

**MEDICAL CARE FOR CHILDREN
PARTNERSHIP FOUNDATION**

JUNE 30, 2021 AND 2020

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may be reproduced only
in their entirety.**

MEDICAL CARE FOR CHILDREN
PARTNERSHIP FOUNDATION

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Medical Care for Children Partnership Foundation
Springfield, Virginia

Opinion

We have audited the accompanying financial statements of the Medical Care for Children Partnership Foundation (the Foundation), which comprise the statements of financial position as of June 30, 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 the Foundation as of June 30, 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 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 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 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 auditing standards generally accepted in the United States of America 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.

Board of Directors
Medical Care for Children Partnership Foundation
Springfield, Virginia

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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.

Ross, Langan & McKeedee
L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

November 29, 2021

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 232,802	\$ 130,383
Other investments	1,018,710	502,393
Contributions receivable	287,200	274,000
Other assets	6,165	13,740
Property and equipment, net	283,977	322,727
Donor restricted investments	<u>2,613,158</u>	<u>2,613,158</u>
 TOTAL ASSETS	 <u>\$ 4,442,012</u>	 <u>\$ 3,856,401</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 172,009	\$ 31,018
Accrued payroll and benefits	32,795	19,239
Refundable advance - PPP loan	-	45,049
Other current liabilities	<u>-</u>	<u>35,000</u>
 TOTAL LIABILITIES	204,804	130,306
NET ASSETS		
Net assets without donor restrictions -		
Undesignated	(41,467)	(49,414)
Board designated	<u>921,472</u>	<u>853,095</u>
Total net assets without donor restrictions	880,005	803,681
Net assets with donor restrictions	<u>3,357,203</u>	<u>2,922,414</u>
 TOTAL NET ASSETS	 <u>4,237,208</u>	 <u>3,726,095</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,442,012</u>	 <u>\$ 3,856,401</u>

The accompanying notes are an integral part of these financial statements.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
REVENUE AND SUPPORT						
Fairfax County donation	\$ -	\$ 237,000	\$ 237,000	\$ -	\$ 237,000	\$ 237,000
Direct public support	93,867	368,049	461,916	41,210	125,072	166,282
Gifts in kind	5,439	73,076	78,515	34,517	43,231	77,748
Special events net of direct benefit to donors	-	-	-	50,484	-	50,484
Investment income/(loss), net	33,677	670,365	704,042	14	108,720	108,734
Net assets released from restrictions	<u>913,701</u>	<u>(913,701)</u>	<u>-</u>	<u>443,767</u>	<u>(443,767)</u>	<u>-</u>
Total revenue and support	<u>1,046,684</u>	<u>434,789</u>	<u>1,481,473</u>	<u>569,992</u>	<u>70,256</u>	<u>640,248</u>
EXPENSES						
MCCP program services	<u>713,862</u>	<u>-</u>	<u>713,862</u>	<u>380,969</u>	<u>-</u>	<u>380,969</u>
Total program expenses	<u>713,862</u>	<u>-</u>	<u>713,862</u>	<u>380,969</u>	<u>-</u>	<u>380,969</u>
Management and general	91,107	-	91,107	85,117	-	85,117
Fundraising	<u>165,391</u>	<u>-</u>	<u>165,391</u>	<u>154,682</u>	<u>-</u>	<u>154,682</u>
Total support services	<u>256,498</u>	<u>-</u>	<u>256,498</u>	<u>239,799</u>	<u>-</u>	<u>239,799</u>
Total expenses	<u>970,360</u>	<u>-</u>	<u>970,360</u>	<u>620,768</u>	<u>-</u>	<u>620,768</u>
CHANGE IN NET ASSETS	76,324	434,789	511,113	(50,776)	70,256	19,480
NET ASSETS, BEGINNING OF YEAR	<u>803,681</u>	<u>2,922,414</u>	<u>3,726,095</u>	<u>854,457</u>	<u>2,852,158</u>	<u>3,706,615</u>
NET ASSETS, END OF YEAR	<u>\$ 880,005</u>	<u>\$ 3,357,203</u>	<u>\$ 4,237,208</u>	<u>\$ 803,681</u>	<u>\$ 2,922,414</u>	<u>\$ 3,726,095</u>

