

CARINGBRIDGE

Eagan, Minnesota

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and For the Years Ended December 31, 2014 and 2013

CARINGBRIDGE

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INDEPENDENT AUDITORS' REPORT

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Board of Directors
CaringBridge
Eagan, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of CaringBridge ("the Organization"), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Organization as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
March 13, 2015

CARINGBRIDGE

STATEMENTS OF FINANCIAL POSITION As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,394,876	\$ 3,344,387
Inventory	2,948	4,196
Prepaid expenses	164,415	99,369
Total Current Assets	<u>2,562,239</u>	<u>3,447,952</u>
OTHER ASSETS		
Endowment investments	199,585	200,794
Investments	500,870	-
Other assets	13,333	13,333
Fixed assets		
Furniture and equipment	656,613	711,407
Leasehold improvements	23,531	23,531
Website and mobile phone applications	1,740,941	1,274,608
Work in progress	-	268,557
Less: Amortization and depreciation	<u>(1,645,360)</u>	<u>(1,439,680)</u>
Total Fixed Assets	775,725	838,423
Total Other Assets	<u>1,489,513</u>	<u>1,052,550</u>
TOTAL ASSETS	<u>\$ 4,051,752</u>	<u>\$ 4,500,502</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 70,424	\$ 73,313
Accrued expenses	<u>233,785</u>	<u>157,367</u>
Total Current Liabilities	304,209	230,680
NET ASSETS		
Unrestricted	3,547,543	4,044,028
Temporarily restricted	-	25,794
Permanently restricted	<u>200,000</u>	<u>200,000</u>
Total Net Assets	<u>3,747,543</u>	<u>4,269,822</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,051,752</u>	<u>\$ 4,500,502</u>

See accompanying notes to financial statements.

CARINGBRIDGE

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT								
Contributions	\$ 6,337,933	\$ 104,145	\$ -	\$ 6,442,078	\$ 7,407,732	\$ 114,656	\$ -	\$ 7,522,388
Donated services	604,310	-	-	604,310	523,672	-	-	523,672
Investment income	3,142	(794)	-	2,348	5,526	218	-	5,744
Other income	59,688	-	-	59,688	133,986	-	-	133,986
Unrelated business income	3,539	-	-	3,539	-	-	-	-
Net assets released from restrictions	129,145	(129,145)	-	-	89,656	(89,656)	-	-
Total Revenue and Other Support	<u>7,137,757</u>	<u>(25,794)</u>	<u>-</u>	<u>7,111,963</u>	<u>8,160,572</u>	<u>25,218</u>	<u>-</u>	<u>8,185,790</u>
EXPENSES								
Program expenses	5,984,023	-	-	5,984,023	6,183,495	-	-	6,183,495
Management and general	934,923	-	-	934,923	1,001,185	-	-	1,001,185
Fundraising	715,296	-	-	715,296	917,321	-	-	917,321
Total Expenses	<u>7,634,242</u>	<u>-</u>	<u>-</u>	<u>7,634,242</u>	<u>8,102,001</u>	<u>-</u>	<u>-</u>	<u>8,102,001</u>
CHANGE IN NET ASSETS	(496,485)	(25,794)	-	(522,279)	58,571	25,218	-	83,789
NET ASSETS - Beginning of year	<u>4,044,028</u>	<u>25,794</u>	<u>200,000</u>	<u>4,269,822</u>	<u>3,985,457</u>	<u>576</u>	<u>200,000</u>	<u>4,186,033</u>
NET ASSETS - END OF YEAR	<u>\$ 3,547,543</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 3,747,543</u>	<u>\$ 4,044,028</u>	<u>\$ 25,794</u>	<u>\$ 200,000</u>	<u>\$ 4,269,822</u>

See accompanying notes to financial statements.

