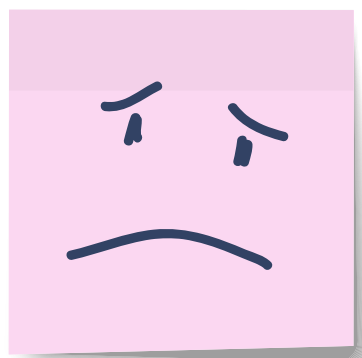
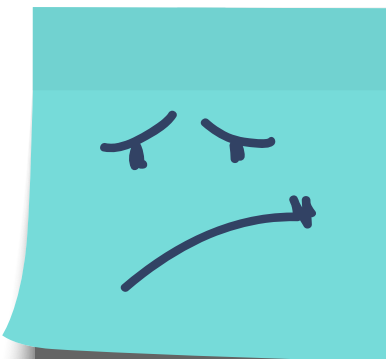


How do
you feel
today?



Multiple **unrelenting stressors** have affected the mental health of increasing numbers of Virginians.



The significant professionals is



The **Virginia Health Care Foundation** is



shortage of behavioral health
leaving many **without help.**

investing in our
collective sanity.



Here's how...



Producing more Psychiatric Nurse Practitioners via scholarships.

"I always knew I wanted to be a nurse, and I pretty quickly felt a calling toward mental health services. That led me to 12 years of working inpatient psychiatry, but I felt deep in my heart that I wanted to do more.

When a friend told me about the VHCF Psychiatric Nurse Practitioner scholarship, I knew it was my chance. I was able to go full-time without taking on more debt. I am extremely thankful!

I started working at the Community Services Board last year, and I already know I'm where I need to be. I can dive deeper into mental health conditions. Plus, I can help overcome some of the reluctance that people of color have regarding mental health care.

People are realizing that they need to deal with traumas and that there are people, like me, who can help."

Juanita Burt
Psychiatric Nurse Practitioner
Hampton/Newport News
Community Services Board

VHCF awarded
10 Psych NP
scholarships in
FY22, with half to
people of color.

**Expanding
capacity of the
health safety net
to provide mental
health services.**

“Usually, when people think of pursuing opportunities in a new country, the focus is all on the hope and the future. But there’s a lot of grief involved in leaving your home, your family, your ‘life’. Add in cultural and language barriers, and you can understand why making mental health services more accessible is so vital for immigrants, who often feel unwelcome.

Being tri-lingual enables me to help more of our patients cope with and navigate through stressors, grief, and trauma and live healthier, productive lives.

A departing patient recently said: ‘You helped me learn to accept that tough things are still going to happen to me, because everyone has to face losses and changes. But now, I have the skills to deal with them myself.’”

**VHCF-funded
mental health
professionals
provided 9,700+
visits in FY22.**

Paula Laoch
Licensed Professional Counselor
Health Brigade, Richmond, VA





Adding trained therapists to the safety net and ensuring a path to their licensure.

“The need for mental health care is huge here. Covid has hit this area really hard. The job loss and deaths added trauma on top of people, who were already dealing with depression and anxiety.

I went through a rough time in my younger years and decided I wanted to help people in similar situations. After I got my MSW, I wanted to keep going and get licensed.

It’s a miracle that I’m able to be here, every day, helping people now, while at the same time completing my required clinical hours. By next October, I’ll be fully licensed.

These people need someone to help them deal with everything and, because of the VHCF grant, I get to be that person.”

In FY22, VHCF funded 7 Masters-prepared therapists to provide counseling while accruing the supervision required for licensure.

Richard Bare
MSW Supervisee in Social Work
Southwest Virginia Community
Health Systems, Inc.

Eliminating financial barriers to licensure for Counselors and Social Workers.

“The hardest thing about my job isn’t the emotional burden of working with children who have been through trauma, because I know how to help them. It’s my finances. Or, at least it was.

The cost for the supervisory hours required to complete my residency was hitting me hard. **Even when I changed to a lower cost supervisor, a quarter of my paycheck went to pay for that supervision.** When I learned about the *Boost 200* program, I cried just imagining how it could change my life.

When I was a child, I had to deal with a lot of abuse and neglect. A great counselor helped me heal. That’s why becoming a licensed counselor is so important to me, so I can give back. This funding is the boost I needed to make it happen.”

VHCF launched *Boost 200* to produce more licensed therapists in Virginia.

Kat Grace
Resident in Counseling
Glacier Health and Development Center
Richmond, VA



VHCF Donors Help Address Barriers To Care

July 1, 2021 — June 30, 2022

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* at The Community Foundation for a greater Richmond

**In Memory of Chris Oosterhuis and In Honor of Dr. Elizabeth Oosterhuis, who demonstrated amazing leadership on the Covid response for the DC MedStar team.

Special Thank You To Our Public Sector Partners

Center for Medicare & Medicaid Services

Virginia Department of Behavioral Health & Developmental Services

Virginia Department of Health

Virginia Department of Medical Assistance Services

Thanks To All Who Contributed Through Workplace Charitable Campaigns

Commonwealth of Virginia Campaign

Thank you to all our generous donors. The list above reflects gifts of \$100 or more received between July 1, 2021 and June 30, 2022. 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.

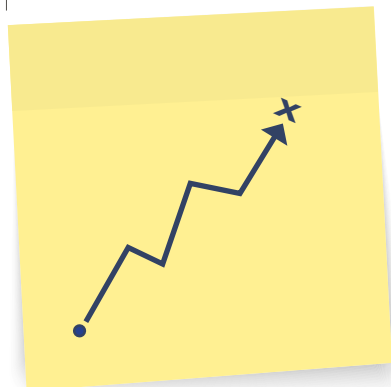




Chairman's Report

While these times of **rapid change** have created a sense of disequilibrium and exhaustion for many, they have been very **motivating** and energizing for the Virginia Health Care Foundation (VHCF). As the Foundation enters its fourth decade of service, we have never been more centered as we **focus** even more thought and resources on increasing the availability of the basic mental health services that are so needed, but unattainable for so many.

Our work in FY22 reflects VHCF's approach of the past 30 years. We have consistently identified the **obstacles** to providing needed health care to uninsured and underserved Virginians and implemented **innovative solutions** to address them. During that time, more than 800,000 Virginians have obtained needed health services, as a result.



