Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

AMERICARES FOUNDATION, INC. AND AFFILIATE

June 30, 2015 and 2014

AMERICARES FOUNDATION, INC. AND AFFILIATE

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Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
AmeriCares Foundation, Inc.:

We have audited the accompanying consolidated financial statements of AmeriCares Foundation, Inc. and affiliate (collectively, "AmeriCares"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriCares Foundation, Inc. and affiliate as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Report on 2014 summarized comparative information

We have previously audited AmeriCares' consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2014. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
October 30, 2015

AMERICARES FOUNDATION, INC. AND AFFILIATE

Consolidated Statement of Financial Position

As of June 30, 2015, with summarized comparative totals for 2014
(In Thousands)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 11,194	$ 7,952
Investments	18,689	18,958
Contributions receivable, net	1,956	1,825
Other receivables	1,033	78
Inventory, net	183,223	86,868
Prepaid expenses	720	841
Total current assets	216,815	116,522
NONCURRENT ASSETS		
Other assets:		
Contributions receivable, net	1,049	1,806
Property held for investment	445	447
Beneficial interest in split-interest agreements -		
Perpetual assets held in trust	3,213	3,399
Trust agreements	93	94
Total other assets	4,800	5,746
Property and equipment:		
Buildings and land	1,072	1,072
Furniture and equipment	3,230	2,841
Leasehold improvements	3,033	2,952
Accumulated depreciation and amortization	(4,190)	(3,565)
Net property and equipment	3,145	3,300
Total noncurrent assets	7,945	9,046
Total assets	$ 224,760	$ 125,568
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 4,749	$ 5,323
Committed grants	1,671	2,340
Deferred revenue	378	440
Total current liabilities	6,798	8,103
NONCURRENT LIABILITIES		
Liabilities under split-interest agreements	2,183	2,229
Loan payable and capital lease	382	300
Total noncurrent liabilities	2,565	2,529
Total liabilities	9,363	10,632
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	125,441	69,105
Temporarily restricted	85,517	41,206
Permanently restricted	4,439	4,625
Total net assets	215,397	114,936
Total liabilities and net assets	$ 224,760	$ 125,568

The accompanying notes are an integral part of this consolidated statement.

AMERICARES FOUNDATION, INC. AND AFFILIATE

Consolidated Statement of Activities

For the year ended June 30, 2015, with summarized comparative totals for 2014
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
SUPPORT AND REVENUE					
Public support:					
Cash contributions	$ 27,551	$ 10,264	$ -	$ 37,815	$ 34,138
Securities contributions	1,563	117	-	1,680	1,266
Donated medical and disaster supplies	634,067	67,043	-	701,110	527,052
Government Grants	1,290	-	-	1,290	-
Contributed services, facilities and other	7,502	-	-	7,502	6,012
Net assets released from restrictions	33,163	(33,163)	-	-	-
Total public support	705,136	44,261	-	749,397	568,468
Investment and Fee Revenue:					
Interest and dividend income	755	139	-	894	671
Net realized gain (loss) on investments	54	-	-	54	(11)
Net unrealized (loss) gain in fair value of investments	(430)	(90)	-	(520)	760
Other revenue	1,955	-	-	1,955	1,871
Change in value of split-interest agreements	(181)	1	(186)	(366)	19
Total revenue	2,153	50	(186)	2,017	3,310
Total support and revenue	707,289	44,311	(186)	751,414	571,778
EXPENSES					
Program services - grants, awards and program related expenses	636,373	-	-	636,373	558,923
Supporting services -					
Management and general	4,134	-	-	4,134	4,410
Fundraising	10,446	-	-	10,446	10,182
Total supporting services	14,580	-	-	14,580	14,592
Total expenses	650,953	-	-	650,953	573,515
Change in net assets	56,336	44,311	(186)	100,461	(1,737)
Net assets, beginning of year	69,105	41,206	4,625	114,936	116,673
Net assets, end of year	$ 125,441	$ 85,517	$ 4,439	$ 215,397	$ 114,936

The accompanying notes are an integral part of this consolidated statement.

