

Caring Voice Coalition, Inc.

Financial Report
June 30, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Caring Voice Coalition, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring Voice Coalition as of June 30, 2013 and 2012, and the changes of 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.

McGladrey LLP

Richmond, Virginia
September 30, 2013

Caring Voice Coalition, Inc.

Statements Of Financial Position

June 30, 2013 And 2012

Assets	2013	2012
Current Assets		
Cash	\$11,571,732	\$ 7,103,817
Certificates of deposit	6,500,000	37,674,525
Contributions receivable	-	7,000,549
Prepays and other assets	69,774	38,247
Total current assets	18,141,506	51,817,138
Investments (Notes 4 and 5)	29,424,853	-
Fixed Assets (Note 2)		
Property and equipment	2,696,464	2,559,276
Accumulated depreciation	(1,952,439)	(1,275,249)
Total fixed assets	744,025	1,284,027
Total assets	\$48,310,384	\$53,101,165
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 6,628,204	\$ 4,826,078
Accrued expenses	220,905	268,213
Total current liabilities	6,849,109	5,094,291
Other Long-term Liabilities	27,964	30,037
Total liabilities	6,877,073	5,124,328
Commitments (Note 3)		
Net Assets		
Unrestricted	1,393,491	2,071,584
Temporarily restricted (Note 6)	40,039,820	45,905,253
Total net assets	41,433,311	47,976,837
Total liabilities and net assets	\$48,310,384	\$53,101,165

See Notes To Financial Statements.

Caring Voice Coalition, Inc.

Statement Of Activities
Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ -	\$ 57,602,000	\$ 57,602,000
Individual contributions	-	127,503	127,503
Advertising, circulation and miscellaneous revenue	4,836	-	4,836
Interest revenue	206,811	-	206,811
Net assets released from restrictions (Note 6)	63,594,936	(63,594,936)	-
Total revenues and gains	63,806,583	(5,865,433)	57,941,150
Operating expenses			
Program services			
Financial assistance	61,414,970	-	61,414,970
Insurance and education	881,973	-	881,973
Patient support	672,634	-	672,634
Total program services	62,969,577	-	62,969,577
Supporting services			
General administration	659,730	-	659,730
Fundraising	227,554	-	227,554
Total supporting services	887,284	-	887,284
Total operating expenses	63,856,861	-	63,856,861
Decrease in net assets from operating activities	(50,278)	(5,865,433)	(5,915,711)
Nonoperating activities			
Loss on disposal of fixed assets	(3,311)	-	(3,311)
Realized loss on investments, net	(50,900)	-	(50,900)
Unrealized loss on investments, net	(573,604)	-	(573,604)
Decrease in net assets from nonoperating activities	(627,815)	-	(627,815)
Change in net assets	(678,093)	(5,865,433)	(6,543,526)
Net assets			
Beginning	2,071,584	45,905,253	47,976,837
Ending	\$ 1,393,491	\$ 40,039,820	\$ 41,433,311

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 (Note 6)	52,203,772	(52,203,772)	-
Total revenues and gains	52,410,625	2,893,263	55,303,888
Operating 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 operating expenses	52,369,791	-	52,369,791
Increase in net assets from operating activities	40,834	2,893,263	2,934,097
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 Functional Expenses
Year Ended June 30, 2013

