THE V FOUNDATION

Cary, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Totals for the
Year Ended September 30, 2013)

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

Report on the Financial Statements

We have audited the accompanying financial statements of The V Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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.

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, 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.

Report on Summarized Comparative Information

We have previously audited The V Foundation's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blackman & Sloop

Chapel Hill, North Carolina
February 16, 2015

THE V FOUNDATION

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

September 30, 2014 and 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,447,383	$ 11,730,389
Accounts receivable	92,800	213,495
Promises to give, net	3,787,177	2,136,430
Grants receivable	1,450,000	-
Prepaid expenses	24,694	151,737
TOTAL CURRENT ASSETS	19,802,054	14,232,051
PROPERTY AND EQUIPMENT, NET	36,548	48,515
OTHER ASSETS:		
Investments	26,895,259	22,446,454
Promises to give, net	4,808,220	3,413,097
Grants receivable, net	3,874,868	-
Intangible assets	50,000	50,000
TOTAL OTHER ASSETS	35,628,347	25,909,551
TOTAL ASSETS	$ 55,466,949	$ 40,190,117

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 95,698	$ 55,188
Accrued payroll and related liabilities	58,456	53,968
Deferred rent	10,000	10,000
Deferred revenue	12,500	-
Grants payable	13,402,500	12,223,413
TOTAL CURRENT LIABILITIES	13,579,154	12,342,569
LONG-TERM LIABILITIES:		
Deferred rent	30,350	30,350
Grants payable, net	10,544,962	9,840,300
TOTAL LIABILITIES	24,154,466	22,213,219
NET ASSETS:		
Unrestricted:		
Board designated	8,428,485	5,517,136
Undesignated	(2,035,128)	(3,589,825)
	6,393,357	1,927,311
Temporarily restricted	12,745,909	3,932,576
Permanently restricted	12,173,217	12,117,011
TOTAL NET ASSETS	31,312,483	17,976,898
TOTAL LIABILITIES AND NET ASSETS	$ 55,466,949	$ 40,190,117

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, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
SUPPORT AND REVENUE:					
Contributions and gifts	$ 13,087,046	$ 15,221,538	$ 32,961	$ 28,341,545	$ 15,839,566
Special events:					
Contributions	1,866,341	-	-	1,866,341	1,592,397
Event income	274,225	-	-	274,225	204,611
Less: costs of direct benefits to donors	(760,150)	-	-	(760,150)	(674,660)
Net revenues from special events	1,380,416	-	-	1,380,416	1,122,348
License income	4,191	-	-	4,191	3,332
Investment income, net of fees	139,171	308,788	-	447,959	384,511
Unrealized gain on investments	376,453	887,228	-	1,263,681	726,996
Realized gain on investments	273,752	645,179	-	918,931	445,099
	15,261,029	17,062,733	32,961	32,356,723	18,521,852
Net assets released from restrictions	8,025,350	(8,025,350)	-	-	-
TOTAL SUPPORT AND REVENUE	23,286,379	9,037,383	32,961	32,356,723	18,521,852
EXPENSES:					
Program Services	16,714,322	-	-	16,714,322	15,138,098
Supporting Services:					
Management and general	801,513	-	-	801,513	719,490
Fundraising expenses	1,304,498	-	-	1,304,498	1,071,164
Total Supporting Services	2,106,011	-	-	2,106,011	1,790,654
SUBTOTAL EXPENSES	18,820,333	-	-	18,820,333	16,928,752
Loss from bad debts	-	224,050	(23,245)	200,805	-
TOTAL EXPENSES	18,820,333	224,050	(23,245)	19,021,138	16,928,752
CHANGES IN NET ASSETS	4,466,046	8,813,333	56,206	13,335,585	1,593,100
NET ASSETS - BEGINNING OF YEAR	1,927,311	3,932,576	12,117,011	17,976,898	16,383,798
NET ASSETS - END OF YEAR	$ 6,393,357	$ 12,745,909	$ 12,173,217	$ 31,312,483	$ 17,976,898

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, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 13,335,585	$ 1,593,100
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,131	12,379
Unrealized gain on investments	(1,263,681)	(726,996)
Realized gain on investments	(918,931)	(445,099)
Permanently restricted contributions	(476,656)	(656,059)
Donated securities	-	(719,339)
Donated property and equipment	-	(19,760)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable, net	120,695	(157,995)
Promises to give, net	(3,045,870)	(1,357,721)
Grants receivable, net	(5,324,868)	-
Prepaid expenses	127,043	(95,331)
Intangible assets	-	(50,000)
Accounts payable and accrued expenses	40,510	49,218
Accrued payroll and related liabilities	4,488	20,804
Lease payable	-	13,000
Deferred revenue	12,500	-
Grants payable, net	1,883,749	1,731,485
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	4,510,695	(808,314)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(4,164)	(2,957)
Purchases of investments	(14,952,050)	(14,488,588)
Sales of investments	12,685,857	14,960,494
NET CASH PROVIDED BY INVESTING ACTIVITIES	(2,270,357)	468,949
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions	476,656	656,059
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,716,994	316,694
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,730,389	11,413,695
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,447,383	$ 11,730,389
SUPPLEMENTAL DISCLOSURE:		
Noncash contribution:		
Donated securities	$ 3,914,434	$ 719,337
Donated property and equipment	$ -	$ 19,760

