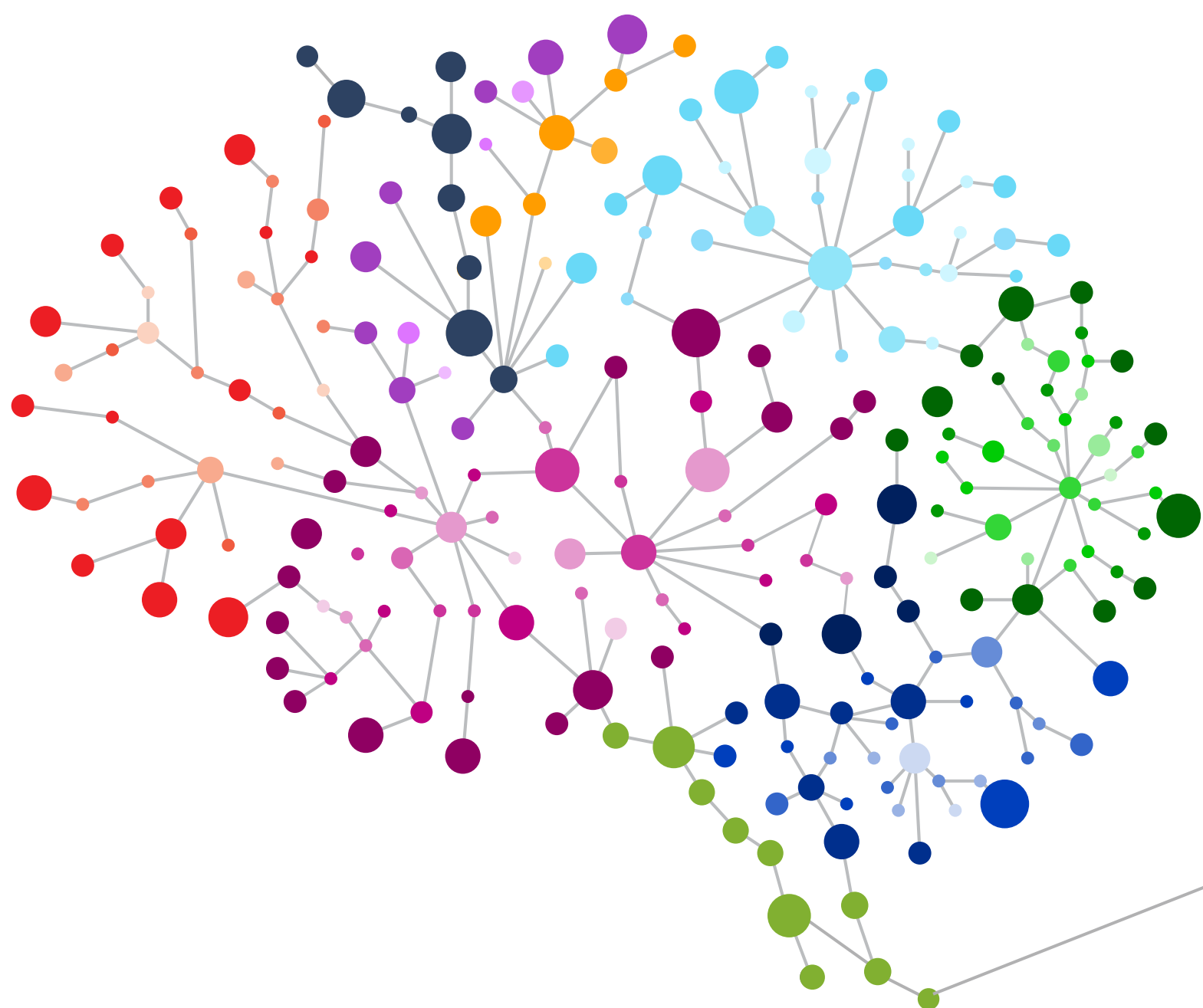


WHEN LOGIC & CREATIVITY WORK TOGETHER...



INNOVATION THRIVES!

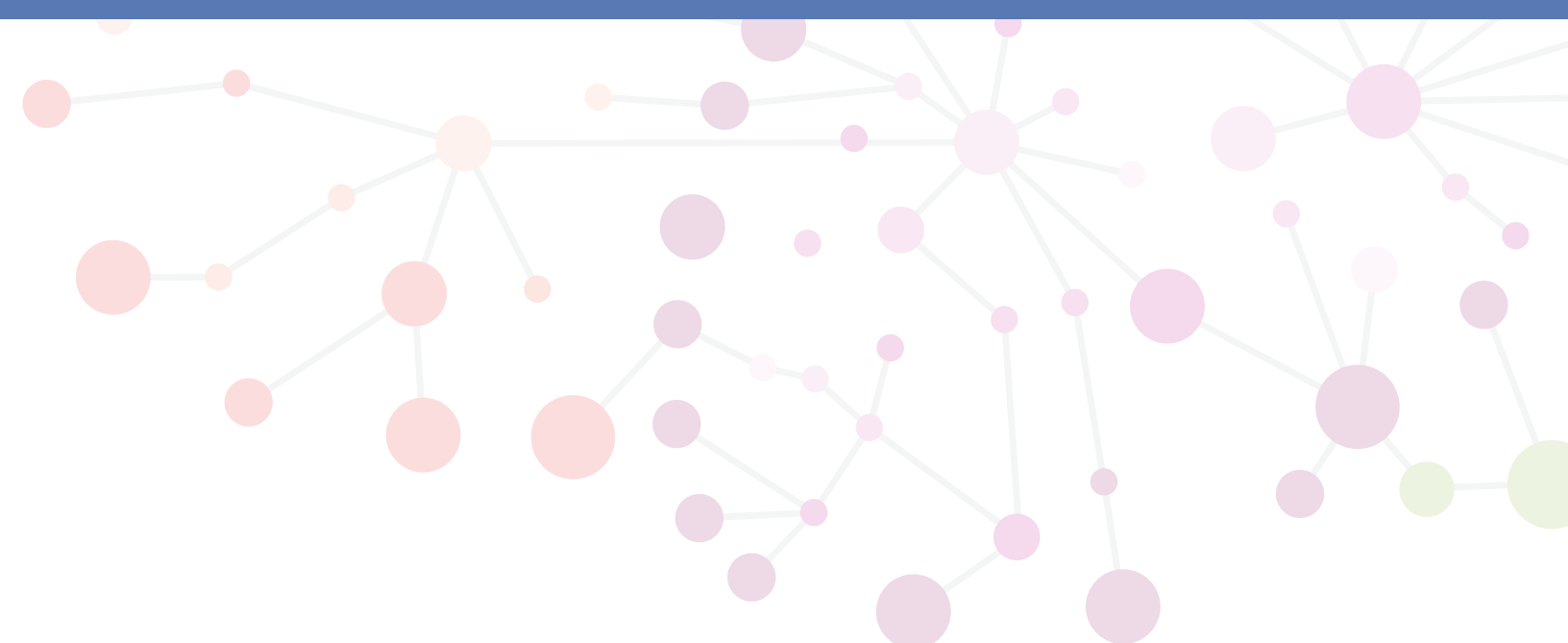
● It's all about connecting the dots.

A problem or need is identified. Research is conducted.
Data are reviewed. Information is exchanged.