Increasing the Number of Behavioral Health Professionals

To make meaningful change, it is important to determine where to target improvement efforts. Accordingly, VHCF started FY22 by conducting an *Assessment of the Capacity of Virginia's Licensed Behavioral Health Workforce (Assessment)*. The results were eye-opening. All five licensed behavioral health professions have insufficient numbers of clinicians to meet the current demand for mental health services and all have a disproportionate percentage nearing retirement age.

The most troubling is the growing paucity of psychiatrists – 61% of them are age 55 *or older*. The insufficient number of psychiatric nurse practitioners is also concerning. Altogether, 35 of Virginia's 133 localities have no psychiatrist or psychiatric nurse practitioner. The small number of child and adolescent psychiatrists is most concerning of all. There are only 211, and 88 localities have none. This is a problem, since these are the only behavioral health professionals trained and licensed to prescribe the psychotropic medicines needed to help address many mental health conditions.

Two localities have no licensed behavioral health professionals at

all and two more have only one. It is not a surprise that these localities, and others with very few licensed behavioral health professionals, have higher suicide rates and higher numbers of residents reporting bad mental health days than other localities.

Unfortunately, the pipeline for producing more licensed behavioral health professionals is woefully inadequate. Telehealth can be a godsend, but many localities with so few mental health professionals don't yet have sufficient broadband capacity.

VHCF immediately started using these findings to target its efforts and to raise awareness among state policymakers. This resulted in the 2022 General Assembly funding 10 additional psychiatric residencies and several other initiatives.



BOOST 200

Masters-prepared social workers and counselors who want to become licensed therapists, must provide 3,000 and 3,400 hours of therapy under supervision, respectively, before they can become licensed. Many must pay for that supervision themselves. This is an impediment to licensure, given the high level of student loan debt many carry, the high cost of living, and the low salaries typically available to them with only a Masters degree. This has resulted in too few licensed therapists.



To help remedy this situation, VHCF designed and is administering *Boost 200*, a pilot program, which the General Assembly funded, that will pay the fees for the required supervision of 100 Masters of Social Work and 100 Masters of Counseling graduates. In return, they must commit to practicing in Virginia for two years after they become licensed.

Priority is given to graduates who can address the shortages

identified in VHCF's *Assessment*. This includes individuals who are working in one of Virginia's mental health professional shortage areas, people of color, or individuals who are bilingual.

Boost 200 immediately puts 200 therapists in the field to help treat mental health conditions and, within 2-3 years, it will produce 200 more licensed behavioral health professionals for Virginia!

Psychiatric Nurse Practitioner Scholarships

VHCF is marking the 5th year of its **Psychiatric Nurse Practitioner (Psych NP) Scholarship Program**, which pays the full cost of tuition and all required fees for nurse practitioners, who return to school for a post-Masters certificate as a Psych NP. In return, the newly licensed Psych NPs agree to work for two years in Virginia's healthcare safety net, another public service setting, or a mental health



VHCF's Psychiatric Nurse Practitioner Scholarship Program FY22 graduates. They are: Lancia Lokis, Chesapeake; Juanita Burt, Portsmouth; Terrinda Alston, Chesapeake; Teashia Roeske, Portsmouth; Deborah Douglas, Isle of Wight County; Ademola Adetunji, Loudoun County.

professional shortage area upon graduation.

In FY22, VHCF awarded 10 new scholarships, resulting in a total of 42 scholarships awarded since inception. More than half of these scholarships have been given to people of color. Half of all scholarship recipients have graduated and are now practicing in Virginia.

More Sites with Mental Health Services

The other issue that limits availability of mental health services is the inadequate number of sites where Virginians can obtain them. To help address this part of the access problem, VHCF has awarded more grants to hire licensed therapists in localities lacking mental health services.

The Foundation has also awarded grants to a number of organizations

that serve specific populations in need of therapy (*children, immigrants, victims of domestic abuse/sexual assault*). These grantees hire Masters graduates in social work or counseling and provide the supervision required for licensure. Therapy starts immediately, addressing some of the current unmet demand for services and, ultimately, these therapists become licensed.

It takes multiple approaches to increase availability of mental health services. VHCF is engaging on all fronts.

Removing Barriers to Care via Medicaid Coverage

The availability of mental health services is also dependent upon the ability to pay for them. Medicaid provides that for many Virginians and VHCF provides enrollment assistance to help eligible Virginians obtain needed coverage.

In FY22, VHCF's 20 Outreach Workers successfully assisted 7,745 individuals with Medicaid enrollment. This included organizing 15 special sign-up events at military bases. That resulted in nearly 1,500 Afghan evacuees, mostly women and children, obtaining coverage. It was an honor to assist those who had helped the US military and were relocated to Virginia with their families for safety.

VHCF staff and Outreach Workers joined with representatives from the Virginia Department of Medical Assistance Services (DMAS) and Navigators from Enroll Virginia! in this endeavor.

VHCF's Outreach Workers also enrolled 1,700 individuals from Southside and Southwest Virginia, the two regions of the Commonwealth with the highest rates of uninsured. We are grateful to the partners who helped fund this work, and offer special thanks to the Tobacco Region Revitalization Commission and the donors that provided matching funds.* In total, VHCF-funded assisters have enrolled more than 141,000 individuals in Virginia's Medicaid/FAMIS programs in the past 22 years.

VHCF's **SignUpNow (SUN)** workshops train local health and human services personnel to



help their patients/clients apply for Medicaid/FAMIS coverage. In FY22, VHCF worked with DMAS to create a new SUN workshop about the complex criteria for determining Medicaid eligibility for aged, blind, or disabled Virginians. Altogether, more than 1,200 people attended SUN workshops this past year. This brings the total trained via SUN workshops since inception to 16,800.

**Danville Regional Foundation, The Harvest Foundation, Sentara Healthcare, and Virginia Department of Medical Assistance Services*

Helping Virginia's Dental and Health Safety Net Practices

While the link between oral and physical health is well known, many do not realize the connection between dental care and a person's mental health and well-being. Damaged or unsightly teeth affect one's self-esteem and are often impediments to employment. Many



Outreach Worker, Norma Ryan, helps Afghan refugees apply for Medicaid.

with poor teeth are embarrassed and cover their mouths when speaking or refrain from smiling.

