

Virginia Health Catalyst

**Financial Statements
for the years ended
December 31, 2021 and 2020**

Virginia Health Catalyst

Mission Statement

The Virginia Health Catalyst's mission is to ensure all Virginians have equitable access to comprehensive health care that includes oral health.

Virginia Health Catalyst

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Frank Barcalow CPA, P.L.L.C.
Certified Public Accountant

Independent Auditor's Report

The Board of Directors
Virginia Health Catalyst
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Virginia Health Catalyst (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, 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 Virginia Health Catalyst as of December 31, 2021 and 2020, 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Virginia Health Catalyst 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 of America, 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 Virginia Health Catalyst'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 Virginia Health Catalyst'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 Virginia Health Catalyst'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.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.

Richmond, Virginia

March 18, 2022

**Statements of Financial Position
December 31, 2021 and 2020**

Assets

	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 941,876	\$ 891,813
Accounts receivable	18,000	21,200
Accrued revenue	105,493	59,273
Prepaid expenses	<u>10,759</u>	<u>12,333</u>
Total current assets	<u>1,076,128</u>	<u>984,619</u>
Property and equipment		
Equipment	2,705	2,705
Less accumulated depreciation	<u>(1,879)</u>	<u>(977)</u>
Total property and equipment	<u>826</u>	<u>1,728</u>
Deposits	<u>1,000</u>	<u>1,000</u>
Total assets	<u>\$ 1,077,954</u>	<u>\$ 987,347</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 4,534	\$ 2,278
Accrued expenses	5,325	6,364
Credit card payable	<u>261</u>	<u>149</u>
Total current liabilities	<u>10,120</u>	<u>8,791</u>
Commitments		
Net assets		
Without donor restrictions	984,109	877,131
Board designated reserve	<u>20,000</u>	<u>20,000</u>
	1,004,109	897,131
With donor restrictions	<u>63,725</u>	<u>81,425</u>
Total net assets	<u>1,067,834</u>	<u>978,556</u>
Total liabilities and net assets	<u>\$ 1,077,954</u>	<u>\$ 987,347</u>

See notes to financial statements.

Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants	\$ -	\$ 977,603	\$ 977,603	\$ -	\$ 875,848	\$ 875,848
PPP loan proceeds	-	-	-	-	70,650	70,650
Other contributions	23,679	15,000	38,679	19,417	-	19,417
In-kind contributions	1,250	6,531	7,781	-	-	-
Partner rent	-	1,500	1,500	-	-	-
Other income	496	-	496	-	-	-
Sponsorships	67,650	-	67,650	38,200	-	38,200
Program service fees	8,640	-	8,640	13,164	-	13,164
	<u>101,715</u>	<u>1,000,634</u>	<u>1,102,349</u>	<u>70,781</u>	<u>946,498</u>	<u>1,017,279</u>
Net assets released from expiration of time or purpose restrictions	<u>1,018,334</u>	<u>(1,018,334)</u>	<u>-</u>	<u>923,404</u>	<u>(923,404)</u>	<u>-</u>
Total support and revenue	<u>1,120,049</u>	<u>(17,700)</u>	<u>1,102,349</u>	<u>994,185</u>	<u>23,094</u>	<u>1,017,279</u>
Expenses						
Program services						
Education and training	447,479	-	447,479	354,616	-	354,616
Public awareness and advocacy	393,171	-	393,171	285,935	-	285,935
	<u>840,650</u>	<u>-</u>	<u>840,650</u>	<u>640,551</u>	<u>-</u>	<u>640,551</u>
Supporting services						
Management and general	125,718	-	125,718	86,028	-	86,028
Fund-raising expenses	46,703	-	46,703	37,560	-	37,560
	<u>1,013,071</u>	<u>-</u>	<u>1,013,071</u>	<u>764,139</u>	<u>-</u>	<u>764,139</u>
Total expenses	<u>1,013,071</u>	<u>-</u>	<u>1,013,071</u>	<u>764,139</u>	<u>-</u>	<u>764,139</u>
Change in net assets	<u>106,978</u>	<u>(17,700)</u>	<u>89,278</u>	<u>230,046</u>	<u>23,094</u>	<u>253,140</u>
Net assets at beginning of year	<u>897,131</u>	<u>81,425</u>	<u>978,556</u>	<u>667,085</u>	<u>58,331</u>	<u>725,416</u>
Net assets at end of year	<u>\$ 1,004,109</u>	<u>\$ 63,725</u>	<u>\$ 1,067,834</u>	<u>\$ 897,131</u>	<u>\$ 81,425</u>	<u>\$ 978,556</u>

