MVNA AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

MVNA AND AFFILIATE
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
MVNA and Affiliate
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MVNA and Affiliate, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 the consolidated 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 consolidated 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 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 auditors' 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.

Board of Directors
MVNA and Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MVNA and Affiliate as of December 31, 2013 and 2012, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 21 to 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 16, 2014

MVNA AND AFFILIATE
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

		2013		2012
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$	3,105,172	$	2,666,382
Receivables:				
Patient, Net		4,427,641		3,663,213
United Way and Other Pledges Receivable		560,411		524,504
Prepaid Expenses and Supplies		360,977		366,252
Total Current Assets		8,454,201		7,220,351
ASSETS LIMITED AS TO USE				
Designated by Board		6,180,043		4,741,199
Restricted for Scholarships		9,460		9,455
Endowment Investments		155,490		155,490
Total Assets Limited as to Use		6,344,993		4,906,144
PROPERTY AND EQUIPMENT, NET		732,367		653,810
OTHER ASSETS				
Deposits		-		9,815
Goodwill		227,147		227,147
Total Other Assets		227,147		236,962
Total Assets	$	15,758,708	$	13,017,267

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	2013	2012
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 27,302	$ 32,634
Accounts Payable:		
Trade	616,907	908,232
Estimated Third-Party Payer Settlements	32,355	32,313
Deferred Revenue	100,507	43,514
Accrued Salaries and Benefits	1,780,040	1,445,338
Total Current Liabilities	2,557,111	2,462,031
LONG-TERM DEBT, Less Current Maturities	-	27,302
Total Liabilities	2,557,111	2,489,333
NET ASSETS		
Unrestricted:		
Operating	6,727,257	5,204,793
Board Designated	6,180,043	4,741,199
Temporarily Restricted	138,807	426,452
Permanently Restricted	155,490	155,490
Total Net Assets	13,201,597	10,527,934
Total Liabilities and Net Assets	$ 15,758,708	$ 13,017,267

MVNA AND AFFILIATE
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT		
Net Patient Service Revenue	$ 20,724,723	$ 19,539,795
Other Revenue	61,895	52,831
Unrestricted Contributions	662,807	286,954
Net Assets Released from Restrictions for Operations	513,149	449,851
Total Unrestricted Revenues, Gains, and Other Support	21,962,574	20,329,431
EXPENSES		
Salaries and Wages	11,761,522	10,685,108
Employee Benefits	2,509,128	2,514,869
Purchased Services	1,175,996	700,076
Supplies and Other	3,932,115	4,232,915
Depreciation	211,703	188,970
Interest	4,371	7,131
Provision for Bad Debts	110,172	96,000
Total Expenses	19,705,007	18,425,069
OPERATING INCOME	2,257,567	1,904,362
OTHER INCOME (LOSS)		
Loss on Disposal of Assets	-	(59,610)
Investment Income	703,741	356,862
EXCESS OF REVENUE OVER EXPENSE	$ 2,961,308	$ 2,201,614

See accompanying Notes to Consolidated Financial Statements.

MVNA AND AFFILIATE
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Excess of Revenue over Expense	$ 2,961,308	$ 2,201,614
TEMPORARILY RESTRICTED NET ASSETS		
Contributions for Specific Purposes	225,504	389,293
Net Assets Released from Restrictions for Operating Purposes	(513,149)	(449,851)
Decrease in Temporarily Restricted Net Assets	(287,645)	(60,558)
INCREASE IN NET ASSETS	2,673,663	2,141,056
Net Assets - Beginning of Year	10,527,934	8,386,878
NET ASSETS - END OF YEAR	$ 13,201,597	$ 10,527,934

See accompanying Notes to Consolidated Financial Statements.