AMERICARES FOUNDATION, INC. AND AFFILIATE
Consolidated Statement of Functional Expenses
For the year ended June 30, 2015, with summarized comparative totals for 2014
(In Thousands)

	Grants, Awards and Program Related Expenses	Supporting Services: Management and General	Supporting Services: Fundraising	2015 Total	2014 Total
EXPENSES					
Salaries and related payroll expenses	$ 8,347	$ 2,311	$ 3,349	$ 14,007	$ 15,375
Rent and other occupancy costs	1,503	352	255	2,110	2,364
Grants and awards, relief supplies	607,585	-	-	607,585	530,806
Grants to other agencies	4,414	-	-	4,414	5,565
Professional fees and contract services	7,017	460	1,868	9,345	7,876
Office supplies and equipment	196	136	558	890	810
Telephone	113	69	195	377	333
Postage, shipping and warehousing	5,128	11	1,175	6,314	5,218
Equipment and software rental	123	30	17	170	195
Promotional expenses	115	2	2,405	2,522	2,333
Travel	1,069	63	198	1,330	1,130
Insurance and miscellaneous	382	589	294	1,265	922
Depreciation and amortization	381	111	132	624	588
Total functional expenses 2015	$ 636,373	$ 4,134	$ 10,446	$ 650,953	
Total functional expenses 2014	$ 558,923	$ 4,410	$ 10,182		$ 573,515

The accompanying notes are an integral part of this consolidated statement.

AMERICARES FOUNDATION, INC. AND AFFILIATE
Consolidated Statement of Cash Flows
For the year ended June 30, 2015, with summarized comparative totals for 2014
(In Thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 100,461	$ (1,737)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	624	588
Net realized (gain) loss on investments	(54)	11
Net unrealized loss (gain) on fair value of investments	520	(760)
Donated investments	(1,680)	(1,266)
Realized and unrealized loss on property held for investment	2	-
Changes in assets and liabilities:		
(Increase) decrease in other receivables	(955)	11
Decrease (increase) in contributions receivable	626	(2,298)
(Increase) decrease in inventory	(96,355)	2,333
Decrease (increase) in prepaid expenses	121	(246)
Decrease (increase) in beneficial interest in split-interest agreements	187	(213)
(Decrease) increase in accounts payable and accrued expenses	(574)	90
Decrease in committed grants and relief supplies	(669)	(1,003)
(Decrease) increase in deferred revenue	(62)	440
(Decrease) increase in liabilities under split-interest agreements	(46)	420
Net cash provided by (used in) operating activities	2,146	(3,630)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(371)	(365)
Proceeds from sale of investments	4,617	13,239
Purchases of investments	(3,134)	(6,431)
Net cash provided by investing activities	1,112	6,443
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of capital leases	(16)	-
Net cash used in financing activities	(16)	-
Net increase in cash and cash equivalents	3,242	2,813
Cash and cash equivalents, beginning of year	7,952	5,139
Cash and cash equivalents, end of year	$ 11,194	$ 7,952

SUPPLEMENTAL CASH FLOW INFORMATION

Noncash items for fiscals years 2015 and 2014 included approximately $701.1 million and $527.0 million of donated medical and disaster relief supplies, $7.5 million and $6.0 million of contributed serivices and facilities, respectively. Cash used in operating activities included payments for interest on gift annuities of approximately $0.3 million for both fiscal 2015 and 2014. Equipment purchased under capital leases aggregated to approximately $0.1 million in fiscal year 2015.

The accompanying notes are an integral part of this consolidated statement.

1. ORGANIZATION

AmeriCares Foundation, Inc. ("AmeriCares") is a not-for-profit organization established in 1979,which principally provides medicine, emergency medical supplies and other disaster relief aid to those in need throughout the world. In addition, AmeriCares sponsors AmeriCares Free Clinics, Inc., an affiliated organization, which operates four free health clinics in Connecticut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include AmeriCares Foundation, Inc. and its affiliated organization as described in Note 1 and have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") using the accrual basis of accounting. All inter-company amounts have been eliminated in consolidation.

Net Assets

AmeriCares' net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets
Includes all resources of AmeriCares that are expendable for carrying on AmeriCares' mission.

