

**COMMUNITY VOLUNTEERS
IN MEDICINE**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

COMMUNITY VOLUNTEERS IN MEDICINE
YEARS ENDED JUNE 30, 2015 AND 2014

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Independent Auditors' Report

To the Board of Trustees
Community Volunteers in Medicine
West Chester, Pennsylvania

We have audited the accompanying financial statements of Community Volunteers in Medicine (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, 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 from 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 Organization'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 Organization'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 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 Community Volunteers in Medicine as of June 30, 2015 and 2014, 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.



Philadelphia, Pennsylvania
October 7, 2015

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	\$ 2,355,179	\$ 2,485,656
Unconditional promises to give	315,653	279,920
Other current assets	66,305	45,206
Total current assets	2,737,137	2,810,782
Investments	9,158,971	9,606,853
Property and equipment, net	3,323,390	2,980,549
Other assets,		
Unconditional promises to give, net	348,389	404,808
Total assets	\$ 15,567,887	\$ 15,802,992

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 3,004	\$ 114,023
Accrued expenses	104,519	78,949
Tenant security deposits, current	-	4,780
Total current liabilities	107,523	197,752
Long-term liabilities,		
Tenant security deposits	10,417	-
Total liabilities	117,940	197,752
Net assets:		
Unrestricted	14,195,296	14,300,937
Temporarily restricted	738,683	788,335
Permanently restricted	515,968	515,968
Total net assets	15,449,947	15,605,240
Total liabilities and net assets	\$ 15,567,887	\$ 15,802,992

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public support, revenue and other:					
Support:					
Contributions and grants	\$ 1,864,053	\$ 301,860	\$ -	\$ 2,165,913	\$ 2,598,048
Donated services	2,616,843	-	-	2,616,843	2,498,034
Donated materials	2,092,682	-	-	2,092,682	2,457,219
Patient contributions	67,748	-	-	67,748	68,664
Fundraising events	339,410	-	-	339,410	362,101
Total support	<u>6,980,736</u>	<u>301,860</u>	<u>-</u>	<u>7,282,596</u>	<u>7,984,066</u>
Revenue,					
Miscellaneous income	14,328	-	-	14,328	10,534
Total revenue	<u>14,328</u>	<u>-</u>	<u>-</u>	<u>14,328</u>	<u>10,534</u>
Net assets released from restrictions	351,512	(351,512)	-	-	-
Total public support, revenue and other	<u>7,346,576</u>	<u>(49,652)</u>	<u>-</u>	<u>7,296,924</u>	<u>7,994,600</u>
Expenses:					
Program services	6,852,656	-	-	6,852,656	7,057,637
Supporting services:					
Management and general	285,386	-	-	285,386	272,168
Fundraising:					
Direct donor benefit	41,600	-	-	41,600	52,800
Fundraising, other	300,653	-	-	300,653	284,624
Total supporting services	<u>627,639</u>	<u>-</u>	<u>-</u>	<u>627,639</u>	<u>609,592</u>
Total expenses	<u>7,480,295</u>	<u>-</u>	<u>-</u>	<u>7,480,295</u>	<u>7,667,229</u>
Change in net assets from operations	<u>(133,719)</u>	<u>(49,652)</u>	<u>-</u>	<u>(183,371)</u>	<u>327,371</u>
Nonoperating:					
Investment income, net	115,291	-	-	115,291	1,305,264
Building rental income	107,186	-	-	107,186	47,457
Building expenses	(194,399)	-	-	(194,399)	(101,832)
Loss on disposal of property and equipment	-	-	-	-	(182,116)
	<u>28,078</u>	<u>-</u>	<u>-</u>	<u>28,078</u>	<u>1,068,773</u>
Changes in net assets	<u>(105,641)</u>	<u>(49,652)</u>	<u>-</u>	<u>(155,293)</u>	<u>1,396,144</u>
Net assets, beginning of year	<u>14,300,937</u>	<u>788,335</u>	<u>515,968</u>	<u>15,605,240</u>	<u>14,209,096</u>
Net assets, end of year	<u>\$ 14,195,296</u>	<u>\$ 738,683</u>	<u>\$ 515,968</u>	<u>\$ 15,449,947</u>	<u>\$ 15,605,240</u>