FY22 was a significant year for Virginia's dental safety net practices and their patients. After significantly limiting their services for safety reasons during the pandemic, many started making their way back to providing oral health care. At the

same time, the General Assembly added dental coverage for adults to Virginia's Medicaid program, enabling many more Virginians to obtain needed dental care.

It worked! More than 165,000 Virginians obtained oral health assessments and treatment via 580,761 procedures, as a result of this coverage expansion.



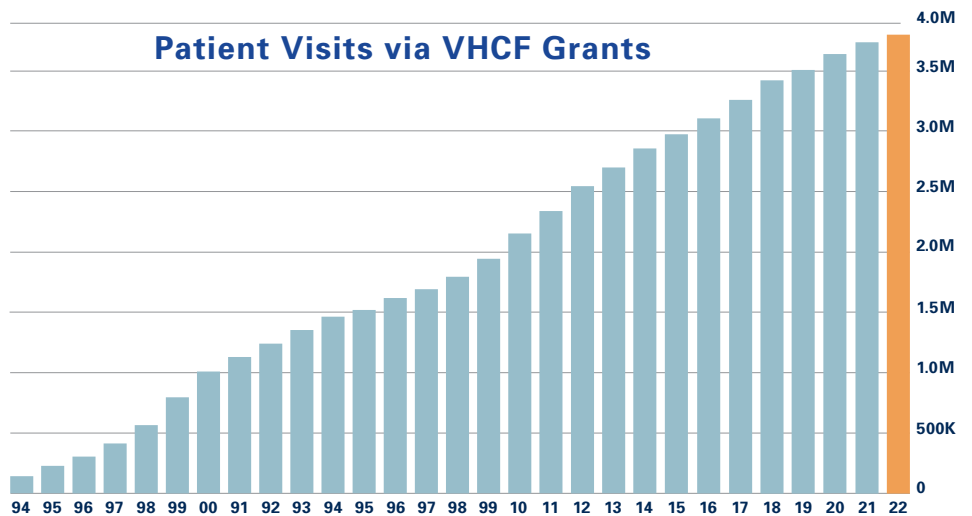
VHCF, which has invested \$16.6 million in building much of Virginia's dental safety net over the years, is helping expand the network of dental safety net clinics that treat the uninsured and those covered by Medicaid. In FY22, VHCF awarded seven grants to dental safety net clinics, which served 5,400 more patients.

The high cost of dental supplies and equipment make it expensive to operate a dental clinic. To lower costs, VHCF forged a partnership with Patterson Dental 15 years ago to provide its deepest discount to all Virginia dental safety net clinics, regardless of the size of their orders. In FY22, participating clinics saved \$344,000 on the cost of dental equipment, supplies, practice software, and repairs and maintenance through this innovative program. Savings since the start of this partnership total \$2.8 million.

VHCF also continued to expand the capacity of Virginia’s healthcare safety net in FY22 by funding 30 health professionals. This brought the total VHCF investment in Virginia’s free clinics and community health centers over the years to \$63.4 million.

Prescription Assistance for Uninsured Virginians

While more Virginians than ever now have health insurance coverage, there are still 455,000 who are uninsured – 214,000 of them are between 40 to 64 years of age.



These are the years chronic diseases typically appear. Prescription medicines are often the only treatment available to manage them. Although very effective, many are expensive – especially for the uninsured.

VHCF recognized this problem early on and has made it a priority to maximize the availability of free and low cost prescription medicines. This led to VHCF’s development of **The Pharmacy Connection** (TPC) in 1997, a proprietary software that expedites access to the free medicines available from the brandname pharmaceutical companies’ Patient Assistance Programs.

VHCF is continually enhancing TPC. Over the past 10 years, the Foundation has converted it to a web-based software; developed a TPC app for providers; added low cost and discounted generic medicines, eyeglasses, and certain medical equipment; and included Virginia’s Medicaid application to facilitate enrollment in coverage for all needed medicines.

TPC has now generated more than \$8 billion in free medications for nearly 361,000 Virginians with chronic diseases.

While TPC is a valuable tool, it is only effective if there is someone to use it. To that end, VHCF funds Medication Assistance Caseworkers (MACs) via its **RxRelief Virginia** initiative. They are located in local health safety net practices, nonprofit organizations, and hospitals and use TPC to obtain needed medicines for their patients. These MACs helped obtain nearly

Cumulative Effect of TPC:
360,866 Patients served
5.5 million Prescriptions filled
\$8 billion Value of free medications



51,000 prescriptions with medicines valued at \$107 million (*average wholesale price*) in FY22.

Leaving no stone unturned in its quest to provide meaningful prescription assistance, VHCF led the effort to establish the **Rx Partnership (RxP)** 19 years ago. It has evolved and in FY22, RxP served 30 health safety net clinics with free medicines from GlaxoSmith Kline, Merck, Novartis, AbbVie, and Pfizer. It also purchased and distributed generic medicines to the clinics. All combined, RxP helped 8,409 unduplicated patients fill nearly 50,000 prescriptions with a value of \$13.5 million in FY22.



11 to 1 Leverage

As a public/private partnership, VHCF constantly looks for ways to leverage tax dollars to deliver a good return on the Commonwealth's investment and provide meaningful relief to uninsured and medically underserved Virginians.

This approach has resulted in VHCF leveraging every dollar spent since inception into an average of more than \$11 in cash, health services, and other in-kind contributions. Our many partners and stakeholders, including the state, have been integral to this achievement over the years and we are very grateful.

Good stewardship, a core VHCF value, is always front of mind, as well. VHCF's administrative costs were only 11% in FY22. In addition, 89% of health access grants 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.

Aligning with State Priorities

As VHCF has determined its priorities over the years, it has selected those that meet its mission and are in the best interests of the Commonwealth.

All parts of the health care delivery system are currently experiencing significant workforce issues. Some of the causes can be remedied in the shorter term. However, the shortage of licensed behavioral health professionals caused by an aging workforce and systemic entry barriers requires multiple approaches and a longer term commitment.

