THE V FOUNDATION

Cary, North Carolina

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2013
(With Comparative Totals for the
Year Ended September 30, 2012)

BLACKMAN & SLOOP
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

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BLACKMAN & SLOOP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The V Foundation
Cary, North Carolina

We have audited the accompanying statement of financial position of The V Foundation, (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and changes in net assets 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 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.

BLACKMAN & SLOOP, CPAs, P.A.

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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 The V Foundation, as of September 30, 2013, 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.

Report on Summarized Comparative Information

We have previously audited The V Foundation's 2012 financial statements, and our report dated February 8, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Blackman & Sloop

Chapel Hill, North Carolina
February 14, 2014

THE V FOUNDATION

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

September 30, 2013 and 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,730,389	$ 11,413,695
Accounts receivable, net	213,495	55,500
Promises to give, net	2,136,430	316,918
Prepaid expenses	151,737	56,406
TOTAL CURRENT ASSETS	14,232,051	11,842,519
PROPERTY AND EQUIPMENT, NET	48,515	38,177
OTHER ASSETS:		
Investments	22,446,454	21,026,926
Promises to give, net	3,413,097	3,874,888
Intangible assets	50,000	-
TOTAL OTHER ASSETS	25,909,551	24,901,814
TOTAL ASSETS	$ 40,190,117	$ 36,782,510

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 55,188	$ 5,970
Accrued payroll and related liabilities	53,968	33,164
Deferred rent	40,350	27,350
Grants payable	12,223,413	10,897,500
TOTAL CURRENT LIABILITIES	12,372,919	10,963,984
LONG-TERM LIABILITIES:		
Grants payable, net	9,840,300	9,434,728
TOTAL LIABILITIES	22,213,219	20,398,712
NET ASSETS:		
Unrestricted:		
Board designated	5,517,136	-
Undesignated	(3,589,825)	(3,207,040)
	1,927,311	(3,207,040)
Temporarily restricted	3,932,576	3,834,726
Permanently restricted	12,117,011	15,756,112
TOTAL NET ASSETS	17,976,898	16,383,798
TOTAL LIABILITIES AND NET ASSETS	$ 40,190,117	$ 36,782,510

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
SUPPORT AND REVENUE:					
Contributions and gifts	$ 10,608,057	$ 5,085,610	$ 145,899	$ 15,839,566	$ 14,665,663
Special events:					
Contributions	1,592,397	-	-	1,592,397	2,269,778
Event income	204,611	-	-	204,611	245,620
Less: costs of direct benefits to donors	(674,660)	-	-	(674,660)	(599,265)
Net revenues from special events	1,122,348	-	-	1,122,348	1,916,133
License income	3,332	-	-	3,332	-
Investment income, net of fees	117,605	266,906	-	384,511	283,495
Unrealized gain on investments	213,597	513,399	-	726,996	1,134,072
Realized gain on investments	130,773	314,326	-	445,099	399,368
	12,195,712	6,180,241	145,899	18,521,852	18,398,731
Net assets released from restrictions	6,082,391	(6,082,391)	-	-	-
TOTAL SUPPORT AND REVENUE	18,278,103	97,850	145,899	18,521,852	18,398,731
EXPENSES:					
Program Services	15,138,098	-	-	15,138,098	15,532,787
Supporting Services:					
Management and general	719,490	-	-	719,490	546,783
Fundraising expenses	1,071,164	-	-	1,071,164	771,224
Total Supporting Services	1,790,654	-	-	1,790,654	1,318,007
SUBTOTAL EXPENSES	16,928,752	-	-	16,928,752	16,850,794
Loss from bad debts	-	-	-	-	230,000
TOTAL EXPENSES	16,928,752	-	-	16,928,752	17,080,794
CHANGES IN NET ASSETS	1,349,351	97,850	145,899	1,593,100	1,317,937
TRANSFER OF NET ASSETS	3,785,000	-	(3,785,000)	-	-
NET ASSETS - BEGINNING OF YEAR	(3,207,040)	3,834,726	15,756,112	16,383,798	15,065,861
NET ASSETS - END OF YEAR	$ 1,927,311	$ 3,932,576	$ 12,117,011	$ 17,976,898	$ 16,383,798