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support, revenue and other:				
Support:				
Contributions and grants	\$ 2,359,399	\$ 238,649	\$ -	\$ 2,598,048
Donated services	2,498,034	-	-	2,498,034
Donated materials	2,457,219	-	-	2,457,219
Patient contributions	68,664	-	-	68,664
Fundraising events	362,101	-	-	362,101
Total support	<u>7,745,417</u>	<u>238,649</u>	<u>-</u>	<u>7,984,066</u>
Revenue,				
Miscellaneous income	10,534	-	-	10,534
Total revenue	<u>10,534</u>	<u>-</u>	<u>-</u>	<u>10,534</u>
Net assets released from restrictions	402,142	(402,142)	-	-
Total public support, revenue and other	<u>8,158,093</u>	<u>(163,493)</u>	<u>-</u>	<u>7,994,600</u>
Expenses:				
Program services	7,057,637	-	-	7,057,637
Supporting services:				
Management and general	272,168	-	-	272,168
Fundraising:				
Direct donor benefit	52,800	-	-	52,800
Fundraising, other	284,624	-	-	284,624
Total supporting services	609,592	-	-	609,592
Total expenses	<u>7,667,229</u>	<u>-</u>	<u>-</u>	<u>7,667,229</u>
Change in net assets from operations	<u>490,864</u>	<u>(163,493)</u>	<u>-</u>	<u>327,371</u>
Nonoperating:				
Investment income, net	1,305,264	-	-	1,305,264
Building rental income	47,457	-	-	47,457
Building expenses	(101,832)	-	-	(101,832)
Loss on disposal of property and equipment	(182,116)	-	-	(182,116)
	<u>1,068,773</u>	<u>-</u>	<u>-</u>	<u>1,068,773</u>
Changes in net assets	1,559,637	(163,493)	-	1,396,144
Net assets, beginning of year	<u>12,741,300</u>	<u>951,828</u>	<u>515,968</u>	<u>14,209,096</u>
Net assets, end of year	<u>\$ 14,300,937</u>	<u>\$ 788,335</u>	<u>\$ 515,968</u>	<u>\$ 15,605,240</u>

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

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

	Supporting Services				Total Supporting Services	2015 Total	2014 Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other			
Salaries, payroll taxes and benefits	\$ 1,742,637	\$ 172,193	\$ -	\$ 216,394	\$ 388,587	\$ 2,131,224	\$ 1,992,366
Depreciation	56,762	-	-	-	-	56,762	150,157
Fundraising event expense	-	-	41,600	20,708	62,308	62,308	73,481
Insurance	23,323	11,315	-	-	11,315	34,638	33,234
Medical drugs, materials and supplies	120,471	-	-	-	-	120,471	103,712
Operating expenses	64,733	17,764	-	44,025	61,789	126,522	118,201
Professional services	105,869	20,795	-	19,526	40,321	146,190	144,493
Rent and occupancy	49,799	14,856	-	-	14,856	64,655	96,332
Strategic development	-	28,000	-	-	28,000	28,000	-
Donated services:							
Medical and dental services	76,297	-	-	-	-	76,297	106,311
Medical consults	17,132	-	-	-	-	17,132	130,413
Professional volunteer hours	1,348,245	-	-	-	-	1,348,245	1,317,705
Labs and radiology	1,152,746	-	-	-	-	1,152,746	870,970
Professional services	1,960	20,463	-	-	20,463	22,423	72,635
Donated materials:							
Prescription drugs	2,004,611	-	-	-	-	2,004,611	2,374,232
Medical and dental supplies	88,071	-	-	-	-	88,071	82,987
Total expenses	\$ 6,852,656	\$ 285,386	\$ 41,600	\$ 300,653	\$ 627,639	\$ 7,480,295	\$ 7,667,229