CARINGBRIDGE

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 3,327,382	\$ 394,705	\$ 309,279	\$ 4,031,366	\$ 3,229,575	\$ 416,789	\$ 401,725	\$ 4,048,089
Payroll taxes and employee benefits expense	693,009	84,357	74,635	852,001	737,148	59,033	90,386	886,567
Total Salaries and Related Expenses	4,020,391	479,062	383,914	4,883,367	3,966,723	475,822	492,111	4,934,656
Professional fees	-	47,425	-	47,425	-	39,537	-	39,537
Website development and support	540,367	13,304	44,194	597,865	562,658	18,300	50,828	631,786
Contracted services	54,461	99,873	750	155,084	186,939	173,069	11,830	371,838
Outreach programs	665,805	-	68,727	734,532	878,871	-	27,490	906,361
Fundraising Expense	-	-	87,951	87,951	-	-	235,319	235,319
Service materials	4,622	3,667	6,687	14,976	10,662	6,743	14,254	31,659
Trade shows and events	-	-	975	975	-	-	709	709
Travel expenses	362	8,148	2,724	11,234	4,321	7,787	1,612	13,720
Insurance	26,470	3,140	2,460	32,070	27,428	3,540	3,412	34,380
Licenses and permits	159	17,994	15,571	33,724	7,294	20,084	21,177	48,555
Supplies and equipment	34,225	4,060	3,181	41,466	38,071	4,913	4,736	47,720
Postage and shipping	3,315	6,588	73,815	83,718	5,150	7,965	21,027	34,142
Telephone	7,476	887	695	9,058	8,922	1,151	1,510	11,583
Depreciation and amortization	404,381	3,851	3,018	411,250	285,773	6,581	6,343	298,697
Occupancy	221,989	26,333	20,634	268,956	200,683	25,899	24,963	251,545
Donation credit card fees	-	216,898	-	216,898	-	206,222	-	206,222
Miscellaneous	-	3,693	-	3,693	-	3,572	-	3,572
TOTAL EXPENSES	\$ 5,984,023	\$ 934,923	\$ 715,296	\$ 7,634,242	\$ 6,183,495	\$ 1,001,185	\$ 917,321	\$ 8,102,001

See accompanying notes to financial statements.

CARINGBRIDGE

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (522,279)	\$ 83,789
Adjustments to reconcile change in net assets to net cash flows from		
Depreciation and amortization	411,250	298,697
Loss (gain) on disposal of fixed assets	(2,562)	(2,125)
Restricted contributions for the purchase of property and equipment	(104,145)	(114,656)
Realized and unrealized loss (gain) on investments	(870)	-
Realized and unrealized loss (gain) on endowment investments	1,209	(218)
Changes in assets and liabilities:		
Accounts receivable	-	2,176
Inventory	1,248	2,386
Prepaid expenses	(65,046)	(1,587)
Accounts payable	(2,889)	(64,658)
Accrued expenses	76,418	(25,625)
Net cash flows from operating activities	(207,666)	178,179
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(500,000)	-
Purchases of fixed assets	(348,940)	(544,577)
Proceeds from sale of fixed assets	2,950	2,369
Net cash flows from investing activities	(845,990)	(542,208)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted contributions for the purchase of property and equipment	104,145	114,656
Net cash flows from financing activities	104,145	114,656
 Net Change in Cash and Cash Equivalents	(949,511)	(249,373)
 CASH AND CASH EQUIVALENTS - Beginning of year	3,344,387	3,593,760
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,394,876	\$ 3,344,387
 SUPPLEMENTAL INFORMATION		
Property additions included in accounts payable	\$ -	\$ 30,302

See accompanying notes to financial statements.

CARINGBRIDGE

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies

Organization

CaringBridge (“the Organization”) is a nonprofit dedicated to providing a space for people to rally their community of support during a health event. CaringBridge offers safe, private, ad-free websites where you can post health updates during any type of health event as well as organize help for a family in need. Friends and family visit your site to stay informed, leave supportive messages and sign up to lend a hand (meals, rides, caretaking, etc.).

CaringBridge services are available to anyone, anywhere, at no cost. These free services are made possible by the generosity of donors and the support of volunteers within the CaringBridge community.

Benefits of use:

Share updates and words of encouragement: CaringBridge eases communication and helps family and friends keep in touch.

Offer a safe, private and ad-free space: CaringBridge allows you to make your updates as private or public as you want them to be, within an ad-free environment.

Coordinate everyday help: CaringBridge helps you organize and schedule tasks for delivering meals, providing childcare and/or transportation.

Since 1997, there have been 21.7 million people who registered with CaringBridge and more than 530,000 sites created, with people visiting CaringBridge from 236 countries and territories. In 2014, 72,000 sites were created with 35 million people visiting CaringBridge to support their family and friends during a health journey.

Financial Statement Presentation

For purposes of financial reporting, the Organization classifies resources into three net assets categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the Organization are classified in the accompanying financial statements in the categories that follow:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by CaringBridge.

Revenue Recognition

Revenues from sources other than contributions are generally reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

CARINGBRIDGE

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Contributions are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions between the applicable classes of net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted revenues and released to unrestricted net assets to reflect the expiration of such restrictions.

Donated services and facilities are recognized as contributions in accordance with the accounting guidance if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and would otherwise be purchased by the Organization.

Cash and Cash Equivalents

CaringBridge defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash in excess of FDIC and similar insurance coverages are subject to the usual banking risks of funds in excess of those limits.

