VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vascular Cures and Pacific Vascular Research Institute

We have audited the accompanying combined statements of financial position of Vascular Cures (a not-for-profit organization) (the "Corporation") and the Pacific Vascular Research Institute (a not-for-profit organization) (the "Institute") as of June 30, 2014 and 2013, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements. These combined financial statements are the responsibility of the Corporation's and the Institute's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

Management's Responsibility for the Combined Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MARCUMGROUP
MEMBER
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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Vascular Cures and the Pacific Vascular Research Institute as of June 30, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

San Francisco, CA
January 5, 2015

VASCULAR CURES
AND
PACIFIC VASCULAR RESEARCH INSTITUTE

COMBINED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 162,629	$ 175,725
Restricted cash and cash equivalents	118,374	94,266
Investments	2,383,031	1,496,118
Contributions receivable	316,400	29,350
Prepaid expenses	6,430	9,205
Total Current Assets	$ 2,986,864	$ 1,804,664
Long-Term Assets		
Investments	--	669,242
Contributions receivable	437,500	--
Property and equipment, net of accumulated depreciation	717	1,477
Deposits	4,252	2,447
Total Long-Term Assets	442,469	673,166
Total Assets	$ 3,429,333	$ 2,477,830

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2014 AND 2013

	2014	2013
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 28,396	$ 36,524
Net Assets		
Unrestricted	866,172	410,926
Temporarily restricted	1,032,265	527,880
Permanently restricted	1,502,500	1,502,500
Total Net Assets	3,400,937	2,441,306
Total Liabilities and Net Assets	$ 3,429,333	$ 2,477,830

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2014	Total 2013
Revenues, Gains, and Other Support					
Contributions	$ 880,032	$ 466,750	$ 30,000	$ 1,376,782	$ 1,841,814
In-kind revenue	69,098	--	--	69,098	68,801
Event income, net	136,330	--	--	136,330	189,160
Total Revenues, Gains and Other Support	1,085,460	466,750	30,000	1,582,210	2,099,775
Investment Income					
Dividends	37	20,047	--	20,084	20,413
Interest Income	187	17,542	--	17,729	190
Net realized and unrealized gain on investments	--	162,195	--	162,195	56,103
Total Investment Income	224	199,784	--	200,008	76,706
Net Assets Released From Restrictions	150,000	(150,000)	--	--	--
Total Revenue and Support	1,235,684	516,534	30,000	1,782,218	2,176,481
Operating Expenses					
Program Services					
Vascular Cures Research Network	221,329	--	--	221,329	314,144
VC3	12,453	--	--	12,453	--
Wylie Scholar Program	152,350	--	--	152,350	155,140
Education and Community Awareness	109,098	--	--	109,098	101,651
Binkley Visiting Professor Program	6,781	4,339	--	11,120	13,328
Total Program Services	502,011	4,339	--	506,350	584,263
Supporting Services					
Development	199,763	--	--	199,763	210,002
General and administrative	108,664	7,810	--	116,474	91,981
Total Supporting Services	308,427	7,810	--	316,237	301,983
Total Operating Expenses	810,438	12,149	--	822,587	886,246
Increase in Net Assets	425,246	504,385	30,000	959,631	1,290,235
Net Assets - Beginning	440,926	527,880	1,472,500	2,441,306	1,151,071
Net Assets - Ending	$ 866,172	$ 1,032,265	$ 1,502,500	$ 3,400,937	$ 2,441,306

