



Caring Voice Coalition, Inc.

Financial Statements

June 30, 2016

Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

1802 Bayberry Court
Suite 102
Henrico, VA 23226

p 804 249 5786
f 804 249 5781
www.muacllp.com

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position.....	2
Statements of Activities.....	3 - 4
Statements of Functional Expenses.....	5 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 16



Meadows Urquhart Acree & Cook, LLP
Certified Public Accountants

- 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 statements of financial position as of June 30, 2016 and 2015, 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, Inc. as of June 30, 2016 and 2015, 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.

Meadows Urquhart Acree & Cook, LLP

Richmond, Virginia
September 27, 2016

Caring Voice Coalition, Inc.

**Statements of Financial Position
June 30, 2016 and 2015**

	2016	2015
Assets		
Current Assets		
Cash	\$ 25,889,825	\$ 25,812,945
Certificates of deposit	49,300,000	32,500,000
Contributions receivable	-	4,000,000
Prepays and other assets	24,327	222,043
Total current assets	75,214,152	62,534,988
Investments (Notes 4 and 5)	36,666,428	31,915,755
Fixed Assets (Note 2)		
Property and equipment	2,794,430	2,681,494
Accumulated depreciation	(2,474,489)	(2,401,465)
Total fixed assets	319,941	280,029
Total assets	\$ 112,200,521	\$ 94,730,772
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	10,027,174	11,733,273
Donation payable (Note 8)	4,525,487	-
Accrued expenses	734,927	223,553
Deferred revenue	-	7,000
Total current liabilities	15,287,588	11,963,826
Other Long-term Liabilities (Note 9)	878,948	12,856
Total liabilities	16,166,536	11,976,682
Commitments (Note 3)		
Net Assets		
Unrestricted	2,310,288	3,581,733
Temporarily restricted (Note 6)	93,723,697	79,172,357
Total net assets	96,033,985	82,754,090
Total liabilities and net assets	\$ 112,200,521	\$ 94,730,772

See Notes to Financial Statements.

Caring Voice Coalition, Inc.

Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and gains			
Corporate contributions	\$ 1,282,812	\$ 151,925,854	\$ 153,208,666
Individual contributions	-	365,159	365,159
Advertising, circulation and miscellaneous revenue	6,800	-	6,800
Interest revenue	1,174,018	37,201	1,211,219
Net assets released from restrictions (Note 6)	137,776,874	(137,776,874)	-
Total revenues and gains	140,240,504	14,551,340	154,791,844
Operating expenses			
Program services			
Financial assistance	133,387,449	-	133,387,449
Alternate coverage, appeals and disability	683,224	-	683,224
Patient support	926,181	-	926,181
Total program services	134,996,854	-	134,996,854
Supporting services			
General administration	773,196	-	773,196
Fundraising	42,727	-	42,727
Total supporting services	815,923	-	815,923
Total operating expenses	135,812,777	-	135,812,777
Increase in net assets from operating activities	4,427,727	14,551,340	18,979,067
Nonoperating activities			
Contributions transferred to other organizations	(4,525,487)	-	(4,525,487)
Loss on disposal of fixed assets	(31,642)	-	(31,642)
Realized loss on investments, net	(118,090)	-	(118,090)
Unrealized loss on investments, net	(1,023,953)	-	(1,023,953)
Decrease in net assets from nonoperating activities	(5,699,172)	-	(5,699,172)
Change in net assets	(1,271,445)	14,551,340	13,279,895
Net assets			
Beginning	3,581,733	79,172,357	82,754,090
Ending	<u>\$ 2,310,288</u>	<u>\$ 93,723,697</u>	<u>\$ 96,033,985</u>

See Notes to Financial Statements.