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	Supporting Services					Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services	
Salaries, payroll taxes and benefits	\$ 1,613,869	\$ 166,249	\$ -	\$ 212,248	\$ 378,497	\$ 1,992,366
Depreciation	148,899	629	-	629	1,258	150,157
Fundraising event expense	-	-	52,800	20,681	73,481	73,481
Insurance	22,115	11,119	-	-	11,119	33,234
Medical drugs, materials and supplies	103,712	-	-	-	-	103,712
Operating expenses	74,354	15,269	-	28,578	43,847	118,201
Professional services	116,730	5,805	-	21,958	27,763	144,493
Rent and occupancy	95,340	462	-	530	992	96,332
Donated services:						
Medical and dental services	106,311	-	-	-	-	106,311
Medical consults	130,413	-	-	-	-	130,413
Professional volunteer hours	1,317,705	-	-	-	-	1,317,705
Labs and radiology	870,970	-	-	-	-	870,970
Professional services	-	72,635	-	-	72,635	72,635
Donated materials:						
Prescription drugs	2,374,232	-	-	-	-	2,374,232
Medical and dental supplies	82,987	-	-	-	-	82,987
Total expenses	\$ 7,057,637	\$ 272,168	\$ 52,800	\$ 284,624	\$ 609,592	\$ 7,667,229

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Changes in net assets	\$ (155,293)	\$ 1,396,144
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	100,917	189,201
Loss on disposal of property and equipment	-	182,116
Net unrealized loss (gain) on investments	423,941	(345,689)
Realized gains on investments	(352,414)	(752,157)
Change in allowance for doubtful accounts	545	(2,453)
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Unconditional promises to give	20,141	60,614
Other current assets	(21,099)	(15,237)
Security deposit	-	3,500
(Decrease) increase in operating liabilities:		
Accounts payable	(111,019)	105,757
Accrued expenses	25,570	44,287
Tenant security deposits	5,637	4,780
	(63,074)	870,863
Cash flows from investing activities:		
Purchase of property and equipment	(443,758)	(3,026,742)
Purchase of investments	(773,157)	(1,816,819)
Proceeds from the sale of investments	1,149,512	4,860,168
	(67,403)	16,607
Net (decrease) increase in cash and cash equivalents	(130,477)	887,470
Cash and cash equivalents, beginning of year	2,485,656	1,598,186
Cash and cash equivalents, end of year	\$ 2,355,179	\$ 2,485,656

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Volunteers in Medicine ("CVIM") is a non-profit community based organization which provides compassionate primary medical and dental care and health education to people who live or work in Chester County who lack access to insurance in order to support their goals to lead productive, healthy and hopeful lives.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, gains, other support, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CVIM considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Unconditional Promises to Give

Unconditional promises to give are recorded as received at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount these amounts. Amortization of discounts is included in contribution revenue. CVIM uses an allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments

Investments in marketable securities, debt securities and pooled investments held by outside Foundations are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment and Depreciation

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of donation. Property and equipment are depreciated using a straight-line method over the estimated useful lives of the related assets, as follows:

Building and building improvements	30 years
Furniture and fixtures	5 years
Medical and dental equipment	5 years

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation (continued)

Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Repairs and maintenance are charged to expense as incurred.

Net Asset Classification

CVIM reports information regarding its financial position and activities according to the following classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets – are those assets that are available for the support of operations and whose use is not externally restricted.

Temporarily restricted net assets – are those assets whose use by CVIM has been limited by donors to a specific time period or purpose.

Permanently restricted net assets – are those assets whose use by CVIM has been limited by donors in perpetuity.

Public Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are generally available for unrestricted use unless specifically restricted by the donor.

Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from 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.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded as unrestricted net assets. Investment earnings with donor restrictions are recorded as temporarily or permanently restricted net assets based on the nature of the restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated drugs, laboratory testing, and supplies are recorded at their fair values in the period received as contributions with offsetting expenses. CVIM's policy is to record drugs donated for use of the patients through patient assistance programs as contributions with offsetting expenses. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received as contributions with offsetting expenses. In addition, CVIM receives services of unpaid officers, board members, and volunteers. The value of these services is not reflected in the accompanying financial statements as these services do not meet the criteria for recognition as contributed services.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue (continued)

Non-cash contributions reflected in the accompanying statement of activities and changes in net assets exclude contributions of donated publicly traded stock. These contributions are recorded in the same manner as cash contributions, as typically CVIM sells all donated publicly traded stock upon receipt.

Functional Allocation of Expenses

The costs of providing CVIM's program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Building Expenses

CVIM leases a portion of its building to unrelated tenants. Building expenses related to CVIM's operations are classified in program services and supporting services. Building expenses related to rental income are classified as non-operating activities.

Income Taxes

CVIM is exempt from federal income and excise taxes under the provisions of Internal Revenue Code Section 501(c)(3), as well as exempt from state income taxes. CVIM is not a private foundation.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has not identified any uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements. The Organization's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation. These reclassifications have no effect on the previously reported changes in net assets.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Gross unrestricted promises to give	\$ 715,039	\$ 789,900
Less unamortized discount	(38,009)	(92,729)
Less allowances for uncollectible promises	<u>(12,988)</u>	<u>(12,443)</u>
Net unconditional promises to give	\$ <u>664,042</u>	\$ <u>684,728</u>
	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 315,653	\$ 279,920
One to five years	395,000	500,492
Five to ten years	<u>4,386</u>	<u>9,488</u>
Gross unconditional promises to give	\$ <u>715,039</u>	\$ <u>789,900</u>

Pledges to be received in future years are recorded at present value using a discount rate at the time of the pledge of 2% and 5% for the years ending June 30, 2015 and 2014, respectively.

3. INVESTMENTS

Investments as of June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Common stocks	\$ 2,121,010	\$ 3,401,559	\$ 1,280,549
Community Foundation – pooled investments	221,657	195,431	(26,226)
Mutual funds	1,690,083	1,979,237	289,154
Bonds	<u>3,501,423</u>	<u>3,582,744</u>	<u>81,321</u>
Total investments	\$ <u>7,534,173</u>	\$ <u>9,158,971</u>	\$ <u>1,624,798</u>

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

3. INVESTMENTS (CONTINUED)

	June 30, 2014		
	Cost	Fair Value	Cumulative Unrealized Gain (Loss)
Common stocks	\$ 2,125,966	\$ 3,496,005	\$ 1,370,039
Community Foundation – pooled investments	241,378	229,919	(11,459)
Mutual funds	1,726,508	2,270,279	543,771
Bonds	3,464,261	3,610,650	146,389
Total investments	\$ 7,558,113	\$ 9,606,853	\$ 2,048,740

The following schedule summarizes the investment return in the statements of activities and changes in net assets for the years ended June 30, 2015 and 2014:

	2015	2014
Interest and dividends	\$ 253,650	\$ 275,871
Net realized and unrealized gains	(71,527)	1,097,846
Investment fees	(66,832)	(68,453)
Total investment income	\$ 115,291	\$ 1,305,264

4. PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment and accumulated depreciation as of June 30, 2015 and 2014:

	2015	2014
Land, building & building improvements	\$ 3,340,251	\$ 2,938,890
Furniture and fixtures	214,628	204,826
Medical and dental equipment	287,141	254,546
	3,842,020	3,398,262
Less: accumulated depreciation	518,630	417,713
	\$ 3,323,390	\$ 2,980,549

During the year ended June 30, 2014, CVIM disposed of assets with a cost of \$972,265 and accumulated depreciation of \$790,149.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Restricted as to period:		
Periods after June 30, 2015 and 2014, respectively	\$ 636,782	\$ 717,273
Restricted as to purpose:		
Purchase of medical, dental, and vision supplies, reimbursement of laboratory fees and tests	<u>101,901</u>	<u>71,062</u>
Total temporarily restricted net assets	<u>\$ 738,683</u>	<u>\$ 788,335</u>

For the years ended June 30, 2015 and 2014, temporarily restricted net assets were increased by gross promises to give in the amount of \$300,000 and \$143,000, respectively.

