



Caring Voice Coalition, Inc.

Financial Statements

June 30, 2015

Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

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Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-9
Statements of Cash Flows	10
Notes to Financial Statements	11-18

- Kelli P. Meadows
- Douglas A. Urquhart
- David C. Acree
- Shannon W. Cook

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 statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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, 2015, and the changes of its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Caring Voice Coalition, Inc. as of June 30, 2014, were audited by other auditors whose report dated October 21, 2014, expressed an unmodified opinion on those statements.

Meadow Urgent Care + Cook, LLP

Richmond, Virginia

October 1, 2015

Caring Voice Coalition, Inc.

Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current Assets		
Cash	\$ 25,812,945	\$ 19,728,448
Certificates of deposit	32,500,000	10,000,000
Contributions receivable	4,000,000	-
Prepays and other assets	95,786	40,215
Total current assets	<u>62,408,731</u>	<u>29,768,663</u>
Investments (Notes 4 and 5)	31,915,755	31,287,584
Other assets	126,257	-
Fixed Assets (Note 2)		
Property and equipment	2,681,494	2,675,309
Accumulated depreciation	(2,401,465)	(2,244,587)
Total fixed assets	<u>280,029</u>	<u>430,722</u>
Total assets	<u><u>\$ 94,730,772</u></u>	<u><u>\$ 61,486,969</u></u>
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 11,733,273	\$ 8,171,878
Accrued expenses and deferred revenue	230,553	246,381
Total current liabilities	<u>11,963,826</u>	<u>8,418,259</u>
Deferred rent	12,856	18,071
Total liabilities	<u>11,976,682</u>	<u>8,436,330</u>
Commitments (Note 3)		
Net Assets		
Unrestricted	3,581,733	3,026,507
Temporarily restricted (Note 6)	79,172,357	50,024,132
Total net assets	<u>82,754,090</u>	<u>53,050,639</u>
Total liabilities and net assets	<u><u>\$ 94,730,772</u></u>	<u><u>\$ 61,486,969</u></u>

Caring Voice Coalition, Inc.

Statement of Activities
Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ 2,361,643	\$ 128,704,365	\$ 131,066,008
Individual contributions	-	380,238	380,238
Advertising, circulation and miscellaneous revenue	17,350	-	17,350
Interest revenue	1,126,473	-	1,126,473
Net assets released from restrictions (Note 6)	<u>99,936,378</u>	<u>(99,936,378)</u>	<u>-</u>
Total revenues and gains	<u>103,441,844</u>	<u>29,148,225</u>	<u>132,590,069</u>
Operating expenses			
Program services			
Financial assistance	100,109,660	-	100,109,660
Alternate coverage, appeals and disability	690,461	-	690,461
Patient support	<u>804,792</u>	<u>-</u>	<u>804,792</u>
Total program services	<u>101,604,913</u>	<u>-</u>	<u>101,604,913</u>
Supporting services			
General administration	690,066	-	690,066
Fundraising	<u>228,384</u>	<u>-</u>	<u>228,384</u>
Total supporting services	<u>918,450</u>	<u>-</u>	<u>918,450</u>
Total operating expenses	<u>102,523,363</u>	<u>-</u>	<u>102,523,363</u>
Increase in net assets from operating activities	<u>918,481</u>	<u>29,148,225</u>	<u>30,066,706</u>
Nonoperating activities			
Loss on disposal of fixed assets	(520)	-	(520)
Realized loss on investments, net	(15,998)	-	(15,998)
Unrealized loss on investments, net	<u>(346,737)</u>	<u>-</u>	<u>(346,737)</u>
Increase in net assets from nonoperating activities	<u>(363,255)</u>	<u>-</u>	<u>(363,255)</u>
Change in net assets	<u>555,226</u>	<u>29,148,225</u>	<u>29,703,451</u>
Net assets			
Beginning	<u>3,026,507</u>	<u>50,024,132</u>	<u>53,050,639</u>
Ending	<u>\$ 3,581,733</u>	<u>\$ 79,172,357</u>	<u>\$ 82,754,090</u>

Caring Voice Coalition, Inc.

