Consolidated Financial Statements and Supplementary Information

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

Year Ended June 30, 2015

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Year Ended June 30, 2015

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RW & Co.

ROMEO, WIGGINS & COMPANY, L.L.P. *Certified Public Accountants*

Geoffrey E. Wiggins
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Joseph L. Hill, Jr.

Independent Auditors' Report

Board of Directors
American Sexual Health Association and Subsidiary
Research Triangle Park, North Carolina

We have audited the accompanying consolidated financial statements of American Sexual Health Association and Subsidiary (collectively, "the Organization"), 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 consolidated 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.

Auditors' 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 entities' 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 entities' 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 American Sexual Health Association and Subsidiary as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report--Continued

Other Matters

Report on Summarized Comparative Information
We have previously audited the Organization's 2014 consolidated financial statements and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated November 14, 2014. In our opinion, the summarized comparative information presented herein 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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the basic 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 basic consolidated financial statements or to the basic 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.

Romeo, Wiggins & Company, L.L.P.

Raleigh, North Carolina
November 23, 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

American Sexual Health Association and Subsidiary

June 30, 2015
(With comparative totals as of June 30, 2014)

	2015	2014
ASSETS:		
Cash and cash equivalents	$ 201,414	$ 221,452
Investments:		
General Fund	423,136	423,094
Endowment Fund	102,823	102,764
	525,959	525,858
Accounts receivable - contracts and grants	177,037	43,043
Accounts receivable - other	4,381	19,746
Inventory	9,800	17,627
Prepaid expenses	2,430	2,574
Property and equipment, net	29,258	52,664
TOTAL ASSETS	$ 950,279	$ 882,964
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 66,275	$ 67,210
Accrued payroll and related liabilities	34,213	33,540
Accrued vacation	33,818	37,431
Capital lease obligation	15,235	30,181
Total Liabilities	149,541	168,362
Net Assets:		
Unrestricted	599,490	580,468
Temporarily restricted	101,248	34,134
Permanently restricted	100,000	100,000
Total Net Assets	800,738	714,602
TOTAL LIABILITIES AND NET ASSETS	$ 950,279	$ 882,964

See accompanying independent auditors' report and notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

American Sexual Health Association and Subsidiary

Year Ended June 30, 2015
(With comparative totals for the year ended June 30, 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE:					
Contracts and grants	$ 951,000	$ 583,500	$	$ 1,534,500	$ 1,546,502
Individual and business contributions	134,510	62,500		197,010	226,940
Sales of literature and educational materials	46,727			46,727	36,000
Interest and dividends, net of fees	(55)	(93)		(148)	3,743
Net realized gain on sales of investments	7,953	1,956		9,909	28,427
Net unrealized gain (loss) on investments	(8,698)	(1,804)		(10,502)	29,440
Other income	16,320			16,320	3,977
	1,147,757	646,059	0	1,793,816	1,875,029
Net assets released from restrictions	578,945	(578,945)	0	0	0
TOTAL SUPPORT AND REVENUE	1,726,702	67,114	0	1,793,816	1,875,029
EXPENSES:					
Program services:					
Health policy	246,939			246,939	310,513
Consumer communication/education	1,122,984			1,122,984	1,241,404
Total program services	1,369,923			1,369,923	1,551,917
Support services:					
General and administrative	287,953			287,953	247,149
Development	49,804			49,804	37,445
Total support services	337,757			337,757	284,594
TOTAL EXPENSES	1,707,680	0	0	1,707,680	1,836,511
CHANGE IN NET ASSETS	$ 19,022	$ 67,114	$ 0	$ 86,136	$ 38,518
Net assets, beginning of year	$ 580,468	$ 34,134	$ 100,000	$ 714,602	$ 676,084
Change in net assets	19,022	67,114	0	86,136	38,518
NET ASSETS, END OF YEAR	$ 599,490	$ 101,248	$ 100,000	$ 800,738	$ 714,602

See accompanying independent auditors' report and notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