All are interwoven with a dose of fresh thinking and
a passion for results.

VOILA! A new initiative or technology is created!

INNOVATION – it's in the Virginia Health Care
Foundation's DNA. And, it's always directed to helping
uninsured and medically underserved Virginians obtain
the health care they need...



● **PROBLEM:** Unaffordable Medicines

Prescription medicines are critical to managing many chronic diseases. They also are beyond the financial reach of many Virginians. Brandname pharmaceutical companies' Patient Assistance Programs can be lifesavers, but the forms and eligibility criteria for each vary and are too time-consuming for many health safety net sites to complete.

● **INNOVATION:** VHCF created ***The Pharmacy Connection (TPC)*** – first of its kind software that dramatically streamlines the application, delivery, renewal, and reporting processes for each patient and each prescription.

● **RESULT:** More than 35,000 chronically ill Virginians obtained 159,000+ free prescriptions via *TPC* with a value of \$302 million in FY19 alone!





● **PROBLEM:** Eligible Virginians Missing Out On Health Insurance

Health insurance can't help, if no one knows about it. While Virginia recently expanded Medicaid for 400,000 adults, funding to get the word out was limited. Many of those newly eligible knew nothing about the new coverage and were missing out on care.

● **INNOVATION:** *SignUpNow (SUN)*, an in-depth training to prepare health and human services professionals to assist with the Medicaid application process, was redesigned. Originally created as a collaborative effort between VHCF and key public and private stakeholders to reach those eligible for the state's children's health insurance programs, VHCF retooled and relaunched the initiative with the new Medicaid coverage in mind.

● **RESULT:** In the fastest program rollout in VHCF history, more than 2,500 social workers, in-home visitors, community health workers, and others received training at one of *65 SUN workshops throughout the state – all in just 8 months!* Many of these *SUN* graduates are now assisting with applications and getting the word out about this valuable new coverage.



●● PROBLEM: A Treatment Void for Diabetic Patients

Diabetes cannot be managed by medicine alone. Diet and exercise play crucial roles as well. For a large percentage of uninsured diabetics, undiagnosed depression impedes their ability to make these vital lifestyle changes, putting them at risk of severe health consequences. Despite this important connection, few health safety net medical practices routinely screen diabetic patients for depression.

● INNOVATION: VHCF created ***Defeating the Deadly Double: Depression and Diabetes***. This special two-year initiative is helping five health safety net medical practices change their protocols, workflows, and daily practices to ensure that all diabetic patients with depression are identified and receive needed mental health treatment.

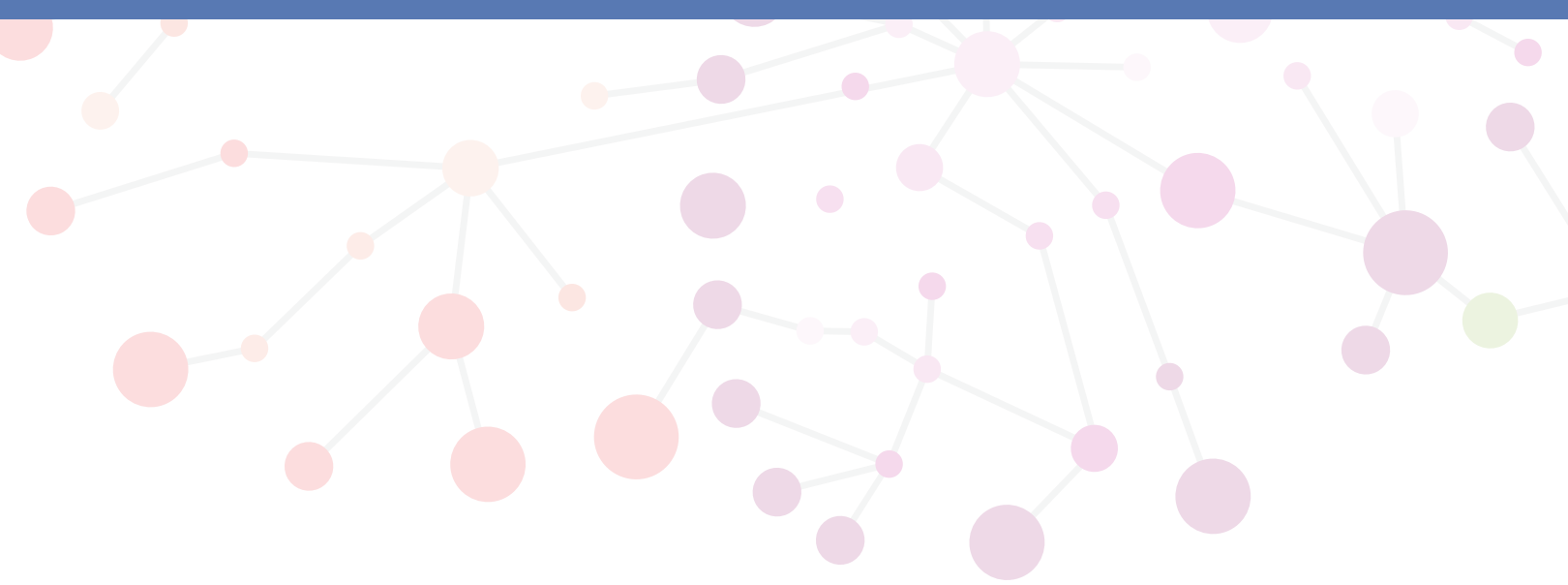
● RESULT: Success is weighed in more than just lower levels of depression. After just 15 months, these practices have seen significant reductions in blood sugar levels and body mass index among the 750 participating patients. *Altogether, patients have lost more than 2,698 pounds!*



DEFEATING THE DEADLY DOUBLE: DEPRESSION AND DIABETES



ERASING THE DENTAL DEFICIT



● PROBLEM: Poor Access to Dental Care

A dental visit, even for routine care, is too costly for millions of Virginians. The longer they delay screening and preventive care, the more likely they will develop serious oral health problems. Untreated gum disease can exacerbate diabetes, hypertension, and other medical conditions, and even threaten the health of pregnant mothers and their babies. Without dental insurance, finding affordable dental care can seem impossible.

● **INNOVATION:** VHCF launched its ambitious **Erasing the Dental Deficit** campaign. It is dedicated to helping establish a dental safety net clinic in each of Virginia's 133 localities.

● **RESULT:** To date, VHCF has invested \$15.5 million in the creation of dental safety net clinics in 53 localities. This includes more than \$1 million in FY19.

VIRGINIA HEALTH CARE FOUNDATION DONORS

JULY 1, 2018 - JUNE 30, 2019

PREMIER PARTNER EXTRAORDINAIRE

(\$1 million+)

Sentara/Optima Health

PREMIER PARTNERS

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

Collis Warner Foundation

Tobacco Region Revitalization

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for a greater Richmond

SPECIAL THANKS TO OUR PUBLIC SECTOR PARTNERS

Virginia Department of Health

Virginia Department of Medical
Assistance Services

Virginia Department of Social Services

THANKS TO ALL WHO CONTRIBUTED THROUGH WORKPLACE CHARITABLE CAMPAIGNS

Commonwealth of Virginia Campaign
(CVC 3471)

Combined Federal Campaign
(CFC 31808)

United Way of Greater Richmond &
Petersburg

The list above reflects gifts over \$100 received between July 1, 2018 and June 30, 2019. We have taken great care to ensure the accuracy of this list and deeply regret any errors or omissions. Should corrections be necessary, please contact Kimberly Separ at (804) 828-5804.