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended September 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,593,100	$ 1,317,937
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	12,379	4,874
Unrealized gain on investments	(726,996)	(1,134,072)
Realized gain on investments	(445,099)	(399,368)
Permanently restricted contributions	(656,059)	(1,248,468)
Donated securities	(719,339)	(201,630)
Donated property and equipment	(19,760)	-
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable, net	(157,995)	30,500
Promises to give, net	(1,357,721)	(1,376,942)
Prepaid expenses	(95,331)	(20,514)
Intangible assets	(50,000)	-
Accounts payable and accrued expenses	49,218	(12,614)
Accrued payroll and related liabilities	20,804	17,084
Lease payable	13,000	27,350
Grants payable, net	1,731,485	781,608
NET CASH USED IN OPERATING ACTIVITIES	(808,314)	(2,214,255)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(2,957)	(35,549)
Purchases of investments	(14,488,588)	(11,561,592)
Sales of investments	14,960,494	11,289,163
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	468,949	(307,978)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions	656,059	1,248,468
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	316,694	(1,273,765)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,413,695	12,687,460
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 11,730,389	$ 11,413,695
SUPPLEMENTAL DISCLOSURE:		
Noncash contribution:		
Donated securities	$ 719,337	$ 201,630
Donated property and equipment	$ 19,760	$ -

The accompanying Notes to Financial Statements are an integral part of these statements.

THE V FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

	Program Services	Management and General	Fundraising	2013 Totals	2012 Totals
Grant expense	$ 13,768,985	$ -	$ -	$ 13,768,985	$ 14,613,141
Salaries	662,044	365,806	573,750	1,601,600	974,328
Employee benefits	148,378	81,985	128,589	358,952	223,567
Supporting organization expenses	153,871	-	-	153,871	160,690
Professional fees	24,918	71,739	45,841	142,498	207,245
Travel related expenses	56,292	31,104	48,785	136,181	108,121
Occupancy expenses	47,239	26,101	40,939	114,279	118,034
Payroll taxes	46,725	25,818	40,494	113,037	61,684
Bank service charges	46,624	25,762	40,406	112,792	95,656
Computer maintenance	41,341	22,842	35,827	100,010	105,311
Printing and copying	39,215	21,668	33,985	94,868	5,683
Advertising	37,907	20,945	32,851	91,703	63,423
Postage and shipping	16,578	9,160	14,367	40,105	46,968
Office supplies	10,380	5,735	8,995	25,110	25,826
Scientific advisory board expenses	18,010	-	-	18,010	8,990
Miscellaneous	6,367	3,519	5,519	15,405	-
Insurance	5,415	2,992	4,693	13,100	6,197
Depreciation and amortization	5,117	2,827	4,435	12,379	11,805
Direct fundraising expenses	-	-	9,355	9,355	4,874
Board expenses	2,692	1,487	2,333	6,512	6,576
Repairs and maintenance	-	-	-	-	2,675
	$ 15,138,098	$ 719,490	$ 1,071,164	$ 16,928,752	$ 16,850,794

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

The V Foundation (the "Foundation") was incorporated on February 12, 1993, as a nonprofit charitable organization dedicated to saving lives by helping to find a cure for cancer. The Foundation's mission is to generate broad based support for cancer research and create an urgent awareness among all Americans of the importance of the war against cancer. The Foundation accomplishes its mission through advocacy, education, fundraising, and philanthropy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

A. Basis of Accounting.

The Foundation's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenues and support are recognized when earned, and expenses are recognized when the obligation is incurred.

The Foundation reports gifts of cash and other assets 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 as net assets released from restrictions. Permanently restricted contributions represent only those contributions restricted by the donor to be invested in perpetuity for the purpose of providing a permanent source of income. The accumulated earnings are reflected in temporarily restricted net assets until appropriated.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions and other highly liquid investments with maturities of three months or less. At times, the Foundation places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Foundation has not experienced any financial loss related to such deposits.