During the past year, VHCF was fully engaged in identifying significant issues related to this shortage; highlighting them for policy leaders; and developing initiatives to help address them.

Going forward, we are committed to continue as active and productive partners in helping restore our collective equilibrium and moving the Commonwealth ever closer to assuring that all Virginians are able to obtain the health care they need.



A handwritten signature in black ink that reads "Christopher Carney".

Chris Carney
(Chairman, VHCF)

VHCF Health Access Grants

1992 – 2022

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 Communities 🦷 🦷
 🦷 🦷 🦷 🦷
 Inova Pediatric Center + 🦷
 Marymount University Physical Therapy at Arlington
 Free Clinic +
 Neighborhood Health + + 🦷 Rx + 🦷 + + 🦷 + +
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 Northern Virginia Dental Clinic 🦷 🦷
 Northern Virginia 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 🦷 🦷
 The Women’s Center 🦷

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 🦷 ↩ + 🦷 🦷 Rx
 Chesterfield Health District 🦷
 Children’s Hospital of Richmond at VCU 🦷
 ChildSavers 🦷
 Community Access Network 🦷
 CrossOver Healthcare Ministry * 🦷 + Rx 🦷
 🦷 Rx + 🦷 🦷
 Daily Planet Health Services Rx 🦷 +
 Free Clinic of Central Virginia/MedsHelp + Rx 🦷
 Rx 🦷 🦷
 Goochland Cares + 🦷
 Greater Richmond SCAN 🦷
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 Health Brigade Rx + 🦷 + / 🦷
 Henrico Area Mental Health & Development
 Services 🦷
 Henrico County Public Schools 🦷
 Irvin Gammon Craig Health Center + + Rx
 Jefferson Area CHIP *
 Johnson Health Center 🦷 🦷 🦷 🦷
 • Amherst Community Health Center 📄 / 🦷
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Northern Neck and Eastern Shore

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 🦷 🦷
 Bay Aging *
 Central Virginia Health Services, Inc. –
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 Eastern Shore Community Services Board 🦷
 Eastern Shore Rural Health System + Rx 🦷 🦷 *
 • Atlantic Community Health Center ↩
 • Eastville Community Health Center ↩ 🦷
 • Franktown Community Health Center 🦷
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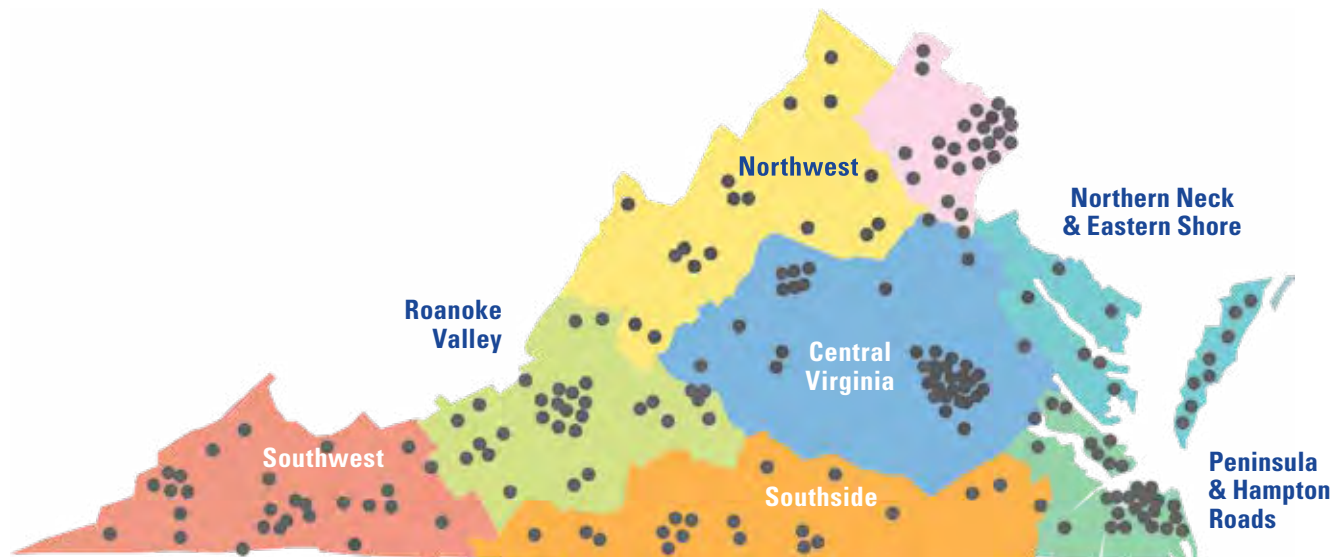
Gloucester-Mathews Care Clinic Rx Rx ↩
 Ledwith-Lewis Free Clinic Rx +
 Middle Peninsula Northern Neck Community
 Services Board 🦷
 Northampton County School-Based Dental
 Program 🦷
 Northern Neck-Middlesex Free Clinic + 🦷 🦷 🦷

Peninsula and Hampton Roads

Access Partnership 🦷 🦷
 Catholic Charities of Eastern Virginia Rx 🦷
 Chesapeake Care Clinic 📄 🦷
 Chesapeake Health Department 🦷
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 Colonial Behavioral Health Rx
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 Maryview Foundation Healthcare Center + Rx
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 ↩ 🦷
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 The Planning Council 🦷 🦷
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 • Stonybrook Physicians Rx
 • Virginia Beach Family Medical Center Rx
 The STOP Organization 🦷 🦷
 Western Tidewater Free Clinic Rx 🦷 🦷

Southside

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 • Charlotte Primary Care + + 🦷 📄 / 🦷
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 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 **Rx**

- Lunenburg Community Health Center 🏠 🌟 🧠

Stony Creek Community Health Center **+**

Tri-Area Community Health

- Patrick County Family Practice 🧠

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 🏠 🧠

Bland Ministry Center: Big Walker Dentistry 🧠 🌟

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 **+**

Mission Dental of Virginia: Appalachian Highlands Community Dental Center 🧠 🧠

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 🧠

- Tri-Area Community Health at Laurel Fork 🏠/🧠
- Tri-Area Community Health at Grayson **+**