6. PERMANENTLY RESTRICTED NET ASSETS

CVIM's Lawrence dental endowment consists of funds established to support the operating, program and capital needs of their dental program. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely. CVIM's Hattersley endowment consists of funds established to support the general operating, program and capital needs of CVIM. Contributions to the endowment are subject to donor restrictions that stipulate the original principal to be held and invested indefinitely.

CVIM requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result, CVIM classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. CVIM considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

CVIM has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide current income. CVIM's objective is to provide capital for their medical programs, preserve endowment assets without subjecting them to substantial risk, and provide additional growth through new gifts.

The following net assets were permanently restricted as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Lawrence dental endowment	\$ 139,177	\$ 139,177
Hattersley endowment	<u>376,791</u>	<u>376,791</u>
Total permanently restricted net assets	<u>\$ 515,968</u>	<u>\$ 515,968</u>

All investment earnings on these endowment funds are considered unrestricted and are utilized during the fiscal year.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

7. FAIR VALUE MEASUREMENTS

CVIM's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CVIM believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs are unobservable and have the lowest priority. CVIM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, CVIM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 3 inputs were utilized by CVIM for the years ended June 30, 2015 and 2014.

Level 1 – Fair Value Measurements

The fair value of equities and mutual funds is based on quoted net asset values ("NAV") of the shares held by CVIM at year-end. The fair value of corporate and government bonds ("bonds") is valued based on the NAV of units held by CVIM at year-end. Although the bonds are not available in an active market, the NAV of the units are approximated based on the quoted prices of the underlying investments that are traded in an active market.

Level 2 – Fair Value Measurements

The fair values of the pooled investments held in Community Foundation are valued based on the net asset values ("NAV") of the underlying investments held within the Foundation. CVIM considers the measurement of its pooled investments to be Level 2, because it has limited ability to redeem its investments.

The following tables set forth CVIM's assets at fair value within the fair value hierarchy as of June 30, 2015 and 2014:

June 30, 2015	Fair Value	Level 1	Level 2
Common stocks:			
Basic materials sector	\$ 375,090	\$ 375,090	\$ -
Consumer goods sector	484,491	484,491	-
Financial sector	644,295	644,295	-
Healthcare sector	479,300	479,300	-
Industrial goods sector	236,666	236,666	-
Services sector	864,146	864,146	-
Technology sector	317,571	317,571	-

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

7. FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2015 (continued)	Fair Value	Level 1	Level 2
Mutual funds:			
Diversified emerging markets	646,931	646,931	-
Energy limited partnership	94,050	94,050	-
Foreign large blend	427,343	427,343	-
Foreign large value	200,187	200,187	-
Foreign small/mid blend	169,187	169,187	-
Mid-cap blend	219,571	219,571	-
Small blend	221,968	221,968	-
Bonds:			
Corporate bonds	2,404,217	2,404,217	-
US government agency bonds	1,178,527	1,178,527	-
Community Foundation – pooled investments	<u>195,431</u>	<u>-</u>	<u>195,431</u>
	<u>\$ 9,158,971</u>	<u>\$ 8,963,540</u>	<u>\$ 195,431</u>
June 30, 2014	Fair Value	Level 1	Level 2
Common stocks:			
Basic materials sector	\$ 492,238	\$ 492,238	\$ -
Consumer goods sector	430,033	430,033	-
Financial sector	466,445	466,445	-
Healthcare sector	563,179	563,179	-
Industrial goods sector	240,196	240,196	-
Services sector	792,664	792,664	-
Technology sector	511,250	511,250	-
Mutual funds:			
Diversified emerging markets	753,591	753,591	-
Energy limited partnership	124,403	124,403	-
Foreign large blend	337,151	337,151	-
Foreign large value	246,999	246,999	-
Foreign small/mid blend	184,526	184,526	-
Large growth	132,641	132,641	-
Mid-cap blend	185,861	185,861	-
Real estate	121,840	121,840	-
Small blend	183,267	183,267	-
Bonds:			
Corporate bonds	2,405,907	2,405,907	-
US government agency bonds	1,204,743	1,204,743	-
Community Foundation – pooled investments	<u>229,919</u>	<u>-</u>	<u>229,919</u>
	<u>\$ 9,606,853</u>	<u>\$ 9,376,934</u>	<u>\$ 229,919</u>