Some innovations turn a profit.
Some turn heads.
Ours turn lives around.

At the Virginia Health Care Foundation (VHCF), we've had a front row seat from which to see the difficulties and often heartbreaking consequences many hardworking Virginians experience due to their inability to obtain needed health care.

It's very motivating.

Over the years, that motivation, combined with an entrepreneurial spirit and a founding charge to innovate, has resulted in the development of an array of cutting edge initiatives. These have provided more than 700,000 Virginians access to needed health care, enabling them to maintain their jobs and care for their families.

As a public/private partnership, VHCF's approach has been to align with the Commonwealth's health priorities wherever possible. With the State's approval of an increase in Medicaid eligibility criteria, VHCF made assisting enrollment of newly eligible Virginians a top priority in FY19.



Maximizing Enrollment in Medicaid

From the moment the authorizing legislation was signed, VHCF has been "all in" to help expansion of Virginia's Medicaid coverage "be all that it can be."

With the help of a new partnership with the Tobacco Region Revitalization Commission, VHCF nearly doubled the number of its outreach workers who assist eligible Virginians with the completion of Medicaid applications. Matching funds were provided by the Danville Regional Foundation, The Harvest Foundation, Sentara Healthcare, and the Virginia Department of Medical Assistance Services (DMAS).

VHCF also provided new tools and special training to the medication assistance caseworkers (MACs) it funds so they could help their patients apply for Medicaid. Through the work of the outreach workers and MACs combined, more than 11,000 newly

eligible Virginians obtained Medicaid coverage in an eight-month period.

Recognizing that it would take more than a small cadre of outreach workers to help all who need application assistance, VHCF totally revamped its **SignUpNow** curriculum (p. 5) and trained a corps of 2,500 health and human services staff to help their patients/clients.

At the same time, VHCF received a generous grant from Optima Health to complement the state's marketing for the new coverage. This funding was

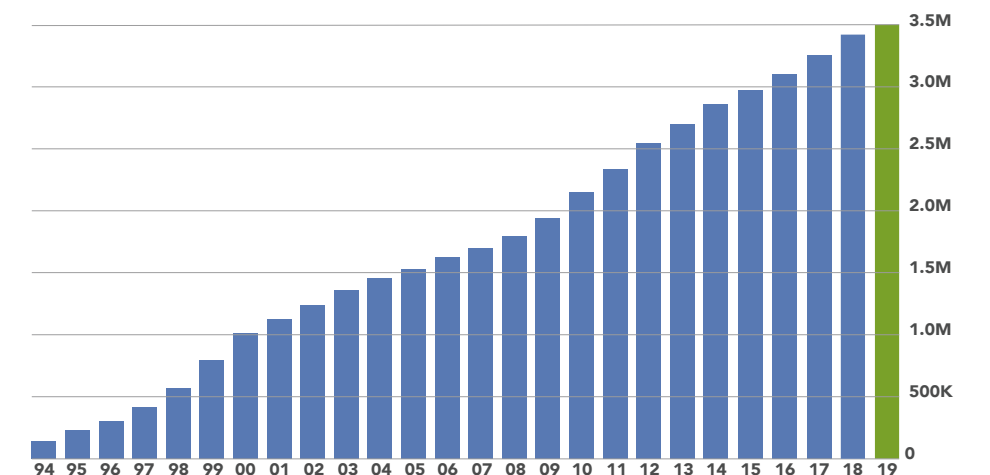
used to develop a marketing campaign in Southside and Southwest Virginia, the two regions of the state with the highest rates of uninsurance.

We continue to collaborate with DMAS and the Virginia Department of Social Services to help the state's application systems and processes be as understandable and user friendly as possible.



Leaving no stone unturned, VHCF has also helped expand and develop more medical practices that accept Medicaid so that there is sufficient capacity for those newly eligible. It awarded grants to several health centers and clinics to hire additional providers, and provided business planning assistance to the free clinics interested in becoming hybrid clinics and Medicaid providers.

PATIENT VISITS VIA VHCF GRANTS





Brighter Days Possible initiative, which was launched at the end of FY19, focuses on elevating the degree of behavioral health integration in some of Virginia’s mental health professional shortage areas and using telemental health to provide behavioral health services. This innovative initiative is underwritten by a generous \$1 million grant from Sentara/Optima Health.

To further the use of this valuable model, VHCF has focused on helping adults affected by unresolved trauma from childhood or beyond. The Foundation has developed a special tool that counselors and trained staff can use to help patients discuss past traumas and develop resilience traits and skills.

A growing number of Virginians are now benefitting from the conversations and personal resilience plans stimulated by use of this innovative tool.

Producing More Behavioral Health Professionals

At this time when a growing number of Virginians recognize the importance and value of obtaining behavioral health services, 75% of Virginia localities are designated mental health professional shortage areas. This means that there are not enough mental health professionals to provide needed services. Unfortunately, this shortage is projected to get worse as the large numbers of behavioral health professionals who are at or near

Building Resilience After Trauma

One effect of unaddressed childhood trauma can be adverse physiological changes that stay with the child for life and result in significant health problems and even premature death as an adult. Recognizing this, the state has made it a priority to incorporate a trauma-informed approach for children in state programs and agencies.

This tool, a customized deck of playing cards, was developed in partnership with the Community Resilience Initiative in Walla Walla, Washington. Although VHCF initially targeted the cards and accompanying guidebook to Virginia’s health safety net organizations, it has expanded the scope of its trainings and distribution to a variety of state and local organizations throughout the Commonwealth.

Prioritizing Mental Health

Another priority for the Commonwealth is revamping Virginia’s public mental health system, with special focus on helping those with Serious Mental Illness. State leaders have invested

significant intellectual and financial resources in this endeavor. VHCF has complemented those efforts over the past ten years, with a variety of innovative initiatives targeted to those with more basic behavioral health issues like anxiety and depression.



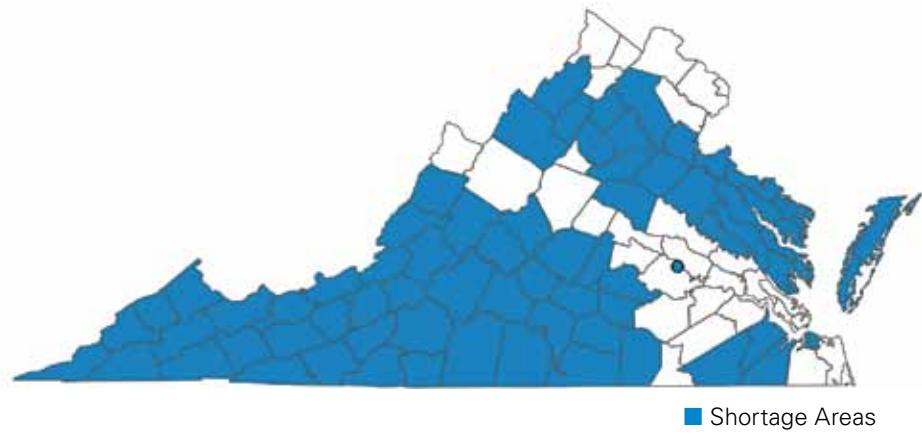
Integrating Behavioral Health

It is widely acknowledged that integrating mental health services with the delivery of primary medical care is the most effective way to identify and begin to address behavioral health issues. VHCF introduced this approach to Virginia’s health safety net practices and community services boards in 2009. It has continued to promote, fund, and provide technical assistance to elevate the degree of behavioral health integration in health safety net practices as the state has incorporated the approach into its Medicaid and STEP Virginia programs.