Statement of Activities
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ 14,225	\$ 81,778,030	\$ 81,792,255
Individual contributions	-	170,126	170,126
Advertising, circulation and miscellaneous revenue	10,683	230	10,913
Interest revenue	892,912	-	892,912
Net assets released from restrictions (Note 6)	71,964,074	(71,964,074)	-
Total revenues and gains	72,881,894	9,984,312	82,866,206
Operating expenses			
Program services			
Financial assistance	69,638,054	-	69,638,054
Alternate coverage, appeals and disability	842,547	-	842,547
Patient support	727,830	-	727,830
Total program services	71,208,431	-	71,208,431
Supporting services			
General administration	819,874	-	819,874
Fundraising	269,505	-	269,505
Total supporting services	1,089,379	-	1,089,379
Total operating expenses	72,297,810	-	72,297,810
Increase in net assets from operating activities	584,084	9,984,312	10,568,396
Nonoperating activities			
Loss on disposal of fixed assets	(6,820)	-	(6,820)
Realized loss on investments, net	(44,701)	-	(44,701)
Unrealized gain on investments, net	1,100,453	-	1,100,453
Increase in net assets from nonoperating activities	1,048,932	-	1,048,932
Change in net assets	1,633,016	9,984,312	11,617,328
Net assets			
Beginning	1,393,491	40,039,820	41,433,311
Ending	<u>\$ 3,026,507</u>	<u>\$ 50,024,132</u>	<u>\$ 53,050,639</u>

Caring Voice Coalition, Inc.

Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services			Total Program Services
	Financial Assistance	Alternate Coverage, Appeals & Disability	Patient Support	
Financial donations and grants				
Patient insurance co-payment grants	\$ 95,483,027	\$ -	\$ -	\$ 95,483,027
Patient insurance premium grants	2,381,824	-	-	2,381,824
Patient emergency grants	10,674	-	-	10,674
Patient events and other supporting programs	2,863	9,230	122,552	134,645
Magazine publication	-	-	112,567	112,567
Patient travel grants	-	-	17,369	17,369
Total financial donations and grants	97,878,388	9,230	252,488	98,140,106
Compensation and related expenses				
Officers' salaries	171,149	51,480	51,480	274,109
Staff salaries	1,252,289	388,119	250,835	1,891,243
401(k) plan match	40,474	12,774	8,245	61,493
BOD stipend	-	-	-	-
HSA plan match	14,632	4,618	2,983	22,233
Payroll taxes	107,927	33,331	22,922	164,180
Total compensation and related expense:	1,586,471	490,322	336,465	2,413,258
Professional fees				
Accounting fees	-	-	-	-
Legal fees	-	-	-	-
Consultant fees	-	-	-	-
Payroll fees	11,523	3,573	2,309	17,405
Contract labor	90,192	-	16,254	106,446
Total professional fees	101,715	3,573	18,563	123,851
Travel expenses				
General travel	13,277	6,638	22,229	42,144
Conferences, conventions and meetings	24,726	9,563	62,033	96,322
Meals and entertainment	11,834	4,594	11,295	27,723
Total travel expenses	49,837	20,795	95,557	166,189
Administration expenses				
Advertising and marketing	25,342	25,342	8,447	59,131
Bank fees	-	-	-	-
Books, subscriptions and reference materials	-	234	-	234
Continuing education and training fees	-	-	-	-
Depreciation expense	96,368	29,884	19,307	145,559
Insurance	98,183	30,447	19,671	148,301
Miscellaneous	24,544	7,611	4,917	37,072
Office expenses and supplies	29,659	9,197	5,994	44,850
Outside computer services	7,215	2,237	1,446	10,898
Postage, shipping and delivery	34,232	6,482	6,334	47,048
Rent and other occupancy expenses	122,006	37,834	24,444	184,284
State licenses	-	-	-	-
Telephone and internet	55,700	17,273	11,159	84,132
Total administration expenses	493,249	166,541	101,719	761,509
Total functional expenses	\$ 100,109,660	\$ 690,461	\$ 804,792	\$ 101,604,913