See notes to financial statements.

**Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020**

2021	Program Services			Support Services		
	Education & Training	Public Awareness and Advocacy	Total Program Expenses	Administrative Costs	Fundraising Costs	Total Costs
Salaries	\$ 211,595	\$ 240,338	\$ 451,933	\$ 92,579	\$ 32,444	\$ 576,956
Payroll taxes	19,470	19,161	38,631	7,801	2,700	49,132
Other employee benefits	17,579	20,310	37,889	6,545	1,657	46,091
	<u>248,644</u>	<u>279,809</u>	<u>528,453</u>	<u>106,925</u>	<u>36,801</u>	<u>672,179</u>
Awards and honorariums	3,814	953	4,767	-	-	4,767
Consulting	40,134	10,034	50,168	-	-	50,168
Communication / website	1,126	784	1,910	196	343	2,449
Conference fees	2,014	504	2,518	-	-	2,518
Dues	1,647	1,146	2,793	287	502	3,582
Equipment rental	1,368	951	2,319	238	416	2,973
Insurance	923	642	1,565	161	281	2,007
Lobbying	-	13,500	13,500	-	-	13,500
Marketing	7,881	1,970	9,851	-	-	9,851
Meals and entertainment	154	38	192	-	-	192
Occupancy	23,149	16,104	39,253	4,026	7,045	50,324
Office equipment	5,512	4,727	10,239	3,382	785	14,406
Program partners	88,569	22,142	110,711	-	-	110,711
Professional fees	-	31,500	31,500	9,160	-	40,660
Space rental	11,251	2,813	14,064	-	-	14,064
Supplies	9,200	4,676	13,876	1,185	407	15,468
Tax and licenses	285	198	483	50	87	620
Travel	1,384	346	1,730	-	-	1,730
Total expenses before depreciation	447,055	392,837	839,892	125,610	46,667	1,012,169
Depreciation	424	334	758	108	36	902
Total expenses	\$ 447,479	\$ 393,171	\$ 840,650	\$ 125,718	\$ 46,703	\$ 1,013,071
2020	Program Services			Support Services		
	Education & Training	Public Awareness and Advocacy	Total Program Expenses	Administrative Costs	Fundraising Costs	Total Costs
Salaries	\$ 154,340	\$ 157,344	\$ 311,684	\$ 63,232	\$ 24,678	\$ 399,594
Payroll taxes	13,546	13,674	27,220	5,923	2,123	35,266
Other employee benefits	7,596	7,089	14,685	2,227	1,233	18,145
	<u>175,482</u>	<u>178,107</u>	<u>353,589</u>	<u>71,382</u>	<u>28,034</u>	<u>453,005</u>
Awards and honorariums	14,263	3,566	17,829	-	-	17,829
Consulting	46,715	11,679	58,394	-	-	58,394
Communication / website	1,421	988	2,409	247	432	3,088
Conference fees	2,288	572	2,860	-	-	2,860
Dues	1,407	978	2,385	245	428	3,058
Equipment rental	1,564	1,088	2,652	272	476	3,400
Insurance	889	618	1,507	155	270	1,932
Lobbying	-	13,500	13,500	-	-	13,500
Marketing	280	70	350	-	-	350
Meals and entertainment	198	49	247	-	-	247
Occupancy	21,447	14,920	36,367	3,730	6,527	46,624
Office equipment	5,852	4,985	10,837	3,500	866	15,203
Program partners	61,402	15,351	76,753	-	-	76,753
Professional fees	-	31,500	31,500	5,000	-	36,500
Space rental	11,459	2,865	14,324	-	-	14,324
Supplies	6,868	4,042	10,910	1,366	451	12,727
Tax and licenses	131	91	222	23	40	285
Travel	2,526	632	3,158	-	-	3,158
Total expenses before depreciation	354,192	285,601	639,793	85,920	37,524	763,237
Depreciation	424	334	758	108	36	902
Total expenses	\$ 354,616	\$ 285,935	\$ 640,551	\$ 86,028	\$ 37,560	\$ 764,139