American Sexual Health Association and Subsidiary

Year Ended June 30, 2015
(With comparative totals for the year ended June 30, 2014)

	2015							2014
	Program Services			Support Services				
	Health Policy	Consumer Communication	Total Program Services	Management and General	Development	Total Support Services	Total Expenses	Total Expenses
Salaries and wages	$ 135,955	$ 491,791	$ 627,746	$ 84,263	$ 21,464	$ 105,727	$ 733,473	$ 732,325
Payroll taxes and fringe benefits	42,126	85,385	127,511	31,637	2,228	33,865	161,376	152,379
Professional services/consultants	11,215	178,759	189,974	16,085	5,340	21,425	211,399	359,173
Accounting and audit fees			0	70,555		70,555	70,555	65,120
Occupancy	13,176	103,471	116,647	12,876	3,459	16,335	132,982	146,587
Telephone/ internet	9,688	76,879	86,567	8,003	2,532	10,535	97,102	90,312
Printing and publications	187	22,866	23,053	20	292	312	23,365	15,565
Postage and shipping	12	6,121	6,133	473	3,136	3,609	9,742	9,527
Transportation and travel	26,401	24,078	50,479	9,164	2,523	11,687	62,166	56,422
Conferences and meetings	4,911	11,129	16,040	10,192		10,192	26,232	53,048
Equipment rental and maintenance	665	25,703	26,368	1,155	532	1,687	28,055	15,355
Advertising		847	847			0	847	0
Insurance		350	350	14,873		14,873	15,223	14,289
Office supplies and expenses	553	12,969	13,522	2,139	750	2,889	16,411	16,080
Dues and reference materials	434	6,761	7,195	827	6,771	7,598	14,793	14,227
Interest expense			0	1,094		1,094	1,094	100
Other bank charges		4,930	4,930	819	157	976	5,906	4,788
Chapter expenses		38,513	38,513			0	38,513	40,981
Loss on inventory write-off		5,821	5,821			0	5,821	16,503
Depreciation	1,518	11,919	13,437	9,571	398	9,969	23,406	13,632
Miscellaneous expense	98	14,692	14,790	14,207	222	14,429	29,219	20,098
TOTAL EXPENSES	$ 246,939	$ 1,122,984	$ 1,369,923	$ 287,953	$ 49,804	$ 337,757	$ 1,707,680	1,836,511

See independent auditors' report and notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

American Sexual Health Association and Subsidiary

Year Ended June 30, 2015
(With comparative totals for the year ended June 30, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 86,136	$ 38,518
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	23,406	13,632
Net (gain) on sales of investments	(9,909)	(28,427)
Net unrealized (gain) on investments	10,502	(29,440)
Changes in operating assets and liabilities:		
Accounts receivable - contracts and grants	(133,994)	216,540
Accounts receivable - other	15,365	(12,625)
Inventory	7,827	22,411
Prepaid expenses	144	2,430
Accounts payable and accrued expenses	(935)	45,480
Accrued payroll and related liabilities	673	2,870
Accrued vacation	(3,613)	2,310
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(4,398)	273,699
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments, including reinvestments	0	(132,922)
Contributions to investment portfolio	(65,000)	0
Distributions from investment portfolio	64,306	32,500
Purchases of property and equipment	0	(1,320)
NET CASH USED IN INVESTING ACTIVITIES	(694)	(101,742)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(14,946)	(15,582)
NET CASH USED IN FINANCING ACTIVITES	(14,946)	(15,582)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,038)	156,375
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	221,452	65,077
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 201,414	$ 221,452
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 1,094	$ 100
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment, financed by capital lease	$ 0	$ 30,181

See accompanying independent auditors' report and notes to consolidated financial statements.

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Reporting Entities: American Sexual Health Association (ASHA/the Organization) is a not-for-profit corporation, organized under the laws of the State of North Carolina. ASHA promotes the sexual health of individuals, families and communities by advocating sound policies and practices and educating the public, professionals and policy makers, in order to foster healthy sexual behaviors and relationships and prevent adverse health outcomes. ASHA earns revenues by selling informational brochures and newsletters, receiving charitable donations, and servicing grant and contract agreements from other organizations that need call center and data collection services in accordance with ASHA's mission. ASHA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable state tax statutes.