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 🌟 🏠

Community Health Center of the New River Valley **+** 🧠 🧠

- Giles Community Health Center **+**
- Radford/Pulaski Community Health Center 🏠 🧠

Family Service of Roanoke Valley 🧠

Free Clinic of Franklin County **Rx** **+** **+** **+**

Johnson Health Center

- Bedford Community Health Center 🏠/🧠
- Rustburg Community Health Center 🏠/🧠

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

ARROW Project 🧠

Augusta Health Foundation **Rx**

Augusta Regional Medical & Dental Clinic **+** **+** **+** **+** **+** **+**

Blue Ridge Area Health Education Center 🌟 🏠

Healthy Community Health Centers **+** 🧠 🏠 🧠

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

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

VHCF Consolidated Statements of Financial Position

JUNE 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents	\$ 1,266,400	\$ 1,460,223
Investments	13,279,595	14,545,240
Government appropriations receivable	5,775,714	5,725,714
Interest receivable	15,066	19,208
Contributions receivable, current portion	590,945	446,901
Prepaid expenses	20,858	17,647
Total current assets	20,948,578	22,214,933
Contributions receivable, net of current portion	35,000	35,000
Property and equipment, net	37,899	48,578
Total assets	\$ 21,021,477	\$ 22,298,511
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,508	\$ 90,950
Deferred Revenue	79,205	77,244
Accrued rent	23,599	27,062
Grants payable, current portion	3,425,271	4,108,682
Total current liabilities	3,611,583	4,303,938
Grants payable, net of current portion	663,429	827,934
Total liabilities	4,275,012	5,131,872
Net assets:		
Without donor restrictions	9,344,566	9,846,205
With donor restrictions	7,401,899	7,320,434
Total net assets	16,746,465	17,166,639
Total liabilities and net assets	\$ 21,021,477	\$ 22,298,511

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

VHCF Consolidated Statement of Activities

JUNE 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government appropriations	\$ –	\$ 4,630,571	\$ 4,630,571	\$ –	\$4,580,571	\$4,580,571
Contributions	317,919	721,600	\$ 1,039,519	267,332	898,196	1,165,528
In-kind contributions	25,216	–	25,216	18,495	–	18,495
Grant revenue	–	1,306,258	1,306,258	–	577,553	577,553
Investment income, net	836,350	4,668	841,018	862,631	–	862,613
Unrealized net (loss)/gain on investments	(2,096,048)	(10,638)	(2,106,686)	1,791,878	–	1,791,878
Other income	277,467	–	277,467	175,778	–	175,778
Total support and revenue	(639,096)	6,652,459	6,013,363	3,116,114	6,056,320	9,172,434
Net assets released from restriction	6,570,994	(6,570,994)	–	7,109,675	(7,109,675)	–
Expenditures:						
Program services - grants	5,718,704	–	5,718,704	6,569,256	–	6,569,256
Supporting services:						
Management and general	588,705	–	588,705	610,780	–	610,780
Fundraising	126,128	–	126,128	122,801	–	122,801
Total expenditures	6,433,537	–	6,433,537	7,302,837	–	7,302,837
Change in net assets	(501,639)	81,465	(420,174)	2,922,952	(1,053,355)	1,869,597
Net assets, beginning of year	9,846,205	7,320,434	17,166,639	6,923,253	8,373,789	15,297,042
Net assets, end of year	\$9,344,566	\$7,401,899	\$16,746,465	\$9,846,705	\$7,320,434	\$17,166,639

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

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How do you feel today?



The **Virginia Health Care Foundation (VHCF)** is a public/private partnership dedicated to increasing access to primary health care, including behavioral and oral health services, 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 800,000 uninsured Virginians obtain the health care they need.

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

VHCF Vision: All who live in Virginia will be able to obtain 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.

At VHCF we are committed to diversity, equity, and inclusion.

Innovation.

Partnership.

Results.



707 E. Main Street, Suite 1350, Richmond, Virginia 23219
804.828.5804 | www.VHCF.org



VIRGINIA
HEALTH CARE
FOUNDATION

Financial Statements

June 30, 2022 and 2021



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VIRGINIA HEALTH CARE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Virginia Health Care Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Health Care Foundation as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink, appearing to read "Keiter", with a stylized flourish at the end.

August 18, 2022
Glen Allen, Virginia

VIRGINIA HEALTH CARE FOUNDATION

Statements of Financial Position June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,266,400	\$ 1,460,223
Investments	13,279,595	14,545,240
Government appropriations receivable	5,775,714	5,725,714
Interest receivable	15,066	19,208
Contributions receivable, current portion	590,945	446,901
Prepaid expenses and other assets	<u>20,858</u>	<u>17,647</u>
Total current assets	20,948,578	22,214,933
Contributions receivable, net of current portion	35,000	35,000
Property and equipment, net	<u>37,899</u>	<u>48,578</u>
Total assets	<u>\$ 21,021,477</u>	<u>\$ 22,298,511</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 83,508	\$ 90,950
Deferred revenue	79,205	77,244
Accrued rent	23,599	27,062
Grants payable, current portion	<u>3,425,271</u>	<u>4,108,682</u>
Total current liabilities	3,611,583	4,303,938
Grants payable, net of current portion	<u>663,429</u>	<u>827,934</u>
Total liabilities	<u>4,275,012</u>	<u>5,131,872</u>
Net assets:		
Without donor restrictions	9,344,566	9,846,205
With donor restrictions	<u>7,401,899</u>	<u>7,320,434</u>
Total net assets	<u>16,746,465</u>	<u>17,166,639</u>
Total liabilities and net assets	<u>\$ 21,021,477</u>	<u>\$ 22,298,511</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,630,571	\$ 4,630,571
Contributions	317,919	721,600	1,039,519
In-kind contributions	25,216	-	25,216
Grant revenue	-	1,306,258	1,306,258
Investment income, net	836,350	4,668	841,018
Unrealized net loss on investments	(2,096,048)	(10,638)	(2,106,686)
Other income	277,467	-	277,467
	<u>(639,096)</u>	<u>6,652,459</u>	<u>6,013,363</u>
 Total support and revenue			
	<u>(639,096)</u>	<u>6,652,459</u>	<u>6,013,363</u>
 Net assets released from restriction	<u>6,570,994</u>	<u>(6,570,994)</u>	<u>-</u>
 Expenditures:			
Program services - grants	5,718,704	-	5,718,704
Supporting services:			
Management and general	588,705	-	588,705
Fundraising	126,128	-	126,128
	<u>6,433,537</u>	<u>-</u>	<u>6,433,537</u>
 Total expenditures			
	<u>6,433,537</u>	<u>-</u>	<u>6,433,537</u>
 Change in net assets	<u>(501,639)</u>	<u>81,465</u>	<u>(420,174)</u>
 Net assets, beginning of year	<u>9,846,205</u>	<u>7,320,434</u>	<u>17,166,639</u>
 Net assets, end of year	<u>\$ 9,344,566</u>	<u>\$ 7,401,899</u>	<u>\$ 16,746,465</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Activities, Continued
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government appropriations	\$ -	\$ 4,580,571	\$ 4,580,571
Contributions	267,332	898,196	1,165,528
In-kind contributions	18,495	-	18,495
Grant revenue	-	577,553	577,553
Investment income, net	862,631	-	862,631
Unrealized net gain on investments	1,791,878	-	1,791,878
Other income	175,778	-	175,778
	3,116,114	6,056,320	9,172,434
Total support and revenue			
Net assets released from restriction	7,109,675	(7,109,675)	-
Expenditures:			
Program services - grants	6,569,256	-	6,569,256
Supporting services:			
Management and general	610,780	-	610,780
Fundraising	122,801	-	122,801
	7,302,837	-	7,302,837
Total expenditures			
Change in net assets	2,922,952	(1,053,355)	1,869,597
Net assets, beginning of year	6,923,253	8,373,789	15,297,042
Net assets, end of year	\$ 9,846,205	\$ 7,320,434	\$ 17,166,639

