

**COMMUNITY VOLUNTEERS
IN MEDICINE**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

COMMUNITY VOLUNTEERS IN MEDICINE
YEARS ENDED JUNE 30, 2014 AND 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-18

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 corporation), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, 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 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, 2014, and the changes in 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 Community Volunteers in Medicine as of June 30, 2013 and for the year then ended, were audited by other auditors whose report dated September 17, 2013, expressed an unmodified opinion on those statements.

Shuchtmann Marks Devo PC

Philadelphia, Pennsylvania
October 1, 2014

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 2,485,656	\$ 1,598,186
Unconditional promises to give	279,920	242,488
Other current assets	45,206	29,969
Total current assets	<u>2,810,782</u>	<u>1,870,643</u>
Investments	<u>9,606,853</u>	<u>11,552,355</u>
Property and equipment, net	<u>2,980,549</u>	<u>325,123</u>
Other assets:		
Security deposits	-	3,500
Unconditional promises to give, net	404,808	500,403
	<u>404,808</u>	<u>503,903</u>
Total assets	<u>\$ 15,802,992</u>	<u>\$ 14,252,024</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 114,023	\$ 8,266
Accrued expenses	78,949	34,662
Tenant security deposit	4,780	-
Total current liabilities	<u>197,752</u>	<u>42,928</u>
Net assets:		
Unrestricted	14,300,937	12,741,300
Temporarily restricted	788,335	951,828
Permanently restricted	515,968	515,968
Total net assets	<u>15,605,240</u>	<u>14,209,096</u>
Total liabilities and net assets	<u>\$ 15,802,992</u>	<u>\$ 14,252,024</u>

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013)

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Public support, revenue and other:					
Support:					
Contributions and grants	\$ 2,359,399	\$ 238,649	\$ -	\$ 2,598,048	\$ 1,644,314
Donated services	2,498,034	-	-	2,498,034	1,719,277
Donated materials	2,457,219	-	-	2,457,219	2,526,789
Patient contributions	68,664	-	-	68,664	59,942
Fundraising events	362,101	-	-	362,101	1,018,050
Total support	7,745,417	238,649	-	7,984,066	6,968,372
Revenue:					
Investment income, net	1,305,264	-	-	1,305,264	1,080,214
Miscellaneous income	10,534	-	-	10,534	3,186
Total revenue	1,315,798	-	-	1,315,798	1,083,400
Net assets released from restrictions	402,142	(402,142)	-	-	-
Total public support, revenue and other	9,463,357	(163,493)	-	9,299,864	8,051,772
Expenses:					
Program services	7,057,637	-	-	7,057,637	6,251,821
Supporting services:					
Management and general	272,168	-	-	272,168	179,574
Fundraising:					
Direct donor benefit	52,800	-	-	52,800	48,100
Fundraising, other	284,624	-	-	284,624	249,804
Total supporting services	609,592	-	-	609,592	477,478
Total expenses	7,667,229	-	-	7,667,229	6,729,299
Change in net assets from operations	1,796,128	(163,493)	-	1,632,635	1,322,473
Nonoperating:					
Building rental income	47,457	-	-	47,457	-
Building expenses	(101,832)	-	-	(101,832)	-
Loss on disposal of property and equipment	(182,116)	-	-	(182,116)	-
	(236,491)	-	-	(236,491)	-
Changes in net assets	1,559,637	(163,493)	-	1,396,144	1,322,473
Net assets, beginning of year	12,741,300	951,828	515,968	14,209,096	12,886,623
Net assets, end of year	\$ 14,300,937	\$ 788,335	\$ 515,968	\$ 15,605,240	\$ 14,209,096

