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## **Financial Statements**

**Years Ended June 30, 2016 and 2015**

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## **Independent Auditors' Report**

Board of Directors  
Patient Advocate Foundation

We have audited the accompanying financial statements of Patient Advocate Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patient Advocate Foundation as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Norfolk, VA  
October 24, 2016**

**Patient Advocate Foundation**  
**Statements of Financial Position**  
**June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Current assets		
General operating cash and cash equivalents	\$ 9,949,251	\$ 3,425,252
Restricted cash and cash equivalents	163,016,738	72,022,026
Unconditional promises to give	1,368,354	1,603,086
Service contract receivable	317,514	447,282
Due from National Patient Advocate	10,058	-
Employee travel advances	-	300
Other receivables	-	5,590
Investments and cash equivalents	1,486,242	1,933,371
Inventories	29,290	57,869
Prepaid expenses	459,093	355,231
Total current assets	<u>176,636,540</u>	<u>79,850,007</u>
Property and equipment, net	5,784,048	4,522,313
Other assets		
Refundable deposits	50,331	53,331
	<u>\$ 182,470,919</u>	<u>\$ 84,425,651</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,291,405	\$ 907,630
Deferred revenue	9,461,776	3,246,672
Accrued vacation leave	214,117	225,230
Due to National Patient Advocate	-	84,191
Current portion of long-term debt	246,180	217,918
Current portion of obligation under capital lease	73,912	68,770
Total current liabilities	<u>11,287,390</u>	<u>4,750,411</u>
Long-term liabilities		
Long-term debt, less current portion	816,727	1,062,082
Obligation under capital lease, less current portion	62,755	72,654
Other liabilities	110,050	101,764
	<u>989,532</u>	<u>1,236,500</u>
Total liabilities	<u>12,276,922</u>	<u>5,986,911</u>
Unrestricted	5,801,066	3,680,105
Unrestricted, board designated	1,486,242	1,933,371
Total unrestricted net assets	<u>7,287,308</u>	<u>5,613,476</u>
Temporarily restricted	162,906,689	72,825,264
Total net assets	<u>\$ 182,470,919</u>	<u>\$ 84,425,651</u>

See accompanying notes.