The Foundation’s **Defeating the Deadly Double: Depression and Diabetes** initiative (p. 6) focuses on integrating care for a targeted group of patients whose overall physical health is affected by a specific mental health issue. Most recently, VHCF’s *Making*



VIRGINIA'S MENTAL HEALTH PROFESSIONAL SHORTAGE AREAS



retirement age stop practicing and there are not enough in the pipeline to replace them.

To help address this, VHCF has focused on increasing the number of Psychiatric Nurse Practitioners (Psych NPs) via **Virginia Scholars**, a special Psych NP scholarship program. The Foundation pays full tuition and all required fees for any nurse practitioner who returns to school for a post-master's Psych NP certificate. In return, the new Psych NP must work for two years in Virginia's healthcare safety net upon graduation. In FY19, VHCF awarded nine Psych NP scholarships, bringing the grand total of scholarships awarded to 19.

Why Psych NPs? Other than psychiatrists, they are the only mental health professionals trained and licensed to prescribe the medicines that are often needed to help address many behavioral health conditions. The time it takes to produce a Psych NP is much shorter (2 years) and less costly than other behavioral health providers. There are only 225 licensed to practice in Virginia – half of the state's localities don't have one, and demand for them is strong.

Making Needed Medicines Available

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.

While 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. They are the "functionally uninsured." With the combination of increasing deductibles plus the rising prices of generic and brandname medicines, the need for medication assistance has become pervasive.

Recognizing the vital importance of prescription medicines, VHCF made medication assistance a priority in its early years. In 1998, VHCF developed **The Pharmacy Connection (TPC)**,

VHCF's first big innovation. TPC is a web-based software that expedites access to the free chronic disease medicines offered by the brandname pharmaceutical companies' Patient Assistance Programs (PAPs) (p. 2). Since inception, TPC has generated \$5.6 billion in free medicines for over 344,000 sick, uninsured Virginians.

Over the past six years, as some of the most frequently prescribed PAP medicines became unavailable, VHCF included discounted generic medicines in TPC. The Foundation also created a TPC app, that providers can use while they are in the exam room to determine whether a free or low cost medicine is available to help the patient they are seeing.

In FY19, when Virginia expanded its Medicaid eligibility criteria, VHCF included the new Medicaid application in TPC to facilitate application assistance.

While TPC is a valuable tool, it is only productive if there's someone to use it. To that end, the Williamsburg Health Foundation partnered with VHCF 14 years ago to establish and implement the Greater Williamsburg Medication Assistance Program (GWMAP), which funds the salaries of Medication Assistance Caseworkers (MACs) who use TPC and other strategies to help local residents obtain needed medicines.

CUMULATIVE EFFECT OF TPC:



The success of GWMAP led the General Assembly to fund MACs in other parts of the state 12 years ago via **RxRelief Virginia**. In FY19, all of these MACs worked on parallel tracks to help uninsured patients apply for free medicines and to help those newly eligible for Medicaid apply for coverage. Despite this double load, the RxRelief Virginia MACs helped 17,180 uninsured patients obtain nearly 88,000 free prescriptions with a value of \$139 million Average Wholesale Price (AWP). The GWMAP MACs helped an additional 2,000+ patients obtain free medicines with a value of \$18.6 million AWP.

To further maximize the amount of free medicines available to uninsured Virginians, VHCF led the effort to establish the **Rx Partnership (RxP)** 16 years ago. It enables the 19 free

clinics that have licensed pharmacies to obtain free PAP medicines quickly by ordering them in bulk from participating PAPs. Rx Partnership provided patients with \$14 million in free medicines in FY19 from GlaxoSmithKline, Merck, Novartis, AbbVie, and Pfizer.

RxP also continued to grow its new **Access to Medication Program (AMP)**. This is designed 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 provided generic prescriptions to six clinics through a central-fill pharmacy located at the Lloyd F. Moss Free Clinic in FY19. VHCF provided a significant grant to take the AMP pilot to scale. RxP is now in the midst of determining ultimate costs and a viable sustainability plan for it.

Eliminating "Dental Care Deserts"

It has been shocking to learn that many Virginians with limited means equate teeth with pain. Why? They have no affordable source of dental care, so they go without. These Virginians effectively live in "dental care deserts," leaving them with blinding toothaches and, ultimately, fewer teeth.

At VHCF, because we understand the direct correlation between good oral hygiene and a person's overall health, we have dedicated ourselves to alleviating this problem. Slowly, but surely, we have invested \$15.5 million over the years to help establish a dental safety net in Virginia. Today, 67 of Virginia's 133 localities have dental safety net clinics. VHCF has funded



Governor Ralph Northam with staff from the Virginia Departments of Medical Assistance Services and Social Services to whom he presented *Excellence in Enrollment Awards* for their achievement of enrolling more than 200,000 uninsured Virginians in Medicaid by the first day coverage became effective.

53 of them, including nine in FY19. 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 when dentists volunteer. To help address this problem, VHCF forged a partnership with Patterson Dental Company 12 years ago to provide its deepest discount to all Virginia dental safety net clinics, regardless of their size. In FY19, participating clinics saved \$219,000 on the costs of dental equipment, supplies, practice software, and repairs and maintenance through this innovative program. Savings total more than \$2.5 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 semi-annual Tooth Talk 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.

319,000 Virginians Will Remain Uninsured

With all of the attention being paid to the new Medicaid coverage, it is easy to forget that even with full enrollment of those newly eligible for Medicaid, approximately 319,000 Virginians will remain uninsured. Nearly two-thirds of them are eligible for services from the clinics, health centers, and other similar organizations that comprise Virginia’s healthcare safety net. All of these practices welcome the uninsured, and many free clinics will be able to add new patients as slots open up when current patients move to a Medicaid provider.

The safety net practices will also be available when the incomes of new Medicaid patients increase beyond the Medicaid eligibility threshold of 138% of the Federal Poverty Level and they lose coverage. This happens so frequently with the many hourly employees covered by Medicaid that there is a technical term for it – “churn”. It is not unusual for a person to churn off and on Medicaid several times in a given year.

The healthcare safety net continues to be a vital part of Virginia’s health system. VHCF awarded 20 grants totaling \$1.8 million to health centers and free clinics in FY19 to help expand their scope of services and their capacity to take on more patients. We will continue to help health safety net practices whether they are gearing up to become hybrids, take on greater number of patients, or rebuild their base of uninsured patients after transitioning new Medicaid patients to other practices.

11:1 Leverage

As a public/private partnership, VHCF constantly looks for ways to leverage its tax dollars to deliver a good return on the Commonwealth’s investment, and to provide meaningful relief to uninsured and medically underserved Virginians. This approach has resulted in VHCF leveraging every \$1 spent since inception into an average of more than \$11 in cash, health services, and other in-kind contributions.

