection** and in the number of children enrolled in the state's FAMIS health insurance programs via our **Project Connect** outreach workers. The breadth of VHCF's portfolio reflects the broad scope of opportunities to increase access to needed care.

In all of the Foundation's undertakings, we are focused on results. The past year was especially productive, both by the numbers and our impact on uninsured and medically underserved Virginians.



MORE GROWTH IN THE DENTAL SAFETY NET

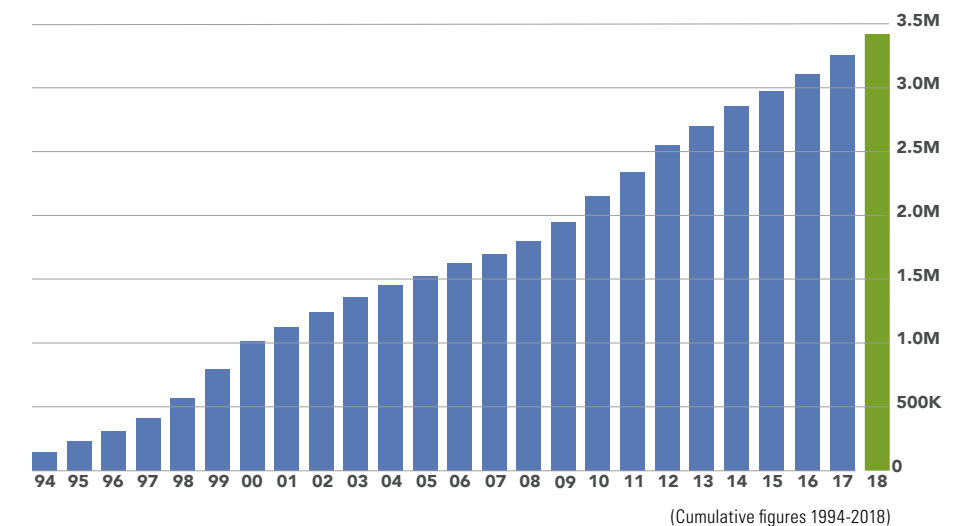
At VHCF, we agree with Miguel de Cervantes who said "Every tooth in one's head is more valuable than a diamond." We understand the very direct correlation between good oral hygiene and a person's overall health. We also recognize that a substantial number of Virginians have no dental insurance and must purchase dental care as 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. It's no wonder that access to dental care is a top issue in many community health needs assessments.

VHCF has dedicated itself to alleviating this problem. We have invested \$14.5 million to establish and expand Virginia's dental safety net over the years. Today there are 67 localities with dental safety net clinics. VHCF has funded 53 of them, including 12 in FY18. While great progress has been made, there are still 66 localities without one.

The high costs of dental equipment and supplies make it expensive to operate a dental clinic – even with volunteer dentists. To make costs more manageable and stimulate further growth, VHCF forged a partnership with Patterson Dental Company 11 years ago to provide its deepest discount to all Virginia

PATIENT VISITS VIA VHCF GRANTS





dental safety net clinics, regardless of their size. In FY18, participating clinics saved \$251,000 on the costs of dental equipment, supplies, practice software, and repairs and maintenance. Savings total \$2.3 million since the program's inception.

VHCF also provides training and tools for dental safety net clinics to use with their patients. From oral health integration, to improving business practices, or developing a trauma informed approach to dental care, VHCF continually works to inform and elevate the delivery of care in Virginia's dental safety net.

These trainings, the dental safety net discount program, VHCF's Tooth Talk semi-annual Roundtable, 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.

A SPECIAL FOCUS ON MENTAL HEALTH

Sometimes lack of access to care is due to affordability and lack of health coverage. In other instances, such as mental health, lack of access is often related to an insufficient number of providers.

Much of Virginia (3/4) is a mental health professional shortage area. This means there are not enough mental health professionals per capita to

provide needed services. This shortage is projected to get worse, due to the large numbers of behavioral health professionals at or nearing retirement age. Currently, there are not enough in the pipeline to replace them.

MORE PSYCHIATRIC NURSE PRACTITIONERS

To help address this problem, VHCF has focused on increasing the number of Psych NPs. Other than psychiatrists, they are the

only mental health professionals trained and licensed to prescribe the medicines which are often needed to help address many mental health conditions. Unfortunately, there are only 275 of these valuable mental health professionals in all of Virginia!

For the past five years, the Foundation has engaged in a number of efforts designed to increase the number of Psych NPs. The most impactful thus far is **VHCF Scholars**, our Psych NP scholarship program. VHCF pays full tuition and all required fees for any nurse practitioner who returns to school for a post-master's certificate as a Psych NP. In return, the new Psych NP must work for two years in Virginia's health care safety net upon graduation.

To date, VHCF has graduated three Psych NPs who are working in the health safety net. An additional one has fulfilled her health safety net obligation and continues to practice in Virginia. Four more are in school pursuing these additional credentials and another 14 have applied or are in the pipeline.

