

Caring Voice Coalition, Inc.

Financial Report
June 30, 2012

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Independent Auditor's Report

To the Board of Directors
Caring Voice Coalition, Inc.
Mechanicsville, Virginia

We have audited the accompanying statements of financial position of Caring Voice Coalition, Inc. as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring Voice Coalition, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Richmond, Virginia
October 4, 2012

Caring Voice Coalition, Inc.

Statements Of Financial Position
June 30, 2012 And 2011

Assets	2012	2011
Current Assets		
Cash	\$ 7,103,817	\$ 10,485,690
Certificates of deposit	37,674,525	36,705,815
Contributions receivable	7,000,549	-
Prepays and other assets	38,247	33,642
Total current assets	51,817,138	47,225,147
Fixed Assets		
Property and equipment	2,559,276	2,170,756
Accumulated depreciation	(1,275,249)	(752,686)
Total fixed assets	1,284,027	1,418,070
Total assets	\$ 53,101,165	\$ 48,643,217
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 4,826,078	\$ 3,403,456
Accrued expenses	268,213	173,428
Total current liabilities	5,094,291	3,576,884
Long-term Liabilities		
Other long-term liabilities	30,037	13,923
Total long-term liabilities	30,037	13,923
Total liabilities	5,124,328	3,590,807
Commitments (Note 3)		
Net Assets		
Unrestricted	2,071,584	2,040,420
Temporarily restricted	45,905,253	43,011,990
Total net assets	47,976,837	45,052,410
Total liabilities and net assets	\$ 53,101,165	\$ 48,643,217

See Notes To Financial Statements.

Caring Voice Coalition, Inc.

**Statement Of Activities
Year Ended June 30, 2012**

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ -	\$ 55,024,500	\$ 55,024,500
Individual contributions	20,880	71,035	91,915
Advertising, circulation and miscellaneous revenue	3,144	1,500	4,644
Interest revenue	182,829	-	182,829
Net assets released from restrictions	52,203,772	(52,203,772)	-
Total revenues and gains	52,410,625	2,893,263	55,303,888
Expenses			
Program services			
Financial assistance	49,757,636	-	49,757,636
Insurance and education	788,041	-	788,041
Patient support	594,862	-	594,862
Total program services	51,140,539	-	51,140,539
Supporting services			
General administration	1,084,385	-	1,084,385
Fundraising	144,867	-	144,867
Total supporting services	1,229,252	-	1,229,252
Total expenses	52,369,791	-	52,369,791
Loss on disposal of fixed assets	9,670	-	9,670
Change in net assets	31,164	2,893,263	2,924,427
Net assets			
Beginning	2,040,420	43,011,990	45,052,410
Ending	\$ 2,071,584	\$ 45,905,253	\$ 47,976,837

See Notes To Financial Statements.

Caring Voice Coalition, Inc.

**Statement Of Activities
Year Ended June 30, 2011**

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ 15,000	\$ 49,662,500	\$ 49,677,500
Individual contributions	35,166	22,554	57,720
Interest revenue	223,693	-	223,693
Net assets released from restrictions	41,962,921	(41,962,921)	-
Total revenues and gains	42,236,780	7,722,133	49,958,913
Expenses			
Program services			
Financial assistance	40,154,169	-	40,154,169
Insurance and education	783,265	-	783,265
Patient support	274,040	-	274,040
Total program services	41,211,474	-	41,211,474
Supporting services			
General administration	674,498	-	674,498
Fundraising	113,885	-	113,885
Total supporting services	788,383	-	788,383
Total expenses	41,999,857	-	41,999,857
Loss on disposal of fixed assets	3,040	-	3,040
Change in net assets	233,883	7,722,133	7,956,016
Net assets			
Beginning	1,806,537	35,289,857	37,096,394
Ending	\$ 2,040,420	\$ 43,011,990	\$ 45,052,410

See Notes To Financial Statements.

Caring Voice Coalition, Inc.