We are equally focused on being good stewards. VHCF’s administrative costs were only 9.1% in FY19. In addition, 89% of initiatives funded by the Foundation continued to operate at or above their prior level of performance for at least three years after “graduating from” VHCF support.

The words below were given by health and human services professionals to describe how their patients and clients will feel when they learn that health insurance is now available to them via Medicaid.

Mission-Driven INNOVATION

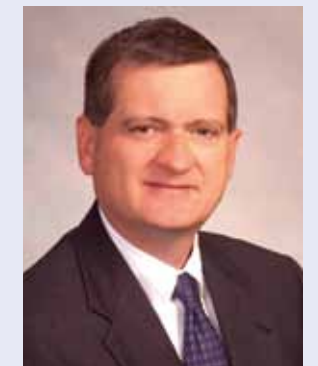
These days, innovation is almost an overused word. For VHCF, however, it has been a constant.

New Medicaid coverage for 400,000 uninsured Virginians is the greatest singular accomplishment in Virginia healthcare in many years. It should make a significant difference in the health and well-being of those who have it.

Coverage is only one facet of access to care, however. Affordability, a sufficient number of providers well-distributed throughout the state, and effective service delivery models are among others. All are areas in which VHCF will continue to innovate as it makes progress toward its goal of ensuring that all Virginians have the healthcare they need. ■



Robert M. Blue
Robert M. Blue
(Chairman FY19)



Thomas R. Byrd
Thomas R. Byrd
(Chairman FY20)

blessed gratitude
 😊 overwhelmed thankful
 pleased excited 😊
 ecstatic relieved grateful
 surprised 😊 happy thrilled
 grateful

VHCF SUPPORT FOR VIRGINIA'S HEALTHCARE SAFETY NET

(1992-2019)

STATEWIDE

- Central VA Lions Hearing Aid Bank *
- 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 Medical Care for Children Project +
- Fauquier Free Clinic 🏥
- GPW 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/Manassas + Rx Rx
- NOVA ScriptsCentral +
- Potomac Hospital
- Prince William County Community Services Board 🏥
- Stafford County Public Schools 🏥
 - In partnership with Stafford County Department of Social Services 🏥
- Youth For Tomorrow 🏥

CENTRAL VIRGINIA

- Access Now + +
- Blue Ridge Medical Center 🏥 + * + Rx + 🏥 🏥
- Bon Secours Richmond Health System 🏥
 - Care-A-Van Mobile Medical Clinic + 🏥
- Capital Area Health Network 🏥
- Center for Healthy Hearts + Rx 🏥

- Central Virginia Health Services, Inc. 🏥 Rx
 - Caroline Children's Dental Program 🏥 🏥
 - 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 🏥 🏥 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 CHIP *
- Johnson Health Services 🏥 🏥 🏥 🏥
- Lloyd F. Moss Free Clinic + 🏥 🏥 *
- Louisa County Resource Council + 🏥
- 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 + +

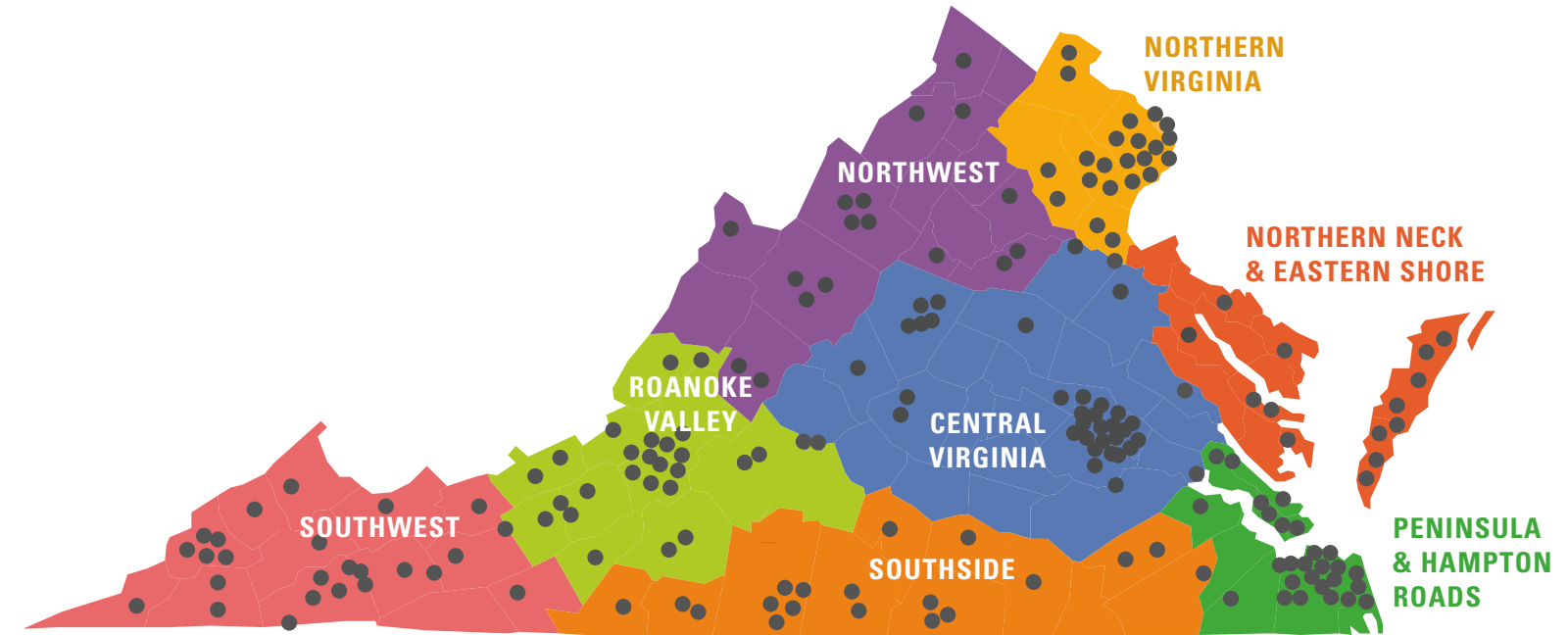
- Eastern VA Telemedicine Network 📺
- Gloucester-Mathews Care Clinic Rx Rx 🏥
- Ledwith-Lewis Free Clinic Rx +
- Middle Peninsula Northern Neck Community Services Board 🏥
- Northampton County School-Based Dental Program 🏥
- Northern Neck-Middlesex Free Clinic + + 🏥 🏥

PENINSULA AND HAMPTON ROADS

- Access Partnership 🏥 🏥
- Beach Health Clinic + + Rx
- Catholic Charities of Eastern Virginia Rx 🏥
- Chesapeake Care Clinic 📺 🏥
- Chesapeake Health Department 🏥
- CHIP of South Hampton Roads * 🏥 🏥
- Colonial Behavioral Health Rx
- Community Free Clinic of Newport News 🏥 Rx
- Consortium for Infant and Child Health 🏥 🏥
- 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 🏥 🏥
- Sentara Medical Group 🏥
- Southeastern Virginia Health System + Rx 🏥
 - Stoneybrook Physicians Rx
 - Virginia Beach Family Medical Center Rx
- 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 📺 / 🏥 🏥 🏥
- 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 Legal Aid Society 🏥
- Virginia Western Community College Telemedicine Dental Hygiene Initiative 📺 / 🏥