In the past year, we conducted a listening tour of the deans of the nursing schools that offer Psych NP degrees. That led to a number of new initiatives to elevate the profile of and promote the profession. We also convened a meeting with the directors of Virginia's Psych NP programs to discuss common issues and challenges. This led to a survey of all of the schools' programs, which should provide a platform for collaboration among programs and additional initiatives to boost the number of Psych NPs.

DIAGNOSING AND TREATING DEPRESSION IN DIABETICS

Sometimes, a patient has no access to mental health services, because the need for them has not been recognized. This can be the case



for diabetics. A significant portion of health safety net patients with diabetes suffer from the co-morbidity of depression. Often, untreated depression holds a patient back from making needed changes in diet and physical activity.

To help address this, VHCF launched **Defeating the Deadly Double: Depression and Diabetes** this year. It is designed to help participating health safety net organizations change their daily routines and workflows to ensure that all diabetic patients who have depression are identified and receive appropriate treatment.

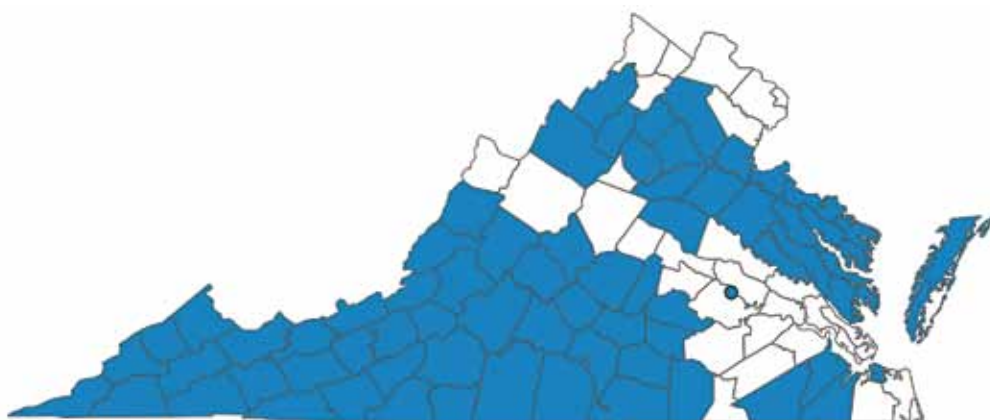
The strong focus on measuring patient improvements in both depression and diabetes indicators will result in healthier lives for patients and provide a path forward for other interested health safety net organizations.

A TRAUMA INFORMED APPROACH

Recognizing that some mental health issues are not readily apparent, VHCF also started an initiative this year that broadened the scope of a "trauma informed approach to care" from just children to adults. This acknowledges that people of all ages may have unresolved traumatic events that affect them and the way they go about their lives, interact with others, and engage with health care providers.



VIRGINIA'S MENTAL HEALTH PROFESSIONAL SHORTAGE AREAS



■ Shortage Areas



Tools customized by VHCF to help adult patients identify and build their resilience skills.

To introduce this concept and help health safety net providers better engage with these patients, VHCF developed a special tool that providers and staff can use to help patients identify past traumas and develop their resilience traits and skills. This tool, a special deck of playing cards, was developed in partnership with the Community Resilience Initiative in Walla Walla, Washington. VHCF launched this initiative with a statewide conference on trauma informed care and is now sponsoring separate workshops to train providers and designated staff on how to use the resilience cards.

All of these mental health initiatives are a part of the Foundation's Beyond Blue behavioral health initiative, which is underwritten by a generous

challenge grant from the Collis Warner Foundation and the many donors who helped VHCF exceed the required match.

MAXIMIZING THE AVAILABILITY OF FREE MEDICINES

Prescription medicines are the workhorses of medical treatment. They are essential to curing acute illnesses and improving and stabilizing chronic diseases.

For many patients, these medicines are key to maintaining their health so that they can work and support their families. For others, the medicines, literally, are the difference between life and death. They are also increasingly expensive and often beyond the reach of uninsured Virginians.

Just as these medicines are workhorses, so too, is **The Pharmacy Connection** (TPC) software. VHCF created it 20 years ago to expedite access to the free chronic disease medicines offered to eligible uninsured patients by the patient assistance programs (PAPs) of the brandname pharmaceutical companies.

In that time, TPC has generated \$4.8 billion in free medicines for sick uninsured Virginians. In FY18 alone, 42,652 uninsured patients obtained more than 214,000 prescriptions from TPC valued at \$924 million.

Over the past five years, as some of the most frequently prescribed medicines became unavailable from the PAPs, many of Virginia's health safety net organizations had to turn to costly generic medicines to fill the gap. In response, VHCF negotiated arrangements with several distributors of discounted generic medicines and included them in TPC.

The Foundation also created a TPC app, which providers now use when they are in the exam room with a patient. It enables them to determine if there are free medicines that would be effective in treating the patient, or find the lowest cost medicine, if a generic must be purchased.