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support, revenue and other:				
Support:				
Contributions and grants	\$ 1,384,586	\$ 259,728	\$ -	\$ 1,644,314
Donated services	1,719,277	-	-	1,719,277
Donated materials	2,526,789	-	-	2,526,789
Patient contributions	59,942	-	-	59,942
Fundraising events	<u>518,050</u>	<u>500,000</u>	<u>-</u>	<u>1,018,050</u>
Total support	<u>6,208,644</u>	<u>759,728</u>	<u>-</u>	<u>6,968,372</u>
Revenue:				
Investment income, net	1,080,214	-	-	1,080,214
Miscellaneous income	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>
Total revenue	<u>1,083,400</u>	<u>-</u>	<u>-</u>	<u>1,083,400</u>
Net assets released from restrictions	<u>481,438</u>	<u>(481,438)</u>	<u>-</u>	<u>-</u>
Total public support, revenue and other	<u>7,773,482</u>	<u>278,290</u>	<u>-</u>	<u>8,051,772</u>
Expenses:				
Program services	<u>6,251,821</u>	<u>-</u>	<u>-</u>	<u>6,251,821</u>
Supporting services:				
Management and general	179,574	-	-	179,574
Fundraising:				
Direct donor benefit	48,100	-	-	48,100
Fundraising, other	<u>249,804</u>	<u>-</u>	<u>-</u>	<u>249,804</u>
Total supporting services	<u>477,478</u>	<u>-</u>	<u>-</u>	<u>477,478</u>
Total expenses	<u>6,729,299</u>	<u>-</u>	<u>-</u>	<u>6,729,299</u>
Changes in net assets	1,044,183	278,290	-	1,322,473
Net assets, beginning of year	<u>11,697,117</u>	<u>673,538</u>	<u>515,968</u>	<u>12,886,623</u>
Net assets, end of year	<u>\$ 12,741,300</u>	<u>\$ 951,828</u>	<u>\$ 515,968</u>	<u>\$ 14,209,096</u>

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2013)

Supporting Services

	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services	2014 Total	2013 Total
Salaries, payroll taxes and benefits	\$ 1,613,869	\$ 166,249	\$ -	\$ 212,248	\$ 378,497	\$ 1,992,366	\$ 1,791,617
Depreciation	148,899	629	-	629	1,258	150,157	102,721
Fundraising event expense	-	-	52,800	20,681	73,481	73,481	72,092
Insurance	22,115	11,119	-	-	11,119	33,234	32,967
Medical drugs, materials and supplies	103,712	-	-	-	-	103,712	104,686
Operating expenses	74,354	15,269	-	28,578	43,847	118,201	119,608
Professional services	116,730	5,805	-	21,958	27,763	144,493	125,798
Rent and occupancy	95,340	462	-	530	992	96,332	133,744
Donated services:							
Medical and dental services	106,311	-	-	-	-	106,311	93,340
Medical consults	130,413	-	-	-	-	130,413	53,769
Professional volunteer hours	1,317,705	28,354	-	-	28,354	1,346,059	1,193,930
Labs and radiology	870,970	-	-	-	-	870,970	378,238
Legal services	-	44,281	-	-	44,281	44,281	-
Donated materials:							
Drugs	2,374,232	-	-	-	-	2,374,232	2,222,755
Medical and dental supplies	82,987	-	-	-	-	82,987	304,034
Total expenses	\$ 7,057,637	\$ 272,168	\$ 52,800	\$ 284,624	\$ 609,592	\$ 7,667,229	\$ 6,729,299

COMMUNITY VOLUNTEERS IN MEDICINE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Supporting Services					Total
	Program Services	Management and General	Fundraising Direct Donor Benefit	Fundraising, Other	Total Supporting Services	
Salaries, payroll taxes and benefits	\$ 1,483,866	\$ 140,891	\$ -	\$ 166,860	\$ 307,751	\$ 1,791,617
Depreciation	102,721	-	-	-	-	102,721
Fundraising event expense	-	-	48,100	23,992	72,092	72,092
Insurance	29,442	3,525	-	-	3,525	32,967
Medical drugs, materials and supplies	104,686	-	-	-	-	104,686
Operating expenses	67,493	18,826	-	33,289	52,115	119,608
Professional services	88,306	11,829	-	25,663	37,492	125,798
Rent and occupancy	129,241	4,503	-	-	4,503	133,744
Donated services:						
Medical and dental services	93,340	-	-	-	-	93,340
Medical consults	53,769	-	-	-	-	53,769
Professional volunteer hours	1,193,930	-	-	-	-	1,193,930
Labs and radiology	378,238	-	-	-	-	378,238
Donated materials:						
Drugs	2,222,755	-	-	-	-	2,222,755
Medical and dental supplies	304,034	-	-	-	-	304,034
Total expenses	\$ 6,251,821	\$ 179,574	\$ 48,100	\$ 249,804	\$ 477,478	\$ 6,729,299