SOUTHWEST

- Ballad Health – Norton Medication Assistance Program 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 📺

- Southwest Virginia Legal Aid Society, Inc. 🏥
- 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 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 *
- Radford University 🏥 🏥 🏥 🏥
- Rescue Mission of Roanoke + 🏥
- 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 Medical & Dental Clinic + + 🏥 🏥 🏥
- Blue Ridge Area Health Education Center * 🏥
- Harrisonburg Community Health Center + 🏥 🏥
- 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 🏥
- Sinclair Health Clinic + 🏥 Rx 🏥 *
- St. Luke Community Clinic +

KEY

- 🏠 Building/Renovation
- 🏥 Application Assistance for Medicaid/FAMIS
- 🏥 Dental
- + Medical Care
- Rx Medication Assistance
- 🧠 Behavioral Health
- 📺 Technology
- 👁️ Vision
- * Other Type of Grant

VHCF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 1,892,339	\$ 2,804,971
Investments	12,824,771	11,459,967
Government appropriations receivable	5,725,714	4,580,571
Interest receivable	18,645	15,709
Contributions receivable, current portion	719,332	390,566
Prepaid expenses	29,921	30,870
Total current assets	21,210,722	19,282,654
Contributions receivable, net of current portion	125,000	-
Property and equipment, net	23,522	25,419
Total assets	\$ 21,359,244	\$ 19,308,073
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 113,350	\$ 124,604
Accrued rent	7,544	15,755
Grants payable, current portion	4,444,300	5,182,839
Total current liabilities	4,565,194	5,323,198
Grants payable, net of current portion	928,685	-
Total liabilities	5,493,879	5,323,198
Net assets:		
Without donor restrictions	6,936,771	6,668,154
With donor restrictions	8,928,594	7,316,721
Total net assets	15,865,365	13,984,875
Total liabilities and net assets	\$ 21,359,244	\$ 19,308,073

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

VHCF CONSOLIDATED STATEMENTS OF ACTIVITIES

June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	278,957	3,129,998	3,408,955	180,361	1,116,441	1,296,802
Contract revenue	-	841,438	841,438	-	880,262	880,262
Investment income, net	405,537	-	405,537	539,664	-	539,664
Unrealized net gain on investments	448,101	-	448,101	52,542	-	52,542
Other income	240,926	180,123	421,049	230,086	0	230,086
Total support and revenue	1,373,521	8,732,130	10,105,651	1,002,653	6,577,274	7,579,927
Net assets released from restriction	7,120,257	(7,120,257)	-	6,612,420	(6,612,420)	-
Expenditures:						
Program services - grants	7,473,193	-	7,473,193	7,218,062	-	7,218,062
Supporting services:						
Management and general	509,566	-	509,566	545,555	-	545,555
Fundraising	242,402	-	242,402	136,765	-	136,765
Total expenditures	8,225,161	-	8,225,161	7,900,382	-	7,900,382
Change in net assets	268,617	1,611,873	1,880,490	(285,309)	(35,146)	(320,455)
Net assets, beginning of year	6,668,154	7,316,721	13,984,875	6,953,463	7,351,867	14,305,330
Net assets, end of year	\$ 6,936,771	\$ 8,928,594	\$ 15,865,365	\$ 6,668,154	\$ 7,316,721	\$ 13,984,875

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

VHCF BOARD OF TRUSTEES

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Intern

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Cornelia Sullivan-Dews
Controller

Ally Singer Wright
Dental Opportunities Champion & Special Projects Coordinator

INNOVATION alone won't change lives...



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.



vhcf.org



**VIRGINIA
HEALTH CARE
FOUNDATION**

Financial Statements

June 30, 2019 and 2018



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Glen Allen, Virginia 23060
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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, 2019 and 2018, 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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update ("ASU") 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities"* (Topic 958). As a result of this adoption, net assets are now presented as net assets without donor restrictions and net assets with donor restrictions. In addition, there are additional disclosures related to an analysis of expenses by function and nature, and disclosures of quantitative and qualitative information regarding liquidity and availability of resources. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink, appearing to read "Keiter", with a long, sweeping horizontal stroke extending to the right.

August 19, 2019
Glen Allen, Virginia

VIRGINIA HEALTH CARE FOUNDATION

Statements of Financial Position
June 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 1,892,339	\$ 2,804,971
Investments	12,824,771	11,459,967
Government appropriations receivable	5,725,714	4,580,571
Interest receivable	18,645	15,709
Contributions receivable, current portion	719,332	390,566
Prepaid expenses	<u>29,921</u>	<u>30,870</u>
Total current assets	21,210,722	19,282,654
Contributions receivable, net of current portion	125,000	-
Property and equipment, net	<u>23,522</u>	<u>25,419</u>
Total assets	<u>\$ 21,359,244</u>	<u>\$ 19,308,073</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 113,350	\$ 124,604
Accrued rent	7,544	15,755
Grants payable, current portion	<u>4,444,300</u>	<u>5,182,839</u>
Total current liabilities	4,565,194	5,323,198
Grants payable, net of current portion	<u>928,685</u>	<u>-</u>
Total liabilities	<u>5,493,879</u>	<u>5,323,198</u>
Net assets:		
Without donor restrictions	6,936,771	6,668,154
With donor restrictions	<u>8,928,594</u>	<u>7,316,721</u>
Total net assets	<u>15,865,365</u>	<u>13,984,875</u>
Total liabilities and net assets	<u>\$ 21,359,244</u>	<u>\$ 19,308,073</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	278,957	3,129,998	3,408,955
Contract revenue	-	841,438	841,438
Investment income, net	405,537	-	405,537
Unrealized net gain on investments	448,101	-	448,101
Other income	240,926	180,123	421,049
Total support and revenue	1,373,521	8,732,130	10,105,651
Net assets released from restriction	7,120,257	(7,120,257)	-
Expenditures:			
Program services - grants	7,473,193	-	7,473,193
Supporting services:			
Management and general	509,566	-	509,566
Fundraising	242,402	-	242,402
Total expenditures	8,225,161	-	8,225,161
Change in net assets	268,617	1,611,873	1,880,490
Net assets, beginning of year	6,668,154	7,316,721	13,984,875
Net assets, end of year	\$ 6,936,771	\$ 8,928,594	\$ 15,865,365

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	180,361	1,116,441	1,296,802
Contract revenue	-	880,262	880,262
Investment income, net	539,664	-	539,664
Unrealized net gain on investments	52,542	-	52,542
Other income	230,086	-	230,086
	1,002,653	6,577,274	7,579,927
Net assets released from restriction	6,612,420	(6,612,420)	-
Expenditures:			
Program services - grants	7,218,062	-	7,218,062
Supporting services:			
Management and general	545,555	-	545,555
Fundraising	136,765	-	136,765
	7,900,382	-	7,900,382
Change in net assets	(285,309)	(35,146)	(320,455)
Net assets, beginning of year	6,953,463	7,351,867	14,305,330
Net assets, end of year	\$ 6,668,154	\$ 7,316,721	\$ 13,984,875

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Functional Expenses Year Ended June 30, 2019

