THE V FOUNDATION

Cary, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Totals for the
Year Ended September 30, 2014)

BLACKMAN & SLOOP
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, 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.

BLACKMAN & SLOOP, CPAs, P.A.

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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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, 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 12, 2016

THE V FOUNDATION

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

September 30, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,729,603	$ 14,447,383
Accounts receivable	701,214	92,800
Promises to give, net	1,909,895	3,787,177
Grants receivable	4,450,000	1,450,000
Prepaid expenses	113,720	24,694
TOTAL CURRENT ASSETS	26,904,432	19,802,054
PROPERTY AND EQUIPMENT, NET	1,858,646	36,548
OTHER ASSETS:		
Investments	27,849,888	26,895,259
Promises to give, net	5,409,750	4,808,220
Grants receivable, net	2,551,768	3,874,868
Intangible assets	50,000	50,000
TOTAL OTHER ASSETS	35,861,406	35,628,347
TOTAL ASSETS	$ 64,624,484	$ 55,466,949

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 293,369	$ 95,698
Accrued payroll and related liabilities	86,285	58,456
Deferred rent	23,000	10,000
Deferred revenue	31,000	12,500
Line of credit	1,800,536	-
Grants payable	15,367,080	13,402,500
TOTAL CURRENT LIABILITIES	17,601,270	13,579,154
LONG-TERM LIABILITIES:		
Deferred rent	7,350	30,350
Grants payable, net	14,167,592	10,544,962
TOTAL LIABILITIES	31,776,212	24,154,466
NET ASSETS:		
Unrestricted:		
Board designated	11,545,566	8,428,485
Undesignated	(3,777,864)	(2,035,128)
	7,767,702	6,393,357
Temporarily restricted	12,873,922	12,745,909
Permanently restricted	12,206,648	12,173,217
TOTAL NET ASSETS	32,848,272	31,312,483
TOTAL LIABILITIES AND NET ASSETS	$ 64,624,484	$ 55,466,949

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, 2015
(With Comparative Totals for the Year Ended September 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals	2014 Totals
SUPPORT AND REVENUE:					
Contributions and gifts	$ 13,756,967	$ 11,952,143	$ (7,477)	$ 25,701,633	$ 28,341,545
Special events:					
Contributions	1,861,510	-	-	1,861,510	1,866,341
Event income	219,050	-	50	219,100	274,225
Less: costs of direct benefits to donors	(742,493)	-	-	(742,493)	(760,150)
Net revenues from special events	1,338,067	-	50	1,338,117	1,380,416
License income	5,952	-	-	5,952	4,191
Investment income, net of fees	290,113	174,431	-	464,544	447,959
Unrealized (loss) gain on investments	(1,221,151)	(445,932)	-	(1,667,083)	1,263,681
Realized gain on investments	498,550	271,501	-	770,051	918,931
	14,668,498	11,952,143	(7,427)	26,613,214	32,356,723
Net assets released from restrictions	11,854,763	(11,854,763)	-	-	-
TOTAL SUPPORT AND REVENUE	26,523,261	97,380	(7,427)	26,613,214	32,356,723
EXPENSES:					
Program Services	22,205,720	-	-	22,205,720	16,714,322
Supporting Services:					
Management and general	1,071,242	-	-	1,071,242	801,513
Fundraising expenses	1,733,837	-	-	1,733,837	1,304,498
Total Supporting Services	2,805,079	-	-	2,805,079	2,106,011
SUBTOTAL EXPENSES	25,010,799	-	-	25,010,799	18,820,333
Loss from bad debts	138,117	(30,633)	(40,858)	66,626	200,805
TOTAL EXPENSES	25,148,916	(30,633)	(40,858)	25,077,425	19,021,138
CHANGES IN NET ASSETS	1,374,345	128,013	33,431	1,535,789	13,335,585
NET ASSETS - BEGINNING OF YEAR	6,393,357	12,745,909	12,173,217	31,312,483	17,976,898
NET ASSETS - END OF YEAR	$ 7,767,702	$ 12,873,922	$ 12,206,648	$ 32,848,272	$ 31,312,483