MVNA AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,673,663	$ 2,141,056
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Bad Debts	110,172	96,000
Depreciation	211,703	188,970
Net Realized Gains on Investments	(183,064)	(14,855)
Change in Unrealized Gains on Investments	(401,676)	(227,586)
Loss on Disposal of Property and Equipment	-	59,610
Changes in Assets and Liabilities:		
Receivables	(910,507)	(642,955)
Prepaid Expenses and Supplies	15,090	17,106
Accounts Payable and Accrued Expenses	43,419	198,170
Deferred Revenue	56,993	(2,179)
Net Cash Provided by Operating Activities	1,615,793	1,813,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,553,209)	(1,186,139)
Proceeds from Sales of Investments	3,699,100	1,098,970
Purchase of Property and Equipment	(290,260)	(435,003)
Net Cash Used by Investing Activities	(1,144,369)	(522,172)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(32,634)	(28,793)
Net Cash Used by Financing Activities	(32,634)	(28,793)
NET INCREASE IN CASH AND CASH EQUIVALENTS	438,790	1,262,372
Cash and Cash Equivalents - Beginning of Year	2,666,382	1,404,010
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,105,172	$ 2,666,382

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation

MVNA is organized as a Minnesota nonprofit corporation. MVNA is organized to promote individual, family and community health through the administration of charitable, educational, and scientific activities and projects on its behalf or as the agent, trustee or representative of others. MVNA provides health and supportive services to individuals at their homes, primarily in Hennepin County. The mission of MVNA is to provide comprehensive and culturally competent community health and related services in collaboration with public health and health service providers to ensure the healthy future of Minnesota residents.

MVNA is the sole member of Hospice of the Twin Cities, Inc. (Hospice). Hospice is organized to offer comprehensive care focused on easing the physical, emotional and spiritual pain that often accompanies terminal illness.

The consolidated financial statements include the accounts of MVNA and Hospice. MVNA and Hospice are referred to as the Organization. All significant intercompany balances and transactions have been eliminated.

Income Taxes

MVNA has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Hospice is organized as a Delaware nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). MVNA and Hospice are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, MVNA and Hospice may be subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization follows the accounting standards for evaluating uncertain tax positions. The Organization files information returns as a tax exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS. The tax returns for the years 2010 to 2013 are open to examination by federal, state and local authorities.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

The Organization records restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Fair Value Measurement

The Organization has determined the fair value of certain assets and liabilities in accordance with accounting principles generally accepted in the United States of America, which provides a framework for measuring fair value.

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. See Note 11 to the consolidated financial statements for the fair value disclosures of the Organization's financial instruments.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use. The Organization places its temporary cash investments with financial institutions. At times such investments may be in excess of the FDIC insurance limit.

Patient Receivables

Patient receivables are uncollateralized customer and third-party payer obligations. The Organization does not charge interest on outstanding patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payers. Management reviews patient receivables by payer class and determines estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. At December 31, 2013 and 2012, the provision for bad debts was approximately $890,500 and $809,800, respectively.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market. The Organization has contractual relationships with vendors whereby it can sell back an agreed amount of unused and expired flu vaccine at cost.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use include assets set aside by the board of directors, over which the board retains control and may at its discretion subsequently use for other purposes; assets restricted by donors; and endowment investments.

Property and Equipment

Property and equipment acquisitions in excess of $3,000 for individual items are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Amortization is included in depreciation in the consolidated financial statements. The estimated useful lives of property and equipment are 2 to 20 years.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets and considered trading securities. Investments in cash and money markets or certificates of deposit are measured at historical cost, plus any accrued interest, which is considered a reasonable estimate of fair value. Investment income or loss (including unrealized gains and losses on investments considered trading securities, realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill associated with business combinations represents the excess of cost over the fair value of the net assets acquired through the acquisition of Hospice in 2002.

On an annual basis and at interim periods when circumstances require, Hospice tests the recoverability of its goodwill. Hospice has the option, when each test of recoverability is performed, to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If Hospice determines that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then additional analysis is unnecessary. If Hospice concludes otherwise, then a two-step impairment analysis, whereby Hospice compares the carrying value of each identified reporting unit to its fair value, is required. The first step is to quantitatively determine if the carrying value of the reporting unit is greater than its fair value. If Hospice determines that this is true, the second step is required, where the implied fair value of goodwill is compared to its carrying value.

Hospice recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of Hospice's reporting unit. Hospice performs its test for recoverability for goodwill at the same time each year, unless circumstances require additional analysis, and no impairments have resulted from this review.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. Investment income on permanently restricted net assets is unrestricted after board appropriation.