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Functional Expenses
Year Ended June 30, 2022

	Program Services - Grants	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 271,592	\$ 101,425	\$ 373,017
Employee benefits/payroll taxes	-	69,675	16,188	85,863
 Total salaries and related expenditures	 -	 341,267	 117,613	 458,880
Grants	3,720,543	-	-	3,720,543
RX Partnership	155,000	-	-	155,000
The Pharmacy Connection	311,583	-	-	311,583
Medication Assistance Program	205,985	-	-	205,985
Strategic Initiatives	375,613	-	-	375,613
Medicaid/FAMIS Outreach and Enrollment	399,276	-	-	399,276
Grantee Technical Assistance	84,932	-	-	84,932
Grantmaking	239,177	-	-	239,177
Boost 200	2,225	-	-	2,225
Psychiatric Nurse Practitioner Scholarships	224,370	-	-	224,370
Contractual services	-	87,282	-	87,282
Office rent	-	61,742	-	61,742
Telephone and fax	-	4,960	-	4,960
Supplies	-	3,876	648	4,524
Computer software and supplies	-	9,844	3,347	13,191
Printing and copying	-	6,674	-	6,674
Postage	-	4,151	75	4,226
Meeting/conference costs	-	9,256	-	9,256
Special events	-	-	2,414	2,414
Travel	-	522	542	1,064
Miscellaneous	-	1,063	-	1,063
Insurance	-	23,788	-	23,788
Subscriptions, fees and dues	-	13,898	1,489	15,387
 Total expenditures before depreciation and amortization	 5,718,704	 568,323	 126,128	 6,413,155
 Depreciation and amortization of property and equipment	 -	 20,382	 -	 20,382
 Total expenditures	 <u>\$ 5,718,704</u>	 <u>\$ 588,705</u>	 <u>\$ 126,128</u>	 <u>\$ 6,433,537</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Functional Expenses, Continued
Year Ended June 30, 2021

	Program Services - Grants	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ -	\$ 283,144	\$ 97,240	\$ 380,384
Employee benefits/payroll taxes	-	77,314	17,759	95,073
 Total salaries and related expenditures	 -	 360,458	 114,999	 475,457
Grants	4,733,895	-	-	4,733,895
RX Partnership	105,000	-	-	105,000
The Pharmacy Connection	308,272	-	-	308,272
Medication Assistance Program	215,340	-	-	215,340
Strategic Initiatives	302,746	-	-	302,746
Medicaid/FAMIS Outreach and Enrollment	393,199	-	-	393,199
Grantee Technical Assistance	55,211	-	-	55,211
Grantmaking	247,898	-	-	247,898
Dental Opportunities Initiative	42,252	-	-	42,252
Psychiatric Nurse Practitioner Scholarships	165,443	-	-	165,443
Contractual services	-	95,169	222	95,391
Office rent	-	67,080	-	67,080
Telephone and fax	-	5,110	-	5,110
Supplies	-	3,084	21	3,105
Computer software and supplies	-	20,061	5,747	25,808
Printing and copying	-	4,476	14	4,490
Postage	-	4,026	269	4,295
Meeting/conference costs	-	9,409	-	9,409
Miscellaneous	-	307	-	307
Insurance	-	22,601	-	22,601
Subscriptions, fees and dues	-	8,710	1,529	10,239
 Total expenditures before depreciation and amortization	 6,569,256	 600,491	 122,801	 7,292,548
 Depreciation and amortization of property and equipment	 -	 10,289	 -	 10,289
 Total expenditures	 <u>\$ 6,569,256</u>	 <u>\$ 610,780</u>	 <u>\$ 122,801</u>	 <u>\$ 7,302,837</u>

See accompanying notes to financial statements.

VIRGINIA HEALTH CARE FOUNDATION

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (420,174)	\$ 1,869,597
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	20,382	10,289
Net investment income reinvested	(196,326)	(152,826)
Net realized and unrealized loss (gain) on investments	1,434,429	(2,508,632)
Gain on sale of property and equipment	(200)	(200)
Change in assets and liabilities:		
Government appropriations receivable	(50,000)	-
Interest receivable	4,142	(270)
Contributions receivable	(144,044)	1,042,339
Prepaid expenses and other assets	(3,211)	4,568
Accounts payable and accrued expenses	(10,905)	8,646
Deferred revenue	1,961	77,244
Grants payable	(847,916)	(211,284)
	(211,862)	139,471
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(9,703)	(38,832)
Proceeds from sale of property and equipment	200	200
Proceeds from sales of investments	4,859,669	3,494,340
Purchase of investments	(4,832,127)	(2,926,050)
	18,039	529,658
Net cash provided by investing activities		
Net change in cash and cash equivalents	(193,823)	669,129
Cash and cash equivalents, beginning of year	1,460,223	791,094
Cash and cash equivalents, end of year	\$ 1,266,400	\$ 1,460,223

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 \$24,391 at June 30, 2022 and \$26,549 at June 30, 2021, 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.