The accompanying notes are an integral part of these financial statements.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				Total 2021
	MCCP Program Services	Support Services		Total Support Services	
		Management and General	Fundraising		
Medical and dental expenses	\$ 472,242	\$ -	\$ -	\$ -	\$ 472,242
Salaries, taxes, and benefits	99,028	39,593	147,166	186,759	285,787
Professional fees	6,471	48,468	2,735	51,203	57,674
Depreciation and amortization expense	40,577	-	-	-	40,577
Donated program supplies	73,076	-	-	-	73,076
Other expenses	22,468	3,046	15,490	18,536	41,004
Total 2021 expenses	\$ 713,862	\$ 91,107	\$ 165,391	\$ 256,498	\$ 970,360

	2020				Total 2020
	MCCP Program Services	Support Services		Total Support Services	
		Management and General	Fundraising		
Medical and dental expenses	\$ 156,796	\$ -	\$ -	\$ -	\$ 156,796
Salaries, taxes, and benefits	87,647	35,971	131,598	167,569	255,216
Professional fees	38,626	42,766	5,826	48,592	87,218
Depreciation and amortization expense	37,028	-	-	-	37,028
Donated program supplies	43,231	-	-	-	43,231
Other expenses	17,641	6,380	17,258	23,638	41,279
Total 2020 expenses	\$ 380,969	\$ 85,117	\$ 154,682	\$ 239,799	\$ 620,768

The accompanying notes are an integral part of these financial statements.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 511,113	\$ 19,480
Adjustments to reconcile change in net assets to net change in cash from operating activities -		
Realized and unrealized (gains)/losses on investments, net	(679,368)	(75,541)
Depreciation and amortization	40,577	37,028
Changes in assets and liabilities -		
Contributions receivable	(13,200)	(35,000)
Other assets	7,575	(6,229)
Accounts payable	140,991	(20,300)
Accrued payroll and benefits	13,556	(8,345)
Refundable advance - PPP loan	(45,049)	45,049
Deferred revenue	<u>(35,000)</u>	<u>-</u>
Net change in cash from operating activities	<u>..(.....58,805)</u>	<u>..(.....43,858)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,827)	-
Purchase of investments	(2,729,894)	(3,769,546)
Proceeds from sales and maturities of investments	<u>2,892,945</u>	<u>3,846,853</u>
Net change in cash from investing activities	<u>161,224</u>	<u>77,307</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	102,419	33,449
CASH, BEGINNING OF YEAR	<u>130,383</u>	<u>96,934</u>
CASH, END OF YEAR	<u>\$ 232,802</u>	<u>\$ 130,383</u>

The accompanying notes are an integral part of these financial statements.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 - THE ORGANIZATION AND NATURE OF ACTIVITIES

The mission of the Medical Care for Children Partnership Foundation (the Foundation) is to provide access to comprehensive medical and dental care to uninsured children of working families living in Fairfax County, Virginia, who are 250 percent or below the federal poverty level. Medical Care for Children Partnership (MCCP) is a program established in 1986 and administered by the Fairfax County Government (Fairfax County). In 2007, the Foundation was created to provide funding to support the MCCP program. The Foundation provides vision and strategy for the program's sustainability and ensures funding for medical and dental care of eligible children.

The Foundation has an agreement with Fairfax County that laid the framework for transition of the MCCP program and the initial transfer of assets of \$2,997,799. The Foundation is funded through a diverse set of funders that includes: individuals, corporations, foundations, Fairfax County, and other grants.

In the years ended June 30, 2021 and 2020, Fairfax County had over 3,000 children, respectively, enrolled in the MCCP program. In addition to children seen at no cost to the families at Kaiser Permanente, the Foundation provided medical office visits and dental office visits, respectively, for uninsured, eligible MCCP children of Fairfax County. In the year ended June 30, 2020, acquired a mobile dental van that is used to perform dental screenings in the community and establish further treatment plans for the children with a dentist in their community.