To meet the goal of maximizing the amount of free medicines available to uninsured Virginians, VHCF also created **RxRelief Virginia** (RxR Va) 11 years ago. Through this initiative, 37 organizations receive VHCF grants to hire medication assistance caseworkers (MACs). Their primary responsibility is to use TPC or other appropriate means to help uninsured patients obtain the medicines



they need. In FY18, RxR Va's 60 MACs helped 17,830 chronically ill uninsured patients fill nearly 100,000 prescriptions with the value of more than \$155 million.

In addition, the MACs of the Greater Williamsburg Medication Assistance Program (GWMAP), obtained impressive results for the 2,200 patients they helped in FY18. GWMAP is funded by the Williamsburg Health Foundation and administered by VHCF.

To further maximize the amount of free medicines available to uninsured Virginians, VHCF led the effort to establish the **Rx Partnership** (RxP) 15 years ago. It enables the 22 free clinics which have licensed pharmacies to obtain free PAP medicines quickly by ordering them in bulk from participating PAPs. Rx Partnership provided patients with \$23.8 million in free medicines last year from GlaxoSmithKline, Merck, Novartis, AbbVie, and Pfizer.

In FY18, RxP piloted a new initiative, the **Access to Medication Program** (AMP), to help free clinics that do not have a licensed pharmacy obtain the medicines they need at low prices. Through a collaborative and creative approach, AMP provides generic prescriptions through a central-fill pharmacy located at the Lloyd F. Moss Free Clinic.

VHCF provided a significant grant this year to take the AMP pilot to scale. Six clinics are in various stages of using this innovative model, and RxP is in the midst of determining ultimate costs and a viable sustainability plan for it.

TAKING AIM, IMPROVING HEALTH

Two years ago, VHCF launched its first population health initiative. **Taking Aim, Improving Health** was designed to stimulate collaboration between health safety net organizations and their local hospitals to improve the health of 1,095 high cost, uninsured patients.

This 18 month initiative concluded in FY18 and resulted in significant lessons for effective approaches to care. It also resulted in **\$2.8 million in charity care cost savings**, as reported by the participating hospitals! Specifically, emergency department visits declined by 50% and avoidable hospitalizations declined by 55%.

One key to success throughout the various initiatives was 1:1 patient interaction with community health workers and/or care coordinators.

Patients' needs and the obstacles to improving their health varied tremendously. Some simply needed the tools necessary to monitor and maintain their health, e.g. glucometers, medicine. Others needed help navigating the complexities of the healthcare system. Still others needed someone with whom to check-in regularly regarding their progress and next steps. A range of social determinants (insufficient food in the house, no transportation)

IMPACT OF THE PHARMACY CONNECTION

\$4.8 Billion Value of free medications
334,127 Patients served
5,054,674 Prescriptions filled



precluded others from stabilizing their diseases and avoiding unnecessary visits to their local emergency departments.

Perhaps the most important lesson from this initiative is that population health is a valuable tool for those interested in maximizing patient impact and reducing healthcare costs.

Clearly, the hospital partners valued the interventions. Five of the six participants have indicated that they are continuing the positions initially underwritten by VHCF's grants!

HEALTH INSURANCE FOR 100,000 CHILDREN!

It has long been our philosophy at VHCF that comprehensive health insurance is the most effective way to ensure that Virginians have the health care they need. To that end, VHCF has led private sector outreach and enrollment efforts for 20 years and has partnered with the state to identify and enroll eligible children in the state's FAMIS health insurance programs for much of that

time. VHCF's experience training and supporting outreach workers resulted in a combined denial rate for applications submitted by its outreach workers in FY18 of only 6.5%.

In addition, we have trained 11,200 health and human services professionals and community volunteers how to help children and

families apply for the FAMIS programs via our **SignUpNow** initiative, since inception. These trainings are available in person or online.

It is synergistic that we celebrated the enrollment of 100,000 children by our **Project Connect** outreach workers at the same time the General Assembly broadened Medicaid eligibility.

With new coverage coming, we are working with our partners at the Department of Medical Assistance Services and the Department of Social Services to retool our SignUpNow trainings to include those newly eligible for Medicaid. This will prepare a cadre of application assistors throughout the state to help many of the 400,000 Virginians newly eligible for Medicaid complete the forms correctly.

We look forward to the day that all children and newly-eligible Virginians have the health insurance they need.



Governor Ralph Northam celebrates at VHCF's 100,000 children enrolled event.

11:1 LEVERAGE

As VHCF has undertaken the journey of making health care more available to uninsured and medically underserved Virginians, we have taken our role as a public/private partnership seriously. We are ever mindful of leveraging the taxpayer dollars we receive to produce the greatest return – from both a human and financial perspective.

In fact, exemplary stewardship is one of our core values. This approach has enabled VHCF to leverage an average of \$11 in cash, health services, and other in-kind contributions for every \$1 spent since inception. It has also resulted in low administrative costs. They were just 8.6% in FY18.



VHCF's Project Connect outreach workers celebrate their achievement of enrolling more than 100,000 children in the state's FAMIS health insurance programs.