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, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,535,789	$ 13,335,585
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	26,951	16,131
Unrealized loss (gain) on investments	1,667,083	(1,263,681)
Realized gain on investments	(770,051)	(918,931)
Permanently restricted contributions	(448,271)	(476,656)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts receivable	(608,414)	120,695
Promises to give, net	1,275,752	(3,045,870)
Grants receivable, net	(1,676,900)	(5,324,868)
Prepaid expenses	(89,026)	127,043
Accounts payable and accrued expenses	197,671	40,510
Accrued payroll and related liabilities	27,829	4,488
Deferred rent	(10,000)	-
Deferred revenue	18,500	12,500
Grants payable, net	5,587,210	1,883,749
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,734,123	4,510,695
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,849,049)	(4,164)
Purchases of investments	(10,596,420)	(14,952,050)
Sales of investments	8,744,759	12,685,857
NET CASH USED IN INVESTING ACTIVITIES	(3,700,710)	(2,270,357)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash advances on line of credit	2,300,536	-
Payment on line of credit	(500,000)	-
Permanently restricted contributions	448,271	476,656
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,248,807	476,656
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,282,220	2,716,994
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,447,383	11,730,389
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,729,603	$ 14,447,383
SUPPLEMENTAL DISCLOSURE:		
Noncash contribution:		
Donated securities	$ 3,402,531	$ 3,914,434

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 excluding monies maintained in the endowment investment fund. 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, 2015 and 2014, 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. Effective July 2015, property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$1,000. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, which range from three to thirty-nine years. Depreciation expense totaled \$26,951 and \$16,131, for the years ended September 30, 2015 and 2014.

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.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

G. Investments.

Investments in marketable securities and non-publicly traded companies 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.

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. Advertising.

The Foundation expenses advertising costs as incurred. Advertising expense totaled $118,105 and $80,947, for the years ended September 30, 2015 and 2014, respectively.

K. 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.

L. 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 uncertain 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)

M. 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:

	2015	2014
Receivable in less than one year	$ 2,015,146	$ 3,986,502
Receivable in one to five years	5,639,172	5,276,986
Receivable in greater than five years	401,300	90,000
Total gross promises to give	8,055,618	9,353,488
Discount at a rate of 2.64% and 2.97%, respectively	(334,517)	(290,627)
Allowance for uncollectible promises to give	(401,456)	(467,464)
Net present value of promises to give	$ 7,319,645	$ 8,595,397

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:

	2015	2014
Receivable in less than one year	$ 4,450,000	$ 1,450,000
Receivable in one to five years	2,650,000	4,100,000
Total gross grants receivable	7,100,000	5,550,000
Discount at a rate of 2.64% and 2.97%, respectively	(98,232)	(225,132)
Net present value of grants receivable	$ 7,001,768	$ 5,324,868

The Foundation provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. As of September 30, 2015 and 2014, grants receivable were deemed fully collectible by management.

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. The Foundation met this condition and recognized $200,000 in revenue at September 30, 2015. The remaining amount will be recognized as the conditions are met in 2016 and 2017.

On July 9, 2015, the Foundation received an additional conditional grant to receive $1,000,000, over a four year period. The Foundation can receive up to $250,000 per year. The funds are conditional on the donor raising a specified amount. The donor met this condition and the Foundation recognized $250,000 in revenue at September 30, 2015. The remaining amount will be recognized as the conditions are met in 2016 through 2018.

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2015	2014
Building	$ 1,809,572	$ -
Furniture and fixtures	49,404	41,128
Office equipment	54,984	54,359
Software	56,070	24,870
	1,970,030	120,357
Accumulated depreciation	(111,384)	(83,809)
Net property and equipment	$ 1,858,646	$ 36,548

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.

At September 30, 2014, the Foundation held stock in a non-publicly traded company and valued this security at cost. The fair value of this investment was not estimated because there were no triggering events or changes in circumstances that would have a significant adverse effect on its value at September 30, 2014. The non-publicly traded company was sold on October 23, 2015. At September 30, 2015, this investment has been reported at fair value based on the value the Foundation received as a result of the sale.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

INVESTMENTS (CONTINUED)

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

	2015		2014	
	Cost	Market	Cost	Market
Investments:				
Carried at fair value:				
Money market funds	$ 522,253	$ 522,253	$ 710,481	$ 710,481
U.S. Treasury securities	4,142,941	4,218,500	3,885,143	3,911,576
Corporate debt securities	3,303,866	3,353,498	2,774,853	2,833,884
Equity securities	17,639,886	18,227,711	15,629,492	17,851,566
Preferred stock	-	-	57,265	57,213
Alternative investments	1,407,630	1,527,926	1,287,630	1,480,539
Equity securities carried at cost	-	-	50,000	50,000
Total investments	$ 27,016,576	$ 27,849,888	$ 24,394,864	$ 26,895,259

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, 2015. Investment income on the statement of activities and changes in net assets for the year ended September 30, 2015, is recorded net of investment fees of $190,356, and includes earnings from deposits at financial institutions totaling $15,746.