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	Wylie Scholar Program	VC3	Vascular Cures Research Network	Binkley Visiting Professor Program	Education and Community Awareness	Total Program Services	Development	General and Administrative	Total Supporting Services	Total Expenses 2014	Total Expenses 2013
Expenses											
Salaries	$ 1,742	$ 8,784	$ 89,788	$ --	$ 46,140	$ 146,454	$ 54,494	$ 49,130	$ 103,624	$ 250,078	$ 274,713
Wylie Scholar Program	150,000	-	-	-	-	150,000	-	-	-	150,000	150,000
In-kind services and goods	-	-	43,174	-	12,244	55,418	13,680	-	13,680	69,098	68,801
Accounting	-	-	-	-	-	-	-	26,773	26,773	26,773	28,534
Consulting	-	673	21,632	-	19,458	41,763	52,676	363	53,039	94,802	75,456
Health Insurance	178	736	9,488	-	4,638	15,040	5,511	4,808	10,319	25,359	54,638
Rent	230	1,102	11,895	-	6,087	19,314	7,194	6,398	13,592	32,906	26,577
Payroll taxes	115	672	5,818	-	3,080	9,685	3,620	3,165	6,785	16,470	17,614
Events/activities	-	-	-	7,378	10,070	17,448	34,771	-	34,771	52,219	56,376
Marketing and communication	-	-	-	-	2,194	2,194	19,967	-	19,967	22,161	50,051
IT infrastructure	22	142	1,088	-	580	1,832	682	596	1,278	3,110	4,163
Office expenses	41	217	2,163	-	1,085	3,506	5,147	3,936	9,083	12,589	13,869
Investment management fee	-	-	-	4,339	-	4,339	-	7,810	7,810	12,149	6,229
Insurance	-	-	-	-	-	-	-	3,972	3,972	3,972	4,549
Postage and delivery	-	-	-	-	1,797	1,797	41	1,257	1,298	3,095	4,122
Telephone/internet	22	127	1,135	-	596	1,880	702	613	1,315	3,195	2,864
Research Database	-	-	13,500	-	993	14,493	1,278	3,855	5,133	19,626	12,000
Research support	-	-	21,648	(597)	-	21,051	-	-	-	21,051	29,891
Depreciation	-	-	-	-	-	-	-	760	760	760	1,150
Travel, Meals and meetings	-	-	-	-	136	136	-	3,038	3,038	3,174	4,649
Total Expenses	$ 152,350	$ 12,453	$ 221,329	$ 11,120	$ 109,098	$ 506,350	$ 199,763	$ 116,474	$ 316,237	$ 822,587	$ 886,246

The accompanying notes are an integral part of these combined financial statements.

VASCULAR CURES
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COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows Provided by (Used in) Operating Activities		
Change in net assets	$ 959,631	$ 1,290,235
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	760	1,150
Permanently restricted contributions	--	(1,030,000)
Net realized and unrealized gain on investments	(162,195)	(56,103)
Dividends, net of fees from investments	(25,476)	--
Changes in assets and liabilities:		
Restricted cash and cash equivalents	(24,108)	(92,755)
Contributions receivable	(724,550)	(9,237)
Prepaid expenses	2,775	(456)
Deposits	(1,805)	--
Accounts payable and accrued expenses	(8,128)	3,931
Net Cash Provided by Operating Activities	16,904	106,765
Cash Flows From Investing Activities		
Proceeds from sale of investments	939,758	24,093
Purchases of investments	(969,758)	(1,124,097)
Net Cash Used in Investing Activities	(30,000)	(1,100,004)
Cash Flows Provided by Financing Activities		
Receipt of permanently restricted contributions	--	1,030,000
Net (Decrease) Increase in Cash and Cash Equivalents	(13,096)	36,761
Cash and Cash Equivalents - Beginning	175,725	138,964
Cash and Cash Equivalents - Ending	$ 162,629	$ 175,725

The accompanying notes are an integral part of these combined financial statements.

NOTE 1 - NATURE OF THE ORGANIZATIONS

Vascular Cures ("VC" or the "Corporation"), formerly the Pacific Vascular Research Foundation, is a nonprofit public benefit corporation that was incorporated in the state of California on March 29, 1982. The Corporation changed its name in April 2008 to The Foundation for Accelerated Vascular Research, on November 13, 2009 to Vascular Cures – The Foundation for Accelerated Vascular Research and again on April 1, 2010 to Vascular Cures.

VC is transforming vascular health through supporting innovative patient-centered research aimed at developing new ways to treat vascular disease and the effects of vascular injury, and patient-centered healthcare aimed at improving patient outcomes. Vascular Cures is a unique and powerful catalyst to accelerate progress through collaboration. It has provided funding to 17 surgeon-scientists across North America through its Wylie Scholarship Programs and created the Vascular Cures Research Network ("VCRN"). VCRN will be a national consortium that is expected to ultimately include world-class vascular surgeon-scientists from 10 medical centers across the United States. These centers are collaborating to do research and create a national vascular bio-bank and associated database of clinical outcomes. The goal of VCRN is to accelerate the development of treatments that reflect an individual's biology. VC has initiated the Vascular Cures to Cure Continuum (VC3) to bring together leaders in healthcare and industry to identify collaborative projects that leverage shared resources. VC receives financial support from the general public and grant giving institutions and foundations, and supports medical research in the area of vascular disease by the use of grants and contributions

In July 1999, VC formed the Pacific Vascular Research Institute (the "Institute"), a nonprofit public benefit corporation. The Institute provided funds to a vascular research laboratory, known as the Laboratory for Accelerated Vascular Research ("LAVR"), within the Parnassus facilities of the University of California, San Francisco ("UCSF"). The Institute has not had operations since 2008.