THE ROAD AHEAD

The next year promises to be fulfilling and all-consuming as we work to maximize enrollment in the new health coverage. We will also support Virginia's health safety net organizations as they transition newly eligible patients to coverage and continue treating their remaining patients and many of the tens of thousands of Virginians who remain uninsured and eligible for their services.

WHAT'S NEXT?

The road beyond provides many opportunities and future mileposts, as we move ever closer to our ultimate destination of health care for ALL Virginians. ♦

Robert M. Blue, VHCF Chairman

KEEP ON... Investing

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
- RxPartnership Rx
- 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 + + Rx + + + + + +
- Northern VA Dental Clinic
- Northern VA Family Service
 - Loudoun + Rx
 - Prince William Rx Rx
- NOVA ScriptsCentral +
- 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 + + * + Rx + +
- Bon Secours Richmond Health System
 - Care-A-Van Mobile Medical Clinic + +
- Capital Area Health Network –
 - Vernon J. Harris Community Health Center

- Center for Healthy Hearts + Rx
- Central Virginia Health Services, Inc. Rx
- Charles City Regional Health Services Rx
- Hopewell-Prince George Community Health Center
- King William-Dawn Community Doctors Rx
- Petersburg Health Care Alliance +
- Charlottesville Area Dental Access
- Charlottesville Free Clinic + + + +
- Chesterfield Health District
- Children's Hospital of Richmond at VCU
- ChildSavers
- CrossOver Healthcare Ministry * + + Rx + + + +
- Daily Planet Health Services Rx
- Free Clinic of Central Virginia/MedsHelp + Rx + Rx + +
- Goochland Cares + +
- Hayes E. Willis Health Center + +
- Health Brigade Rx + +
- Henrico Area Mental Health & Development Services
- Henrico County Public Schools
- Irvin Gammon Craig Health Center + + + Rx
- Jefferson Area Board for the Aging – Geriatric Assessment/Intervention Team + +
- Jefferson Area CHIP *
- Johnson Health Services + + + +
- Lloyd F. Moss Free Clinic + + + + *
- Louisa County Resource Council + +
- Rappahannock Area Health District – Caroline Caries Program
- Richmond City Health District + + + +
- Senior Connections Rx
- United Way – Thomas Jefferson Area + + Rx + +
- Virginia Commonwealth University Health System + +
- Virginia Treatment Center for Children + +
- Vision to Learn

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 + Rx + + + *
- Atlantic Community Health Center
- Eastville Community Health Center
- Onley Community Health Center + +

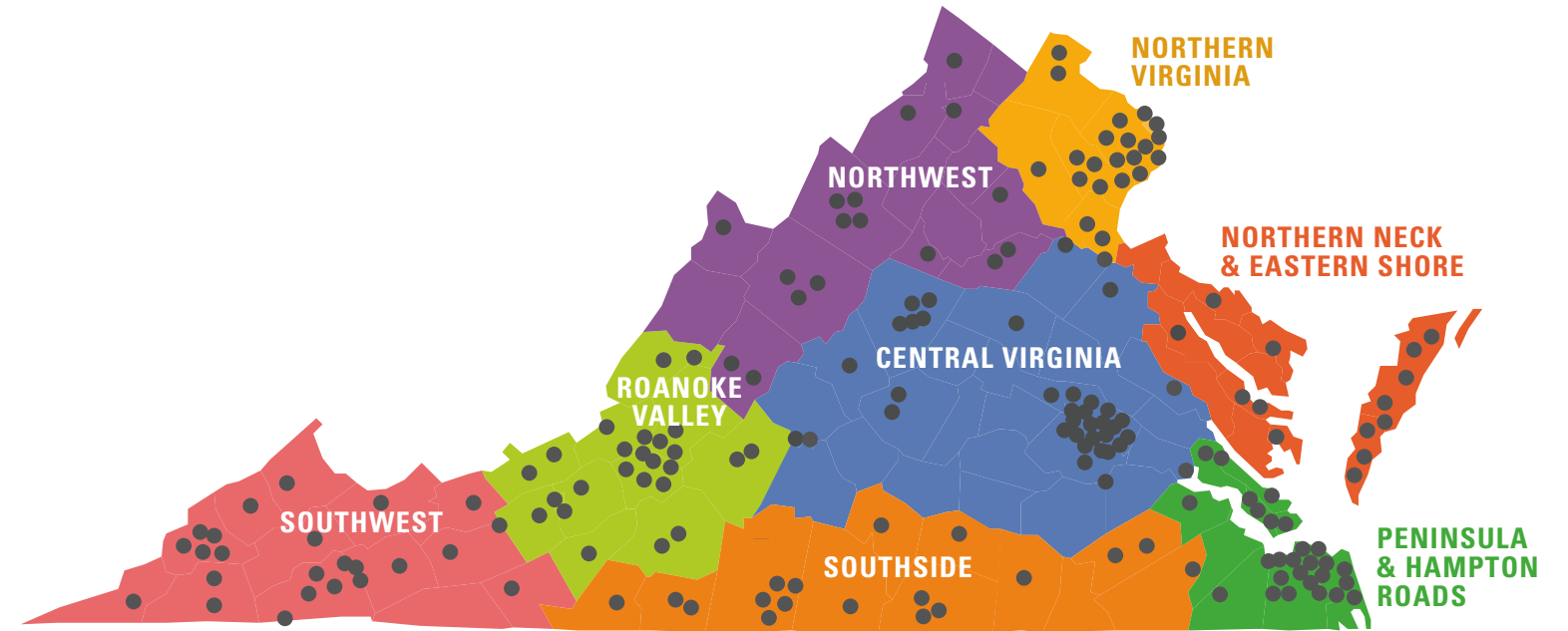
- Eastern VA Telemedicine Network
- Gloucester-Mathews Care Clinic Rx Rx
- Ledwith Lewis Free Clinic +
- Middle Peninsula Northern Neck Community Services Board
- Northampton County School-Based Dental Program
- Northern Neck Middlesex Free Clinic + + Rx + +