	Program Services			Total Program Services
	Financial Assistance	Insurance and Education	Patient Support	
Financial donations and grants				
Patient insurance co-payment grants	\$ 56,025,222	\$ -	\$ -	\$ 56,025,222
Patient insurance premium grants	2,132,419	-	-	2,132,419
Patient emergency grants	8,562	-	-	8,562
Special patient events	29,018	6,118	99,671	134,807
Magazine publication	-	-	120,537	120,537
Educational conference grants	26,500	-	-	26,500
Total financial donations and grants	58,221,721	6,118	220,208	58,448,047
Compensation and related expenses				
Officers' salaries	119,297	49,054	42,380	210,731
Staff salaries	1,826,569	458,478	222,384	2,507,431
401(k) plan match	56,468	13,900	6,950	77,318
BOD stipend	-	-	-	-
HSA plan match	-	-	-	-
Payroll taxes	143,988	37,364	19,492	200,844
Total compensation and related expenses	2,146,322	558,796	291,206	2,996,324
Professional fees				
Accounting fees	-	-	-	-
Legal fees	-	-	-	-
Payroll fees	-	-	-	-
Contract labor	119,562	31,537	-	151,099
Total professional fees	119,562	31,537	-	151,099
Travel expenses				
General travel	8,154	3,246	541	11,941
Conferences, conventions and meetings	15,321	29,540	33,144	78,005
Meals and entertainment	6,329	4,365	4,952	15,646
Total travel expenses	29,804	37,151	38,637	105,592
Administration expenses				
Advertising and marketing	13,327	33,048	4,669	51,044
Bank fees	-	-	-	-
Books, subscriptions and reference materials	377	995	-	1,372
Continuing education and training fees	2,340	576	288	3,204
Depreciation expense	456,975	112,486	56,243	625,704
Insurance	131,567	32,386	16,193	180,146
Miscellaneous	25,513	6,280	3,140	34,933
Office expenses and supplies	45,506	11,201	5,601	62,308
Outside computer services	23,354	5,749	2,874	31,977
Postage, shipping and delivery	27,487	3,529	12,515	43,531
Rent and other occupancy expenses	138,384	34,064	17,032	189,480
State licenses	-	-	-	-
Telephone and internet	32,731	8,057	4,028	44,816
Total administration expenses	897,561	248,371	122,583	1,268,515
Total functional expenses	\$ 61,414,970	\$ 881,973	\$ 672,634	\$ 62,969,577

See Notes To Financial Statements.

Supporting Services			
General Administration	Fundraising	Total Supporting Services	Total Functional Expenses
\$ -	\$ -	\$ -	\$ 56,025,222
-	-	-	2,132,419
-	-	-	8,562
-	-	-	134,807
-	-	-	120,537
-	-	-	26,500
-	-	-	58,448,047
42,380	170,692	213,072	423,803
310,091	-	310,091	2,817,522
8,687	869	9,556	86,874
4,500	-	4,500	4,500
10,580	-	10,580	10,580
25,949	11,832	37,781	238,625
402,187	183,393	585,580	3,581,904
34,000	-	34,000	34,000
13,444	-	13,444	13,444
14,084	-	14,084	14,084
3,374	-	3,374	154,473
64,902	-	64,902	216,001
1,322	-	1,322	13,263
10,772	19,901	30,673	108,678
835	4,039	4,874	20,520
12,929	23,940	36,869	142,461
3,438	19,063	22,501	73,545
10,701	-	10,701	10,701
11,527	-	11,527	12,899
1,223	-	1,223	4,427
77,334	-	77,334	703,038
22,544	-	22,544	202,690
4,318	-	4,318	39,251
7,700	-	7,700	70,008
3,952	-	3,952	35,929
4,595	1,158	5,753	49,284
23,419	-	23,419	212,899
3,422	-	3,422	3,422
5,539	-	5,539	50,355
179,712	20,221	199,933	1,468,448
\$ 659,730	\$ 227,554	\$ 887,284	\$ 63,856,861

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 Administration	Fundraising	Total Supporting Services	Total Functional Expenses
\$ -	\$ -	\$ -	\$ 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.

**Statements Of Cash Flows
Years Ended June 30, 2013 And 2012**

	2013	2012
Cash Flows From Operating Activities		
Change in net assets	\$ (6,543,526)	\$ 2,924,427
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	703,038	667,621
Realized and unrealized losses on investments, net	624,504	-
Loss on disposal of fixed assets	3,311	9,670
Change in assets and liabilities:		
(Increase) decrease in assets:		
Corporate contributions receivable	7,000,549	(7,000,549)
Prepays and other assets	(31,527)	(4,605)
Increase (decrease) in liabilities:		
Accounts payable	1,802,126	1,422,622
Accrued expenses	(47,307)	94,785
Other long-term liabilities	(2,072)	16,114
Net cash provided by (used in) operating activities	3,509,096	(1,869,915)
Cash Flows From Investing Activities		
Net purchase of investments	(30,049,357)	-
Net redemptions (purchases) of certificates of deposits	31,174,525	(968,710)
Acquisition of property and equipment	(167,849)	(544,948)
Proceeds from sale of property and equipment	1,500	1,700
Net cash provided by (used in) investing activities	958,819	(1,511,958)
Net increase (decrease) in cash	4,467,915	(3,381,873)
Cash, beginning of year	7,103,817	10,485,690
Cash, end of year	\$ 11,571,732	\$ 7,103,817

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, 2013, unrestricted net assets totaled \$1,393,191 and temporarily restricted net assets totaled \$40,040,120. The Organization had no permanently restricted net assets at year-end.