Temporarily Restricted Net Assets
Net assets whose use by AmeriCares is limited by donor-imposed stipulations that either expire with the passage of time or are for expenditure on a specific program or in a specific geographic location. These donor-imposed stipulations can be fulfilled and removed by the actions of AmeriCares pursuant to those stipulations.

Permanently Restricted Net Assets
Net assets whose use by AmeriCares is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income therefrom utilized for operating or other donor-restricted purposes.

AmeriCares receives gifts of cash and other assets with donor stipulations that limit the use of the donated assets. For those donor-restricted cash contributions whose restrictions are met in the same fiscal year as the receipts, the contributions are reported as unrestricted contributions. Donor-restricted contributions not met in the same fiscal year or given for a specific program or location, are recorded as temporarily restricted. When the donor-restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

AmeriCares classifies short-term highly liquid investments with original maturities of three months or less as cash equivalents.

Contributions

AmeriCares records contributions, including unconditional promises to give, in the period received or pledged. Contributions are recorded at the fair value of the assets received and are classified as either unrestricted, temporarily restricted or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

Pledged contributions not expected to be received within one year are recognized as temporarily restricted support and are discounted using a credit-adjusted discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity. AmeriCares writes-off contributions receivable when they become uncollectible, and payments subsequently received are recorded as income in the period received.

Contributions that are permanently restricted by donors for use as endowments are invested in perpetuity. The income is used for operating purposes when expenditures satisfy the donors' restrictions and such amounts are appropriated for expenditure by the Board of Directors following their established endowment policy. Income amounts that exceed related expenditures during a fiscal period remain as temporarily restricted net assets.

AmeriCares' policy is to report gifts of property, plant 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 assets are reported as restricted support. Absent explicit donor stipulations about how long such assets must be maintained, AmeriCares reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Medical and Disaster Supplies

Upon receipt, AmeriCares reports gifts of donated inventory and supplies as unrestricted support unless explicit donor stipulations specify how or where the donated supplies must be used. Gifts of donated supplies with explicit restrictions that specify how or where the assets are to be used are reported as temporarily restricted support. Donated supplies are recognized on the date received at wholesale acquisition cost ("WAC"), which approximates the exit price. AmeriCares has determined that the WAC is the most appropriate estimate of the fair value for its donated medical and disaster supplies. AmeriCares estimates the WAC by using published industry information, primarily Thomson Reuter's "Red Book," which is an industry recognized drug and pricing reference guide for pharmaceuticals in the United States. For products not available in the Red Book, the wholesale value is provided by the donor or estimated using publicly available pricing sources.

AmeriCares operates a Patient Assistance Program (PAP) through which it receives gifts in kind of donated medical supplies. This program totaled approximately $129.0 million and $130.0 million for the years ended June 30, 2015 and 2014, respectively. Additionally, AmeriCares received gifts of cash to assist with the funding of PAP costs totaling approximately $1.9 million and $2.2 million for the years ended June 30, 2015 and 2014, respectively. These donations are used to provide drugs to needy patients in the United States of America that have met various eligibility criteria and who would not otherwise be able to afford them. In addition, contributions receivable have been recorded for cash amounts pledged by donors to the PAP program of approximately \$0.4 million and \$0.2 million for the years ended June 30, 2015 and 2014, respectively.

During fiscal year 2015, AmeriCares received total donations of cash and gifts in kind of approximately \$4.0 million that were restricted to the 2014 Fall Ebola emergency. For the year ended June 30, 2015, AmeriCares expenses for this disaster relief program aggregated to \$4.3 million. AmeriCares has used both unrestricted and restricted cash and gifts in kind to cover these expenses. AmeriCares had approximately \$1.4 million remaining in cash in this fund as of June 30, 2015.

During fiscal year 2015, AmeriCares also received total donations of cash and gifts in kind of approximately \$21.1 million restricted to the April 2015 Nepal Earthquake emergency. For the year ended June 30, 2015, AmeriCares expenses for this disaster relief program aggregated to \$23.1 million. AmeriCares has used both unrestricted and restricted cash and gifts in kind to cover these expenses. AmeriCares had approximately \$3.6 million remaining in cash in this fund as of June 30, 2015.