The accompanying combined financial statements include the accounts of VC and the Institute. All material intercompany transactions and accounts have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The net assets, revenues, gains and losses, expenses, and other charges in the accompanying combined financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, the net assets of VC and changes therein are classified as follows:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Unrestricted Net Assets
Represent net assets that are not subject to donor-imposed stipulations and are available to support VC's operations.

Temporarily Restricted Net Assets
Represent contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Contributions restricted for a purpose that are met within the year are considered unrestricted.

Permanently Restricted Net Assets
Represent contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization. Contributions are to be held as investments in perpetuity, but VC is permitted to expend the income (or the economic benefits) derived from the donated assets as directed by the original donor.

USE OF ESTIMATES

The preparation of combined 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

VC places their cash and money market accounts with high quality institutions. Cash and cash equivalents include highly liquid investments with original maturities of three months or less at time of purchase. The balances in these accounts may at times exceed federally insured limits or may not be federally insured. Management of VC believes these funds are not exposed to significant credit risk.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH

VC holds a separate cash account for the tracking and recording of the Wylie Scholar Program, a temporarily restricted account. All deposits are maintained in money market accounts, which mature in three months or less.

INVESTMENTS

Investments are carried at the quoted market value of the securities and are subject to market fluctuations. VC classifies securities with maturity dates of 12 months or less as current assets and securities with maturity dates of over 12 months as long-term assets on the statement of net assets. Generally, gains and losses are reflected as increases or decreases in the unrestricted net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses. Currently, VC classifies, in accordance with the donor's stipulation, investment returns on restricted donations as temporarily restricted net assets until VC approves the use of these funds.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Per ASC 820-10, "Fair Value Measurements and Disclosures," VC has used a three-tiered fair value hierarchy of valuation techniques, which prioritizes the inputs used in the valuation methodologies, as follows:

- Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

- Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

- Level 3 - Valuations based on unobservable inputs reflecting the entity's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table represents VC's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2014. There were no changes in classification between June 30, 2014 and June 30, 2013:

	June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 1,047,695	$ 1,047,695	$ --	$ --
Bond mutual funds	834,080	834,080	--	--
Money market mutual funds	501,256	501,256	--	--
Total	$ 2,383,031	$ 2,383,031	$ --	$ --

In accordance with ASC 820-10, the following table represents VC's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2013:

	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 615,876	$ 615,876	$ --	$ --
Bond mutual funds	201,817	201,817	--	--
Money market mutual funds	1,347,667	1,347,667	--	--
Total	$ 2,165,360	$ 2,165,360	$ --	$ --

Composed of the following:	
Short Term	$ 1,496,118
Long Term	669,242
	$ 2,165,360

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give and are recognized as contribution revenue when the promise is received. Contributions receivable are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected beyond one year. VC uses the present value of future cash flows, which is an income valuation technique, for measuring the fair value of unconditional contributions receivable. In determining this fair value, VC may consider when the promise is expected to be collected, the credit worthiness of the donor, the past collections experience, collection enforcement policies, and uncertainties inherent in estimating future cash flows (i.e. variation in timing and amounts).

Bad debts are provided on the allowance method based on aging of the receivable and management's evaluation of outstanding receivables and past due balances. There were no allowances for uncollectible amounts as of June 30, 2014 and 2013, as all amounts were considered fully collectable.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from five to seven years for furniture and three years for software. VC capitalizes assets over $1,000.

REVENUE RECOGNITION

A contribution is recognized when actually received by VC or the Institute. Promises to give are recognized when any condition upon which they depend are substantially met. Cash from conditional gifts that is received prior to the condition being met is classified as deferred revenue.

Contributions received are recorded either as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a 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 combined statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Two donors contributed $975,000, on an unrestricted ($600,000) and temporarily restricted ($375,000) basis, which is 64% of VC's total contributions for the year ended June 30, 2014.