PENINSULA AND HAMPTON ROADS

- Access Partnership
- Beach Health Clinic + + + Rx
- Catholic Charities of Eastern Virginia Rx
- Chesapeake Care Clinic
- Chesapeake Health Dept.
- CHIP of South Hampton Roads * + +
- Colonial Behavioral Health Rx
- Community Free Clinic of Newport News + Rx
- Consortium for Infant and Child Health + +
- EVMS Resource Mothers Program *
- Hampton Ecumenical Lodgings and Provisions, Inc. (HELP Free Clinic) Rx
- Hampton Roads Community Health Center (Norfolk)
- Horizon Health Services – Surry Medical Center
- Jewish Family Services of Tidewater
- Lackey Clinic Rx Rx + Rx + +
- Maryview Foundation Healthcare Center + Rx
- Norfolk Department of Public Health
- Olde Towne Medical and Dental Center + + Rx + +
- Peninsula Agency on Aging MedTran Project *
- The Planning Council + +
- Portsmouth Adult Care Clinic +
- Sentara Medical Group
- Southeastern Virginia Health System + Rx +
- Stoneybrook Physicians Rx
- Virginia Beach Family Medical Center Rx
- South Norfolk Health Center/Chronic Care Adult Clinic +
- The STOP Organization + +
- Western Tidewater Free Clinic Rx + +

SOUTHSIDE

- Central Virginia Health Services, Inc.
 - Charlotte Primary Care + + +
 - Southside Community Health Center
- Danville-Pittsylvania Community Services + + +
- Free Clinic of Danville + +
- Halifax Regional Development Foundation, Inc. Rx + +



- Horizon Health Services – Waverly Medical Center
- Lake Country Area Agency on Aging
- Martinsville/Henry County Coalition for Health & Wellness Rx + + + + *
- Piedmont Access to Health Services (PATHS) Rx
- PATHS Community Dental Center – Boydton
- Pittsylvania County Community Action, Inc.
- Southern Dominion Health System
 - Lunenburg Community Health Center + + *
- Stony Creek Community Health Center +
- VCU Health Community Memorial Hospital + + Rx + +
- Virginia Western Community College Telemedicine Dental Hygiene Initiative + +
- West Piedmont Health District
- Western Tidewater Health District Children's Dental Clinic

SOUTHWEST

- Ballad Health Rx
- Bland County Medical Clinic + +
- Brock Hughes Free Clinic + + +
- Clinch River Health Services + +
- Cumberland Plateau Health District +
- The Health Wagon +
- Lenowisco Health District + Rx *
- Lonesome Pine Office on Youth +
- Mel Leaman Free Clinic +
- Mt. Rogers Medication Assistance Program Rx
- Mountain Empire Older Citizens, Inc. Rx
- 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
- 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 + Rx
- CHIP of Roanoke Valley * +
- College of Health Sciences' Physician Assistant Program +
- Community Health Center of the New River Valley + + +
- Giles Community Health Center +
- Radford/Pulaski Community Health Center
- Free Clinic Consortium of the New River Valley *
- Free Clinic of Franklin County Rx + + +
- New Horizons Healthcare Rx + + *
- Mental Health Association of the New River Valley
- Monroe Health Center – Craig County Health Center + + +
- New River Valley Medication Assistance Program Rx
- New River Valley Senior Services MedRide *
- Project Access of the Roanoke Valley +
- Project Together (Blue Ridge Community Services) *
- Radford University + + + +
- Rescue Mission of Roanoke + +
- Riverside Health Center + +

- Roanoke Adolescent Health Partnership +
- Tri-Area Community Health Rx
 - Tri-Area Community Health Center at Ferrum +
 - Tri-Area Community Health Center at Floyd +