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)	99,936,378	(99,936,378)	-
Total revenues and gains	103,441,844	29,148,225	132,590,069
Operating expenses			
Program services			
Financial assistance	100,109,660	-	100,109,660
Alternate coverage, appeals and disability	690,461	-	690,461
Patient support	804,792	-	804,792
Total program services	101,604,913	-	101,604,913
Supporting services			
General administration	690,066	-	690,066
Fundraising	228,384	-	228,384
Total supporting services	918,450	-	918,450
Total operating expenses	102,523,363	-	102,523,363
Increase in net assets from operating activities	918,481	29,148,225	30,066,706
Nonoperating activities			
Loss on disposal of fixed assets	(520)	-	(520)
Realized loss on investments, net	(15,998)	-	(15,998)
Unrealized loss on investments, net	(346,737)	-	(346,737)
Decrease in net assets from nonoperating activities	(363,255)	-	(363,255)
Change in net assets	555,226	29,148,225	29,703,451
Net assets			
Beginning	3,026,507	50,024,132	53,050,639
Ending	<u>\$ 3,581,733</u>	<u>\$ 79,172,357</u>	<u>\$ 82,754,090</u>

See Notes to Financial Statements.

Caring Voice Coalition, Inc.

Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services			Total Program Services
	Financial Assistance	Alternate Coverage Appeals & Disability	Patient Support	
Financial donations and grants				
Patient insurance co-payment grants	\$ 125,975,383	\$ -	\$ -	\$ 125,975,383
Patient insurance premium grants	2,579,776	-	-	2,579,776
Patient emergency grants	3,151	-	-	3,151
Patient events and other supporting programs	75,059	7,201	135,033	217,293
Magazine publication	-	-	216,969	216,969
Patient travel grants	-	-	21,187	21,187
Total financial donations and grants	128,633,369	7,201	373,189	129,013,759
Compensation and related expenses				
Officers' salaries	291,853	58,230	58,230	408,313
Staff salaries	1,858,464	387,188	233,211	2,478,863
Employee benefits	1,028,176	32,319	19,526	1,080,021
BOD stipend	-	-	-	-
HSA plan match	26,281	5,477	3,309	35,067
Payroll taxes	162,020	33,561	21,959	217,540
Total compensation and related expenses	3,366,794	516,775	336,235	4,219,804
Professional fees				
Accounting fees	-	-	-	-
Legal fees	616,092	-	-	616,092
Consultant fees	40,000	-	-	40,000
Payroll fees	11,860	2,472	1,493	15,825
Contract labor	81,543	-	18,081	99,624
Total professional fees	749,495	2,472	19,574	771,541
Travel expenses				
General travel	30,658	15,249	59,199	105,106
Conferences, conventions and meetings	13,449	4,321	56,550	74,320
Meals and entertainment	5,500	1,076	3,829	10,405
Total travel expenses	49,607	20,646	119,578	189,831
Administration expenses				
Advertising and marketing	17,127	17,127	5,709	39,963
Bank fees	-	-	-	-
Books, subscriptions and reference materials	-	-	-	-
Continuing education and training fees	-	-	-	-
Depreciation expense	116,305	24,237	14,643	155,185
Insurance	125,916	26,240	15,853	168,009
Miscellaneous	29,292	6,104	3,687	39,083
Office expenses and supplies	33,087	6,895	4,166	44,148
Outside computer services	9,056	1,887	1,140	12,083
Postage, shipping and delivery	48,950	10,201	6,163	65,314
Rent and other occupancy expenses	144,915	30,199	18,245	193,359
State licenses	-	-	-	-
Telephone and internet	63,536	13,240	7,999	84,775
Total administration expenses	588,184	136,130	77,605	801,919
Total functional expenses	\$ 133,387,449	\$ 683,224	\$ 926,181	\$ 134,996,854

See Notes to Financial Statements.