Inventories

Inventories consist of promotional items and awareness materials. They are valued at cost.

Investment and Investment Income Recognition

The Organization's investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) will be recorded upon the sale of the investments. Investment gains pertaining to certain restricted net assets are recorded as temporarily restricted in accordance with the applicable gift instruments. Interest income is recognized under the accrual basis.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Fixed Assets

Property and equipment purchased are capitalized at cost or in the case of donated equipment at estimated market value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (3 years for the website and mobile phone applications and 3 to 7 years for furniture and equipment). Leasehold improvements are being amortized over the shorter of the expected life of the asset or the period of the lease. The Organization capitalizes additions in excess of \$500.

Website development costs are capitalized if they significantly enhance the capability or capacity of CaringBridge's website. Mobile phone application costs are capitalized for new platforms and for enhancements that significantly upgrade the capability of the mobile application.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Costs capitalized include external direct costs of materials and services and internal payroll and payroll-related costs. Any costs during the preliminary project stage or related to training or maintenance is expensed as incurred. Capitalization ceases when the projects are substantially complete and ready for their intended use. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

When the projects are ready for their intended use, the Company amortizes such costs over their estimated useful lives of three years. Estimated amortization expense for the website and mobile phone applications are \$350,517, \$259,434, and \$65,099 for the years ending December 31, 2015, 2016, and 2017, respectively.

The Organization had work in progress of \$268,557 related to CaringBridge mobile phone applications at December 31, 2013. The mobile applications were completed and placed in service in May 2014 at a total cost of \$585,887.

Contributions of fixed assets related to the website are reported as increases in temporarily restricted net assets. Restrictions are considered met and an appropriate amount reclassified to unrestricted net assets, over the useful life of the website.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs are included in the statements of functional expenses described as website development and support and includes costs expended related to website development and mobile phone application projects which have not met the requirement for capitalization.

Income Tax Status

The Internal Revenue Service has determined that CaringBridge is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. It is also exempt from state income tax. However, any unrelated business income may be subject to taxation.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December, 2014 and 2013. The Organization's tax returns are subject to review and examination by federal and state authorities. The tax returns for the current year as well as fiscal years 2011 through 2013 are open to examination by federal and state authorities. Any interest and penalties would be included in income tax expense on the statements of activities.

Functional Expense Allocation

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated based on an analysis of personnel time and resources utilized for the related activities based on the best estimates of management.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include the allocations to the various functional expense categories.

NOTE 2 – Fair Value Measurements and Investments

Fair Value Hierarchy

Fair value is defined under generally accepted accounting principles as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 assets include investments in equity mutual funds, corporate bonds, U.S. Treasury notes, and money market funds for which quoted prices are readily available.
- Level 2 – Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.
- Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input this is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 2 – Fair Value Measurements and Investments (continued)

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2014 based upon the three-tier hierarchy:

	Level 1	Level 2	Level 3	Total
ASSETS				
Investments (1)				
Corporate bonds	\$ 342,451	\$ -	\$ -	\$ 342,451
Money market	22,340	-	-	22,340
Endowment Investments (1)				
Corporate bonds	77,735	-	-	77,735
Money market	4,750	-	-	4,750
Total	\$ 447,276	\$ -	\$ -	\$ 447,276

(1) Excluded from the table above are certificates of deposits of \$136,079 and \$117,100 which are recorded in investments and endowment investments, respectively, on the statement of financial position as of December 31, 2014.

Investment Income for the years ending December 31, 2014 and 2013 was as follows:

	2014	2013
Interest, dividends and realized gains	\$ 29,909	\$ 5,744
Unrealized gains (losses)	(27,527)	-
Investment fees	(34)	-
Total investment income	\$ 2,348	\$ 5,744

The carrying amounts of cash and cash equivalents, receivable, prepaid expenses and other assets, other receivables, accounts payable, and accrued liabilities approximate fair value because of the short-term maturity of these financial instruments.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 3 - Lease Commitments

On October 1, 2008, CaringBridge signed an operating lease for office space. The lease was a 63-month lease with escalating payments with the first three months free. On May 9, 2013, a modified lease agreement was signed to extend the term of the lease until October 31, 2016. Rental expense is recognized on a straight-line basis over the life of the lease. Rent expense for the years ended December 31, 2014 and 2013 under the lease was \$268,956 and \$251,545, respectively.