During fiscal year 2015, AmeriCares completed the spending on the 2012 Hurricane Sandy relief, 2011 Japan Earthquake and Tsunami, and 2010 Haiti Earthquake relief funds.

Inventory

Purchased inventory is carried at cost. Donated inventory is valued at WAC, which approximates fair value, as determined on the date of receipt. Inventory balances as of June 30, 2015 and 2014, were composed of the following (in thousands):

	2015	2014
Medicines	$ 185,801	$ 83,706
Medical devices and consumables	5,655	3,969
Other assorted	2,267	3,693
Total inventory	193,723	91,368
Less: allowance for obsolescence	(10,500)	(4,500)
Total inventory, net	$ 183,223	$ 86,868

Medicines increased substantially in fiscal year 2015 due to fourth quarter donations of various assorted generic pharmaceuticals in excess of \$120 million, the majority of which were high valued diabetic agents. Those products not distributed in fiscal year 2015 will be distributed in fiscal year 2016. AmeriCares monitors its inventory throughout the year and writes-off amounts that have expired or records an allowance for items that may expire before distribution can be made or are known to have become damaged.

Investments

Investments are recorded at fair value based on the quoted market values of the securities; accordingly, the accompanying consolidated statement of activities reflects changes in fair value as increases or decreases in unrealized gain (loss) in fair value of investments. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned on the accrual basis. Security transactions are recorded on a trade date basis. The cost of marketable securities sold is determined by the specific identification method and realized gains (losses) are reflected in the accompanying consolidated statement of activities.

Fair Value Measurements

AmeriCares follows the guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

The three levels are based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but trade less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which AmeriCares has generally considered to be within 90 days.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to AmeriCares' perceived risk of that investment.

Split-Interest Agreements

AmeriCares is the beneficiary of various irrevocable trusts held both by AmeriCares and third party trustees. Receivables from split-interest agreements held by third party trustees represent the net present value of an estimate of the funds to be received. The net present value of these receivables was determined by using an estimate of the funds to be received from these trusts, the specified number of periods the funds will be received and a discount rate determined at the time of the gift.

Liabilities from split-interest agreements result from annuity contracts whereby donors receive life-time income in exchange for a payment to AmeriCares that constitutes part charitable contribution and part purchase of an annuity. The liability is recorded at the present value of the payments to be made based on the donor's life expectancy. Actuarial gains and losses on the present value discount are reflected in the accompanying consolidated statement of activities as change in value of split-interest agreements.

Perpetual Assets Held in Trust

Donors have established and funded trusts which are administered by organizations other than AmeriCares. Under the terms of these trusts, AmeriCares has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. AmeriCares does not control the assets held by outside trusts. AmeriCares recognizes its interest in the trusts, based on the fair value of the assets contributed to the trusts, as permanently restricted contributions. Fluctuations in the fair value of these assets are recorded as changes in permanently restricted net assets in the accompanying consolidated statement of activities.

Property and Equipment

Property and equipment purchased for a value greater than $5,000 and with depreciable leves greater than one year are recorded at cost; assets donated to AmeriCares are recorded at fair value on the date of donation. Assets acquired under capital leases are stated at present value of future minimum lease payments at the inception of the lease and are amortized over the shorter period of the lease term or the estimated useful life of the asset of the equipment. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over five years. Leasehold improvements are amortized over the lesser of the economic life of the assets or the terms of the related leases. Buildings are depreciated over 20 years.

Committed Grants

AmeriCares makes grants and awards to organizations that help in the rehabilitation, rebuilding and recovery efforts of areas suffering as a result of natural or manmade disasters, as well as complex humanitarian situations. A liability for cash grants is recorded when AmeriCares has approved the grant and there are unconditional terms with the partner grantee. Committed grants beyond one year are recorded at net present value using a risk free rate of return. At June 30, 2015 and 2014, committed grants expected to be distributed in the next fiscal year aggregate to $1.7 million and $2.3 million, respectively.