During fiscal 2012, National Cervical Cancer Coalition (NCCC, a California public benefit corporation) merged with ASHA and is now operating as a program of ASHA.

Empatha, Inc. (Empatha) was incorporated in 2005 and is a wholly-owned subsidiary of ASHA. Empatha serviced a call center contract for fiscal 2014-2015, using ASHA facilities and employees. ASHA charged Empatha $439,968 for direct expenses and $40,078 for management and support services provided.

Affiliated Entity: The CEO/President of ASHA is a nonvoting, ex-officio member of the Board of Directors of the American Sexually Transmitted Diseases Association (ASTDA). ASHA provides conference management and administration management services to ASTDA. In fiscal 2014-2015, ASHA recognized revenue of $48,000 for management services provided in connection with the 2014 and 2016 STD conference and $12,678 for administration management services.

Basis of Accounting: The consolidated financial statements of ASHA and its subsidiary (collectively, "the Organization") have been prepared on the accrual basis of accounting whereby income is recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles. All significant inter-entity transactions and accounts have been eliminated in consolidation.

Display of Net Assets by Class: The consolidated financial statements have been prepared in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth in FASB ASC 958-205, 210, 225. Under FASB ASC 958-205, 210, 225, ASHA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. Temporarily restricted net assets are restricted as to time or purpose as designated by the donor. All net assets other than those subject to temporary or permanent donor-imposed restrictions, including Board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

Cash Equivalents: The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Refer also to *Note I--Fair Value Measurements.*

Investments: ASHA's investments at June 30, 2015 consist of funds held in agency with Triangle Community Foundation. The funds are invested in a growth-oriented portfolio (70% equities/30% fixed). Investments are carried at fair value based on quoted market prices (as reported by Triangle Community Foundation). The components of investment income are presented separately in the accompanying statement of activities. Interest and dividends are reported net of administrative fees of $1,025. Refer also to *Note E--Permanently Restricted / Endowments Net Assets and Note I--Fair Value Measurements.*

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Recognition of Support and Revenue: Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Support is reported as an increase in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a 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 statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Revenue from exchange transactions is recognized in the period earned as defined by contract.

Accounts Receivable: Accounts receivable consists of amounts due under contracts and grants. The Organization provides an allowance for doubtful accounts based on historical collection experience and a review of the current status of the existing receivables. Management deems all accounts receivable to be fully collectible; therefore, no allowance is provided at June 30, 2015. Receivables are unsecured and are expected to be collected within a year.

Inventory: Inventory includes brochures and educational materials, and is stated at lower of cost (first-in, first-out method) or market. The Organization periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions. The Organization wrote-off inventory of $5,821 in fiscal 2014-2015.

Property and Equipment: All acquisitions of property and equipment in excess of $1,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Fully depreciated fixed assets, having an aggregate cost of approximately $296,000, were written off in fiscal 2014-2015. Substantially all of these assets were scrapped due to obsolescence and had no salvage value.

Donated Goods and Services: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are 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. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Volunteer services are not recorded in the consolidated financial statements because the criteria for recognition have not been satisfied.

Fair Value of Financial Instruments: The carrying values of cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the fair value of such due to the short-term maturity of these financial instruments at June 30, 2015. The carrying value of capital lease obligations approximates the fair value of such based on market rates for financial instruments with similar terms and remaining maturities. Refer also to *Note I--Fair Value Measurements.*

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE A -- THE REPORTING ENTITIES AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Income Taxes: ASHA is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act.

Income taxes for Empatha are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of assets and liabilities and their respective tax basis, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred taxes if it is uncertain as to future realization of these benefits.

Information (income tax) returns filed for fiscal years subsequent to fiscal 2010-2011 remain open and subject to examination.