See notes to financial statements.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 89,278	\$ 253,140
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used by) operating activities		
Depreciation	902	902
(Increase) decrease in accounts receivable	3,200	34,130
(Increase) decrease in accrued revenues	(46,220)	(44,163)
(Increase) decrease in prepaid expenses	1,574	(5,581)
Increase (decrease) in accounts payable	2,256	448
Increase (decrease) in accrued expenses	(1,039)	(1,639)
Increase (decrease) in credit card payable	112	(5,199)
	<u>50,063</u>	<u>232,038</u>
Cash flows used in investing activities		
Acquisition of property and equipment	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	50,063	232,038
Cash and cash equivalents, beginning of year	<u>891,813</u>	<u>659,775</u>
Cash and cash equivalents, end of year	\$ <u><u>941,876</u></u>	\$ <u><u>891,813</u></u>
Supplemental disclosure of cash flows information		
Cash paid during the year for interest	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See notes to financial statements.

Notes to Financial Statements December 31, 2021 and 2020

Note 1 - Nature of activities and Summary of significant accounting policies

Nature of activities

Virginia Health Catalyst (the Organization) is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of bringing excellent oral health to Virginians.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles of the United States, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions - net assets available for use in general operations and net assets with donor restrictions - donor imposed restrictions are temporary in nature such as those that will be met by the passage of time or other events specified by the donor.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and equipment

Property, plant and equipment are stated at cost, if purchased, and at fair value at date of receipt, if donated. Expenditures of \$2,000 or more for acquisition, renewals and betterments are capitalized, whereas maintenance and repair costs are charged to expense as incurred. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations. Depreciation is computed on the straight-line method over estimated useful lives of three to seven years.

Cash equivalents

For purposes of the Statement of Cash Flows, The Organization considers highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Support and revenue

Contributions are recognized as revenues in the period received at their fair values. All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor/grantor. Amounts received that are restricted by the donor/grantor for specific purposes are reported as net assets - donor restricted support. When net assets with donor restrictions are satisfied upon meeting program objectives, Net assets with donor restrictions are reclassified to Net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Advertising

The Organization expenses advertising costs as incurred, there were no advertising costs in the current or prior year.

Notes to Financial Statements December 31, 2021 and 2020

Note 1 - Summary of significant accounting policies (continued)

Functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other expenses, which are allocated on funding basis. Any expenses that can be identified to a funding source are directly charged to appropriate grant.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Virginia income taxes and, therefore, has made no provision for the federal or Virginia income taxes. In addition, the Internal Revenue Service has determined that The Organization is not a "private foundation" within the meaning of Section 509(a) of the Code. The Organization's income tax returns are potentially subject to examination by the Internal Revenue Service generally for three years after being filed. The Organization has no uncertain tax positions for the current year or prior year.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 - Property and equipment accumulated depreciation

A summary of property and equipment accumulated depreciation follows:

	<u>2021</u>	<u>2020</u>
Equipment	1 879	977

Depreciation expense aggregated \$902 in the current year and \$902 in the prior year.

Note 3 - Pension plan

The Organization established a Simple IRA plan, which is a defined contribution pension plan, covering all full time employees after one year of service. The Organization contributes a three percent match each year. Total expense related to the pension plan in the current year totaled \$7,975 and \$4,739 in the prior year.