	Program Services - Grants	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 211,614	\$ 136,189	\$ 347,803
Employee benefits/payroll taxes	-	62,141	35,050	97,191
Total salaries and related expenditures	-	273,755	171,239	444,994
Grants	5,340,563	-	-	5,340,563
RX Partnership	105,000	-	-	105,000
The Pharmacy Connection	367,959	-	-	367,959
MAP	255,469	-	-	255,469
Strategic Initiatives	493,716	-	-	493,716
Child Health Insurance Initiatives	479,019	-	-	479,019
Grantee Technical Assistance	76,013	-	-	76,013
Grantmaking	256,738	-	-	256,738
Dental Opportunities Initiative	98,716	-	-	98,716
Contractual services	-	90,091	-	90,091
Office rent	-	46,546	-	46,546
Telephone and fax	-	4,943	38	4,981
Supplies	-	7,936	92	8,028
Computer software and supplies	-	10,986	-	10,986
Printing and copying	-	6,042	2,877	8,919
Postage	-	3,682	1,037	4,719
Travel	-	2,991	-	2,991
Meeting/conference costs	-	17,385	320	17,705
Special events	-	6,370	65,510	71,880
Miscellaneous	-	1,247	-	1,247
Insurance	-	22,158	-	22,158
Subscriptions, fees and dues	-	4,473	1,289	5,762
Total expenditures before depreciation and amortization	7,473,193	498,605	242,402	8,214,200
Depreciation and amortization of property and equipment	-	10,961	-	10,961
Total expenditures	\$ 7,473,193	\$ 509,566	\$ 242,402	\$ 8,225,161

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
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	 534,096	 136,765	 7,888,923
 Depreciation and amortization of property and equipment	 -	 11,459	 -	 11,459
 Total expenditures	 <u>\$ 7,218,062</u>	 <u>\$ 545,555</u>	 <u>\$ 136,765</u>	 <u>\$ 7,900,382</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Cash Flows Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,880,490	\$ (320,455)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	10,961	11,459
Net investment income reinvested	(216,103)	(192,964)
Net realized and unrealized gain on investments	(646,054)	(428,104)
Contributions restricted for endowment	-	(15,990)
Change in assets and liabilities:		
Government appropriations receivable	(1,145,143)	-
Interest receivable	(2,936)	3,323
Contributions receivable	(453,766)	439,500
Prepaid expenses	949	(14,637)
Accounts payable and accrued expenses	(19,465)	80,488
Grants payable	<u>190,146</u>	<u>575,920</u>
Net cash (used in) provided by operating activities	<u>(400,921)</u>	<u>138,540</u>
Cash flows from investing activities:		
Purchase of property and equipment	(9,064)	(11,158)
Proceeds from sales of investments	3,347,351	3,316,270
Purchase of investments	<u>(3,849,998)</u>	<u>(3,305,542)</u>
Net cash used in investing activities	<u>(511,711)</u>	<u>(430)</u>
Cash flow provided by financing activities:		
Contributions restricted for endowment	<u>-</u>	<u>15,990</u>
Net change in cash and cash equivalents	(912,632)	154,100
Cash and cash equivalents, beginning of year	<u>2,804,971</u>	<u>2,650,871</u>
Cash and cash equivalents, end of year	<u>\$ 1,892,339</u>	<u>\$ 2,804,971</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 increase access to primary care for Virginia's uninsured and medically underserved populations 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 financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Net Assets: The Foundation is required to report amounts separately by class of net assets as follows:

Net Assets Without Donor Restrictions: Net assets currently available at the discretion of the Board of Trustees for use in the Foundation's operations, including \$26,549 designated by the Board of Trustees to function as an endowment (see Note 12).

Net Assets With Donor Restrictions: Net assets which are stipulated by donors for specific operating purposes, or are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Revenue that is restricted by the donor is reported as an increase in net assets with donor restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Adoption of New Accounting Principles: In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Foundation has adopted this ASU as of and for the year ended June 30, 2019 with retrospective presentation in the financial statements as of and for the year ended June 30, 2018.

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.

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 cash and cash equivalent balances are in excess of the FDIC insurance limit.

The Foundation’s receivables are from individuals, corporations, government organizations and foundations. During 2019 and 2018, 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.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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, 2019 and 2018. The Foundation is not currently under audit by any tax jurisdiction.

Contributions and Contract Revenue: Contributions to the Foundation are recognized as revenue in the period the promise is made by the donor. Contributions of assets other than cash are recorded at their estimated fair values. Contract revenue is recorded in the year the contract is awarded, provided that the award is unconditional.

Many of the Foundation's contributions are part of a multi-year commitment. Long-term commitments are recognized as contributions in the 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 2019 and 2018, the Foundation received professional services at no charge from outside organizations. These services, valued by the donors at approximately \$60,595 in 2019 and \$24,614 in 2018, were recorded as contribution revenue without donor restrictions and recorded as expenditures in the related expense accounts in the accompanying statements of activities.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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 \$99,906 in 2019 and \$474,338 in 2018 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. Management determined the discount on future expected cash flows for grants payable at June 30, 2019 and 2018 was immaterial; therefore, no discount was considered necessary.

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.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through August 19, 2019, 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.

3. Cash and Cash Equivalents:

Cash and cash equivalents include the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash on deposit	\$ 1,373,115	\$ 2,788,746
Money market funds	<u>519,224</u>	<u>16,225</u>
	<u>\$ 1,892,339</u>	<u>\$ 2,804,971</u>

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

4. Investments:

The costs and fair values of investments as of June 30, 2019 and 2018 are summarized as follows:

	2019		2018	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 716,256	\$ 716,256	\$ 1,140,228	\$ 1,140,228
Certificates of deposit	1,002,197	1,002,197	-	-
U.S. Treasury Bills	845,745	879,727	-	-
Common stocks	5,472,342	8,001,744	5,153,659	7,335,600
Corporate bonds	2,192,662	2,224,847	3,018,742	2,984,139
	<u>\$ 10,229,202</u>	<u>\$ 12,824,771</u>	<u>\$ 9,312,629</u>	<u>\$ 11,459,967</u>

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

	2019	2018
Interest income, net	\$ 207,584	\$ 164,102
Net realized gains	197,953	375,562
	<u>\$ 405,537</u>	<u>\$ 539,664</u>
Net unrealized gains	<u>\$ 448,101</u>	<u>\$ 52,542</u>

Investment income includes advisory fees totaling \$63,682 for 2019 and \$60,682 for 2018.

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, 2019 and 2018.

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

Money market funds: Valued at the cash balance.