Statement Of Functional Expenses
Year Ended June 30, 2012

	Program Services			Total Program Services
	Financial Assistance	Insurance and Education	Patient Support	
Financial donations and grants				
Donations to other nonprofit organizations	\$ 1,000	\$ -	\$ -	\$ 1,000
Patient insurance co-payment grants	45,301,800	-	-	45,301,800
Patient insurance premium grants	1,483,775	-	-	1,483,775
Patient emergency grants	7,963	-	-	7,963
Special patient events	7,431	6,998	140,390	154,819
Magazine publication	-	-	36,234	36,234
Educational conference grants	32,618	-	-	32,618
Total financial donations and grants	46,834,587	6,998	176,624	47,018,209
Fundraising events	-	-	-	-
Compensation and related expenses				
Officers' salaries	109,357	45,048	38,523	192,928
Staff salaries	1,640,785	404,807	171,239	2,216,831
401(k) plan match	40,198	10,049	4,020	54,267
BOD stipend	-	-	-	-
HSA plan match	-	-	-	-
Payroll taxes	130,727	33,603	15,669	179,999
Total compensation and related expenses	1,921,067	493,507	229,451	2,644,025
Professional fees				
Accounting fees	-	-	-	-
Architect fees	-	-	-	-
Legal fees	-	-	-	-
Payroll fees	-	-	-	-
Contract labor	22,170	7,169	-	29,339
Total professional fees	22,170	7,169	-	29,339
Travel expenses				
General travel	33,432	20,425	3,539	57,396
Conferences, conventions and meetings	61,141	30,400	22,019	113,560
Meals and entertainment	17,306	6,033	4,514	27,853
Total travel expenses	111,879	56,858	30,072	198,809
Administration expenses				
Advertising and marketing	20,083	15,488	6,405	41,976
Bank fees	-	-	-	-
Books, subscriptions and reference materials	134	468	105	707
Continuing education and training fees	-	-	-	-
Depreciation expense	400,573	100,143	40,057	540,773
Insurance	159,107	39,777	15,911	214,795
Miscellaneous	27,757	7,196	2,849	37,802
Office expenses and supplies	40,231	10,053	4,021	54,305
Outside computer services	28,782	3,433	58,376	90,591
Postage, shipping and delivery	21,364	4,476	14,002	39,842
Rent and other occupancy expenses	134,942	33,735	13,494	182,171
State licenses	-	-	-	-
Telephone and internet	34,960	8,740	3,495	47,195
Total administration expenses	867,933	223,509	158,715	1,250,157
Total functional expenses	\$ 49,757,636	\$ 788,041	\$ 594,862	\$ 51,140,539

See Notes To Financial Statements.

Supporting Services			
General		Total Supporting Services	Total Functional Expenses
Administration	Fundraising		
\$ -	\$ -	\$ -	\$ 1,000
-	-	-	45,301,800
-	-	-	1,483,775
-	-	-	7,963
-	-	-	154,819
-	-	-	36,234
-	-	-	32,618
-	-	-	47,018,209
-	12,245	12,245	12,245
104,764	95,996	200,760	393,688
516,704	-	516,704	2,733,535
12,729	-	12,729	66,996
1,200	-	1,200	1,200
8,541	-	8,541	8,541
46,420	7,171	53,591	233,590
690,358	103,167	793,525	3,437,550
34,000	-	34,000	34,000
3,060	-	3,060	3,060
1,122	-	1,122	1,122
15,247	-	15,247	15,247
1,400	-	1,400	30,739
54,829	-	54,829	84,168
12,755	2,700	15,455	72,851
17,423	14,081	31,504	145,064
7,261	3,101	10,362	38,215
37,439	19,882	57,321	256,130
5,446	7,898	13,344	55,320
1,376	-	1,376	1,376
5,997	-	5,997	6,704
26,021	-	26,021	26,021
126,848	-	126,848	667,621
50,704	-	50,704	265,499
6,095	-	6,095	43,897
12,714	-	12,714	67,019
5,358	-	5,358	95,949
3,600	1,675	5,275	45,117
42,732	-	42,732	224,903
3,797	-	3,797	3,797
11,071	-	11,071	58,266
301,759	9,573	311,332	1,561,489
\$ 1,084,385	\$ 144,867	\$ 1,229,252	\$ 52,369,791

Caring Voice Coalition, Inc.

Statement Of Functional Expenses

Year Ended June 30, 2011

	Program Services			Total Program Services
	Financial Assistance	Insurance and Education	Patient Support	
Financial donations and grants				
Donations to other nonprofit organizations	\$ 15,000	\$ -	\$ -	\$ 15,000
Patient insurance co-payment grants	37,168,844	-	-	37,168,844
Patient insurance premium grants	872,624	-	-	872,624
Patient emergency grants	3,212	-	-	3,212
Special patient events	-	-	73,546	73,546
Educational conference grants	33,737	-	-	33,737
Total financial donations and grants	38,093,417	-	73,546	38,166,963
Compensation and related expenses				
Officers' salaries	60,498	24,199	24,199	108,896
Staff salaries	1,170,759	436,999	59,919	1,667,677
401(k) plan match	31,756	11,843	1,618	45,217
BOD stipend	-	-	-	-
HSA plan match	-	-	-	-
Payroll taxes	93,112	34,840	6,179	134,131
Total compensation and related expenses	1,356,125	507,881	91,915	1,955,921
Professional fees				
Accounting fees	-	-	-	-
Architect fees	-	-	-	-
Legal fees	-	-	-	-
Payroll fees	-	-	-	-
Contract labor	50,139	-	-	50,139
Total professional fees	50,139	-	-	50,139
Travel expenses				
General travel	10,665	7,877	988	19,530
Conferences, conventions and meetings	26,004	11,575	37,849	75,428
Meals and entertainment	17,524	6,738	6,458	30,720
Continuing education and training	-	-	-	-
Total travel expenses	54,193	26,190	45,295	125,678
Administration expenses				
Advertising and marketing	16,782	6,259	855	23,896
Bank fees	-	-	-	-
Books, subscriptions and reference materials	-	535	-	535
Continuing education and training fees	4,337	4,337	4,337	13,011
Depreciation expense	200,353	100,177	33,392	333,922
Insurance	115,017	42,895	5,861	163,773
Miscellaneous	12,621	7,105	643	20,369
Office expenses and supplies	36,197	12,853	1,756	50,806
Outside computer services	50,546	18,851	2,576	71,973
Postage, shipping and delivery	23,265	3,315	6,675	33,255
Rent and other occupancy expenses	109,198	40,725	5,564	155,487
State licenses	-	-	-	-
Telephone and internet	31,979	12,142	1,625	45,746
Total administration expenses	600,295	249,194	63,284	912,773
Total functional expenses	\$ 40,154,169	\$ 783,265	\$ 274,040	\$ 41,211,474