C. Accounts Receivable.

Accounts receivable consist of receivables from special events held with the specific purpose of promoting and publicizing the Foundation and are carried at their net realizable value. The Foundation provides an allowance for doubtful accounts equal to the estimated losses that are expected be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of September 30, 2013 and 2012, all accounts receivable were deemed collectible by management.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

D. Promises to Give.

Unconditional promises to give are recognized as support and assets in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Foundation provides an allowance for doubtful promises to give equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing promises to give.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

E. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at market value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and the cost exceeds $500. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, which range from three to seven years.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

F. Investments.

Investments in marketable securities are stated at fair market value based on readily available published values. Donated securities are recorded at their fair market value at the date of gift.

Investments in non-publicly traded companies are stated at cost in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 325-20, *Cost Method Investments* and ASC 958-25, *Not-for-Profit Entities Investments.*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

G. Intangible Assets.

Intangible assets are capitalized and stated at cost in accordance with FASB ASC 350-30, *Intangibles and Other Goodwill*. The assets have indefinite lives and are reviewed annually for impairment.

H. Program Grants.

Program grants and the corresponding grants payable are recognized at the time the grant award letter is sent to the recipient. Grants to be awarded in future years are recorded at the present value of their estimated future cash flows.

I. Fair Value of Financial Instruments.

U.S. GAAP requires the Foundation to disclose estimated fair values for its financial instruments. The carrying amount of financial instruments approximates fair value because of the short maturities of the instruments held.

I. Advertising.

The Foundation expenses advertising costs as incurred. Advertising expense totaled $91,703 and $63,423, for the years ended September 30, 2013 and 2012, respectively.

J. Net Assets.

Unrestricted - Resources of the Foundation that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

Temporarily Restricted - Resources that carry a donor-imposed restriction that permits the Foundation to use or expend the donated assets for a specific purpose. The restrictions can be satisfied by the passage of time or by actions of the Foundation.

Permanently Restricted - Resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Foundation to use or expend part or all of the income derived from the donated assets.

K. Income Taxes.

The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

L. Estimates.

The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

PROMISES TO GIVE

Promises to give consist of the following at September 30:

	2013	2012
Receivable in less than one year	$ 2,893,376	$ 1,450,893
Receivable in one to five years	3,163,516	3,168,140
Receivable in greater than five years	-	20,000
Total gross promises to give	6,056,892	4,639,033
Discount at a rate of 3.28% and 2.00%	(203,206)	(105,768)
Allowance for uncollectible promises to give	(304,159)	(341,459)
Net present value of promises to give	$ 5,549,527	$ 4,191,806

Promises to give are presented on the statements of financial position under the following captions:

	2013	2012
Current assets:		
Promises to give, net	$ 2,136,430	$ 316,918
Other assets:		
Promises to give, net	3,413,097	3,874,888
Total promises to give	$ 5,549,527	$ 4,191,806

The Foundation has been named in a number of wills as a beneficiary and has also been informed of other intentions to give. Such intentions to give are not recorded as promises to give until they become unconditional.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2013	2012
Furniture and fixtures	$ 41,128	$ 41,128
Office equipment	50,194	43,629
Software	25,495	24,870
	116,817	109,627
Accumulated depreciation	(68,302)	(71,450)
Net property and equipment	$ 48,515	$ 38,177

INVESTMENTS

Investments in marketable securities are stated at fair market value and are recorded on the trade or contract date. The estimated value of the marketable securities is based on quoted market prices, except for alternative investments for which quoted market prices are not available. The estimated fair value of alternative investments is based on valuations provided by the external investment managers. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

The Foundation also holds stock in non-publicly traded companies and values these securities at cost. The fair value of these investments has not been estimated because there are no triggering events or changes in circumstances that may have a significant adverse effect on their value.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

INVESTMENTS (CONTINUED)

Investments of the Foundation consist of the following at September 30:

	2013		2012	
	Cost	Market	Cost	Market
Marketable securities:				
Carried at fair value:				
Money market funds	$ 715,596	$ 715,596	$ 973,089	$ 973,089
U.S. Treasury securities	3,920,388	3,978,429	4,126,174	4,289,927
Corporate debt securities	3,089,932	3,147,555	2,643,349	2,882,745
Equity securities:				
Consumer discretionary	1,425,076	1,654,979	838,769	917,350
Consumer staples	1,265,726	1,361,183	806,012	864,248
Energy	1,272,940	1,328,965	1,943,051	1,786,879
Equities blend	40	35	107,012	107,778
Financials	2,165,130	2,305,965	1,433,699	1,507,019
Healthcare	1,331,603	1,646,642	992,975	1,274,584
Industrials	1,178,167	1,336,858	1,439,523	1,415,363
Information technology	1,856,870	2,109,260	1,513,038	1,579,442
Materials	748,007	764,418	1,392,883	1,331,135
Telecommunications	257,016	240,592	374,673	337,496
Utilities	229,939	226,459	226,064	167,844
Perferred stock	41,961	35,600	-	-
Alternative investments	1,636,349	1,518,918	1,631,897	1,517,027
Equity securities carried at cost	75,000	75,000	75,000	75,000
Total marketable securities	$ 21,209,740	$ 22,446,454	$ 20,517,208	$ 21,026,926

The following schedule summarizes the investment returns and their classifications in the statement of activities and changes in net assets for the year ended September 30, 2013. Investment income on the statement of activities and changes in net assets for the year ended September 30, 2013, is recorded net of investment fees of $191,287, and includes earnings from deposits at financial institutions totaling $6,560.

September 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 167,246	$ 401,992	$ -	$ 569,238
Unrealized gains	213,597	513,399	-	726,996
Realized gains	130,773	314,326	-	445,099
Total investment return	$ 511,616	$ 1,229,717	$ -	$ 1,741,333

INVESTMENTS (CONTINUED)

The following schedule summarizes the investment returns and their classifications in the statement of activities and changes in net assets for the year ended September 30, 2012. Investment income on the statement of activities and changes in net assets for the year ended September 30, 2012, is recorded net of investment fees of $178,133, and includes earnings from deposits at financial institutions totaling $11,430.

September 30, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 127,214	$ 322,984	$ -	$ 450,198
Unrealized gains	320,457	813,615	-	1,134,072
Realized gains	112,857	286,511	-	399,368
Total investment return	$ 560,528	$ 1,423,110	$ -	$ 1,983,638

FAIR VALUE OF ASSETS

U.S. GAAP defines fair value as 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. It also establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets as of the reporting date.

Level 2 - Valuations based on inputs other than quoted prices included, which are either directly or indirectly observable as of the reporting date, are valued at prices for similar assets or liabilities in markets not active, or determined through the use of models or other valuation methodologies.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

Level 3 – Pricing inputs are unobservable and include situations where there is little, if any, market activity for the asset. Fair value for these assets is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the asset was acquired, the nature of the assets, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the asset. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets existed.

The Foundation's investments are classified as Level 1, Level 2, and Level 3.

There were no changes during the year ending September 30, 2013, to the Foundation's valuation techniques used to measure asset values on a recurring basis.

The following tables summarize the assets of the Foundation for which fair values are determined on a recurring basis as of September 30, 2013 and 2012. As required by U.S. GAAP assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

September 30, 2013	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 715,596	$ -	$ 715,596
U. S. Treasury securities	-	3,978,429	-	3,978,429
Corporate debt securities	-	3,147,555	-	3,147,555
Equity securities:				
Consumer discretionary	1,654,979	-	-	1,654,979
Consumer staples	1,361,183	-	-	1,361,183
Energy	1,328,965	-	-	1,328,965
Equities blend	-	35	-	35
Financials	2,305,965	-	-	2,305,965
Healthcare	1,646,642	-	-	1,646,642
Industrials	1,336,858	-	-	1,336,858
Information technology	2,109,260	-	-	2,109,260
Materials	764,418	-	-	764,418
Telecommunications	240,592	-	-	240,592
Utilities	226,459	-	-	226,459
Perferred stock	-	35,600	-	35,600
Alternative investments	-	-	1,518,918	1,518,918
	$ 12,975,321	$ 7,877,215	$ 1,518,918	$ 22,371,454