CONTRIBUTIONS AND VOLUNTEER HOURS

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Board of VC and other individuals have made significant contributions of their time and materials to support the programs of VC. However, the value of this contributed time is not reflected in these combined financial statements as revenue and operating expense, since it is not susceptible to objective measurement or valuation, under Accounting Standards Codification Topic 958-605-25 "Not-for-Profit Entities Revenue Recognition".

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing VC's various programs and other activities have been summarized on a functional basis in the statement of functional expenses.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function (i.e. salaries, wages, payroll taxes, benefits, rent, etc.) are charged to programs and supporting services on the basis of periodic time and expense analyses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of VC.

INCOME TAXES

VC and the Institute are nonprofit organizations as described in Section 501(3)(c) of the Internal Revenue Code and Section 23701(d) of the California Tax Code and have obtained determination letters from the Internal Revenue Service and the California Franchise Tax Board to that effect. Accordingly, the primary operations of VC and the Institute are currently considered exempt from federal income and state franchise taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

VC applies ASC 740 regarding the accounting for uncertainty in income taxes. Under ASC 740, VC utilizes a two-step approach to recognizing and measuring uncertain tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. For the years ended June 30, 2014 and 2013, there were no additional liabilities recorded for unrecognized tax benefits related to tax positions taken in the current year. VC considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

In accordance with ASC 740, VC has elected to include interest and penalties related to its tax contingencies in income tax expense. There were no accruals for interest and penalties related to uncertain tax positions at the inception date or for the years ended June 30, 2014 and 2013.

VC files a Federal and State annual information returns. VC has determined that its major tax jurisdictions are the United States and California. The tax years 2011 through 2013 remain open and subject to examination by the appropriate governmental agencies in the United States and California.

RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. See Note 6.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 is summarized as follows:

	2014	2013
Office furniture and equipment	$ 18,811	$ 18,811
Software	9,302	9,302
	28,113	28,113
Less: accumulated depreciation	(27,396)	(26,636)
Total	$ 717	$ 1,477

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended June 30, 2014 and 2013 was $760 and $1,150 respectively.

NOTE 4 - IN-KIND REVENUE

VC received donated services and goods totaling $69,098 and $68,801 during the years ended June 30, 2014 and 2013, respectively, which are recorded as in-kind revenue in the combined statements of activities and changes in net assets and as in-kind services and goods in the combined statements of functional expenses. These donated services and goods consisted of the following for the years ended June 30:

	2014	2013
Legal services	$ 43,174	$ 67,860
Goods	25,174	--
Consulting	750	941
Total	$ 69,098	$ 68,801

NOTE 5 - RETIREMENT PLAN

VC maintains a 403(b) retirement plan for its full time employees. VC does not make any matching contributions to the participating employee's salary deferrals.

NOTE 6 - RECLASSIFICATIONS

During the year ended June 30, 2014, $180,838 was reclassified from permanently restricted net assets to temporarily restricted and unrestricted net assets as these amounts had been classified incorrectly prior to June 30, 2012. **The June 30, 2012 and June 30, 2013 previously audited fund balances have been modified to reflect these changes. Total fund balances remain the same.**

	Temporarily Restricted	Permanently Restricted	Unrestricted
Balance at 6/30/2012, as originally presented	$ 773,650	$ 440,138	$ (62,717)
Reclassifications from 6/30/05	24,162	(24,162)	--
Reclassifications from 6/30/08	(55,000)	56,524	(1,524)
Reclassifications from 6/30/10	(150,000)	--	150,000
Adjusted Balance at 6/30/2012	$ 592,812	$ 472,500	$ 85,759

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS

VC's Binkley, Madden and Stiegele Endowments include only donor-restricted funds for donor stipulated purposes. The Madden Endowment includes funds from other donors who have similar restrictions to the Madden Endowment. As discussed in Note 2 - Basis of Presentation, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor imposed stipulations that will be met either by actions of VC and/or the passage of time – temporarily restricted net assets are allocated as follows as of June 30:

	2014	2013
Binkley Endowment (Visiting Professor Program)	$ 453,209	$ 412,054
Madden Endowment	154,949	80,555
Wylie Scholar Program	352,021	35,271
Margaret N. Stiegele Endowment	72,086	--
Total	$1,032,265	$ 527,880

Net assets were released from donor restrictions during the years ended June 30, 2014 and 2013 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