<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
<u>General Administration</u>	<u>Fundraising</u>		
\$ -	\$ -	\$ -	\$ 95,483,027
-	-	-	2,381,824
-	-	-	10,674
-	-	-	134,645
-	-	-	112,567
-	-	-	17,369
<u>-</u>	<u>-</u>	<u>-</u>	<u>98,140,106</u>
51,480	189,208	240,688	514,797
290,011	-	290,011	2,181,254
9,544	725	10,269	71,762
6,136	-	6,136	6,136
3,450	260	3,710	25,943
25,892	14,346	40,238	204,418
<u>386,513</u>	<u>204,539</u>	<u>591,052</u>	<u>3,004,310</u>
37,100	-	37,100	37,100
20,056	-	20,056	20,056
2,670	-	2,670	2,670
5,000	-	5,000	22,405
-	-	-	106,446
<u>64,826</u>	<u>-</u>	<u>64,826</u>	<u>188,677</u>
3,178	-	3,178	45,322
7,312	5,592	12,904	109,226
2,654	1,359	4,013	31,736
<u>13,144</u>	<u>6,951</u>	<u>20,095</u>	<u>186,284</u>
8,447	16,894	25,341	84,472
99,128	-	99,128	99,128
4,417	-	4,417	4,651
1,644	-	1,644	1,644
22,329	-	22,329	167,888
26,576	-	26,576	174,877
5,687	-	5,687	42,759
6,820	-	6,820	51,670
1,672	-	1,672	12,570
4,149	-	4,149	51,197
28,270	-	28,270	212,554
3,452	-	3,452	3,452
12,992	-	12,992	97,124
225,583	16,894	242,477	1,003,986
<u>\$ 690,066</u>	<u>\$ 228,384</u>	<u>\$ 918,450</u>	<u>\$ 102,523,363</u>

Caring Voice Coalition, Inc.

Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services			Total Program Services
	Financial Assistance	Alternate Coverage, Appeals & Disability	Patient Support	
Financial donations and grants				
Patient insurance co-payment grants	\$ 65,174,138	\$ -	\$ -	\$ 65,174,138
Patient insurance premium grants	2,047,645	-	-	2,047,645
Patient emergency grants	4,324	-	-	4,324
Special patient events and other programs	59,271	8,690	115,306	183,267
Magazine publication	-	-	102,918	102,918
Educational conference grants	26,092	-	-	26,092
Total financial donations and grants	67,311,470	8,690	218,224	67,538,384
Compensation and related expenses				
Officers' salaries	108,107	46,265	46,265	200,637
Staff salaries	1,226,730	448,518	239,654	1,914,902
401(k) plan match	34,246	12,682	6,342	53,270
BOD stipend	-	-	-	-
HSA plan match	8,807	3,261	1,630	13,698
Payroll taxes	102,488	37,991	21,952	162,431
Total compensation and related expense:	1,480,378	548,717	315,843	2,344,938
Professional fees				
Accounting fees	-	-	-	-
Legal fees	-	-	-	-
Consultant fees	119,247	15,901	15,900	151,048
Payroll fees	-	-	-	-
Contract labor	93,001	22,697	-	115,698
Total professional fees	212,248	38,598	15,900	266,746
Travel expenses				
General travel	5,614	2,591	433	8,638
Conferences, conventions and meetings	53,655	23,895	55,331	132,881
Meals and entertainment	12,692	5,018	10,340	28,050
Total travel expenses	71,961	31,504	66,104	169,569
Administration expenses				
Advertising and marketing	12,694	12,935	3,097	28,726
Bank fees	-	-	-	-
Books, subscriptions and reference materials	-	1,600	32	1,632
Continuing education and training fees	1,015	674	-	1,689
Depreciation expense	206,692	76,553	38,277	321,522
Insurance	91,807	34,003	17,000	142,810
Miscellaneous	41,455	15,354	8,402	65,211
Office expenses and supplies	27,748	9,923	5,334	43,005
Outside computer services	6,522	2,416	1,208	10,146
Postage, shipping and delivery	25,053	6,391	10,817	42,261
Rent and other occupancy expenses	117,150	43,389	21,692	182,231
State licenses	-	-	-	-
Telephone and internet	31,861	11,800	5,900	49,561
Total administration expenses	561,997	215,038	111,759	888,794
Total functional expenses	\$ 69,638,054	\$ 842,547	\$ 727,830	\$ 71,208,431