See Notes To Financial Statements.

Supporting Services

Supporting Services			
General Administration	Fundraising	Total Supporting Services	Total Functional Expenses
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	37,168,844
-	-	-	872,624
-	-	-	3,212
-	-	-	73,546
-	-	-	33,737
-	-	-	38,166,963
52,042	72,598	124,640	233,536
273,974	25,183	299,157	1,966,834
7,356	655	8,011	53,228
4,800	-	4,800	4,800
3,078	-	3,078	3,078
24,307	6,591	30,898	165,029
365,557	105,027	470,584	2,426,505
29,000	-	29,000	29,000
6,200	-	6,200	6,200
928	-	928	928
13,300	-	13,300	13,300
-	-	-	50,139
49,428	-	49,428	99,567
4,543	3,858	8,401	27,931
5,714	-	5,714	81,142
3,625	579	4,204	34,924
3,827	-	3,827	3,827
17,709	4,437	22,146	147,824
3,887	346	4,233	28,129
1,551	-	1,551	1,551
4,074	-	4,074	4,609
5,899	-	5,899	18,910
131,972	-	131,972	465,894
27,075	2,371	29,446	193,219
3,664	-	3,664	24,033
8,694	-	8,694	59,500
12,751	-	12,751	84,724
3,971	1,704	5,675	38,930
27,547	-	27,547	183,034
2,672	-	2,672	2,672
8,047	-	8,047	53,793
241,804	4,421	246,225	1,158,998
\$ 674,498	\$ 113,885	\$ 788,383	\$ 41,999,857

Caring Voice Coalition, Inc.

**Statements Of Cash Flows
Years Ended June 30, 2012 And 2011**

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	\$ 2,924,427	\$ 7,956,016
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	667,621	465,894
Loss on disposal of fixed assets	9,670	3,040
Change in assets and liabilities:		
(Increase) decrease in assets:		
Corporate contributions receivable	(7,000,549)	-
Prepays and other assets	(4,605)	6,961
Increase (decrease) in liabilities:		
Accounts payable	1,422,622	(95,114)
Accrued expenses	94,785	31,255
Other long-term liabilities	16,114	(5,386)
Net cash (used in) provided by operating activities	(1,869,915)	8,362,666
Cash Flows From Investing Activities		
Net purchase and redemptions of certificates of deposit and reinvestment of interest income	(968,710)	(6,041,831)
Acquisition of property and equipment	(544,948)	(849,108)
Proceeds from sale of property and equipment	1,700	200
Net cash used in investing activities	(1,511,958)	(6,890,739)
Net (decrease) increase in cash	(3,381,873)	1,471,927
Cash, beginning of year	10,485,690	9,013,763
Cash, end of year	\$ 7,103,817	\$ 10,485,690

See Notes To Financial Statements.

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 1. Nature Of Activities And Summary Of Significant Accounting Policies

Nature of activities: Caring Voice Coalition, Inc. (the Organization) was established as a nonprofit corporation in 2003 to assist individuals and families affected by serious chronic and terminal illnesses. Its programs include financial assistance grants for insurance co-payment, premium and emergency needs, insurance education, appeals, and assistance with SSDI claims and patient support. The Organization is supported primarily through corporate contributions. The operating headquarters of the Organization is located in Virginia.

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented in the accordance with the accrual basis of accounting, whereby, revenue and public support are recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the requirements of ASC 958, *Financial Statements of Not-For-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets – Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor otherwise removed by the Organization's actions.

As of June 30, 2012, unrestricted net assets totaled \$2,071,584 and temporarily restricted net assets totaled \$45,905,253. The Organization had no permanently restricted net assets at year-end.