NORTHWEST

- Augusta Health Foundation Rx
- Augusta Regional Dental Clinic + +
- Augusta Regional Clinic + + +
- Blue Ridge Area Health Education Center * +
- Free Medical Clinic of Northern Shenandoah Valley, Inc. + + Rx + + *
- Harrisonburg Community Health Center + +
- Harrisonburg-Rockingham Dental Clinic
- Harrisonburg-Rockingham Free Clinic + + +
- Highland Medical Center + Rx +
- Orange County Free Clinic + + + Rx
- Piedmont Regional Dental Clinic
- Rappahannock-Rapidan Community Services Board Rx
- Rockbridge Area Community Services
- Rockbridge Area Health Center + + + +
- Shenandoah Community Health Clinic + + + Rx + +
- 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
- Vision
- Other Type of Grant

KEEP ON... Being Good Stewards

VHCF Consolidated Statements of Financial Position

June 30, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 2,804,971	\$ 2,650,871
Investments	11,459,967	10,849,627
Government appropriations receivable	4,580,571	4,580,571
Interest receivable	15,709	19,032
Contributions receivable	390,566	830,066
Prepaid expenses	30,870	16,233
Total current assets	19,282,654	18,946,400
Property and equipment, net	25,419	25,720
Total assets	\$19,308,073	\$18,972,120
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 124,604	\$ 38,326
Accrued rent	15,755	21,545
Grants payable	5,182,839	4,606,919
Total current liabilities	5,323,198	4,666,790
Total liabilities	5,323,198	4,666,790
Net assets:		
Unrestricted	6,668,154	6,953,463
Temporarily restricted	7,243,270	7,294,406
Permanently restricted	73,451	57,461
Total net assets	13,984,875	14,305,330
Total liabilities and net assets	\$19,308,073	\$18,972,120

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

VHCF Consolidated Statements of Activities

June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Appropriations	\$ -	\$ 4,580,571	\$ -	\$ 4,580,571	\$ -	\$ 4,445,538	\$ -	\$ 4,445,538
Contributions	180,361	1,100,451	15,990	1,296,802	150,883	1,295,104	57,461	1,503,448
Contract revenue	-	880,262	-	880,262	-	757,166	-	757,166
Investment income	600,522	-	-	600,522	571,684	-	-	571,684
Unrealized net gain on investments	52,542	-	-	52,542	465,562	-	-	465,562
Other income	230,086	-	-	230,086	307,956	-	-	307,956
Total support and revenue	1,063,511	6,561,284	15,990	7,640,785	1,496,085	6,497,808	57,461	8,051,354
Net assets released from restriction	6,612,420	(6,612,420)	-	-	7,774,245	(7,774,245)	-	-
Expenditures:								
Program services – grants	7,218,062	-	-	7,218,062	6,705,436	-	-	6,705,436
Supporting services: Management and general	606,413	-	-	606,413	480,570	-	-	480,570
Fundraising	136,765	-	-	136,765	185,309	-	-	185,309
Total expenditures	7,961,240	-	-	7,961,240	7,371,315	-	-	7,371,315
Change in net assets	(285,309)	(51,136)	15,990	(320,455)	1,899,015	(1,276,437)	57,461	680,039
Net assets, beginning of year	6,953,463	7,294,406	57,461	14,305,330	5,054,448	8,570,843	-	13,625,291
Net assets, end of year	\$ 6,668,154	\$ 7,243,270	\$ 73,451	\$ 13,984,875	\$ 6,953,463	\$ 7,294,406	\$ 57,461	\$ 14,305,330

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

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Manager*

Ally Singer Wright
Dental Opportunities Champion



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.

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

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

OUR ORGANIZATIONAL VALUES

1. 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.

2. 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.

3. 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.

4. 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

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

VHCF.ORG



**VIRGINIA
HEALTH CARE
FOUNDATION**

Financial Statements

June 30, 2018 and 2017



4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
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, 2018 and 2017, 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, 2018 and 2017, 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 horizontal flourish extending to the right.