Supporting Services		Total Supporting Services	Total Functional Expenses
General Administration	Fundraising		
\$ -	\$ -	\$ -	\$ 125,975,383
-	-	-	2,579,776
-	-	-	3,151
-	-	-	217,293
-	-	-	216,969
-	-	-	21,187
-	-	-	129,013,759
144,868	29,115	173,983	582,296
243,545	-	243,545	2,722,408
17,506	-	17,506	1,097,527
5,700	-	5,700	5,700
2,967	-	2,967	38,034
29,266	2,194	31,460	249,000
443,852	31,309	475,161	4,694,965
35,368	-	35,368	35,368
15,597	-	15,597	631,689
2,500	-	2,500	42,500
1,340	-	1,340	17,165
-	-	-	99,624
54,805	-	54,805	826,346
11,195	-	11,195	116,301
14,956	-	14,956	89,276
505	-	505	10,910
26,656	-	26,656	216,487
5,709	11,418	17,127	57,090
146,896	-	146,896	146,896
10,013	-	10,013	10,013
7,611	-	7,611	7,611
13,128	-	13,128	168,313
23,936	-	23,936	191,945
3,306	-	3,306	42,389
3,735	-	3,735	47,883
1,022	-	1,022	13,105
5,525	-	5,525	70,839
16,358	-	16,358	209,717
3,472	-	3,472	3,472
7,172	-	7,172	91,947
247,883	11,418	259,301	1,061,220
\$ 773,196	\$ 42,727	\$ 815,923	\$ 135,812,777

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
Special patient events and other programs	2,863	9,230	122,552	134,645
Magazine publication	-	-	112,567	112,567
Educational conference 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
Employee benefits	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 expenses	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

See Notes to Financial Statements.

Supporting Services		Total Supporting Services	Total Functional Expenses
General Administration	Fundraising		
\$ -	\$ -	\$ -	\$ 95,483,027
-	-	-	2,381,824
-	-	-	10,674
-	-	-	134,645
-	-	-	112,567
-	-	-	17,369
-	-	-	98,140,106
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
386,513	204,539	591,052	3,004,310
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
64,826	-	64,826	188,677
3,178	-	3,178	45,322
7,312	5,592	12,904	109,226
2,654	1,359	4,013	31,736
13,144	6,951	20,095	186,284
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.

Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$13,279,895	\$29,703,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	168,313	167,888
Realized and unrealized losses on investments, net	1,142,043	362,735
Loss on disposal of fixed assets	31,642	520
Change in assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	4,000,000	(4,000,000)
Prepays and other assets	197,716	(181,828)
Increase (decrease) in liabilities:		
Accounts payable	(1,706,099)	3,561,395
Donation payable	4,525,487	-
Accrued expenses	511,374	6,172
Deferred revenue	(7,000)	(22,000)
Other long-term liabilities	866,094	(5,215)
Net cash provided by operating activities	<u>23,009,465</u>	<u>29,593,118</u>
Cash Flows from Investing Activities		
Net purchase of investments	(5,892,717)	(990,906)
Net purchases of certificates of deposits	(16,800,000)	(22,500,000)
Acquisition of property and equipment	(240,128)	(18,015)
Proceeds from sale of property and equipment	260	300
Net cash used in investing activities	<u>(22,932,585)</u>	<u>(23,508,621)</u>
Net increase in cash	76,880	6,084,497
Cash, Beginning of Year	<u>25,812,945</u>	<u>19,728,448</u>
Cash, End of Year	<u><u>\$25,889,825</u></u>	<u><u>\$25,812,945</u></u>

See Notes to Financial Statements.

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, 2016, unrestricted net assets totaled \$2,310,288 and temporarily restricted net assets totaled \$93,723,697. The Organization had no permanently restricted net assets at year-end.

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.

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 equipment	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, 2016 and 2015.

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 2013.

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, 2016 and 2015, advertising costs totaled \$57,090 and \$84,472, respectively.

Reclassifications: Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the 2016 presentation.