As of June 30, 2011, unrestricted net assets totaled \$2,040,420 and temporarily restricted net assets totaled \$43,011,990. The Organization had no permanently restricted net assets at year-end.

Accounting estimates: The preparation of financial statements in accordance with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 1. Nature Of Activities And Summary Of Significant Accounting Policies (Continued)

Financial risk: Cash balances are insured by the Federal Depository Insurance Company (FDIC) up to \$250,000. The Organization's bank balance exceeds this insured limit at various times throughout the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

Certificates of deposit: Certificates of deposit mature within one year and are carried at cost.

Contributions receivable: Contributions receivable to the Organization are recognized as revenue in the period the promise is made by the donor. Contributions that are expected to be collected within one year are recorded at their net realizable value. All contributions receivable at June 30, 2012, were collected before the date these financial statements were available to be issued. No allowance was deemed necessary as of June 30, 2012.

Property and equipment: The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Leasehold improvements are depreciated over the shorter of the lease term or their estimated useful life. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Life
Software	3 years
Computers, furniture and fixtures	5 – 7 years

Normal repair and maintenance expenses are charged to current operations as incurred.

Fair value of financial instruments: The carrying value of financial instruments, including certificates of deposit, contributions receivable, accounts payable and accrued expenses, approximate fair value due to their short maturities.

Valuation of long-lived assets: The Organization accounts for the valuation of long-lived assets under ASC 360, *Property, Plant, and Equipment*. ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Contributions: The Organization accounts for contributions in accordance with the requirements of ASC 605, *Revenue Recognition*. In accordance with ASC 605, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Functional expenses: The cost of providing various patient programs has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related programs.

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 1. Nature Of Activities And Summary Of Significant Accounting Policies (Continued)

Tax-exempt status: The Organization is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). Contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization had no unrelated business taxable income for the years ended June 30, 2012 and 2011.

Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2009.

Advertising: The Organization uses advertising to promote its programs among the audience it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2012 and 2011, advertising costs totaled \$55,320 and \$28,129, respectively.

Subsequent events: In accordance with ASC 855, *Subsequent Events*, the Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and notes thereto have taken place through the date these financial statements were available to be issued (October 4, 2012).

Note 2. Property And Equipment

Property and equipment as of June 30, 2012 and 2011, consist of the following:

	2012	2011
Computers	\$ 167,946	\$ 141,483
Furniture and equipment	205,030	168,632
Leasehold improvements	543,414	297,927
Software	1,642,886	1,562,714
	<u>2,559,276</u>	2,170,756
Accumulated depreciation	1,275,249	752,686
	<u>\$ 1,284,027</u>	<u>\$ 1,418,070</u>

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 3. Related Party Transactions And Commitments

As of September 1, 2011, the Organization signed a new lease for its operating facility in Virginia from an LLC, partially owned by the President of the Organization. The lease is accounted for as an operating lease with a term of five years and six months. The lease term expires on April 1, 2017. The Organization pays rent and utilities to the LLC on a monthly basis.

As of September 21, 2011, the Organization signed a sublease for additional office space. The sublease is accounted for as an operating lease with a term of five years and six months expiring on March 31, 2017, and is not a related party transaction. The Organization may continue to lease the premises for a renewal term of five years by providing written notice to the sublessor. The Organization is required to give 30 days prior written notice of its intent to terminate.

Total rent expense for 2012 and 2011 was \$141,789 and \$120,267, respectively.

The total minimum rental commitment at June 30, 2012, is due as follows:

<u>Years Ending June 30,</u>	
2013	\$ 135,287
2014	137,245
2015	139,261
2016	141,337
2017	107,382
	<u>\$ 660,512</u>

The Organization is a party to several employment agreements with certain members of management. These agreements provide for severance and retirement benefits.

Note 4. Restricted Net Assets

Temporarily restricted net assets are comprised of funds contributed for use towards programs for patients with specific chronic and terminal illnesses. Net assets totaling \$52,203,772 and \$41,962,921 were released from donor restrictions during the years ended June 30, 2012 and 2011, respectively. These are comprised of expenditures for patient programs and supporting services. There are no permanently restricted net assets at either year-end.

Note 5. Concentration Of Support

Recorded contribution revenue from one source represented approximately 35% and 50% of the total revenue for the Organization for the years ended June 30, 2012 and 2011, respectively.

Note 6. Employee Benefits

During the year ended June 30, 2007, the Organization established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 96%. Such deferrals accumulate on a tax deferred basis until the employee withdraws the funds. The Organization, at its option, may match a portion of the employees' contribution. For 2012 and 2011, the rate of Organization match was four percent. Total expense recorded for the Organization's match was \$66,996 for 2012 and \$53,228 for 2011.