Pledges Receivable

Pledges, less any allowance for estimated uncollectible amounts, are recorded as receivables and temporarily restricted support in the year the pledge is made. Pledges receivable at December 31, 2013 and 2012 are $560,411 and $524,504, respectively, and are due within one year from the United Way, other corporations, and individuals.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Patient Service Revenue

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Deferred Revenue

Advances received in conjunction with exchange transactions are deferred and recognized as revenue as the agreed-upon services are performed.

Excess of Revenue over Expense

The accompanying consolidated statements of operations include revenue in excess of expenses. Changes in unrestricted net assets, which are excluded, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred.

Collective Bargaining Agreements

A collective bargaining agreement covers approximately 50% of MVNA's employees. The collective bargaining agreement was not signed as of December 31, 2013. On May 29, 2014, the Organization's member nurses voted to ratify a temporary agreement. The agreement will be the basis for the contract which will be retroactive to January 1, 2014 and is a three-year contract effective through December 31, 2016.

Subsequent Events

In preparing these consolidated financial statements, the Organization has considered events and transactions that have occurred through June 16, 2014, the date which the consolidated financial statements were available to be issued.

NOTE 2 NET PATIENT SERVICE REVENUE

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates. As part of its operations, the Organization has contracts with various governmental agencies, which allow the Organization to provide support to the community. Revenue is recognized when earned under the terms of the contracts.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

A summary of patient service revenue and contractual adjustments for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Total Patient Service Revenue	$ 24,458,581	$ 22,734,543
Contractual Adjustments:		
Medicare	55,833	33,214
Medicaid	(726,877)	(728,585)
Commercial Insurance	(2,262,339)	(1,668,874)
Other	(800,475)	(820,778)
Total Contractual Adjustments	(3,733,858)	(3,185,023)
Net Patient Service Revenue	$ 20,724,723	$ 19,549,520

NOTE 3 INVESTMENTS AND INVESTMENT INCOME

Assets Limited as to Use

The composition of assets limited as to use at December 31, 2013 and 2012 is shown in the following table. Investments in equity securities and fixed income securities are stated at fair value. Cash and money market balances are stated at face value due to the nearness to maturity, which approximates fair value.

	2013	2012
Cash and Money Market	$ 611,988	$ 890,513
Equity Securities	3,806,648	2,650,844
Fixed Income Securities	1,926,357	1,364,787
Total	$ 6,344,993	$ 4,906,144

Investment Income

Investment income and gains and losses on assets limited as to use consists of the following for the years ended December 31, 2013 and 2012:

	2013	2012
Interest and Dividend Income	$ 119,001	$ 114,421
Realized Gains on Investments	183,064	14,855
Unrealized Gains on Investments	401,676	227,586
Total Investment Income	$ 703,741	$ 356,862

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2013 and 2012 follows:

	2013		2012	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Furniture, Equipment, and Leasehold Improvements	$ 2,047,034	$ 1,314,667	$ 1,757,825	$ 1,104,015
Net Property and Equipment		$ 732,367		$ 653,810

NOTE 5 LEASES

The Organization leases certain equipment and office space under noncancelable long-term lease agreements. Certain leases have been recorded as a capitalized lease and others as operating leases. Total lease expense for the years ended December 31, 2013 and 2012 for all operating leases was $251,858 and $653,598, respectively. The capitalized leased assets consist of:

	2013	2012
Equipment (Note 4)	$ 120,000	$ 120,000
Less: Accumulated Amortization (included as Depreciation on the accompanying Consolidated Financial Statements)	97,500	67,500
Total	$ 22,500	$ 52,500

Minimum future lease payments for the capital and operating leases are as follows:

Year Ending December 31,	Capital Leases	Operating Leases
2014	$ 28,755	$ 234,445
2015	-	240,163
2016	-	245,881
2017	-	251,599
2018	-	116,963
Total Minimum Lease Payments	28,755	$ 1,089,051
Less: Interest	1,453	
Present Value of Minimum Capital Lease Payments (Note 6)	$ 27,302	

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2013 and 2012:

	2013	2012
Capitalized Lease Obligation (Note 5)	$ 27,302	$ 59,936
Less: Current Maturities	27,302	32,634
Long-Term Debt, Less Current Maturities	$ -	$ 27,302

MVNA has a line of credit arrangement with a local bank for $1,000,000, which expires on July 26, 2014 and bears interest at a variable rate equal to the lender's prime rate, which was 3.25% at the time the documents were signed in 2013. Any outstanding balance is due on demand and secured by board-designated investments and equipment of MVNA. The line of credit was unused at December 31, 2013 and 2012.