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the MCCP program's ability to connect children to medical and dental care had changed since most practices were closed and only providing emergency services. At the same time, the Foundation was informed that two of the MCCP program's most vulnerable markets (the Annandale and Culmore communities) had their food pantries close and were in desperate need of food and supplies to feed their families. The Foundation mobilized its mobile dental van to deliver food to both communities. With the food supply chain disrupted and most individuals at home, the Foundation's Executive Director, a van driver, and a representative from Legal Aid Justice began serving meals through a partnership with Chef Jose Andres of World Central Kitchen. The Foundation served meals in both communities while further supporting them by providing masks, gloves, and many other resources through a newly developed network of partners. The Foundation was able to secure funding to do this work through four other new sources to cover the costs of these activities. By providing these programs, the Foundation had the opportunity to distribute critical information around the social determinants of health to these vulnerable communities and develop two-way communication to ensure their needs were being captured in real time. This work continues and is enabling the Foundation to better serve the families directly with services that are needed within each community and gives the Foundation the opportunity to create sustainable efficient programming while increasing the Foundation's ability to serve and attract new funders and partners. The decision to pivot the mobile dental van to provide services to families in their communities has provided the Foundation with many new partners and resources that would not have been available to the Foundation otherwise.

The Foundation operates as a public/private partnership. This model enables each partner's contributions to be leveraged for the maximum possible benefit. The Foundation has three groups of partners. The first partner is Fairfax County, which provided \$237,000 grants to the Foundation restricted to operating costs in the years ended June 30, 2021 and 2020. In addition, Fairfax County had a significant budget for its outreach workers, caseworkers, and managers to administer the MCCP program the Foundation supports, which is not included in the Foundation's financial statements.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 1 - THE ORGANIZATION AND NATURE OF ACTIVITIES (continued)

The second group of partners are the medical and dental communities. Kaiser Permanente provided children medical care at no cost to the families, which was approximately \$2.7 million and \$3.0 million, in the years ended June 30, 2021 and 2020, respectively, in donated services to Fairfax County. The Kaiser Permanente donated care is not included in the Foundation's financial statements. In addition, the MCCP program has hundreds of doctors and dentists in the network who provide care at reduced rates or at no cost. The Foundation paid a net amount of \$452,255 and \$149,708 to Fairfax County in the years ended June 30, 2021 and 2020, respectively, to pay for the discounted medical and dental costs of children who were cared for by these private doctors and dentists. The program was also able to provide care to children through the generous donation of pro bono medical and dental services to Fairfax County. This medical and dental care is also not included in the Foundation's financial statements.

The third group of partners are the Foundation's volunteers and funders – individuals, corporations, foundations, and community groups. In the years ended June 30, 2021 and 2020, this group included new and existing partners to provide food and supplies to feed insecure families. The Foundation provides vision and strategy for the MCCP program, executes on its strategic plan, and raises the funds to pay for the children's care.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative accounting principles generally accepted in the United States of America (GAAP). The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies are described below. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

The Foundation considers all cash and money market balances held by investment managers to be investments.

Investments

Investments with readily determinable market values are reported at their fair market values based on quoted market prices. Investments in corporate bonds and notes and government securities are reported at an estimate of fair market value based on quoted market prices of similar assets in active markets. Investments in managed futures funds are reported at the value provided by the investment manager based on the values on the underlying assets. Investment gains and losses are recognized as of the trade date. Donated securities are recorded at their fair market value on the date of donation. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Property and Equipment

All acquisitions of property and equipment that have a cost of more than \$500 and expenditures for improvements that materially extend lives of assets are capitalized at cost if purchased and at market value if donated. Expenditures for maintenance and repairs are charged to expense when incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets placed in service for three to ten years.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advance - PPP Loan

On April 20, 2020, the Foundation was granted a \$45,049 loan under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) to provide loans for certain entities. The PPP loan matures in April 2022, bears interest at one percent per annum, is payable monthly commencing November 2020, and may be prepaid by the Foundation at any time with no prepayment penalties. Funds from the PPP loan may only be used for specific costs as allowed by the CARES Act and subsequent laws and the PPP loan may be forgiven if used for qualifying expenses. The Foundation received full forgiveness of the PPP loan in the year ended June 30, 2021. As such, the Foundation recorded the PPP loan as a refundable advance as of June 30, 2020, and recognized it as contribution income in the year ended June 30, 2021.