Notes to Financial Statements December 31, 2021 and 2020

Note 4 - Concentration of funding

Virginia Health Catalyst is funded primarily through grants and donations. The following information summarizes The Organization's grant and contract activity during the current year:

	<u>2021</u>	<u>2020</u>
Grants		
Dentaquest Partnership	\$ -	\$ 121 275
CareQuest Institute for Oral Health	140 000	-
Virginia Department of Health	525 203	310 406
Richmond Memorial Health Foundation	50 000	75 000
Northern Virginia Health Foundation	1 000	1 000
Williamsburg Health Foundation	20 000	-
Virginia Consortium of Health Philanthropy	42 500	103 000
Networks for Oral Health Integration grants	42 000	58 667
National Network of Public Health Institutes	12 500	12 500
United Way South Hampton Roads	-	5 000
VDH - MCH - returned funds	6 000	-
Other restricted revenue	23 031	-
Delta Dental	<u>138 400</u>	<u>189 000</u>
	1 000 634	875 848
Less: Net assets released from restrictions	<u>1 018 334</u>	<u>852 754</u>
	<u>\$ (17 700)</u>	<u>\$ 23 094</u>

Note 5 - Concentration of credit risk

Financial instruments which potentially subject The Organization to concentration of credit risk consist principally of cash and unsecured receivables. Cash accounts are maintained in financial institutions located in central Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for the current year and prior year. Amounts may exceed the insured maximum balance from time to time, but management does not believe there is a significant risk.

Note 6 - Commitments

The Organization leases its office under an operating lease as of December 1, 2019 for an initial term of six years with annual rental increases of three percent and includes two three-year renewal options. The Organization signed a sub-lease with an unrelated not-for-profit in December 2021 until November 2024. Future minimum lease payments are as follows:

Year	Amount	Sub Lease	VHC
2022	\$ 61 542	\$ 12 025	\$ 49 517
2023	63 389	12 326	51 063
2024	65 142	11 557	53 585
2025	<u>42 259</u>	<u>-</u>	<u>42 259</u>
	<u>\$ 232 332</u>	<u>\$ 35 908</u>	<u>\$ 196 424</u>

Rental expense under the lease totaled \$42,662 in the current year and \$39,866 in the prior year.

Notes to Financial Statements December 31, 2021 and 2020

Note 7 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

	<u>2021</u>		<u>2020</u>
DentaQuest Partnership Grants	\$ -	\$	20 026
VA Department of Health Grant	-		3
Virginia Board for People with Disabilities	-		6 560
Richmond Memorial Health Foundation	14 361		18 562
National Network of Public Health Institute	1 046		1 041
United Way of South Hamton Roads	-		1 250
Virginia Consortium of Health Philanthropy	-		33 983
CareQuest Foundation	48 318		-
	<u>\$ 63 725</u>	\$	<u>81 425</u>

Net assets with donor restrictions released totaled \$1,018,334 during the current year and \$923,404 in the prior year.

Note 8 - Liquidity and Availability

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

	<u>2021</u>		<u>2020</u>
Cash	\$ 941 876	\$	891 813
Accounts receivable	123 493		80 473
	<u>1 065 369</u>		<u>972 286</u>
Board restrictions	20 000		20 000
Purpose restrictions	63 725		81 425
	<u>\$ 981 644</u>	\$	<u>870 861</u>

Note 9 - Subsequent events

In preparing these financial statements, The Organization has evaluated events and transactions for potential recognition or disclosure through March 18, 2022 the date the financial statements were issued.

Note 10 - PPP Loan

The Organization received a loan from the Small Business Administration for Payroll Protection Plan in the amount of \$70,650. The Organization used the money for payroll and related expenses and qualified for the loan to be forgiven and is now recorded as income for the year ended December 31, 2020.

Note 11 - Leasing arrangements

The Organization leases office equipment under a four year operating lease with annual payments of \$2,875. Equipment lease expense related to this lease totaled \$719 for the current year. Future payments are as follows: 2022 \$2,875 per year and for 2023 \$2,156 for a total due \$5,031.