August 15, 2018
Glen Allen, Virginia

VIRGINIA HEALTH CARE FOUNDATION

Statements of Financial Position June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 2,804,971	\$ 2,650,871
Investments	11,459,967	10,849,627
Government appropriations receivable	4,580,571	4,580,571
Interest receivable	15,709	19,032
Contributions receivable	390,566	830,066
Prepaid expenses	<u>30,870</u>	<u>16,233</u>
Total current assets	19,282,654	18,946,400
Property and equipment, net	<u>25,419</u>	<u>25,720</u>
Total assets	<u>\$ 19,308,073</u>	<u>\$ 18,972,120</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 124,604	\$ 38,326
Accrued rent	15,755	21,545
Grants payable	<u>5,182,839</u>	<u>4,606,919</u>
Total current liabilities	<u>5,323,198</u>	<u>4,666,790</u>
Total liabilities	<u>5,323,198</u>	<u>4,666,790</u>
Net assets:		
Unrestricted	6,668,154	6,953,463
Temporarily restricted	7,243,270	7,294,406
Permanently restricted	<u>73,451</u>	<u>57,461</u>
Total net assets	<u>13,984,875</u>	<u>14,305,330</u>
Total liabilities and net assets	<u>\$ 19,308,073</u>	<u>\$ 18,972,120</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Government appropriations	\$ -	\$ 4,580,571	\$ -	\$ 4,580,571
Contributions	180,361	1,100,451	15,990	1,296,802
Contract revenue	-	880,262	-	880,262
Investment income	600,522	-	-	600,522
Unrealized net gain on investments	52,542	-	-	52,542
Other income	230,086	-	-	230,086
	<u>1,063,511</u>	<u>6,561,284</u>	<u>15,990</u>	<u>7,640,785</u>
 Total support and revenue				
	<u>1,063,511</u>	<u>6,561,284</u>	<u>15,990</u>	<u>7,640,785</u>
 Net assets released from restriction	<u>6,612,420</u>	<u>(6,612,420)</u>	<u>-</u>	<u>-</u>
 Expenditures:				
Program services - grants	7,218,062	-	-	7,218,062
Supporting services:				
Management and general	606,413	-	-	606,413
Fundraising	136,765	-	-	136,765
	<u>7,961,240</u>	<u>-</u>	<u>-</u>	<u>7,961,240</u>
 Total expenditures				
	<u>7,961,240</u>	<u>-</u>	<u>-</u>	<u>7,961,240</u>
 Change in net assets	(285,309)	(51,136)	15,990	(320,455)
 Net assets, beginning of year	<u>6,953,463</u>	<u>7,294,406</u>	<u>57,461</u>	<u>14,305,330</u>
 Net assets, end of year	<u>\$ 6,668,154</u>	<u>\$ 7,243,270</u>	<u>\$ 73,451</u>	<u>\$ 13,984,875</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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
	1,496,085	6,497,808	57,461	8,051,354
Total support and revenue				
Net assets released from restriction	7,774,245	(7,774,245)	-	-
Expenditures:				
Program services - grants	6,705,436	-	-	6,705,436
Supporting services:				
Management and general	480,570	-	-	480,570
Fundraising	185,309	-	-	185,309
	7,371,315	-	-	7,371,315
Total expenditures				
Change in net assets	1,899,015	(1,276,437)	57,461	680,039
Net assets, beginning of year	5,054,448	8,570,843	-	13,625,291
Net assets, end of year	\$ 6,953,463	\$ 7,294,406	\$ 57,461	\$ 14,305,330

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Functional Expenses Year Ended June 30, 2018

	Program Services - Grants	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 187,712	\$ 101,022	\$ 288,734
Employee benefits/payroll taxes	-	42,749	27,666	70,415
 Total salaries and related expenditures	 -	 230,461	 128,688	 359,149
Grants	5,390,745	-	-	5,390,745
RX Partnership	105,000	-	-	105,000
The Pharmacy Connection	417,514	-	-	417,514
MAP	248,511	-	-	248,511
Strategic Initiatives	298,199	-	-	298,199
Child Health Insurance Initiatives	337,320	-	-	337,320
Grantee Technical Assistance	83,326	-	-	83,326
Grantmaking	233,916	-	-	233,916
Dental Opportunities Initiative	103,531	-	-	103,531
Contractual services	-	185,585	-	185,585
Office rent	-	44,369	-	44,369
Investment fees	-	60,858	-	60,858
Telephone and fax	-	4,590	510	5,100
Supplies	-	3,190	10	3,200
Computer software and supplies	-	11,348	-	11,348
Printing and copying	-	17,496	537	18,033
Postage	-	4,658	247	4,905
Travel	-	4,603	599	5,202
Meeting/conference costs	-	11,235	20	11,255
Special events	-	-	5,171	5,171
Miscellaneous	-	2,090	8	2,098
Insurance	-	13,458	-	13,458
Subscriptions, fees and dues	-	1,013	975	1,988
 Total expenditures before depreciation and amortization	 7,218,062	 594,954	 136,765	 7,949,781
 Depreciation and amortization of property and equipment	 -	 11,459	 -	 11,459
 Total expenditures	 \$ 7,218,062	 \$ 606,413	 \$ 136,765	 \$ 7,961,240

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
 Total salaries and related expenditures	 -	 207,488	 133,120	 340,608
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
 Total expenditures before depreciation and amortization	 6,705,436	 470,562	 185,309	 7,361,307
Depreciation and amortization of property and equipment	-	10,008	-	10,008
 Total expenditures	 <u>\$ 6,705,436</u>	 <u>\$ 480,570</u>	 <u>\$ 185,309</u>	 <u>\$ 7,371,315</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Cash Flows Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (320,455)	\$ 680,039
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	11,459	10,008
Net investment income reinvested	(192,964)	(164,294)
Net realized and unrealized gain on investments	(428,104)	(842,169)
Contributions restricted for endowment	(15,990)	(57,461)
Change in assets and liabilities:		
Government appropriations receivable	-	1,145,143
Interest receivable	3,323	(29)
Contributions receivable	439,500	175,513
Prepaid expenses	(14,637)	(1,606)
Accounts payable and accrued expenses	80,488	(54,948)
Grants payable	<u>575,920</u>	<u>1,526</u>
Net cash provided by operating activities	<u>138,540</u>	<u>891,722</u>
Cash flows from investing activities:		
Purchase of property and equipment	(11,158)	(11,315)
Proceeds from sales of investments	3,316,270	3,012,950
Purchase of investments	<u>(3,305,542)</u>	<u>(3,000,612)</u>
Net cash (used in) provided by investing activities	<u>(430)</u>	<u>1,023</u>
Cash flow provided by financing activities:		
Contributions restricted for endowment	<u>15,990</u>	<u>57,461</u>
Net change in cash and cash equivalents	154,100	950,206
Cash and cash equivalents, beginning of year	<u>2,650,871</u>	<u>1,700,665</u>
Cash and cash equivalents, end of year	<u>\$ 2,804,971</u>	<u>\$ 2,650,871</u>