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

September 30, 2012	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 973,089	$ -	$ 973,089
U. S. Treasury securities	-	4,289,927	-	4,289,927
Corporate debt securities	-	2,882,745	-	2,882,745
Equity securities:				
Consumer discretionary	917,350	-	-	917,350
Consumer staples	864,248	-	-	864,248
Energy	1,786,879	-	-	1,786,879
Equities blend	107,778	-	-	107,778
Financials	1,579,442	-	-	1,579,442
Healthcare	1,274,584	-	-	1,274,584
Industrials	1,415,363	-	-	1,415,363
Information technology	1,507,019	-	-	1,507,019
Materials	1,331,135	-	-	1,331,135
Telecommunications	337,496	-	-	337,496
Utilities	167,844	-	-	167,844
Alternative investments	-	-	1,517,027	1,517,027
	$ 11,289,138	$ 8,145,761	$ 1,517,027	$ 20,951,926

The changes in investments classified as Level 3 are as follows for the years ended September 30, 2013 and 2012:

Beginning balance on October 1, 2012	$ 1,517,027
Purchases	-
Net sales	-
Fees	-
Total realized/unrealized gains	1,891
Ending balance on September 30, 2013	$ 1,518,918
Beginning balance on October 1, 2011	$ 220,750
Purchases	2,619,130
Net sales	(1,250,000)
Fees	-
Total realized/unrealized losses	(72,853)
Ending balance on September 30, 2012	$ 1,517,027

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

Gains and losses (realized and unrealized) for Level 3 investments included in revenue for the years ended September 30 are reported as follows:

	2013	2012
Total gains and losses included in realized gains on investments and unrealized gains (losses) on investments	$ 1,891	$ (72,853)
Unrealized gains or losses relating to assets held at year-end included in unrealized gains (losses) on investments	$ 1,891	$ (72,853)

There were no realized gains (losses) on Level 3 investments for the years ended September 30, 2013 and 2012.

Level 3 investments include $216,500 and $222,250, at September 30, 2013 and 2012, respectively, of investment in currency-linked step up notes. The notes are linked to a basket of Asian currencies and represent a long position in these currencies in relation to the U.S. dollar. There is 100% participation in any increase in the value of the exchange rate measure if it increases above the step-up value, and 90% principal protection at maturity against decreases in the value of the exchange rate measure. The notes have a maturity of approximately three years.

Level 3 investments include $84,315 and $109,410, at September 30, 2013 and 2012, respectively, of investments in a fund that invests substantially all of its assets in privately negotiated mezzanine investment funds. The fair value of the investments in this class has been estimated using the net asset value per share of the investments. The fund is a private equity, long term, ill-liquid investment.

Level 3 investments include investments in certain entities that calculate net asset value per share as follows at September 30, 2013 and 2012:

	2013 Fair Value	2012 Fair Value	Redemption Frequency	Redemption Notice Period
Event driven hedge funds	$ 901,310	$ 769,060	quarterly	30 days
Gold investment hedge fund	67,785	170,155	quarterly	30 days
Global macro hedge funds	249,008	246,152	quarterly	30 days
	$ 1,218,103	$ 1,185,367		

Event driven hedge funds include funds whose objective is to achieve appreciation of their assets through trading in debt and equity securities and other investments expected to appreciate in price due to financial recovery and/or restructuring. They seek to deliver consistent positive risk-adjusted returns throughout market cycles, with a strong focus on risk management and capital preservation.