Functional Expenses: The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Certain indirect expenses are allocated to programs based on estimated usage and/or benefit.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from these estimates.

Summarized Comparative Information: The consolidated financial 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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2014, from which the summarized information was derived.

NOTE B -- SIGNIFICANT CONCENTRATIONS

Support Risk: Approximately 24% of the reporting entities' total support and revenue for the year ended June 30, 2015, was derived from a contract with a nonprofit agency. This significant contract extends through December 31, 2015, and provides for one-year renewal periods thereafter.

Credit Risk: Financial instruments that subject the Organization to the potential concentration of credit risk consist primarily of cash deposits, investments, and accounts receivable. The Organization maintains its cash deposits with a financial institution, with deposits generally eligible for up to $250,000 of FDIC insurance coverage. At June 30, 2015, the Organization's bank deposits were within federally insured limits.

In July 2011, the Organization placed $500,000 in agency with Triangle Community Foundation, including $400,000 of operating reserves and $100,000 of endowment assets. The funds are invested in a growth-oriented portfolio (70% equity/30% fixed). These investments are not eligible for FDIC coverage, but may be eligible for SIPC protection of up to $500,000. SIPC protection does not insure the quality of investments or protect against losses from changing market values.

At June 30, 2015, approximately 68% of contract and grants receivables consisted of amounts due under two contracts, including approximately 40% due under the significant contract referenced in *Support Risk* above.

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE C -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2015:

Furniture and equipment	$ 69,040
Equipment held under a capital lease	30,181
	99,221
Less: Accumulated depreciation and amortization	(69,963)
	$ 29,258

NOTE D -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events as specified by donors as follows for the year ended June 30, 2015:

Health Policy	$ 193,000
Consumer Communication	385,945
	$ 578,945

Temporarily restricted net assets are available for the following purposes at June 30, 2015:

Consumer Communication	$ 98,425
Accumulated earnings on endowments	2,823
	$ 101,248

NOTE E -- PERMANENTLY RESTRICTED / ENDOWMENT NET ASSETS

Permanently restricted net assets are comprised of endowment funds that are restricted by donors to investment in perpetuity, with the net earnings thereon available for ASHA's general use.

In July 2011, ASHA placed its endowment funds in agency with Triangle Community Foundation (TCF), directing the funds be invested in a growth-oriented portfolio (70% equities/30% fixed). This is consistent with the Organization's objectives to provide income for its general use and to preserve endowment assets without subjecting them to substantial risk. Earnings on endowment funds are considered appropriated for ASHA's general use when distributed in accordance with TCF's spending policies.

The composition of endowment net assets by fund type is as follows at June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ 0	$ 2,823	$ 100,000	$ 102,823
Board-designated endowment funds	0	0	0	0
Total funds, at June 30, 2015	$ 0	$ 2,823	$ 100,000	$ 102,823

NOTE E -- PERMANENTLY RESTRICTED / ENDOWMENT NET ASSETS--Continued

Changes in endowment net assets for the year ended June 30, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2014	$ 0	$ 2,764	$ 100,000	$ 102,764
Investment return:				
Interest/dividend income, net*	0	(93)	0	(93)
Net change in fair value	0	152	0	152
Total investment return	0	59	0	59
Contributions	0	0	0	0
Appropriation for expenditure	0	0	0	0
Endowment net assets, June 30, 2015	$ 0	$ 2,823	$ 100,000	$ 102,823

*Net administrative fees of $1,025

Regulations/Standards Governing Endowment Funds: In March 2009, the State of North Carolina enacted a version of UPMIFA (Uniform Prudent Management Institutional Funds Act) applicable to endowment funds existing on or established after the Act's effective date. UPMIFA eliminates the historic dollar concept of UMIFA (the governing law in North Carolina prior to March 2009) in favor of the "prudent spending" concept as pertains to endowment net assets.