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

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 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 receivables. As of September 30, 2014 and 2013, 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. Grants Receivable.

Unconditional grants receivable are recognized as support in the period pledged and as assets, decreases of liabilities, or expenses depending on the form of the benefit received. Unconditional grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional grants receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional grants receivable are recognized when the conditions upon which the grants depend are substantially met. An allowance is provided for amounts management estimates to be uncollectible.

F. 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. Depreciation expense totaled $16,131 and $12,379, for the years ended September 30, 2014 and 2013.

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.

G. 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 U.S. GAAP.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

H. Intangible Assets.

Intangible assets are capitalized and stated at cost in accordance with U.S. GAAP. The assets have indefinite lives and are reviewed annually for impairment.

I. Grant Expenditures.

Grant expenditures and the corresponding grants payable are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments.

J. 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.

K. Advertising.

The Foundation expenses advertising costs as incurred. Advertising expense totaled $80,947 and $91,703, for the years ended September 30, 2014 and 2013, respectively.

L. 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.

M. 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. If applicable, penalties and interest assessed by income taxing authorities related to unrecognized tax positions are included as expenses in the statement of activities and changes in net assets.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

N. 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:

	2014	2013
Receivable in less than one year	$ 3,986,502	$ 2,893,376
Receivable in one to five years	5,276,986	3,163,516
Receivable in greater than five years	90,000	-
Total gross promises to give	9,353,488	6,056,892
Discount at a rate of 2.97% and 3.28%	(290,627)	(203,206)
Allowance for uncollectible promises to give	(467,464)	(304,159)
Net present value of promises to give	$ 8,595,397	$ 5,549,527

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.

GRANTS RECEIVABLE

Grants receivable consist of the following at September 30:

	2014	2013
Receivable in less than one year	$ 1,450,000	$ -
Receivable in one to five years	4,100,000	-
Total gross grants receivable	5,550,000	-
Discount at a rate of 2.97%	(225,132)	-
Net present value of grants receivable	$ 5,324,868	$ -

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

GRANTS RECEIVABLE (CONTINUED)

On September 23, 2014, the Foundation received a conditional grant to receive $600,000 over a three year period. The Foundation can receive up to $200,000 per year. The funds are conditional on the Foundation raising funds from new donors or incremental funds from existing donors. No new donor or incremental funds were received prior to September 30, 2014, and therefore, no receivable is outstanding at September 30, 2014.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2014	2013
Furniture and fixtures	$ 41,128	$ 41,128
Office equipment	54,359	50,194
Software	24,870	25,495
	120,357	116,817
Accumulated depreciation	(83,809)	(68,302)
Net property and equipment	$ 36,548	$ 48,515

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 a non-publicly traded company and values this security 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.

INVESTMENTS (CONTINUED)

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

	2014		2013	
	Cost	Market	Cost	Market
Investments:				
Carried at fair value:				
Money market funds	$ 710,481	$ 710,481	$ 715,596	$ 715,596
U.S. Treasury securities	3,885,143	3,911,576	3,920,388	3,978,429
Corporate debt securities	2,774,853	2,833,884	3,089,932	3,147,555
Equity securities	15,629,492	17,851,566	11,730,514	12,975,356
Perferred stock	57,265	57,213	41,961	35,600
Alternative investments	1,287,630	1,480,539	1,636,349	1,518,918
Equity securities carried at cost	50,000	50,000	75,000	75,000
Total investments	$ 24,394,864	$ 26,895,259	$ 21,209,740	$ 22,446,454

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, 2014. Investment income on the statement of activities and changes in net assets for the year ended September 30, 2014, is recorded net of investment fees of $184,267, and includes earnings from deposits at financial institutions totaling $8,151.

September 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 185,914	$ 438,161	$ -	$ 624,075
Unrealized gains	376,453	887,228	-	1,263,681
Realized gains	273,752	645,179	-	918,931
Total investment return	$ 836,119	$ 1,970,568	$ -	$ 2,806,687

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

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.