The difference between the amount paid and the amount expensed are included in accrued expenses at year-end. Future minimum lease payments under the lease are as follows:

	Future Minimum Rental Payments
Year ending December 31:	
2015	\$ 283,261
2016	<u>242,699</u>
Total	<u>\$ 525,960</u>

NOTE 4 - In-Kind Contributions

CaringBridge records in-kind contributions at fair value at the date of donation. The fair value of these services has been recorded as contribution revenue on the statement of activities and in the related expense account on the statements of activities or in fixed assets on the balance sheet if the useful life of the contributed asset is greater than one year. In-kind contributions consisted of the following during the years ended December 31, 2014 and 2013, respectively:

	<u>2014</u>	<u>2013</u>
Donated professional services	<u>\$ 604,310</u>	<u>\$ 523,672</u>

NOTE 5 - Net Assets

Temporarily restricted donations received in 2014 and 2013 of \$104,145 and \$114,656, respectively, related to the transformation of the Organization's website and the development of Mobile Applications. Temporarily restricted net assets for the transformation of the Organizations' website of \$89,145 and \$89,656 were released from restriction in 2014 and 2013, respectively. Temporarily restricted net assets of \$40,000 were released from restriction in 2014 as the new Mobile Applications were launched.

A permanently restricted donation was received during 2011 in the amount of \$200,000 for the establishment of an endowment. See Note 5.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 6 - Endowment Funds

As required by generally accepted accounting principles, net assets associated with the Organization's endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The Organization's Board of Directors 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 Organization 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization 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 Organization 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 Organization
- (7) The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to minimum risk of investments with certain percent available without penalty. Investments should generate income to support the mission of CaringBridge. The primary investment objectives are to achieve long-term total return, to preserve the principal of the fund by reinvesting income and to produce a consistent stream of investment income.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). As of December 31, 2014 and 2013, the Organization had no board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a conservative strategy. The balance of the endowment should be invested in fixed income vehicles. The guiding criteria for the choice of investment vehicle are safety and yield. The guiding criteria for liquidity would be that the spendable amount determined by the Endowment Fund Policy Statement is liquid to be withdrawn in January each year.

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 6 - Endowment Funds (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy for appropriating for distribution each year, which must be no less than three percent (3%) and no greater than six percent (6%). The Organization will determine the spendable amount for its endowment funds for the upcoming budget year following the close of the September 30 quarter by calculating the average fair market value of its endowment funds, calculated over twelve quarters ending with the September 30 quarter, and multiplying that average value by the applicable Spending Percentage. In establishing this policy, the Organization considered the long-term expected return on its endowment. Depending on the fund total return, the Organization may not meet a positive growth rate each year based on market conditions. However management has determined this is a conservative and appropriate benchmark for the Organization's intentions related to the growth and preservation of the funds. The Organization will not calculate an annual spendable amount for any fund which, as of September 30, has fallen below 90 percent of the aggregate value of all gifts to that fund. This is consistent with the Organization'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.

Endowment and Restricted Net Asset Composition by Type of Fund

	December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Roger and Hazel Perkins Endowment Fund	<u>\$ (415)</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 199,585</u>

	December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Roger and Hazel Perkins Endowment Fund	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 200,000</u>	<u>\$ 200,794</u>

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NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2014 and 2013

NOTE 6 - Endowment Funds (Continued)

Changes in Endowment Net Assets

	Year Ended December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment, beginning of year	\$ -	\$ 794	\$ 200,000	\$ 200,794
Endowment gift	-	-	-	-
Investment income	(415)	(794)	-	(1,209)
Appropriation for expenditures	-	-	-	-
Endowment, end of year	<u>\$ (415)</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 199,585</u>

	Year Ended December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment, beginning of year	\$ -	\$ 576	\$ 200,000	\$ 200,576
Endowment gift	-	-	-	-
Investment income	-	218	-	218
Appropriation for expenditures	-	-	-	-
Endowment, end of year	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 200,000</u>	<u>\$ 200,794</u>

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 the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There was a \$415 deficiency reducing unrestricted net assets recorded at December 31, 2014. There were no such deficiencies at December 31, 2013.

NOTE 7 – Retirement Plans

The Organization's retirement plan, CaringBridge 401(k) Plan, covers all eligible employees. The plan provides for a non-elective 1 % employer contribution and a 50% percent matching contribution up to 4%.

Employer contribution expense totaled \$111,049 and \$84,867 for the years ended December 31, 2014 and 2013, respectively. The employer contribution expense is the employer contributions net of employee forfeitures of \$0 and \$38,503 for the years ended December 31, 2014 and 2013, respectively.

NOTE 8 – Subsequent Events

The Organization has evaluated subsequent events through March 13, 2015 which is the date that the financial statements were approved and available to be issued.