Contributed Services, Facilities and Other

AmeriCares receives services and supplies provided by a wide variety of organizations and professionals who receive no fees or salaries, except for reimbursement of certain travel and related expenses. AmeriCares records as revenue the fair value of the contributed services and supplies, with an equivalent amount recorded as expense. These gifts include the following (in thousands):

	2015	2014
Professional services	$ 5,851	$ 5,263
Other contributed services	591	521
No-charge freight	1,060	228
	$ 7,502	$ 6,012

Allocation of Expenses

Amounts for salaries, office supplies, occupancy and other similar items are allocated to program or supporting services based on allocation factors, which are representative of cost consumption and depend on the nature of the activity for which the expense was incurred.

Concentration of Credit Risk

Cash and investments are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, AmeriCares maintains its cash in various bank deposit accounts and in a diversified investment portfolio. AmeriCares' cash and investments were placed with high credit quality financial institutions and, accordingly, AmeriCares does not expect nonperformance.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, interest and miscellaneous receivables, prepaid expenses, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

The carrying value of contributions receivable is believed to approximate the amounts which will ultimately be realized and is calculated at the net present value of anticipated future cash flows.

Use of Estimates

The preparation of financial statements in conformity with US 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation reserves for inventories. While we believe that these estimates are reasonable, actual results could differ from such estimates.

Summarized Comparative Information

The consolidated statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with AmeriCares' audited consolidated financial statements as of and for the year ended June 30, 2014 from which the summarized information was derived.

Subsequent Events

Management evaluated events occurring subsequent to June 30, 2015 through October 30, 2015, the date the consolidated financial statements were available for issuance.

3. INVESTMENTS

Investments, at fair value, consisted of and are classified as follows within the fair value hierarchy (in thousands):

	2015			2014		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Fixed income	$ 12,632	$ -	$ 12,632	$ 14,098	$ -	$ 14,098
Equity securities	5,813	7	5,820	4,539	10	4,549
Other	237	-	237	311	-	311
	18,682	7	18,689	18,948	10	18,958
Beneficial interest in split-interest agreements -						
Perpetual assets held in trust	-	3,213	3,213	-	3,399	3,399
Trust agreements	-	93	93	-	94	94
	-	3,306	3,306	-	3,493	3,493
Total	$ 18,682	$ 3,313	$ 21,995	$ 18,948	$ 3,503	$ 22,451

The following table summarizes the changes in the AmeriCares' Level 3 investments for the year ended June 30, 2015 and 2014 (in thousands):

	2015	2014
Balance at beginning of year	$ 3,503	$ 3,306
Realized depreciation	(4)	(20)
Net unrealized (loss) gain	(186)	217
Balance at end of year	$ 3,313	$ 3,503

4. CONTRIBUTIONS RECEIVABLE

Contributions expected to be collected after one year have been discounted using a discount rate of 2.5% and are reflected on the accompanying consolidated financial statements at net present value. Contributions receivable, net at June 30, 2015 and 2014, are due as follows (in thousands):

	2015	2014
Less than one year	$ 1,956	$ 1,825
One to five years	1,085	1,882
Total contributions receivable	3,041	3,707
Less: discount to present value	(36)	(76)
Total contributions receivable, net	$ 3,005	$ 3,631

5. ENDOWMENTS

AmeriCares has received donor-restricted endowment contributions of perpetual duration and classified these funds as permanently restricted net assets, with the appreciation available for the general purposes of AmeriCares. AmeriCares' investment policy requires that endowment funds be invested in Level 1 assets and provides management with an asset allocation guideline, which provides flexibility for management of the portfolio to achieve long term growth, without excessive risk. AmeriCares follows guidance which, among other things, addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. This standard requires new disclosures about an organization's donor-restricted and board-designated (quasi) endowment funds. During 2008, Connecticut enacted UPMIFA into law. Management of AmeriCares has interpreted the Connecticut law 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, AmeriCares would classify 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 AmeriCares in a manner consistent with the standard of prudence prescribed by UPMIFA. At June 30, 2015 and 2014, AmeriCares did not maintain any board-designated (quasi) endowment funds. Changes in endowment net assets for the years ended June 30, 2015 and 2014 are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, June 30, 2013	$ -	$ 237	$ 1,226	$ 1,463
Investment return:				
Investment income	-	61	-	61
Realized gain on sales	-	14	-	14
Unrealized gain in fair value of investments	-	164	-	164
Endowment assets, June 30, 2014	-	476	1,226	1,702
Investment return:				
Investment income	-	139	-	139
Realized gain on sales	-	-	-	-
Unrealized loss in fair value of investments	-	(90)	-	(90)
Endowment assets, June 30, 2015	$ -	$ 525	$ 1,226	$ 1,751