September 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 413,804	$ 225,350	$ -	$ 639,154
Unrealized loss	(1,221,151)	(445,932)	-	(1,667,083)
Realized gains	498,550	271,501	-	770,051
Total investment return	$ (308,797)	$ 50,919	$ -	$ (257,878)

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 $184,266, 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

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, 2015, 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, 2015 and 2014. 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, 2015	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 522,253	$ -	$ 522,253
U. S. Treasury securities	-	4,218,500	-	4,218,500
Corporate debt securities	-	3,353,498	-	3,353,498
Equity securities:				
Consumer discretionary	2,296,963	-	-	2,296,963
Consumer staples	1,702,742	-	-	1,702,742
Energy	990,035	-	-	990,035
Equities blend	3,119,267	-	-	3,119,267
Financials	2,335,325	-	-	2,335,325
Healthcare	2,216,865	-	-	2,216,865
Industrials	1,883,086	-	-	1,883,086
Information technology	2,417,703	-	-	2,417,703
Materials	674,174	-	-	674,174
Telecommunications	329,044	-	-	329,044
Utilities	262,507	-	-	262,507
Alternative investments	-	-	1,527,926	1,527,926
	$ 18,227,711	$ 8,094,251	$ 1,527,926	$ 27,849,888

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

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
Preferred 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 changes in investments classified as Level 3 are as follows for the years ended September 30, 2015 and 2014:

Beginning balance on October 1, 2014	$ 1,480,539
Purchases	370,000
Net sales	(367,845)
Fees	(150)
Total realized/unrealized gains	45,382
Ending balance on September 30, 2015	$ 1,527,926
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

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:

	2015	2014
Total gains and losses included in realized gains on investments and unrealized gains on investments	$ 45,382	$ 59,052
Unrealized gains or losses relating to assets held at year-end included in unrealized gains on investments	$ 68,871	$ 315,118

There were $117,845 and ($256,066) of realized gains (losses) on Level 3 investments for the years ended September 30, 2015 and 2014.

Level 3 investments include $205,560 and $164,547, at September 30, 2015 and 2014, 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 $430,398 and $60,000, at September 30, 2015 and 2014, 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.

FAIR VALUE OF ASSETS (CONTINUED)

Level 3 investments include $891,968 and $1,255,992, at September 30, 2015 and 2014, respectively, of investments in an event driven hedge fund.

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. The fund has a quarterly redemption frequency with a 30 day redemption notice requirement.

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.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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) and board designated funds. 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 funds may fall below the level that UPMIFA requires to retain as a fund of perpetual duration. As of September 30, 2015 and 2014, 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, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 15,755,578	$ -	$ 11,345,395	$ 27,100,973
Investment income	413,803	225,350	-	639,153
Net appreciation (realized and unrealized)	(722,600)	(174,432)	-	(897,032)
Contributions	3,973,783	-	448,270	4,422,053
Appropriation of assets for expenditure	(3,006,094)	-	-	(3,006,094)
Investment fees	(139,438)	(50,918)	-	(190,356)
Net assets, end of year	$ 16,275,032	$ -	$ 11,793,665	$ 28,068,697

The endowment net asset composition by type of fund as of September 30, 2015, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ 4,729,466	$ -	$ 11,793,665	$ 16,523,131
Board-designated	11,545,566	-	-	11,545,566
Total funds	$ 16,275,032	$ -	$ 11,793,665	$ 28,068,697

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, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 11,353,688	$ 466,037	$ 10,868,739	$ 22,688,464
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	(1,008,607)	(2,307,231)	-	(3,315,838)
Investment fees	(54,893)	(129,373)	-	(184,266)
Net assets, end of year	$ 15,755,578	$ -	$ 11,345,395	$ 27,100,973

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, 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

GRANTS PAYABLE

Grants payable consist of the following at September 30:

Year Ending September 30,	
2016	$ 15,367,080
2017	10,339,080
2018	4,234,080
2019	81,500
Total gross grants payable	30,021,740
Discount at a rate of 2.64%	(487,068)
Net present value of grants payable	$ 29,534,672

LINE OF CREDIT

In July 2015, the Foundation obtained a line of credit for $5,000,000 with a financial institution. The line of credit bears interest at a variable rate and is used to assist in covering operating expenses. The interest rate at September 30, 2015, was 1.94% and the balance outstanding was $1,800,536.

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 $45,217 and $40,781, for the years ended September 30, 2015 and 2014, 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 at $2,000 per month.

In June 2012, the Foundation leased online fundraising and marketing software under an operating lease agreement, which expires in October 2016. The Foundation also leases an online fundraising software under an operating lease agreement, which expires on June 2017.

Rent expense for the Foundation under these lease agreements totaled $194,983 and $167,821, for the years ended September 30, 2015 and 2014, respectively.