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, 2014, to the Foundation's valuation techniques used to measure asset values on a recurring basis.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

The following tables summarize the assets of the Foundation for which fair values are determined on a recurring basis as of September 30, 2014 and 2013. 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, 2014	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 710,482	$ -	$ 710,482
U. S. Treasury securities	-	3,911,576	-	3,911,576
Corporate debt securities	-	2,833,884	-	2,833,884
Equity securities:				
Consumer discretionary	1,994,923	-	-	1,994,923
Consumer staples	1,737,974	-	-	1,737,974
Energy	1,152,395	-	-	1,152,395
Equities blend	2,833,848	336	-	2,834,184
Financials	2,186,690	-	-	2,186,690
Healthcare	2,165,452	-	-	2,165,452
Industrials	1,533,862	-	-	1,533,862
Information technology	2,591,900	-	-	2,591,900
Materials	965,663	-	-	965,663
Telecommunications	424,000	-	-	424,000
Utilities	264,522	-	-	264,522
Perferred stock	-	57,213	-	57,213
Alternative investments	-	-	1,480,539	1,480,539
	$ 17,851,229	$ 7,513,491	$ 1,480,539	$ 26,845,259

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

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 changes in investments classified as Level 3 are as follows for the years ended September 30, 2014 and 2013:

Beginning balance on October 1, 2013	$ 1,518,918
Purchases	668,851
Net sales	(765,482)
Fees	(800)
Total realized/unrealized gains	59,052
Ending balance on September 30, 2014	$ 1,480,539
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

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:

	2014	2013
Total gains and losses included in realized gains on investments and unrealized gains on investments	$ 59,052	$ 1,891
Unrealized gains or losses relating to assets held at year-end included in unrealized gains on investments	$ 315,118	$ 1,891

There were $(256,066) and $0 of realized gains (losses) on Level 3 investments for the years ended September 30, 2014 and 2013.

Level 3 investments include $0 and $216,500, at September 30, 2014 and 2013, 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 $164,547 and $84,315, at September 30, 2014 and 2013, 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 consists of private equity, long term, ill-liquid investments. The fund does not offer any liquidity; therefore, there is no redemption frequency or redemption fees.

Level 3 investments include $60,000 and $0, at September 30, 2014 and 2013, respectively, of investments in a fund that invests substantially all of its assets in secondary opportunities to acquire private investment funds on a global basis, with a focus on the United States and Western Europe. The fund seeks capital appreciation primarily through the purchase of secondary interests in mature, high-quality leveraged buyout funds. The fair value of the investments in this fund has been estimated using the underlying portfolio investments as provided by the underlying funds' general partners or managers, adjusted dollar-for-dollar for subsequent capital contributions to, and distributions received from, the underlying funds. Interests in the fund are ill-liquid, and the term period is ten years from the final closing, subject to four one-year extensions. The fund does not offer any liquidity; therefore, there is no redemption frequency or redemption fees.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

Level 3 investments include investments in certain entities that calculate net asset value per share as follows at September 30, 2014 and 2013:

	2014 Fair Value	2013 Fair Value	Redemption Frequency	Redemption Notice Period
Event driven hedge funds	$ 1,255,992	$ 901,310	quarterly	30 days
Gold investment hedge fund	-	67,785	quarterly	30 days
Global macro hedge funds	-	249,008	quarterly	30 days
	$ 1,255,992	$ 1,218,103		

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.

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.

ENDOWMENT (CONTINUED)

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.

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, 2014 and 2013, 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, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 11,353,687	$ 466,037	$ 10,868,739	$ 22,688,463
Investment income	185,914	438,160	-	624,074
Net appreciation (realized and unrealized)	650,205	1,532,407	-	2,182,612
Contributions	4,629,271	-	476,656	5,105,927
Appropriation of assets for expenditure	(1,008,606)	(2,307,231)	-	(3,315,837)
Investment fees	(54,893)	(129,373)	-	(184,266)
Net assets, end of year	$ 15,755,578	$ -	$ 11,345,395	$ 27,100,973

The endowment net asset composition by type of fund as of September 30, 2014, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ 7,327,093	$ -	$ 11,345,395	$ 18,672,488
Board-designated	8,428,485	-	-	8,428,485
Total funds	$ 15,755,578	$ -	$ 11,345,395	$ 27,100,973

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, 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 depreciation (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 V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

ENDOWMENT (CONTINUED)

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

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

GRANTS PAYABLE

Grants payable consist of the following at September 30:

Year Ending September 30,	Amount
2015	$ 13,402,500
2016	7,656,000
2017	3,065,000
2018	160,000
2019	81,500
Total gross grants payable	$ 24,365,000
Discount at a rate of 2.97%	(417,538)
Net present value of grants payable	$ 23,947,462

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 $40,781 and $38,672, for the years ended September 30, 2014 and 2013, 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. The Foundation leases additional office space under a month to month agreement. Monthly payments of $2,000 began February 2014.