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

8. LEASING ARRANGEMENTS

CVIM leases space to unrelated tenants under noncancelable operating leases. These leases will expire at various times through March 2020. These leases have escalation clauses which are recognized ratably over the lease term, with the deferred rental income recorded as an other current asset within the statement of financial position. As part of the lease, the tenants remitted security deposits which are to be returned at the conclusion of the lease if all lease obligations are met.

The following is a schedule by years of future minimum rentals expected to be received under the leases as of June 30, 2015:

<u>Year Ending June 30,</u>	
2016	\$ 123,021
2017	126,001
2018	129,781
2019	133,675
2020	<u>86,405</u>
	<u>\$ 598,883</u>

Building expenses consist of the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Common area maintenance	\$ 48,924	\$ 28,330
Depreciation	44,153	39,045
Insurance	11,436	5,764
Real estate taxes	40,561	23,814
Realtor commissions	38,372	-
Other	<u>10,953</u>	<u>4,879</u>
	<u>\$ 194,399</u>	<u>\$ 101,832</u>

9. RETIREMENT PLAN

CVIM has a 401(k) discretionary profit sharing plan covering substantially all employees with 1,000 hours or more of service, as defined in the plan document. CVIM's plan contributions were \$71,532 and \$60,935 for the years ended June 30, 2015 and 2014, respectively.

10. FINANCIAL RISK AND CONCENTRATION OF CREDIT RISK

CVIM's investments are exposed to various risks such as interest rate, market and credit. Due to the level of these risks, it is possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

10. FINANCIAL RISK AND CONCENTRATION OF CREDIT RISK (CONTINUED)

CVIM maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit and the National Credit Union Administration limit of \$250,000. Uninsured cash at June 30, 2015 was approximately \$720,000.

11. DONATED SERVICES AND MATERIALS

CVIM receives significant contributions of medical and professional services, prescription drugs, laboratory testing and supplies. Non-cash contributions and offsetting expenses have been recognized in the accompanying financial statements for the years ended June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Donated services:		
Medical and dental professional services	\$ 1,424,542	\$ 1,424,016
Medical consultant fees and tests	1,169,878	1,001,383
Professional services	22,423	72,635
Donated materials,		
Prescription drugs and medical and dental supplies	<u>2,092,682</u>	<u>2,457,219</u>
Total donated services and materials	<u>\$ 4,709,525</u>	<u>\$ 4,955,253</u>

During the years ended June 30, 2015 and 2014, CVIM received and subsequently sold donated securities in the amount of \$351,704 and \$1,201,075, respectively.

12. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2015 and 2014, Main Line Health System donated services of \$806,100 and \$556,222, respectively. During the years ended June 30, 2015 and 2014, Penn Medicine Chester County Hospital donated services of \$339,642 and \$423,438, respectively. These amounts are included in the donated services and materials amounts disclosed in footnote 11. Officers of both Main Line Health System and Penn Medicine Chester County Hospital are on the board of directors of CVIM.

13. SUBSEQUENT EVENTS

CVIM has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 7, 2015, the date on which the financial statements were available to be issued.