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. 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 2018 and 2017, 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, 2018 and 2017. 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 2018 and 2017, the Foundation received professional services at no charge from outside organizations. These services, valued by the donors at approximately \$24,614 in 2018 and \$24,099 in 2017, 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 grant expense by \$474,338 in 2018 and \$213,620 in 2017 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 15, 2018, 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, 2018 and 2017:

	2018	2017
Cash on deposit	\$ 2,788,746	\$ 2,634,653
Money market funds	16,225	16,218
	\$ 2,804,971	\$ 2,650,871

4. Investments:

The costs and fair values of investments as of June 30, 2018 and 2017 are summarized as follows:

	2018		2017	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 1,140,228	\$ 1,140,228	\$ 626,654	\$ 626,654
Certificates of deposit	-	-	500,000	500,000
Common stocks	5,153,659	7,335,600	4,935,094	7,003,611
Corporate bonds	3,018,742	2,984,139	2,693,083	2,719,362
	\$ 9,312,629	\$ 11,459,967	\$ 8,754,831	\$ 10,849,627

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

	2018	2017
Interest income	\$ 224,960	\$ 195,077
Net realized gains	375,562	376,607
	\$ 600,522	\$ 571,684
Net unrealized gains	\$ 52,542	\$ 465,562

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, 2018 and 2017.

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, 2018 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Assets:			
Money market funds	\$ 1,140,228	\$ -	\$ 1,140,228
Securities:			
Closed end mutual funds	531,570	-	531,570
Consumer discretionary	612,889	-	612,889
Consumer staples	622,994	-	622,994
Energy	554,854	-	554,854
Financials	1,450,205	-	1,450,205
Health care	678,546	-	678,546
Industrials	755,379	-	755,379
Information technology	1,136,734	-	1,136,734
Materials	514,305	-	514,305
Real estate investment trusts	377,602	-	377,602
Telecommunication services	44,273	-	44,273
Utilities	56,249	-	56,249
Corporate bonds	-	2,984,139	2,984,139
	<u>\$ 8,475,828</u>	<u>\$ 2,984,139</u>	<u>\$ 11,459,967</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, 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:

The Foundation's investments in corporate bonds are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2018, the redemption periods and related amounts were as follows:

Year Ended June 30:	Corporate Bonds
2019	\$ 100,021
2020	575,278
2021	665,537
2022	757,088
2023	186,294
2024	161,071
2025	97,876
2026	103,231
2027	250,357
2028	87,386
	\$ 2,984,139

6. Contributions Receivable:

Contributions receivable are summarized as follows as of June 30, 2018 and 2017:

	2018	2017
Unconditional contributions expected to be collected in:		
Less than one year	\$ 390,566	\$ 830,066
Total contributions receivable	\$ 390,566	\$ 830,066

There was no discount on future expected cash flows from contributions receivable in 2018 and 2017.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

7. Property and Equipment, Net:

Property and equipment, net as of June 30, 2018 and 2017 is as follows:

	2018	2017
Equipment	\$ 101,456	\$ 97,971
Leasehold improvements	4,987	2,949
Software	39,592	42,749
	146,035	143,669
Less accumulated depreciation and amortization	(120,616)	(117,949)
Property and equipment, net	\$ 25,419	\$ 25,720

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 \$103,808 in 2018 and \$104,465 in 2017. Future minimum lease payments as of June 30, 2018 are:

Year Ended June 30:	Amount
2019	\$ 100,478
2020	76,498
Total	\$ 176,976

9. Restricted Net Assets:

Temporarily restricted net assets are available for program development purposes in the following periods subsequent to June 30, 2018 and 2017:

	2018	2017
For periods after the end of the fiscal year	\$ 7,243,270	\$ 7,294,406

Net assets released from restriction in 2018 and 2017 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 \$15,990 for 2018 and \$57,461 for 2017. The endowment funds are held solely in cash.

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 \$61,029 in 2018 and \$52,560 in 2017.

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 2019 budget, the appropriation was included as a receivable as of June 30, 2018 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 2019 fiscal year budget. These appropriations accounted for 60% of support and revenue for 2018 and 55% of support and revenue for 2017. These appropriations accounted for 92% of total receivables at June 30, 2018 and 85% of total receivables at June 30, 2017.

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.