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

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

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, 2019 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Assets:			
Money market funds	\$ 716,256	\$ -	\$ 716,256
Certificates of deposit	-	1,002,197	1,002,197
U.S. Treasury Bills	-	879,727	879,727
Securities:			
Closed end mutual funds	697,201	-	697,201
Communication services	398,951	-	398,951
Consumer discretionary	485,360	-	485,360
Consumer staples	715,239	-	715,239
Energy	576,438	-	576,438
Financials	1,543,915	-	1,543,915
Health care	879,398	-	879,398
Industrials	623,709	-	623,709
Information technology	1,107,346	-	1,107,346
Materials	490,370	-	490,370
Miscellaneous	4,696	-	4,696
Real estate investment trusts	388,246	-	388,246
Utilities	90,875	-	90,875
Corporate bonds	-	2,224,847	2,224,847
	<u>\$ 8,718,000</u>	<u>\$ 4,106,771</u>	<u>\$ 12,824,771</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, 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
	\$ 8,475,828	\$ 2,984,139	\$ 11,459,967

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

Certain of the Foundation's investments are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2019, the maturity dates or redemption periods and related amounts were as follows:

Year Ended June 30:	Certificates of Deposit	Corporate Bonds	U.S. Treasury Bills
2020	\$ 501,133	\$ 275,593	\$ 74,955
2021	501,064	472,174	172,795
2022	-	335,003	110,705
2023	-	188,979	-
2024	-	265,975	-
2025	-	92,837	252,600
2026	-	211,988	-
2027	-	290,275	-
2028	-	92,023	-
2029	-	-	268,672
	<u>\$ 1,002,197</u>	<u>\$ 2,224,847</u>	<u>\$ 879,727</u>

6. Contributions Receivable:

Contributions receivable are summarized as follows as of June 30, 2019 and 2018:

	2019	2018
Unconditional contributions expected to be collected in:		
Less than one year	\$ 719,332	\$ 390,566
One year to five years	125,000	-
Total contributions receivable	<u>\$ 844,332</u>	<u>\$ 390,566</u>

There was no discount on future expected cash flows from contributions receivable in 2019 and 2018.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

7. Property and Equipment, Net:

Property and equipment, net as of June 30, 2019 and 2018 is as follows:

	2019	2018
Equipment	\$ 110,520	\$ 101,456
Leasehold improvements	4,987	4,987
Software	39,592	39,592
	155,099	146,035
Less accumulated depreciation and amortization	(131,577)	(120,616)
Property and equipment, net	\$ 23,522	\$ 25,419

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 \$103,787 in 2019 and \$103,808 in 2018. Future minimum lease payments as of June 30, 2019 are \$76,006 for the year ended June 30, 2020.

9. Net Assets with Donor Restrictions:

The following net assets with donor restrictions are available for program development purposes in the following periods subsequent to June 30, 2019 and 2018:

	2019	2018
Purpose restricted - grants	\$ 8,855,143	\$ 7,243,270
Endowment	73,451	73,451
	\$ 8,928,594	\$ 7,316,721

Net assets released from donor restriction in 2019 and 2018 were released for program development purposes.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

10. Employee Retirement Plan:

The Foundation has an employee retirement plan under Section 403(b) of the IRC. The plan provides for salary reduction contributions by eligible employees and for Foundation contributions, subject to certain limitations. The Foundation's contribution to the plan was \$64,542 in 2019 and \$61,029 in 2018.

11. Government Appropriations:

The Commonwealth of Virginia (the "Commonwealth") designated an appropriation in its biennial budget to the Foundation of \$4,580,571 for the 2019 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 2020 budget, the appropriation of \$4,580,571 along with \$1,145,143 not yet received on the prior year appropriation was included as a receivable as of June 30, 2019 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 2020 fiscal year budget. These appropriations accounted for 45% of support and revenue for 2019 and 60% of support and revenue for 2018. These appropriations accounted for 87% of total receivables at June 30, 2019 and 92% of total receivables at June 30, 2018.

12. Endowment Fund:

During 2017, the Foundation established the *Deborah D. Oswalt Excellence in Nonprofit Leadership Endowment*. The purpose of the endowment is to support the professional development of a nonprofit Executive Director (ED) who has demonstrated commitment to the nonprofit sector and/or for that ED to research or prepare for a new organizational initiative. During 2019, the Board of Trustees approved a resolution to designate \$26,549 of net assets without donor restrictions to the endowment fund bringing the total value of the endowment fund to \$100,000. The endowment fund includes both funds with donor restrictions and funds designated by the Board of Trustees to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

At June 30, 2019 and 2018, the endowment funds are held solely in cash.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

12. Endowment Funds, Continued:

Interpretation of Relevant Law: The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift of the endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) cumulative gains on the donor restricted endowment funds until those amounts appropriated for expenditure are disbursed in accordance with the donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate funds in the endowment fund designated by the Board of Trustees:

- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions

Funds with Deficits: From time to time, the fair value of assets associated with endowment funds may fall below the level that the donor or the UPMIFA requires an organization to retain as a fund of perpetual duration. The endowment held by the Foundation was not in a deficit at June 30, 2019 or 2018.

Return Objectives and Risk Parameters: At the direction of the Board of Trustees, the Foundation has adopted investment and spending policies that govern all investments of the Foundation. The investment and spending policies attempt to provide a predictable stream of funding to the Foundation to allow for it to meet the mission. The Foundation's investment policy requires a mix of equities (40% - 75%), fixed income (25% - 50%), and cash equivalents (0% - 25%). Five to seven percent of the equities target may be invested in international developed and emerging markets. Investment performance is measured against a weighted average of the target asset allocation benchmarks. The equity portion of the portfolio will be measured against the Standard and Poor's 500 and Russell 1000 Value Stock Index and the fixed income portion of the portfolio will be measured against the Bloomberg Barclays Intermediate Government/Credit Index. The cash portion of the portfolio will be measured against the 90-day Treasury bill index. The Foundation intends to use the same investment policies and intends to produce the same investment results as mentioned above for the endowment fund.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

12. Endowment Funds, Continued:

Return Objectives and Risk Parameters, Continued: The Foundation expects its endowment fund over time to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Endowment net asset composition by type of fund was as follows as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 73,451	\$ 73,451
Board-designated funds	26,549	-	26,549
Total funds	\$ 26,549	\$ 73,451	\$ 100,000

Endowment net asset composition by type of fund was as follows as of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 73,451	\$ 73,451

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

13. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2019	2018
Cash and cash equivalents	\$ 1,892,339	\$ 2,804,971
Government appropriations receivable	5,725,714	4,580,571
Contributions receivable	844,332	390,566
Investments	12,824,771	11,459,967
Interest receivable	18,645	15,709
	21,305,801	19,251,784
Receivables to be collected in more than one year	(125,000)	-
Contractual or donor-imposed restrictions:		
State appropriation	(4,580,571)	(4,580,571)
Federal and state contract grant funds	(149,103)	(103,401)
Other	(3,945,256)	(2,559,298)
Endowment fund	(100,000)	(73,451)
Investments maturing in more than one year	(3,255,090)	(2,884,118)
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,150,781	\$ 9,050,945

The Foundation has a policy to structure its financial assets as its general expenditures, liabilities and other obligations come due. Additionally, the Foundation has Board-designated net assets without donor restrictions (see Note 12) that, while the Foundation does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

14. Functional Expenses:

The statements of functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The general and administrative payroll allocation is determined by an estimate of time based on the programs and initiatives planned for the year. Lease expense is allocated based on square footage, by percentage of common areas, square feet of relevant personnel offices and staff time. The following expenses are allocated based on a percentage determined by the total budget expense for each program area divided by the total budget expense for the Foundation: office supplies, computer services, ADP expenses, cafeteria/retirement plan administration, printing & copying, equipment lease/rental and maintenance contracts.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

15. New Accounting Guidance:

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 calculating the impact that this pronouncement will have on its financial statements and determining the best way to account for the new standard.

Contributions Received and Contributions Made: In June 2018, the FASB issued ASU 2018-08: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contributions or grants received by the Foundation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Specific to contributions or grants awarded by the Foundation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Foundation intends to adopt this ASU prior to the required transition date.