FAIR VALUE OF ASSETS (CONTINUED)

Portfolio composition is determined by market opportunities rather than any predetermined commitment to investment discipline or geography. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Gold investment hedge funds' principal trading objective is to outperform the price of gold in a rising gold price environment. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

Global macro hedge funds have an investment objective of generating strong risk adjusted returns in all market conditions by giving investors broad based exposure to trading strategies across multiple asset classes. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

ENDOWMENT

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the Foundation and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). The Foundation expects its endowment fund, over time, to provide an average rate of return of approximately 6% in perpetuity. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints as managed by the Foundation's Endowment Committee.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating investment earnings for distribution each year based upon the prior year's investment earnings of the related endowment. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a moderate rate. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment fund may fall below the level that UPMIFA requires to retain as a fund of perpetual duration. As of September 30, 2013 and 2012, the endowment fund was above the required amounts.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

ENDOWMENT (CONTINUED)

Changes in the endowment fund consist of the following during the year ended September 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 6,253,331	$ 2,443,633	$ 12,873,643	$ 21,570,607
Transfer of net assets	2,660,963	-	(2,660,963)	-
Investment income	167,246	401,992	-	569,238
Net appreciation (realized and unrealized)	344,370	827,725	-	1,172,095
Contributions	1,984,035	-	656,059	2,640,094
Appropriation of assets for expenditure	(56)	(3,072,227)	-	(3,072,283)
Investment fees	(56,202)	(135,086)	-	(191,288)
Net assets, end of year	$ 11,353,687	$ 466,037	$ 10,868,739	$ 22,688,463

The endowment net asset composition by type of fund as of September 30, 2013, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ 7,205,717	$ 466,037	$ 10,868,739	$ 18,540,493
Board-designated	4,147,970	-	-	4,147,970
Total funds	$ 11,353,687	$ 466,037	$ 10,868,739	$ 22,688,463

Permanently restricted endowment funds noted above exclude endowment promises to give.

Changes in the endowment fund consist of the following during the year ended September 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 5,743,061	$ 1,889,436	$ 11,625,175	$ 19,257,672
Investment income	127,214	322,984	-	450,198
Net depreciation (realized and unrealized)	433,314	1,100,126	-	1,533,440
Contributions	-	-	1,248,468	1,248,468
Appropriation of assets for expenditure	-	(741,333)	-	(741,333)
Investment fees	(50,258)	(127,580)	-	(177,838)
Net assets, end of year	$ 6,253,331	$ 2,443,633	$ 12,873,643	$ 21,570,607

Permanently restricted endowment funds noted above exclude endowment promises to give.

ENDOWMENT (CONTINUED)

The endowment net asset composition by type of fund as of September 30, 2012, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ 6,253,331	$ 2,443,633	$ 12,873,643	$ 21,570,607
Board-designated	-	-	-	-
Total funds	$ 6,253,331	$ 2,443,633	$ 12,873,643	$ 21,570,607

GRANTS PAYABLE

Grants payable consist of the following at September 30:

	2013	2012
Payable in less than one year	$ 12,223,413	$ 10,897,500
Payable in one to five years	10,280,000	9,771,000
Payable in greater than five years	-	81,500
Total gross grants payable	22,503,413	20,750,000
Discount at a rate of 3.25%	(439,700)	(417,772)
Net present value of grants payable	$ 22,063,713	$ 20,332,228

Grants payable are presented on the statements of financial position under the following captions:

Current liabilities:		
Grants payable	$ 12,223,413	$ 10,897,500
Long-term liabilities:		
Grants payable, net	9,840,300	9,434,728
Total grants payable	$ 22,063,713	$ 20,332,228

RETIREMENT PLAN

The Foundation has established a simple IRA plan for its eligible employees. Employees of the Foundation are eligible for coverage under this plan after 90 days of service. The Foundation matches up to 3% of each participating employee's compensation. The expense was $38,672 and $24,025, for the years ended September 30, 2013 and 2012, respectively.

OPERATING LEASES

The Foundation leases a postage machine under an operating lease agreement, which expires in June 2018. The Foundation also leases its office space under an operating lease agreement which was amended and renewed in fiscal year 2012 for a five year term ending October 2016. Monthly payments increase annually on the anniversary date of the lease.

In June 2012, the Foundation leased online fundraising and marketing software under an operating lease agreement, which expires in June 2015.

Rent expense for the Foundation under these lease agreements totaled $158,748 and $145,046, for the years ended September 30, 2013 and 2012, respectively.