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.

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.

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.

The Organization invests in a professionally managed portfolio that contains mortgage-backed securities, mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Caring Voice Coalition, Inc.

Notes To Financial Statements

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

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.

Investments: Equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Unrealized gains and losses are reported in the statements of activities. In calculating realized gains and losses, the cost of securities sold is determined by the specific-identification method. The amortization of premiums and accretion of discounts are recognized in interest income using methods that approximate the interest method over the period to maturity.

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. The fair values of the Organization's investments are determined using quoted market prices for those securities.

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, 2013 and 2012.

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 2010.

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, 2013 and 2012, advertising costs totaled \$73,544 and \$55,320, 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 (September 30, 2013).

Note 2. Property And Equipment

Property and equipment as of June 30, 2013 and 2012, consist of the following:

	2013	2012
Computers	\$ 215,031	\$ 167,946
Furniture and equipment	255,258	205,030
Leasehold improvements	562,225	543,414
Software	1,663,950	1,642,886
	<u>2,696,464</u>	<u>2,559,276</u>
Accumulated depreciation	1,952,439	1,275,249
	<u>\$ 744,025</u>	<u>\$ 1,284,027</u>

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 2013 and 2012, was \$148,171 and \$141,789, respectively.

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 3. Related Party Transactions And Commitments (Continued)

The total minimum rental commitment at June 30, 2013, is due as follows:

Years Ending June 30,

2014	\$ 137,245
2015	139,261
2016	141,337
2017	72,362
	<u>\$ 490,205</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. Investments

Investments are composed of the following at June 30, 2013:

	Cost	Fair Value
Residential mortgage-backed securities	\$ 17,388,304	\$ 17,067,162
Mutual funds – fixed income	7,015,161	6,874,997
Mutual funds – equity	2,421,136	2,378,098
Mutual funds – ETF and diversified income funds	488,704	473,043
Mutual funds – non-traditional	91,115	90,093
Cash and cash equivalents	2,541,460	2,541,460
	<u>\$ 29,945,880</u>	<u>\$ 29,424,853</u>

There are no restrictions for the investments at June 30, 2013. Components of investment gain/(loss) for the year ended June 30, 2013, consist of the following:

Realized loss	\$ (50,900)
Unrealized loss	(573,604)
Interest and dividend income	58,913
	<u>\$ (565,591)</u>

Notes To Financial Statements

Note 5. Fair Value Measurements

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures Topic of the ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The types of investments included in Level 1 include listed equities and listed derivatives. As required, the Organization does not adjust the quoted price for these investments, even in situations where the Organization holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include certain corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, and distressed debt.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

Publicly-traded securities, both equity and debt securities, are classified as Level 1 instruments because they comprise assets traded on public exchanges with readily determinable fair values and observable market-based inputs.

Mortgage-backed securities are classified as Level 2 instruments. The fair values of mortgage-backed securities are estimated using pricing models and discounted cash flows that consider standard input factors such as constant prepayment rate, probability of default, and loss severity.

Caring Voice Coalition, Inc.

Notes To Financial Statements

Note 5. Fair Value Measurements (Continued)

The following table summarizes, by level within the fair value hierarchy, the assets and liabilities measured at fair value on a recurring basis as of June 30, 2013:

Description	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Residential mortgage-backed securities	\$ 17,067,162	\$ -	\$ 17,067,162	\$ -
Mutual funds – fixed income	6,874,997	6,874,997	-	-
Mutual funds – equity	2,378,098	2,378,098	-	-
Mutual funds – ETF and diversified income funds	473,043	473,043	-	-
Mutual funds – Non-traditional	90,093	90,093	-	-
	<u>\$ 26,883,393</u>	<u>\$ 9,816,231</u>	<u>\$ 17,067,162</u>	<u>\$ -</u>

Note 6. 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 \$63,594,936 and \$52,203,772 were released from donor restrictions during the years ended June 30, 2013 and 2012, respectively. These are comprised of expenditures for patient programs and supporting services. There are no permanently restricted net assets at either year-end.

Note 7. Concentration Of Support

Recorded contribution revenue from three sources represented approximately 88% of the total revenue for the Organization for the year ended June 30, 2013. For the year ended June 30, 2012, contribution revenue from four sources represented approximately 93% of the total revenue for the Organization.

Note 8. 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 2013 and 2012, the rate of Organization match was 4%. Total expense recorded for the Organization's match was \$86,873 for 2013, and \$66,996 for 2012.