Income Taxes

The Foundation received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and it qualifies as a publicly supported organization under Section 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(2) of the IRC. The Foundation believes its operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes and no temporary differences resulting in deferred taxes as of June 30, 2021 and 2020.

The Foundation is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions the Foundation has taken in the tax years that remain subject to examination or expects to take on an income tax return. The Foundation recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. The Foundation recorded no liability for uncertain income tax positions for any open tax years.

Revenue Recognition

Gifts in Kind

The Foundation recognizes contribution revenue for facilities, materials, and certain services received at the estimated fair value of the facilities, materials and services. In the years ended June 30, 2021 and 2020, the Foundation received an estimated \$78,515 and \$77,748, respectively, in donated facilities, services, and materials primarily for dental and medical supplies, program enhancements, software licenses, and office space.

Contributions

Contributions received are recorded as with or without donor restrictions support depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

All contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reported at their net present realizable value. Unconditional promises to give due in subsequent years are reported at their net present realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. The contributions receivable as of June 30, 2021, are all due to be received within one year. Contributions receivable are charged to bad debt loss as they are deemed uncollectible. No amount was recorded as an allowance for uncollectible accounts at June 30, 2021 or 2020.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Special Events

The Foundation reports receipts from its annual gala and events net of related direct benefits provided to donors.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional and natural basis in the statements of functional expenses. Certain costs have been allocated among the program and supporting services benefited based upon estimates of time and effort of staff.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through November 29, 2021, which is the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 3 - CONCENTRATION RISK

The Foundation maintains cash and investments in federally insured banks and broker-managed accounts and has exposure to credit risk on those accounts. Some cash held in bank and broker managed accounts is insured up to Federal Deposit Insurance Corporation (FDIC) limits. As of June 30, 2021, the Foundation had \$37,231 cash in excess of FDIC limits. Assets held in broker managed accounts are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000, including a maximum of \$250,000 for claims of cash equivalents, if the brokerage firm holding the assets becomes insolvent, but it does not insure the underlying assets of \$3,345,214. These assets fluctuate with changes in the market. The Foundation believes its credit risk is not significant.

In the year ended June 30, 2021, approximately 16 and 20 percent of total revenue and support was provided by Fairfax County and four other donors, respectively. In the year ended June 30, 2020, approximately 41 and seven percent of total revenue and support was provided by Fairfax County and the gala, respectively. As of June 30, 2021 and 2020, approximately 83 and 96 percent, respectively, of all of the contributions receivable were pledged by Fairfax County.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 - NET ASSETS

Net assets restricted in perpetuity of \$2,613,158 were donated through an initial transfer of assets. The Foundation has maintained these net assets in investment accounts and income generated must be used for the MCCP program. Through an agreement with Fairfax County, the Foundation shall not reduce, use, or payout the corpus of the net assets restricted in perpetuity. Should the Foundation cease to carry out the MCCP program, the net assets restricted in perpetuity shall be transferred to the Fairfax County Board of Supervisors to provide health care to indigent children in accordance with an agreement with Fairfax County. The Foundation also has an agreement with Fairfax County that at least 80 percent of all contributions received by the Foundation will be used to make payments for the MCCP program, unless the contributions are otherwise restricted by the donor. Accordingly, as of June 30, 2021 and 2020, the Foundation has recorded \$639,139 and \$530,368, respectively, in Board designated net assets to make future payments for the MCCP program.