As of June 30, 2015 and 2014, perpetual assets held in trusts totaling $3.2 million and $3.4 million, respectively, have been excluded from the above permanently restricted endowment assets. During fiscal year 2015 and 2014, AmeriCares did not appropriate amounts from its endowment for expenditure.

6. LOAN PAYABLE

In March 2012, AmeriCares Free Clinics, Inc. renewed a $300,000 five-year uncollaterialized loan from Royal Bank of Scotland at an annual interest rate of 2%. The purpose of the loan was to provide funds toward the renovation of space in the Wheeler Community Center in Bridgeport, Connecticut for a free medical clinic for uninsured low and moderate income individuals. Interest expense of $6,000 has been reflected on the accompanying consolidated statement of activities for both years ended June 30, 2015 and 2014. Payment is due in full in March 2017.

7. INCOME TAXES

AmeriCares recognizes a tax position based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. During fiscal 2015 and 2014, AmeriCares evaluated its tax positions and concluded that it does not have any uncertain tax positions that meet the criteria under this standard. The tax years ending 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

AmeriCares Foundation, Inc. and AmeriCares Free Clinics, Inc. qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and are not subject to federal income taxes. Donors of money and/or property are entitled to a charitable contribution deduction as defined in the IRC. Continued qualification of tax exempt status is contingent upon compliance with the requirements of the IRC.

8. SIGNIFICANT DONORS

Most of AmeriCares’ medical, food and other disaster relief supplies (“merchandise”) contributions are received from companies in the pharmaceutical industry. For years ended June 30, 2015 and 2014, the largest contributor accounted for 25% and 15%, respectively, of total merchandise contributions. The three largest contributors accounted for 50% and 38% of total merchandise contributions for the years ended June 30, 2015 and 2014, respectively.

9. EMPLOYEE BENEFITS

AmeriCares established a defined contribution plan for all eligible employees effective January 1, 1992. As of December 31, 2002, AmeriCares modified the plan to include a company matching program in which AmeriCares would match each employee’s contribution to the 401(k) savings plan up to a maximum of 6% of each employee’s salary. Employees enrolling in the 401(k) savings plan after January 1, 2003 become 50% vested in the company match after one year of service and 100% vested after two years. AmeriCares’ contributions for both years ended June 30, 2015 and 2014 approximated $0.5 million.

During fiscal year 2015, AmeriCares established a Non-Qualified Deferred Compensation Plan that is designed in accordance with Section 457 (b) and (f) of the IRS Code covering the CEO of AmeriCares. At June 30, 2015, the plan was unfunded and AmeriCares has accrued $24 thousand of expense. During fiscal year 2016, the funds will deposited in a rabbi trust fund which is being established for the purpose of paying the future benefits.

10. LEASE COMMITMENTS

AmeriCares leases real estate and certain equipment under operating leases. The leases for office and warehouse space provide for rent escalations. Future minimum lease commitments under non-cancelable operating leases are as follows (in thousands):

Fiscal Year Ending	Minimum Lease Commitments
2016	$ 1,435
2017	1,548
2018	1,583
2019	1,546
2020	1,552
2021 and beyond	5,270
Total lease commitments	$ 12,934

Rent expense for the years ended June 30, 2015 and 2014 approximated $1.6 and 1.5 million, respectively.

11. TEMPORARILY RESTRICTED NET ASSETS

AmeriCares' temporarily restricted net assets are available for the following purposes as of June 30 (in thousands):

	2015	2014
Purpose restricted:		
Disaster relief:		
Donated inventory	$ 67,044	$ 25,169
Donated cash and pledges	14,886	14,016
Clinics	1,547	1,941
	83,477	41,126
Time restricted	2,040	80
Total	$ 85,517	$ 41,206