	2014	2013
Wylie Scholar Program	$ 150,000	$ 150,000
Bancroft-Clair Foundation	--	25,319
Binkley Endowment (Visiting Professor Program)	--	8,642
Total	$ 150,000	$ 183,961

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS (CONTINUED)

ENDOWMENTS - PERMANENTLY RESTRICTED NET ASSETS

Included in permanently restricted net assets are net assets subject to donor-imposed stipulations that they be maintained permanently by VC. Generally, the donors of these assets permit VC to use all or part of the income earned on related investments for general or specific purposes. Permanently restricted net assets are allocated as follows as of June 30:

	2014	2013
Madden Endowment	$ 502,500	$ 472,500
Margaret N. Stiegele Endowment	1,000,000	1,000,000
Total	$ 1,502,500	$ 1,472,500

FUNDS

In accordance with FASB ASC 958-205, the following table represents the Corporation's Endowment Net Asset Composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
June 30, 2014				
Donor-restricted endowment funds	$ --	$ 1,032,265	$ 1,502,500	$ 2,534,765
June 30, 2013				
Donor-restricted endowment funds	$ --	$ 527,880	$ 1,472,500	$ 2,000,380

Changes in restricted net assets during the year ended June 30, 2014:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	$ 527,880	$ 1,472,500	$ 2,000,380
Donations	466,750	30,000	496,750
Investment income, net	25,440	--	25,440
Investment net appreciation	162,195	--	162,195
Expenditures	(150,000)	--	(150,000)
Ending	$ 1,032,265	$ 1,502,500	$ 2,534,765

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS (CONTINUED)

Changes in restricted net assets during the fiscal year ended June 30, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Beginning	$ 592,812	$ 472,500	$ 1,065,312
Donations	264,752	1,000,000	1,264,752
Investment income, net	20,374	--	20,374
Investment net depreciation	(101,397)	--	(101,397)
Expenditures	(248,661)	--	(248,661)
Ending	$ 527,880	$ 1,472,500	$ 2,000,380

VC is subject to UPMIFA, as enacted by California in 2008 as SB 1329, requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted Madden and Margaret N. Stiegele Endowments absent explicit donor stipulations to the contrary. VC therefore classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent Madden and Margaret N. Stiegele Endowments and (b) the original value of subsequent gifts to the permanent Madden and Margaret N. Stiegele Endowments. The remaining portion of the donor-restricted Madden and Margaret N. Stiegele Endowments not classified in permanently restricted net assets are 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, VC considers the following factors in marking 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

INVESTMENT RETURN OBJECTIVES AND RISK PARAMETERS

VC has adopted an investment policy with the objective of capital preservation and long-term growth. Under this policy, the Madden and Margaret N. Stiegele endowment assets are currently allocated 70% in stocks, 25% in fixed income securities and 5% in cash.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS AND ENDOWMENTS (CONTINUED)

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

VC's investment strategy involves under and over weighting various asset classes based on an assessment of the risk and return potential specific to each asset class at any point in time.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

VC has a policy such that a distribution each year of up to 5% of the average closing market value of the Madden Endowment investments may be considered for general operational use. The Stiegele Endowment allows for spending earnings above the $1 million principal contribution. The distributions for the Madden Endowment may be used for research or general operating expenses. The distributions for the Margaret N. Stiegele Endowment may be used for research purposes. This percentage may be adjusted up or down in the future in order to maintain a fiscally prudent program for distribution consistent with VC's objective to grow and conserve principal in the Madden Endowment with interest and dividend income to be used to help meet the operating expenses. The approval of such distribution is at the discretion of the board.

NOTE 8 - COMMITMENTS

VC entered into an operating lease on August 13, 2010 for its office facility under a non-cancellable operating lease expiring on August 31, 2013. The lease was renewed in August 2013, and will expire on August 31, 2016.

The following is a schedule by years of future minimum rental payments required under this lease in excess of one year as of June 30, 2014:

For the Years Ending June 30,	Amount
2015	$ 34,871
2016	35,917
Total	$ 70,787

Rental expense was $32,906 and $26,577 during the years ended June 30, 2014 and 2013, respectively.

NOTE 9 - SUBSEQUENT EVENTS

VC has evaluated all events and transactions that occurred after June 30, 2014, and through January 5, 2015, the date the combined financial statements were available to be issued. During this period, no events or transactions occurred that would require adjustment to, or disclosure in the combined financial statements.