COMMUNITY VOLUNTEERS IN MEDICINE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Changes in net assets	\$ 1,396,144	\$ 1,322,473
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	189,201	102,721
Loss on disposal of property and equipment	182,116	-
Net unrealized gains on investments	(345,689)	(490,650)
Realized gains on investments	(752,157)	(291,330)
Change in allowance for doubtful accounts	(2,453)	4,362
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Unconditional promises to give	60,614	(175,209)
Other current assets	(15,237)	6,791
Security deposit	3,500	-
Increase (decrease) in operating liabilities:		
Accounts payable	105,757	(18,245)
Accrued expenses	44,287	(5,218)
Tenant security deposit	4,780	-
	870,863	455,695
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(3,026,742)	(18,061)
Purchase of investments	(1,816,819)	(3,193,142)
Proceeds from the sale of investments	4,860,168	3,464,852
	16,607	253,649
Net cash provided by investing activities		
Net increase in cash and cash equivalents	887,470	709,344
Cash and cash equivalents, beginning of year	1,598,186	888,842
Cash and cash equivalents, end of year	\$ 2,485,656	\$ 1,598,186

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Volunteers in Medicine ("CVIM") is a non-profit community based organization developed to serve the primary health care needs of the uninsured and the underinsured population of Chester County by providing medical and dental services.

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 twelve months or less when purchased to be cash equivalents.

Unconditional Promises to Give

Unconditional promises to give are recorded as received and are recorded 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	30 years
Furniture and fixtures	5 years
Leasehold improvements	Term of the lease
Medical and dental equipment	5 years

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

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 net assets 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, 2014 AND 2013

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 some of its building to unrelated tenant. 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 2013 amounts have been reclassified to conform to the current year presentation. These reclassifications have no effect on previously reported changes in net assets.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Gross unrestricted promises to give	\$ 789,900	\$ 885,226
Less unamortized discount	(92,729)	(127,439)
Less allowances for uncollectible promises	<u>(12,443)</u>	<u>(14,896)</u>
Net unconditional promises to give	\$ <u>684,728</u>	\$ <u>742,891</u>
	<u>2014</u>	<u>2013</u>
Amounts due in:		
Less than one year	\$ 279,920	\$ 242,488
One to five years	500,492	628,326
Five to ten years	<u>9,488</u>	<u>14,412</u>
Gross unconditional promises to give	\$ <u>789,900</u>	\$ <u>885,226</u>

Pledges to be received in future years are recorded at present value using a discount rate at the time of the pledge of 5%.

3. INVESTMENTS

Investments as of June 30, 2014 and 2013 are as follows:

	<u>June 30, 2014</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Gain (Loss)</u>
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	<u>3,464,261</u>	<u>3,610,650</u>	<u>146,389</u>
Total investments	\$ <u>7,558,113</u>	\$ <u>9,606,853</u>	\$ <u>2,048,740</u>

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

3. INVESTMENTS (CONTINUED)

	June 30, 2013		
	Cost	Fair Value	Cumulative Unrealized Gain (Loss)
Common stocks	\$ 3,319,763	\$ 4,646,793	\$ 1,327,030
Community Foundation – pooled investments	268,343	236,329	(32,014)
Mutual funds	2,276,039	2,557,875	281,836
Bonds	3,985,159	4,111,358	126,199
Total investments	\$ 9,849,304	\$ 11,552,355	\$ 1,703,051

The following schedule summarizes the investment return in the statements of activities and changes in net assets for the years ended June 30, 2014 and 2013:

	2014	2013
Interest and dividends	\$ 275,871	\$ 373,022
Net realized and unrealized gains	1,097,846	781,980
Investment fees	(68,453)	(74,788)
Total investment income	\$ 1,305,264	\$ 1,080,214

4. PROPERTY AND EQUIPMENT, NET

The following is a summary of property and equipment and accumulated depreciation as of June 30, 2014 and 2013:

	2014	2013
Building and land	\$ 2,938,890	\$ -
Furniture and fixtures	204,826	291,963
Leasehold improvements	-	773,471
Medical and dental equipment	254,546	278,350
	3,398,262	1,343,784
Less: accumulated depreciation	417,713	1,018,661
	\$ 2,980,549	\$ 325,123

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, 2014 AND 2013

5. TENANT SECURITY DEPOSIT

CVIM leases space to a tenant under a noncancelable operating lease. This lease will expire in November 2014. As part of the lease, the tenant remitted a security deposit which is to be returned at the conclusion of the lease if all lease obligations are met.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2014 and 2013:

	2014	2013
Restricted as to period:		
Periods after June 30, 2014 and 2013, respectively	\$ 717,273	\$ 792,912
Restricted as to purpose:		
Purchase of medical, dental, and vision supplies, reimbursement of laboratory fees and tests	71,062	158,916
Total temporarily restricted net assets	\$ 788,335	\$ 951,828

For the years ended June 30, 2014 and 2013, temporarily restricted net assets were increased by gross promises to give in the amount of \$143,000 and \$638,000, respectively.

7. 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.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

7. PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

The following net assets were permanently restricted as of June 30, 2014 and 2013:

	2014	2013
Lawrence dental endowment	\$ 139,177	\$ 139,177
Hattersley endowment	376,791	376,791
Total permanently restricted net assets	\$ 515,968	\$ 515,968

8. 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 necessary for CVIM for the years ended June 30, 2014 and 2013.

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.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

8. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth CVIM's assets at fair value within the fair value hierarchy as of June 30, 2014 and 2013:

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	229,919	-	229,919
	<u>\$ 9,606,853</u>	<u>\$ 9,376,934</u>	<u>\$ 229,919</u>

June 30, 2013	Fair Value	Level 1	Level 2
Common stocks:			
Basic materials sector	\$ 645,236	\$ 645,236	\$ -
Consumer goods sector	563,943	563,943	-
Financial sector	567,286	567,286	-
Healthcare sector	837,963	837,963	-
Industrial goods sector	440,625	440,625	-
Services sector	872,968	872,968	-
Technology sector	718,772	718,772	-
Mutual funds:			
Diversified emerging markets	854,655	854,655	-
Energy limited partnership	110,770	110,770	-
Foreign large blend	375,402	375,402	-
Foreign large value	269,759	269,759	-
Foreign small/mid blend	153,922	153,922	-
Large growth	122,905	122,905	-
Mid-cap blend	251,213	251,213	-
Real estate	171,800	171,800	-
Small blend	247,449	247,449	-

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

8. FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2013 (continued)	Fair Value	Level 1	Level 2
Bonds:			
Corporate bonds	2,852,316	2,852,316	-
US government agency bonds	1,259,042	1,259,042	-
Community Foundation – pooled investments	<u>236,329</u>	<u>-</u>	<u>236,329</u>
	<u>\$ 11,552,355</u>	<u>\$ 11,316,026</u>	<u>\$ 236,329</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 \$60,935 and \$47,386 for the years ended June 30, 2014 and 2013, 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.

CVIM maintains cash at various financial institutions. At times, cash in these accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. Uninsured cash at June 30, 2014 was approximately \$450,000.

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, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Donated services:		
Medical, dental and other professional services	\$ 1,484,431	\$ 1,287,270
Medical consultant fees and tests	1,001,383	422,907
Computer services	12,220	9,100
Donated materials		
Prescription drugs and medical and dental supplies	<u>2,457,219</u>	<u>2,526,789</u>
Total non-cash contributions	<u>\$ 4,955,253</u>	<u>\$ 4,246,066</u>

For the years ended June 30, 2014 and 2013, CVIM received and subsequently sold donated securities in the amount of \$1,201,075 and \$225,434, respectively.

COMMUNITY VOLUNTEERS IN MEDICINE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2014 AND 2013

11. DONATED SERVICES AND MATERIALS (CONTINUED)

For the years ended June 30, 2014 and 2013, Main Line Health System donated services of \$556,222 and \$280,649, respectively. For the years ended June 30, 2014 and 2013 Chester County Hospital donated services of \$423,438 and \$356,988, respectively.

12. SUBSEQUENT EVENTS

CVIM has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 1, 2014, the date on which the financial statements were available to be issued.