In the year ended June 30, 2019, the Foundation received a donation for the purchase of a vehicle to provide dental care in the community. The van was also purchased in the year ended June 30, 2019. The restricted net asset was released from restrictions on the purchase date. The Foundation maintains the amount of the undepreciated value of the vehicle as a designated net asset to offset future depreciation. The designated net asset was \$282,333 and \$322,727 as of June 30, 2021 and 2020, respectively. Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Purpose restricted -		
MCCP program - medical & dental	\$ 291,206	\$ -
MCCP program - dental only	100,000	29,345
Vaccine initiative	65,839	-
Other grants	<u>-</u>	<u>7,911</u>
Total purpose restricted457,04537,256
Time and purpose restricted -		
MCCP program - medical & dental	50,000	-
MCCP program - dental only	-	10,000
Non-medical operating expenses - Fairfax County	237,000	237,000
Other grants	<u>-</u>	<u>25,000</u>
Total time and purpose restricted	287,000	272,000
Net assets restricted in perpetuity	<u>2,613,158</u>	<u>2,613,158</u>
Total net assets with donor restrictions	<u>\$ 3,357,203</u>	<u>\$ 2,922,414</u>

Net assets with donor restrictions were released from restrictions as follows in the years ended June 30:

	<u>2021</u>	<u>2020</u>
Fulfillment of purpose restrictions -		
MCCP program	\$ 292,158	\$ 108,720
Dental program including purchase of dental van	237,421	88,236
Non-medical operating expenses	282,049	239,723
Other grants	<u>102,073</u>	<u>7,088</u>
Total net assets released from donor restrictions	<u>\$ 913,701</u>	<u>\$ 443,767</u>

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, consist of:

	<u>2021</u>	<u>2020</u>
Vehicle	\$ 315,566	\$ 315,566
Dental equipment	44,189	44,189
Other property and equipment	5,052	3,225
Less: accumulated depreciation	<u>(80,830)</u>	<u>(40,253)</u>
Total property and equipment, net	<u>\$ 283,977</u>	<u>\$ 322,727</u>

NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The Foundation measures and reports financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

- Level 1 - quoted prices in active market for identical assets or liabilities as of the reporting date;
- Level 2 - quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves); and
- Level 3 - uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

The tables below summarize investments, by level, for items measured at fair value on a recurring basis as of June 30:

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 302,757	\$ -	\$ -	\$ 302,757
Domestic equities	1,553,963	-	-	1,553,963
International equities	782,819	-	-	782,819
Equity mutual funds	92,312	-	-	92,312
Corporate notes and bonds	-	559,528	-	559,528
Government securities	169,353	28,863	-	198,216
Futures alternative funds	<u>-</u>	<u>-</u>	<u>142,273</u>	<u>142,273</u>
Total investments at fair value	<u>\$ 2,901,204</u>	<u>\$ 588,391</u>	<u>\$ 142,273</u>	<u>\$ 3,631,868</u>

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 288,774	\$ -	\$ -	\$ 288,774
Domestic equities	1,007,243	-	-	1,007,243
International equities	821,446	-	-	821,446
Equity mutual funds	63,934	-	-	63,934
Fixed income mutual fund	33,806	-	-	33,806
Corporate notes and bonds	-	590,022	-	590,022
Government securities	183,411	10,027	-	193,438
Futures alternative funds	-	-	116,888	116,888
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments at fair value	<u>\$ 2,398,614</u>	<u>\$ 600,049</u>	<u>\$ 116,888</u>	<u>\$ 3,115,551</u>

The summary of changes in fair value of the Foundation's Level 3 assets for the years ended June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 116,888	\$ 115,321
Net realized and unrealized gains/(losses) in fair value	<u>25,385</u>	<u>1,567</u>
	<u> </u>	<u> </u>
Balance, end of year	<u>\$ 142,273</u>	<u>\$ 116,888</u>

The Foundation's overall investment objective is to manage its assets in such a way as to ensure long-term appreciation. While growth in the value of endowment assets is the primary investment objective, the Foundation is also concerned with the conservation of its capital. The primary investment target of the Foundation is to earn, over a period of time, an average annual total rate of return on its endowment assets of at least five percent greater than the rate of inflation. It was determined by the Board that investment earnings on donor restricted and Board designated funds are available for use in the MCCP program using a five percent assumed rate of return spending policy. Through an agreement with Fairfax County, the Foundation is to maintain assets that are temporarily restricted by donors or designated by the Foundation's Board for the MCCP program (collectively referred to as the MCCP Restricted Fund) or restricted in perpetuity (referred to as the Endowment Fund) in separate investment accounts.