Note 2—Property and Equipment

Property and equipment as of June 30, 2016 and 2015, consist of the following:

	2016	2015
Computers	\$ 204,419	\$ 200,822
Furniture and equipment	376,036	242,449
Leasehold improvements	564,094	564,094
Software	1,649,881	1,674,129
	<u>2,794,430</u>	<u>2,681,494</u>
Accumulated depreciation	<u>(2,474,489)</u>	<u>(2,401,465)</u>
	<u>\$ 319,941</u>	<u>\$ 280,029</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 2016 and 2015, was \$148,482 and \$148,620, respectively. The total minimum rental commitment at June 30, 2016, is \$107,382 to be paid in year ending June 30, 2017.

During the years ended June 30, 2016 and June 30, 2015, the Company's janitorial subcontractor cost of \$42,257 and \$41,910 respectively, was paid to a company owned by a related party of management. There were no amounts due to or from this entity as of June 30, 2016 or June 30, 2015.

Note 4—Investments

Investments are composed of the following at June 30, 2016 and 2015:

	2016	
	Cost	Fair Value
Residential mortgage-backed securities	\$ 20,820,563	\$ 20,944,015
Mutual funds – fixed income	5,640,096	5,171,758
Mutual funds – equity	10,627,978	10,073,478
Mutual funds – ETF and diversified income funds	224,762	210,985
Mutual funds – non-traditional	135,101	142,728
Cash and cash equivalents	123,464	123,464
	<u>\$ 37,571,964</u>	<u>\$ 36,666,428</u>
	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>

Caring Voice Coalition, Inc.

Notes to Financial Statements

Note 4—Investments (Continued)

Components of investment gain/(loss) for the year ended June 30, 2016 and 2015, consist of the following:

	2016	2015
Realized loss	\$ (118,090)	\$ (15,998)
Unrealized loss	(1,023,953)	(346,737)
Interest and dividend income	1,211,219	1,088,403
	<u>\$ 69,176</u>	<u>\$ 725,668</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, 2016 and June 30, 2015:

		2016 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)
Description	Total			
Assets				
Residential mortgage-backed securities	\$ 20,944,015	\$ -	\$ 20,944,015	\$ -
Mutual funds – fixed income	5,171,758	5,171,758	-	-
Mutual funds – equity	10,073,478	10,073,478	-	-
Mutual funds – ETF and diversified income funds	210,985	210,985	-	-
Mutual funds – Non-traditional	142,728	142,728	-	-
	<u>\$ 36,542,964</u>	<u>\$ 15,598,949</u>	<u>\$ 20,944,015</u>	<u>\$ -</u>
		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)
Description	Total			
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>

Notes to Financial Statements

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 \$137,776,874 and \$99,936,378 were released from donor restrictions during the years ended June 30, 2016 and 2015, 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 76% of the total revenue for the Organization for the year ended June 30, 2016. Recorded contribution revenue from four sources represented approximately 72% of the total revenue for the Organization for the year ended June 30, 2015.

Note 8—Other Commitments

During the fiscal year ended June 30, 2016, the Organization closed several disease state funds. The remaining unused donations are to be contributed to another non-profit organization(s) that sponsors like funds within the next fiscal year. As of June 30, 2016, the Organization established a donation payable in the amount of \$4,525,487 to account for this liability. The Board of Directors will oversee the final disposition of these funds, but at this time the recipient(s) has yet to be determined.

Note 9—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 2016 and 2015, the rate of Organization match was 4%. The Organization, at its option, may also make a discretionary contribution to the employee accounts. Total expense recorded for the Organization's match and discretionary contribution was \$224,435 for 2016. Total expense recorded for the Organization's match was \$71,762 for 2015.

The Organization has agreements with key employees to pay 18 months' salary when such employee retires. In order to receive these benefits, the employees must meet certain requirements after ten years of continuous employment at the Organization. A post retirement liability and deferred compensation expense of \$873,092 was recognized as of June 30, 2016 due to the conditions of the agreements.

Note 10—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 27, 2016.