Year Ending September 30,	Amount
2014	$ 142,913
2015	130,933
2016	89,144
2017	9,294
2018	1,458
Total minimum lease payments	$ 373,742

RELATED PARTY TRANSACTIONS

Members of the Board of Directors and management of the Foundation make contributions for the support of general operations and the Foundation’s programs. The Foundation had outstanding related party promises to give of $1,243,313 and $556,039, at September 30, 2013 and 2012, respectively.

The Foundation assisted in the establishment of The V Foundation Canada/La Foundation V ("La Foundation V"), a Canadian nonprofit organization, whose goals and objectives are identical to those of The V Foundation. The Foundation is related to La Foundation V through common control through the Board of Directors.

CONCENTRATIONS

Promises to give are from individuals throughout the United States and abroad. A substantial portion of the Foundation’s revenues and support is derived from donor promises to give. For the years ended September 30, 2013 and 2012, approximately 42% and 31% of the outstanding gross promises to give were from two donors.

One special event provided net proceeds of approximately 92% and 96%, of the Foundation's total special events revenue, net of expenses for the years ended September 30, 2013 and 2012, respectively.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30:

	2013	2012
Purpose restriction:		
General operations	$ 466,038	$ 2,443,633
Gastric Cancer Fund	461,818	364,163
Geno's Cancer Team	191,322	191,322
Ewing's Sarcoma Foundation	85,250	79,694
Richard F. Jones Memorial Fund	65,400	-
Todd Bucher Memorial Fund	26,688	26,688
Garry Betty Foundation	15,769	14,769
Kay Yow Foundation	-	63,762
	1,312,285	3,184,031
Time restriction:		
General	2,620,291	650,695
Total temporarily restricted net assets	$ 3,932,576	$ 3,834,726

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets represent contributions made by donors who have restricted the use of their contributions to provide funding for the V Foundation Endowment Fund (“Fund”). The Fund has been established to provide funding for the operations of the Foundation from the earnings on restricted assets. Permanently restricted net assets totaled $12,117,011 and $15,756,112, at September 30, 2013 and 2012, respectively.

TRANSFER OF NET ASSETS

During the current year, the Foundation established a board-designated endowment fund. Board designated funds will allow management to use funds to invest in the Foundation's growth and support urgent cancer research needs. The Foundation received permission from donors to transfer $3,785,000 of contributions originally donated to the V Foundation Endowment Fund to the board designated endowment fund. Board designated net assets totaled $5,517,136 at September 30, 2013.

NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The amounts released during the years ended September 30, 2013 and 2012, were as follows:

	2013	2012
Purpose restriction:		
General operations	$ 3,072,227	$ 741,333
Various cancer programs	645,030	-
Gastric Cancer Foundation	355,604	375,186
Kay Yow Foundation	102,098	1,099,911
Tamar Goodfellow Fund	14,928	156,915
Ewing's Sarcoma Foundation	442	37
	4,190,329	2,373,382
Time restriction:		
General	1,892,062	407,496
Total temporarily restricted net assets released	$ 6,082,391	$ 2,780,878

DONATED SERVICES

The Foundation recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. No services meeting these requirements for recognition in the financial statements were received during the years ended September 30, 2013 and 2012. However, a number of persons have donated a significant amount of time and services to the Foundation’s operations.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated between the programs and supporting services benefited based on management’s estimates.

INCOME TAXES

Under the statute of limitations, the federal informational returns of the Foundation for the years ended September 30, 2010 through 2013 are subject to examination by the U.S. Internal Revenue Service. Management evaluated tax positions for the years ended September 30, 2010 through 2013, and concluded that there are no uncertain tax positions, and believes there is no income tax effect on the financial statements.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

RECLASSIFICATIONS

Certain reclassifications have been made to the 2012 financial statements in order to conform to the 2013 presentation. Such reclassifications had no effect on net assets.

PRIOR YEAR INFORMATION

The statements of activities and changes in net assets and functional expenses include certain prior-year summarized comparative information in total but not by net asset class and functional category, respectively. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through February 14, 2014, the date the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.