Year Ending September 30,		
2016	$	113,625
2017		18,294
2018		1,458
Total minimum lease payments	$	133,377

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 received contributions from related parties totaling $671,137 and $3,876,083, at September 30, 2015 and 2014, respectively. The Foundation had outstanding related party promises to give of $3,114,922 and $3,856,372, at September 30, 2015 and 2014, 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 years ended September 30, 2015 and 2014, approximately 11% and 25%, respectively, of the outstanding gross promises to give was from one donor. Two grantors represent approximately 85% of gross grants receivable for the year ended September 30, 2015, and one grantor represents 72% of gross grants receivable for the year ended September 30, 2014.

Two special events provided net proceeds of approximately 94%, of the Foundation's total special events revenue, net of expenses for the years ended September 30, 2015 and 2014.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Purpose restriction:		
Gastric Cancer Fund	$ 734,426	$ 639,040
Kay Yow Foundation	345,588	-
Various cancer programs	228,611	4,900
Geno's Cancer Team	191,322	191,322
Richard F. Jones Memorial Fund	68,625	67,075
Garry Betty Foundation	16,114	15,800
Ewing's Sarcoma Foundation	1,140	-
	1,585,826	918,137
Time restriction:		
General	11,288,096	11,827,772
Total temporarily restricted net assets	$ 12,873,922	$ 12,745,909

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 $12,206,648 and $12,173,217, at September 30, 2015 and 2014, respectively.

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, 2015 and 2014, were as follows:

	2015	2014
Purpose restriction:		
Various cancer programs	$ 5,808,319	$ 312,114
Gastric Cancer Foundation	463,786	390,096
Kay Yow Foundation	250,000	1,105,841
Ewing's Sarcoma Foundation	17,477	86,155
General operations	-	2,307,232
Tamar Goodfellow Fund	-	102,716
Todd Bucher Memorial Fund	-	26,688
	6,539,582	4,330,842
Time restriction:		
General	5,315,181	3,694,508
Total temporarily restricted net assets released	$ 11,854,763	$ 8,025,350

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, 2015 and 2014. 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.

THE V FOUNDATION

NOTES TO FINANCIAL STATEMENTS

INCOME TAXES

The Foundation may recognize the tax benefit from a tax position only if it is more likely than not the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Management has analyzed its tax positions taken for filings with the Internal Revenue Service. Management believes that the Foundation's income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations, or cash flows. Accordingly, the Foundation has not recorded any tax assets or liabilities, or related accruals for interest and penalties, for uncertain income tax positions for the years ended September 30, 2015 and 2014.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2014 financial statements in order to conform to the 2015 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, 2014, from which the summarized information was derived.

SUBSEQUENT EVENTS

Subsequent to year-end, the Foundation created a new Type I supporting organization, Don't Ever Give Up, Inc. The organization will focus on activities to build the V Foundation's public awareness and investment in new fundraising programs.

Management has evaluated subsequent events for recognition or disclosure through February 12, 2016, the date the financial statements were available to be issued. Except for the items noted above, 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, 2015
(With Comparative Totals for the
Year Ended September 30, 2014)

THE V FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES

SCHEDULE 1

For the Year Ended September 30, 2015
(With Comparative Totals for the Year Ended September 30, 2014)

	Program Services	Management and General	Fundraising	2015 Totals	2014 Totals
Grant expense	$ 20,339,767	$ -	$ -	$ 20,339,767	$ 15,221,206
Salaries	895,376	477,548	838,972	2,211,896	1,742,913
Employee benefits	207,239	110,531	194,184	511,954	392,949
Professional fees	153,197	236,940	94,205	484,342	187,341
Travel related expenses	71,661	38,220	67,146	177,027	145,759
Direct fundraising expenses	-	-	173,906	173,906	135,022
Payroll taxes	65,811	35,101	61,666	162,578	126,245
Occupancy expenses	64,824	34,574	60,741	160,139	139,856
Computer maintenance	59,315	31,636	55,578	146,529	126,053
Supporting organization expenses	130,783	-	-	130,783	164,001
Bank service charges	52,601	28,055	49,287	129,943	110,832
Advertising	47,809	25,499	44,797	118,105	80,947
Printing and copying	34,885	18,606	32,688	86,179	68,367
Postage and shipping	18,666	9,956	17,490	46,112	56,346
Miscellaneous	11,876	6,334	11,128	29,338	25,128
Depreciation and amortization	10,909	5,819	10,223	26,951	16,131
Office supplies	9,865	5,261	9,243	24,369	22,316
Insurance	7,264	3,874	6,807	17,945	21,150
Scientific advisory board expenses	17,708	-	-	17,708	16,448
Board expenses	6,164	3,288	5,776	15,228	21,323
	$ 22,205,720	$ 1,071,242	$ 1,733,837	$ 25,010,799	$ 18,820,333

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