The Organization has interpreted the State Prudent Management Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the endowed gift on the date of gift, absent explicit donor stipulations to the contrary. Therefore, the Organization classifies as permanently restricted net assets (1) the original value of gifts donated to endowments, (2) the original value of subsequent gifts to endowments, and (3) accumulations to endowments made in accordance with the direction of the applicable donor gift instruments. The remaining portions of donor-restricted endowment funds that are not classified as permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

NOTE F -- LEASE COMMITMENTS (including a subsequent event)

Operating Leases: The Organization formerly leased its primary office space under an operating lease that was scheduled to expire in June 2015. The Organization entered into a new lease agreement in February 2015, with lease payments for February to June 2015, including approximately $4,000 per month to compensate the landlord for early termination of the former lease. The new space lease expires in June 2020. Rent expense (including TICAM) approximated $131,002 for the year ended June 30, 2015. The Organization also leases a copier under an operating lease. The lease, signed subsequently, expires in August 2020.

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE F -- LEASE COMMITMENTS (including a subsequent event)--Continued

Future minimum rentals (excluding TICAM) required under these operating leases (including rentals due under the copier lease signed subsequently) are as follows at June 30, 2015:

Years Ending June 30,	
2016	$ 67,569
2017	69,074
2018	70,638
2019	72,230
2020	73,880
Thereafter	2,094
	$ 355,485

Capital Lease: The Organization financed the purchase of a CPU Server by obtaining a capital lease (with a bargain purchase option) in fiscal 2013-2014. Future minimum lease payments under the capital lease are as follows at June 30, 2015:

Years Ending June 30,	
2016	$ 15,607
Less: Amounts representing interest	(372)
	$ 15,235

The asset held under the capital lease is being amortized over five years and is included in property and equipment at June 30, 2015 as follows:

Asset held under a capital lease	$ 30,181
Less: Accumulated amortization	(9,180)
	$ 21,001

NOTE G -- RETIREMENT PLAN

The Organization has established a 401(k) retirement plan for its employees. Eligible employees may contribute a portion of their earnings each year, not to exceed the maximum allowed by the Internal Revenue Service. For the year ended June 30, 2015, ASHA contributed a Safe Harbor match on each eligible employee's deferrals that did not exceed 5% of the participant's compensation. Employer Safe Harbor matching contributions approximated $23,429 for fiscal 2014-2015. ASHA and Empatha may make discretionary matching contributions, as well as discretionary non-elective contributions; however, no discretionary contributions were made for fiscal 2014-2015.

AMERICAN SEXUAL HEALTH ASSOCIATION AND SUBSIDIARY

NOTE H -- INCOME TAXES (EMPATHA)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows at June 30, 2015:

Deferred tax asset:	
Net operating loss:	
Federal	$ 155,441
State	27,431
	182,872
Valuation allowance	(182,872)
Net deferred tax asset	$ 0

Empatha has $457,000 in net operating loss carryforwards that will begin to expire in the year ending June 30, 2026, for federal purposes and June 30, 2021, for state purposes.

NOTE I -- FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs have the lowest priority.

The following represents assets measured at fair value on a recurring basis by the Organization at June 30, 2015:

June 30, 2015	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 192,505	$ 192,505	$ 0	$ 0
Investments	525,959	525,959	0	0
	$ 718,464	$ 718,464	$ 0	$ 0

Level 1: Cash equivalents consist of amounts held in money market accounts. Investments are held in a growth-oriented portfolio (70% equities/30% fixed) with Triangle Community Foundation and are carried at fair value based on quoted market prices (as provided by Triangle Community Foundation).

As of June 30, 2015, the Organization has no assets or liabilities classified within Level 2 or Level 3 of the fair value hierarchy.

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NOTE J -- COMMITMENTS AND CONTINGENCIES

Financial assistance from various awarding agencies is subject to special audit. Such audits could result in claims against the Organization for disallowable costs or noncompliance with grantor restrictions. Management is aware of no costs that may be disallowed or instances of noncompliance with grantor restrictions that could result in such claims. Consequently, no provision has been made for liabilities, if any, that may arise from future audits.

NOTE K -- SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 23, 2015, the date on which financial statements were available for issue.