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 $167,821 and $158,748, for the years ended September 30, 2014 and 2013, respectively.

Year Ending September 30,	Amount
2015	$ 148,933
2016	107,144
2017	18,294
2018	1,458
Total minimum lease payments	$ 275,829

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 $3,856,372 and $1,243,313, at September 30, 2014 and 2013, respectively.

The Foundation assisted in the establishment of The V Foundation Canada/La Fondation V ("La Fondation 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 and grants awarded to the Foundation. For the year ended September 30, 2014, approximately 25% of the outstanding gross promises to give was from one donor. For the year ended September 30, 2013, approximately 42% of the outstanding gross promises to give were from two donors. One grantor represents approximately 72% of gross grants receivable and 14% of grant revenue for the year ended September 30, 2014.

One special event provided net proceeds of approximately 94% and 92%, of the Foundation's total special events revenue, net of expenses for the years ended September 30, 2014 and 2013, respectively.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

TEMPORARILY RESTRICTED NET ASSETS

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

	2014	2013
Purpose restriction:		
Gastric Cancer Fund	$ 639,040	$ 461,818
Geno's Cancer Team	191,322	191,322
Richard F. Jones Memorial Fund	67,075	65,400
Garry Betty Foundation	15,800	15,769
Various cancer programs	4,900	-
General operations	-	466,038
Ewing's Sarcoma Foundation	-	85,250
Todd Bucher Memorial Fund	-	26,688
	918,137	1,312,285
Time restriction:		
General	11,827,772	2,620,291
Total temporarily restricted net assets	$ 12,745,909	$ 3,932,576

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 $12,173,217 and $12,117,011, at September 30, 2014 and 2013, respectively.

TRANSFER OF NET ASSETS

During the year ended September 30, 2013, 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.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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, 2014 and 2013, were as follows:

	2014	2013
Purpose restriction:		
General operations	$ 2,307,232	$ 3,072,227
Kay Yow Foundation	1,105,841	102,098
Gastric Cancer Foundation	390,096	355,604
Various cancer programs	312,114	645,030
Tamar Goodfellow Fund	102,716	14,928
Ewing's Sarcoma Foundation	86,155	442
Todd Bucher Memorial Fund	26,688	-
	4,330,842	4,190,329
Time restriction:		
General	3,694,508	1,892,062
Total temporarily restricted net assets released	$ 8,025,350	$ 6,082,391

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, 2014 and 2013. 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, 2011 through 2014 are subject to examination by the U.S. Internal Revenue Service. Management evaluated tax positions for the years ended September 30, 2011 through 2014, and concluded that there are no uncertain tax positions, and believes there is no income tax effect on the financial statements.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2013 financial statements in order to conform to the 2014 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, 2013, from which the summarized information was derived.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through February 16, 2015, 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.

ADDITIONAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Totals for the
Year Ended September 30, 2013)

THE V FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

SCHEDULE 1

For the Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Program Services	Management and General	Fundraising	2014 Totals	2013 Totals
Grant expense	$ 15,221,206	$ -	$ -	$ 15,221,206	$ 13,768,985
Salaries	720,458	398,082	624,373	1,742,913	1,601,600
Employee benefits	162,431	89,750	140,768	392,949	358,952
Professional fees	32,759	94,315	60,267	187,341	142,498
Supporting organization expenses	164,001	-	-	164,001	153,871
Travel related expenses	60,252	33,291	52,216	145,759	136,181
Occupancy expenses	57,812	31,943	50,101	139,856	114,279
Direct fundraising expenses	-	-	135,022	135,022	9,355
Payroll taxes	52,186	28,834	45,225	126,245	113,037
Computer maintenance	52,105	28,791	45,157	126,053	100,010
Bank service charges	45,814	25,314	39,704	110,832	112,792
Advertising	33,461	18,488	28,998	80,947	91,703
Printing and copying	28,261	15,615	24,491	68,367	94,868
Postage and shipping	23,292	12,869	20,185	56,346	40,105
Miscellaneous	10,387	5,739	9,002	25,128	22,286
Office supplies	9,225	5,097	7,994	22,316	18,229
Board expenses	8,814	4,870	7,639	21,323	6,512
Insurance	8,742	4,831	7,577	21,150	13,100
Scientific advisory board expenses	16,448	-	-	16,448	18,010
Depreciation and amortization	6,668	3,684	5,779	16,131	12,379
	$ 16,714,322	$ 801,513	$ 1,304,498	$ 18,820,333	$ 16,928,752

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