<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
<u>General Administration</u>	<u>Fundraising</u>		
\$ -	\$ -	\$ -	\$ 65,174,138
-	-	-	2,047,645
-	-	-	4,324
-	-	-	183,267
-	-	-	102,918
-	-	-	26,092
<u>-</u>	<u>-</u>	<u>-</u>	<u>67,538,384</u>
46,265	215,752	262,017	462,654
372,234	-	372,234	2,287,136
9,513	634	10,147	63,417
3,664	-	3,664	3,664
32,133	16,566	48,699	62,397
2,447	163	2,610	165,041
<u>466,256</u>	<u>233,115</u>	<u>699,371</u>	<u>3,044,309</u>
36,200	-	36,200	36,200
43,088	-	43,088	43,088
7,950	-	7,950	158,998
19,139	-	19,139	19,139
-	-	-	115,698
<u>106,377</u>	<u>-</u>	<u>106,377</u>	<u>373,123</u>
-	-	-	8,638
4,118	9,918	14,036	146,917
1,527	2,065	3,592	31,642
<u>5,645</u>	<u>11,983</u>	<u>17,628</u>	<u>187,197</u>
3,038	24,407	27,445	56,171
77,617	-	77,617	77,617
3,904	-	3,904	5,536
2,036	-	2,036	3,725
61,242	-	61,242	382,764
23,850	-	23,850	166,660
12,283	-	12,283	77,494
6,978	-	6,978	49,983
1,932	-	1,932	12,078
1,133	-	1,133	43,394
34,710	-	34,710	216,941
3,433	-	3,433	3,433
9,440	-	9,440	59,001
<u>241,596</u>	<u>24,407</u>	<u>266,003</u>	<u>1,154,797</u>
<u>\$ 819,874</u>	<u>\$ 269,505</u>	<u>\$ 1,089,379</u>	<u>\$ 72,297,810</u>

Caring Voice Coalition, Inc.

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 29,703,451	\$ 11,617,328
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	167,888	382,764
Realized and unrealized (gain) loss on investments, net	362,735	(1,055,752)
Loss on disposal of fixed assets	520	6,820
Change in assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(4,000,000)	-
Prepays and other assets	(181,828)	29,559
Increase (decrease) in liabilities:		
Accounts payable	3,561,395	1,543,674
Accrued expenses and deferred revenue	(15,828)	25,476
Other long-term liabilities	(5,215)	(9,893)
Net cash provided by operating activities	<u>29,593,118</u>	<u>12,539,976</u>
Cash Flows from Investing Activities		
Net purchase of investments	(990,906)	(806,979)
Net purchases of certificates of deposits	(22,500,000)	(3,500,000)
Acquisition of property and equipment	(18,015)	(81,691)
Proceeds from sale of property and equipment	300	5,410
Net cash used in investing activities	<u>(23,508,621)</u>	<u>(4,383,260)</u>
Net increase in cash	6,084,497	8,156,716
Cash, Beginning of Year	<u>19,728,448</u>	<u>11,571,732</u>
Cash, End of Year	<u><u>\$ 25,812,945</u></u>	<u><u>\$ 19,728,448</u></u>

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, 2015, unrestricted net assets totaled \$3,581,733 and temporarily restricted net assets totaled \$79,172,357. The Organization had no permanently restricted net assets at year-end.

As of June 30, 2014, unrestricted net assets totaled \$3,026,507 and temporarily restricted net assets totaled \$50,024,132. 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 and assumptions.

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.

Notes to Financial Statements

Note 1—Nature of Activities and Summary of Significant Accounting Policies (Continued)

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.

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:

	<u>Life</u>
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.

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 1—Nature of Activities and Summary of Significant Accounting Policies (Continued)

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.

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, 2015 and 2014.

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 2012.

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, 2015 and 2014, advertising costs totaled \$84,472 and \$56,171 respectively.