Hospice also has a line of credit arrangement with a local bank for $250,000, which expires on July 26, 2014 and bears interest at a variable rate equal to the lender's prime rate, which was 3.25% at the time the documents were signed in 2013. Any outstanding balance is due on demand and is secured by assets of Hospice. The line of credit was unused at December 31, 2013 and 2012.

NOTE 7 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012:

	2013	2012
United Way, Restricted as to Time	$ 75,149	$ 360,939
Nursing Scholarships, Community of Caring, and Other	63,658	65,513
Total	$ 138,807	$ 426,452

Permanently restricted net assets at December 31, 2013 and 2012 are restricted to:

	2013	2012
Investments to be Held in Perpetuity, the Income from which is Expendable to Support Various Health Care Services	$ 155,490	$ 155,490

In 2013 and 2012, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of $513,149 and $449,851, respectively. These amounts are included in net assets released from restrictions for operations in the accompanying consolidated financial statements.

NOTE 8 PENSION PLAN

The Organization sponsors a defined contribution tax deferred annuity plan for both MVNA and Hospice that covers substantially all employees. The Organization will match employee contributions up to 50% of the first 4% of salaries for employees who are active in the plan. The Organization also sponsors a money purchase plan covering substantially all employees. Contributions are 3% of each eligible employee's gross annual salary. Total pension plan expense for the years ended December 31, 2013 and 2012 was $262,632 and $319,513, respectively.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payer agreements. The mix of receivables from third-party payers and patients at December 31, 2013 and 2012 was as follows:

	2013	2012
Medicare	14 %	14 %
Medicaid	14	16
Commercial Insurance	39	44
Other Third-Party Payers and Patients	33	26
Total	100 %	100 %

The Organization's cash balances are maintained in various bank deposit accounts. At times, such deposits may be in excess of federally insured limits.

NOTE 10 FUNCTIONAL EXPENSES

The Organization provides health care services to patients within its geographic location. Expenses related to providing these services by functional class for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Health Care Services	$ 16,507,987	$ 15,208,529
General and Administrative	2,980,279	3,001,424
Fund Raising	216,741	215,116
Total	$ 19,705,007	$ 18,425,069

NOTE 11 FAIR VALUE MEASUREMENT

Assets measured at fair value on a recurring basis at December 31, 2013 and 2012 are as follows:

December 31, 2013	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity Securities	$ 3,806,648	$ -	$ -
Fixed Income Securities	1,926,357	-	-
Total Assets	$ 5,733,005	$ -	$ -
December 31, 2012			
Equity Securities	$ 2,650,844	$ -	$ -
Fixed Income Securities	1,364,787	-	-
Total Assets	$ 4,015,631	$ -	$ -

NOTE 12 COMMITMENTS AND CONTINGENCIES

Malpractice Insurance – Health Care Industry

MVNA has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $2 million per claim and an annual aggregate limit of $4 million. Hospice has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $4 million per claim and an annual aggregate limit of $6 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the Organization's financial position or results of operations.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes the Organization is in substantial compliance with current laws and regulations.