A summary of the activity in those accounts for the years ended June 30, is as follows:

	<u>MCCP Restricted Fund</u>			<u>Endowment Fund</u>	<u>2021 Total</u>
	<u>Donor Restricted</u>	<u>Board Designated</u>	<u>Total</u>		
Investment balance, July 1, 2020	\$ -	\$ 183,950	\$ 183,950	\$ 2,931,601	\$ 3,115,551
Contributions	63,000	60,000	123,000	-	123,000
Interest and dividends	1,143	2,756	3,899	53,722	57,621
Net appreciation (depreciation)	13,472	32,497	45,969	633,399	679,368
Fees	(653)	(1,576)	(2,229)	(30,718)	(32,947)
Appropriations	(308,889)	-	(308,889)	(1,836)	(310,725)
Interaccount borrowings	<u>231,927</u>	<u>(277,581)</u>	<u>(45,654)</u>	<u>45,654</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investment balance, June 30, 2021	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 46</u>	<u>\$ 3,631,822</u>	<u>\$ 3,631,868</u>

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

	MCCP Restricted Fund			Endowment Fund	2020 Total
	Donor Restricted	Board Designated	Total		
Investment balance, July 1, 2019	\$ -	\$ 58,646	\$ 58,646	\$ 3,058,671	\$ 3,117,317
Contributions	108,720	17,075	125,795	-	125,795
Interest and dividends	-	1,517	1,517	61,583	63,100
Net appreciation (depreciation)	-	(302)	(302)	75,843	75,541
Fees	-	-	-	(29,921)	(29,921)
Appropriations	(173,255)	(19,000)	(192,255)	(44,026)	(236,281)
Interaccount borrowings	<u>64,535</u>	<u>126,014</u>	<u>190,549</u>	<u>(190,549)</u>	<u>-</u>
Investment balance, June 30, 2020	<u>\$ -</u>	<u>\$ 183,950</u>	<u>\$ 183,950</u>	<u>\$ 2,931,601</u>	<u>\$ 3,115,551</u>

NOTE 7 - FINANCIAL ASSETS AND LIQUIDITY

Financial assets available within one year for operations that are not subject to restrictions that make them unavailable for general operations as of June 30, were as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 232,802	\$ 130,383
Investments	3,631,868	3,115,551
Contributions receivable	287,200	274,000
Other current assets	<u>6,165</u>	<u>13,740</u>
Total financial assets	4,158,035	3,533,674
Less: amounts designated by the Board of Directors to make payments under the MCCP program under terms of an agreement with Fairfax, County	(639,139)	(530,368)
Less: amounts unavailable for general operations due to temporary restrictions	(744,045)	(309,256)
Less: amounts unavailable for general operations due to permanent restrictions	<u>(2,613,158)</u>	<u>(2,613,158)</u>
Total financial assets available within one year for operations	<u>\$ 161,693</u>	<u>\$ 80,892</u>

The Foundation establishes a budget each year for operations and MCCP program costs and uses that to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Foundation management and the Board of Directors work with Fairfax County to deliver equitable programs to children in the MCCP program by developing flat fees for services, which enable the Foundation to maintain a consistent level of spending each month and to limit unanticipated liquidity needs.

MEDICAL CARE FOR CHILDREN PARTNERSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - SPECIAL EVENTS

There were no special events held in the year ended June 30, 2021. The special events net income for the year ended June 30, 2020, consisted of:

Gala revenue	\$ 61,037
Direct benefit to donors - gala	<u>(15,708)</u>
Net gala income45,329
Other event revenue	5,235
Direct benefit to donors - other events	<u>(80)</u>
Net other event income	<u>5,155</u>
Total special events net of direct benefit to donors	<u>\$ 50,484</u>