Note 2—Property and Equipment

Property and equipment as of June 30, 2015 and 2014, consist of the following:

	2015	2014
Computers	\$ 200,822	\$ 185,401
Furniture and equipment	242,449	251,684
Leasehold improvements	564,094	564,094
Software	1,674,129	1,674,130
	2,681,494	2,675,309
Accumulated depreciation	2,401,465	2,244,587
	<u>\$ 280,029</u>	<u>\$ 430,722</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.

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 3—Related Party Transactions and Commitments (Continued)

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 2015 and 2014, was \$148,620 and \$150,082, respectively.

The total minimum rental commitment at June 30, 2015, is due as follows:

<u>Years Ending June 30,</u>	
2016	\$ 141,337
2017	<u>107,382</u>
	<u><u>\$ 248,719</u></u>

Note 4—Investments

Investments are composed of the following at June 30, 2015 and 2014:

	2015	
	Cost	Fair Value
Residential mortgage-backed securities	\$ 20,195,617	\$ 20,348,396
Mutual funds – fixed income	5,434,016	5,167,382
Mutual funds – equity	5,231,367	5,578,036
Mutual funds – ETF and diversified income funds	255,359	246,317
Mutual funds – non-traditional	133,433	140,690
Cash and cash equivalents	434,934	434,934
	<u>\$ 31,684,726</u>	<u>\$ 31,915,755</u>
	2014	
	Cost	Fair Value
Residential mortgage-backed securities	\$ 19,942,003	\$ 20,046,412
Mutual funds – fixed income	5,213,450	5,193,965
Mutual funds – equity	4,546,273	5,025,328
Mutual funds – ETF and diversified income funds	557,560	562,638
Mutual funds – non-traditional	130,527	136,404
Cash and cash equivalents	322,837	322,837
	<u>\$ 30,712,650</u>	<u>\$ 31,287,584</u>

Notes to Financial Statements

Note 4—Investments (Continued)

Components of investment gain (loss) for the years ended June 30, 2015 and 2014 consist of the following:

	2015	2014
Realized loss	\$ (15,998)	\$ (44,701)
Unrealized gain (loss)	(346,737)	1,100,453
Interest and dividend income	1,088,403	1,364,177
	<u>\$ 725,668</u>	<u>\$ 2,419,929</u>

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.

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 5—Fair Value Measurements (Continued)

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.

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, 2015 and 2014:

Description	Total	2015		
		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	\$20,348,396	\$ -	\$20,348,396	\$ -
Mutual funds – fixed income	5,167,382	5,167,382	-	-
Mutual funds – equity	5,578,036	5,578,036	-	-
Mutual funds – ETF and diversified income funds	246,317	246,317	-	-
Mutual funds – Non-traditional	140,690	140,690	-	-
	<u>\$31,480,821</u>	<u>\$ 11,132,425</u>	<u>\$20,348,396</u>	<u>\$ -</u>

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 5—Fair Value Measurements (Continued)

Description	Total	2014		
		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	\$20,046,412	\$ -	\$20,046,412	\$ -
Mutual funds – fixed income	5,193,965	5,193,965	-	-
Mutual funds – equity	5,025,328	5,025,328	-	-
Mutual funds – ETF and diversified income funds	562,638	562,638	-	-
Mutual funds – Non-traditional	136,404	136,404	-	-
	<u>\$30,964,747</u>	<u>\$ 10,918,335</u>	<u>\$20,046,412</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 \$99,936,378 and \$71,964,074 were released from donor restrictions during the years ended June 30, 2015 and 2014, 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 four sources represented approximately 72% of the total revenue for the Organization for the year ended June 30, 2015. Recorded contribution revenue from four sources represented approximately 91% of the total revenue for the Organization for the year ended June 30, 2014.

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 2015 and 2014, the rate of Organization match was 4%. Total expense recorded for the Organization's match was \$71,762 for 2015, and \$63,417 for 2014.

The Organization has agreements with three employees to pay 18 months' salary when such employees retire. In order to receive these benefits, the employees must meet certain requirements after ten years of continuous employment at the Organization and meet certain other requirements. No expense was recorded for the years ended June 30, 2015 and 2014 due to the conditions of the agreements.

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 9—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 1, 2015).