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 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. Receivables largely consist of government appropriations. See Note 11 for receivable concentrations.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

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.

Grants Payable: 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 \$427,855 in 2022 and \$326,157 in 2021 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, 2022 and 2021 was immaterial; therefore, no discount was considered necessary.

Contributions and Grants: The Foundation recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; notice of a grant award; or a notification of a beneficial interest is received. Contributions received and grants awarded are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the nature of the contribution or grant. When a restriction expires, net assets with donor restrictions are re-classified as net assets without donor restrictions. Unconditional promises to give or grants are recorded when the promise or award is made. Conditional promises to give or grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional promises to give during 2022 or 2021.

Contributions of assets other than cash are recorded at their estimated fair market value at the time of donation.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Revenue Recognition: The Foundation recognizes revenue from exchange transactions in accordance with FASB guidance contained in *Revenue from Contracts with Customers (Topic 606)*.

The Foundation issues user-licenses to organizations nationwide granting them access to The Pharmacy Connection (“TPC”), a web-based software program created by the Foundation. TPC fees include the initial user-license as well as an annual maintenance fee. TPC fees and associated services provided by the Foundation are considered an exchange transaction and revenue is recognized over the contract period upon the transfer of control of the use-license and services to the customer. TPC fees received in advance are deferred until earned. TPC fees amounted to \$235,652 during 2022 and \$154,484 during 2021 and are included in other income on the statements of activities.

A contract asset is the Foundation’s right to consideration in exchange for goods or services the Foundation has transferred to a customer. Contract liabilities represent consideration received from a customer before the Foundation has transferred a good or service to the customer. There were contract assets of \$1,595 as of June 30, 2022. There were no contract assets as of June 30, 2021. Contract liabilities include deferred revenue which amounted to \$79,205 at June 30, 2022 and \$77,244 at June 30, 2021.

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.

Donated Services: During 2022 and 2021, the Foundation received professional services at no charge from outside organizations (see Note 15). These services, valued by the donors at approximately \$25,216 in 2022 and \$18,495 in 2021, were recorded as in-kind contribution revenue without donor restrictions and recorded as expenditures in the related expense accounts in the accompanying statements of activities.

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”). Income from certain activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. The Foundation has no unrelated business income for fiscal years 2022 and 2021.

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, 2022 and 2021. 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:

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.

Newly Adopted Accounting Standards: In September 2020, the FASB issued Accounting Standards Update (“ASU”) 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which aims to increase transparency of contributed nonfinancial assets, commonly known as gifts in kind, through enhancements to presentation and disclosures. With the new ASU, organizations receiving contributions of nonfinancial assets are now required to present such contributions as a separate line item on the statement of activities. Previously these were allowed to be included in the contributions line item. This ASU also adds additional disclosure requirements for these gifts. The previous disclosure requirements were less detailed and primarily related only to contributed services. The new, more detailed requirements are for contributions of all nonfinancial assets, including both goods and services. These requirements include a disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category and, for each category, information regarding the valuation methodology and whether the contributed nonfinancial assets were either monetized or used during the reporting period. The Foundation has adopted this ASU using the retrospective approach as of July 1, 2020. In-kind contributions are separately stated on the statements of activities for the years ended June 30, 2022 and 2021.

Subsequent Events: Management has evaluated subsequent events through August 18, 2022, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash on deposit	\$ 1,185,272	\$ 1,379,103
Money market funds	<u>81,128</u>	<u>81,120</u>
	<u>\$ 1,266,400</u>	<u>\$ 1,460,223</u>

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

4. Investments:

The costs and fair values of investments as of June 30, 2022 and 2021 are summarized as follows:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 1,139,084	\$ 1,139,084	\$ 713,145	\$ 713,145
U.S. Treasury Bills	-	-	609,335	651,732
Securities	7,323,164	9,647,370	6,591,894	10,693,430
Corporate bonds	<u>2,677,466</u>	<u>2,493,141</u>	<u>2,384,299</u>	<u>2,486,933</u>
	<u>\$ 11,139,714</u>	<u>\$ 13,279,595</u>	<u>\$ 10,298,673</u>	<u>\$ 14,545,240</u>

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

	2022	2021
Interest income, net	\$ 168,761	\$ 145,877
Net realized gains	<u>672,257</u>	<u>716,754</u>
	<u>\$ 841,018</u>	<u>\$ 862,631</u>
Net unrealized (losses) gains	<u>\$ (2,106,686)</u>	<u>\$ 1,791,878</u>

Investment income includes advisory fees totaling \$79,136 for 2022 and \$72,805 for 2021.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

5. Fair Value Measurements:

The 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, 2022 and 2021.

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, 2022 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Assets:			
Money market funds	\$ 1,139,084	\$ -	\$ 1,139,084
Securities:			
Basic materials	369,462	-	369,462
Closed end mutual funds	2,004,877	-	2,004,877
Communication services	755,851	-	755,851
Consumer cyclical	815,793	-	815,793
Consumer defensive	489,678	-	489,678
Energy	433,862	-	433,862
Financials	1,421,536	-	1,421,536
Health care	959,833	-	959,833
Industrials	693,235	-	693,235
Information technology	1,103,629	-	1,103,629
Real estate investment trusts	459,254	-	459,254
Utilities	140,360	-	140,360
Corporate bonds	-	2,493,141	2,493,141
	\$ 10,786,454	\$ 2,493,141	\$ 13,279,595

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, 2021 include the following:

	Fair Value Using		Investments at Fair Value
	Level 1	Level 2	
Assets:			
Money market funds	\$ 713,145	\$ -	\$ 713,145
U.S. Treasury Bills	-	651,732	651,732
Securities:			
Basic materials	449,732	-	449,732
Closed end mutual funds	1,543,956	-	1,543,956
Communication services	821,336	-	821,336
Consumer cyclical	969,418	-	969,418
Consumer defensive	541,241	-	541,241
Energy	360,891	-	360,891
Financials	2,003,851	-	2,003,851
Health care	979,188	-	979,188
Industrials	823,539	-	823,539
Information technology	1,551,904	-	1,551,904
Real estate investment trusts	518,712	-	518,712
Utilities	129,662	-	129,662
Corporate bonds	-	2,486,933	2,486,933
	\$ 11,406,575	\$ 3,138,665	\$ 14,545,240

Certain of the Foundation's investments are subject to restrictions on the frequency of redemptions without penalty. At June 30, 2022, the maturity dates or redemption periods and related amounts were as follows:

Year Ending June 30:	Corporate Bonds
2023	\$ -
2024	897,504
2025	716,091
2026	533,494
2027	346,052
	\$ 2,493,141

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

6. Contributions Receivable:

Contributions receivable are summarized as follows as of June 30, 2022 and 2021:

	2022	2021
Unconditional contributions expected to be collected in:		
Less than one year	\$ 590,945	\$ 446,901
One year to five years	35,000	35,000
Total contributions receivable	\$ 625,945	\$ 481,901

There was no discount on future expected cash flows from contributions receivable in 2022 and 2021.

7. Property and Equipment, Net:

Property and equipment, net as of June 30, 2022 and 2021 is as follows:

	2022	2021
Equipment	\$ 102,393	\$ 98,937
Leasehold improvements	4,987	4,987
Software	32,168	32,168
	139,548	136,092
Less accumulated depreciation and amortization	(101,649)	(87,514)
Property and equipment, net	\$ 37,899	\$ 48,578

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

8. Lease Commitments:

The Foundation is obligated under an operating lease for office space through March 31, 2025. 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 \$106,259 in 2022 and 2021. Future minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30:	Amount
2023	\$ 112,465
2024	115,277
2025	88,069
Total	\$ 315,811

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, 2022 and 2021:

	2022	2021
Purpose restricted - grants	\$ 7,334,418	\$ 7,246,983
Endowment	67,481	73,451
	\$ 7,401,899	\$ 7,320,434

Net assets released from donor restriction in 2022 and 2021 were released for program development purposes.

10. Employee Retirement Plan:

The Foundation has an employee retirement plan under Section 403(b) of the IRC. The plan provides for salary reduction contributions by eligible employees and for Foundation contributions, subject to certain limitations. The Foundation's contribution to the plan was \$65,156 in 2022 and \$67,212 in 2021.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

11. Government Appropriations:

In the 2022 fiscal year, the Commonwealth of Virginia (the “Commonwealth”) designated an appropriation in its biennial budget to the Foundation of \$4,630,571. 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. The appropriation of \$4,630,571 along with \$1,145,143 not yet received on the prior year appropriation was included as a receivable as of June 30, 2022 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 2022 fiscal year budget. These appropriations accounted for 77% of support and revenue for 2022 and 50% of support and revenue for 2021. These appropriations accounted for 90% of total receivables at June 30, 2022 and 92% of total receivables at June 30, 2021.

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. 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, 2022, the endowment fund included \$67,481 of funds with donor restrictions and \$24,391 of funds designated by the Board of Trustees. At June 30, 2021, the endowment fund included \$73,451 of funds with donor restrictions and \$26,549 of funds designated by the Board of Trustees. Total value of the endowment fund was \$91,872 as of June 30, 2022 and \$100,000 as of June 30, 2021.

At June 30, 2022, the endowments were invested and at June 30, 2021, the endowment funds were held solely in cash.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

12. Endowment Fund, 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. Due to unfavorable market fluctuations, the endowment held by the Foundation was deemed to be in a deficit at June 30, 2022, with an original gift amount of \$100,000 and a fair value of \$91,872. In accordance with GAAP, the deficiency of this nature that reduced net assets with donor restrictions was \$8,128. The endowment held by the Foundation was not in a deficit at June 30, 2021.

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

12. Endowment Fund, Continued:

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.

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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 67,481	\$ 67,481
Board-designated funds	24,391	-	24,391
Total funds	\$ 24,391	\$ 67,481	\$ 91,872

Endowment net asset composition by type of fund was as follows as of June 30, 2021:

	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

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

12. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 26,549	\$ 73,451	\$ 100,000
Investment loss, net	(2,158)	(5,970)	(8,128)
Net assets, end of year	24,391	67,481	91,872

There were no changes in endowment net assets for the year ended June 30, 2021, as the endowment funds were held solely in cash.

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:

	2022	2021
Cash and cash equivalents	\$ 1,266,400	\$ 1,460,223
Government appropriations receivable	5,775,714	5,725,714
Contributions receivable	625,945	481,901
Investments	13,279,595	14,545,240
Interest receivable	15,066	19,208
	20,962,720	22,232,286
Receivables to be collected in more than one year	(35,000)	(35,000)
Contractual or donor-imposed restrictions:		
State appropriation	(4,630,571)	(4,580,571)
Federal and state contract grant funds	(455,370)	(170,782)
Other	(2,248,173)	(2,495,325)
Endowment fund	(94,000)	(100,000)
Investments maturing in more than one year	(2,493,141)	(2,744,568)
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,006,465	\$ 12,106,040

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

13. Liquidity and Availability of Financial Assets, Continued:

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.

15. Donated Services and Assets:

The Foundation receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During fiscal year 2022, the Foundation received donated services for audit, photography, and design services. The Foundation also received contributions of the use of facilities and access to conferences.

The Foundation received the following in-kind contributions for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Services	\$ 21,707	\$ 18,095
Conference fees	1,909	-
Board meeting space	<u>1,600</u>	<u>400</u>
	<u>\$ 25,216</u>	<u>\$ 18,495</u>

VIRGINIA HEALTH CARE FOUNDATION

Notes to Financial Statements, Continued

15. **Donated Services and Assets, Continued:**

All donated services and assets were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated services and assets are valued at the standard market rates charged for those services or assets to cash-paying customers.

16. **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, 2021. 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.