MVNA AND AFFILIATE
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2013

	MVNA	Hospice	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 1,811,789	$ 1,293,383	$ -	$ 3,105,172
Receivables:				
Patient, Net	3,552,664	874,977	-	4,427,641
United Way and Other Pledges Receivable	560,411	-	-	560,411
Related Party	143,773	17,643	(161,416)	-
Prepaid Expenses and Supplies	357,462	3,515	-	360,977
Total Current Assets	6,426,099	2,189,518	(161,416)	8,454,201
ASSETS LIMITED AS TO USE				
Designated by Board	2,574,770	3,605,273	-	6,180,043
Restricted for Scholarships	9,460	-	-	9,460
Endowment Investments	155,490	-	-	155,490
Total Assets Limited as to Use	2,739,720	3,605,273	-	6,344,993
PROPERTY AND EQUIPMENT, NET	689,059	43,308	-	732,367
OTHER ASSETS				
Goodwill	-	227,147	-	227,147
Total Assets	$ 9,854,878	$ 6,065,246	$ (161,416)	$ 15,758,708

	MVNA	Hospice	Eliminations	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	$ 27,302	$ -	$ -	$ 27,302
Accounts Payable:				
Trade	288,863	328,044	-	616,907
Estimated Third-Party Payer Settlements	32,355	-	-	32,355
Related Party	17,643	143,773	(161,416)	-
Deferred Revenue	100,507	-	-	100,507
Accrued Salaries and Benefits	1,454,833	325,207	-	1,780,040
Total Current Liabilities	1,921,503	797,024	(161,416)	2,557,111
NET ASSETS				
Unrestricted:				
Operating	5,082,756	1,644,501	-	6,727,257
Board Designated	2,574,770	3,605,273	-	6,180,043
Temporarily Restricted	120,359	18,448	-	138,807
Permanently Restricted	155,490	-	-	155,490
Total Net Assets	7,933,375	5,268,222	-	13,201,597
Total Liabilities and Net Assets	$ 9,854,878	$ 6,065,246	$ (161,416)	$ 15,758,708

MVNA AND AFFILIATE
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2013

	MVNA	Hospice	Eliminations	Total
UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT				
Net Patient Service Revenue	$ 15,326,129	$ 5,740,843	$ (342,249)	$ 20,724,723
Other Revenue	927	72,913	(11,945)	61,895
Unrestricted Contributions	631,356	31,451	-	662,807
Net Assets Released from Restrictions for Operations	511,814	1,335	-	513,149
Total Unrestricted Revenues, Gains, and Other Support	16,470,226	5,846,542	(354,194)	21,962,574
EXPENSES				
Salaries and Wages	9,133,606	2,627,916	-	11,761,522
Employee Benefits	1,870,024	639,104	-	2,509,128
Purchased Services	1,194,398	335,792	(354,194)	1,175,996
Supplies and Other	2,238,659	1,693,456	-	3,932,115
Depreciation	170,177	41,526	-	211,703
Interest	4,371	-	-	4,371
Provision for Bad Debts	94,172	16,000	-	110,172
Total Expenses	14,705,407	5,353,794	(354,194)	19,705,007
OPERATING INCOME	1,764,819	492,748	-	2,257,567
OTHER INCOME				
Investment Income	306,937	396,804	-	703,741
EXCESS OF REVENUE OVER EXPENSE	2,071,756	889,552	-	2,961,308
Transfers from (to) Related Parties	252,644	(252,644)	-	-
INCREASE IN UNRESTRICTED NET ASSETS	$ 2,324,400	$ 636,908	$ -	$ 2,961,308

MVNA AND AFFILIATE
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	MVNA	Hospice	Eliminations	Total
UNRESTRICTED NET ASSETS				
Excess of Revenue over Expense	$ 2,071,756	$ 889,552	$ -	$ 2,961,308
Transfers (to) from Related Parties	252,644	(252,644)	-	-
Increase in Unrestricted Net Assets	2,324,400	636,908	-	2,961,308
TEMPORARILY RESTRICTED NET ASSETS				
Contributions for Specific Purposes	222,319	3,185	-	225,504
Net Assets Released from Restrictions for Operating Purposes	(511,814)	(1,335)	-	(513,149)
Increase (Decrease) in Temporarily Restricted Net Assets	(289,495)	1,850	-	(287,645)
INCREASE IN NET ASSETS	2,034,905	638,758	-	2,673,663
Net Assets - Beginning of Year	5,898,470	4,629,464	-	10,527,934
NET ASSETS - END OF YEAR	$ 7,933,375	$ 5,268,222	$ -	$ 13,201,597