**Patient Advocate Foundation**  
**Statements of Activities**  
**Years Ended June 30, 2016 and 2015**

	2016					2015				
	Unrestricted - Board		Total	Temporarily	Total	Unrestricted - Board		Total	Temporarily	Total
	Unrestricted	Designated	Unrestricted	Restricted		Unrestricted	Designated	Unrestricted	Restricted	
Revenues, gains and other support										
Contributions:										
Grants	\$ 5,777,671	\$ -	\$ 5,777,671	\$ 141,176,656	\$ 146,954,327	\$ 3,603,734	\$ -	\$ 3,603,734	\$ 59,530,424	\$ 63,134,158
Private and public donations	57,021	-	57,021	-	57,021	145,021	-	145,021	-	145,021
Donated services and materials	44,983	-	44,983	-	44,983	71,727	-	71,727	-	71,727
Program Administration	12,467,768	-	12,467,768	-	12,467,768	11,599,860	-	11,599,860	-	11,599,860
Patient Congress	150,000	-	150,000	-	150,000	77,500	-	77,500	-	77,500
Promise of Hope	263,156	-	263,156	-	263,156	251,504	-	251,504	-	251,504
Miscellaneous income	398,793	-	398,793	-	398,793	422,272	-	422,272	-	422,272
Investment income	656,052	64,986	721,038	-	721,038	373,693	23,949	397,642	-	397,642
Net assets released from restrictions										
Transfers	512,115	(512,115)	-	-	-	-	-	-	-	-
Satisfaction of program restrictions										
Financial Aid Awards	51,095,231	-	51,095,231	(51,095,231)	-	28,348,018	-	28,348,018	(28,348,018)	-
Total revenues, gains and other support	<u>71,422,790</u>	<u>(447,129)</u>	<u>70,975,661</u>	<u>90,081,425</u>	<u>161,057,086</u>	<u>44,893,329</u>	<u>23,949</u>	<u>44,917,278</u>	<u>31,182,406</u>	<u>76,099,684</u>
Expenses and losses										
Program services:										
Patient/educational services	6,239,892	-	6,239,892	-	6,239,892	5,972,514	-	5,972,514	-	5,972,514
Financial Aid Programs	57,268,665	-	57,268,665	-	57,268,665	32,204,574	-	32,204,574	-	32,204,574
Service contracts	3,367,408	-	3,367,408	-	3,367,408	2,857,891	-	2,857,891	-	2,857,891
Supporting services:										
Management and general	1,200,962	-	1,200,962	-	1,200,962	1,509,599	-	1,509,599	-	1,509,599
Fundraising	1,224,902	-	1,224,902	-	1,224,902	1,251,045	-	1,251,045	-	1,251,045
Total expenses	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>	<u>43,795,623</u>	<u>-</u>	<u>43,795,623</u>	<u>-</u>	<u>43,795,623</u>
Total expenses and losses	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>	<u>43,795,623</u>	<u>-</u>	<u>43,795,623</u>	<u>-</u>	<u>43,795,623</u>
Change in net assets	2,120,961	(447,129)	1,673,832	90,081,425	91,755,257	1,097,706	23,949	1,121,655	31,182,406	32,304,061
Net assets, beginning of year	<u>3,680,105</u>	<u>1,933,371</u>	<u>5,613,476</u>	<u>72,825,264</u>	<u>78,438,740</u>	<u>2,582,399</u>	<u>1,909,422</u>	<u>4,491,821</u>	<u>41,642,858</u>	<u>46,134,679</u>
Net assets, end of year	<u>\$ 5,801,066</u>	<u>\$ 1,486,242</u>	<u>\$ 7,287,308</u>	<u>\$ 162,906,689</u>	<u>\$ 170,193,997</u>	<u>\$ 3,680,105</u>	<u>\$ 1,933,371</u>	<u>\$ 5,613,476</u>	<u>\$ 72,825,264</u>	<u>\$ 78,438,740</u>

See accompanying notes.

**Patient Advocate Foundation**  
**Statements of Cash Flows**  
**Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 91,755,257	\$ 32,304,061
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	1,170,006	354,675
Net realized and unrealized (gain) loss on investments	(7,439)	5,328
Change in assets and liabilities:		
Unconditional promises to give	234,732	(1,436,548)
Service contract receivable	129,768	(20,759)
Due to/from Patient Advocate	(94,249)	(20,199)
Employee travel advances	300	176
Other receivables	5,590	(5,590)
Inventories	28,579	(9,911)
Prepaid expenses	(103,862)	121,392
Refundable deposits	3,000	-
Accounts payable and accrued expenses	383,775	(369,326)
Deferred revenue	6,215,104	(58,264)
Accrued vacation leave	(11,113)	(4,603)
Other liabilities	8,286	10,909
Net cash provided by operating activities	<u>99,717,734</u>	<u>30,871,341</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(2,358,390)	(2,485,493)
Proceeds from sale of investments	477,268	-
Purchases of investments	(534,815)	(29,277)
Net cash used by investing activities	<u>(2,415,937)</u>	<u>(2,514,770)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for investment as endowment	512,115	-
Proceeds from long-term debt	-	1,280,000
Payments on long-term debt	(217,093)	-
Repayment of obligation under capital lease	(78,108)	(73,680)
Net cash provided by financing activities	<u>216,914</u>	<u>1,206,320</u>
Net increase in cash and cash equivalents	97,518,711	29,592,168
Cash and cash equivalents, beginning of year	<u>75,447,278</u>	<u>45,855,110</u>
Cash and cash equivalents, end of year	<u>\$ 172,965,989</u>	<u>\$ 75,447,278</u>
Balance sheet presentation of cash and cash equivalents		
General operating cash and cash equivalents	\$ 9,949,251	\$ 3,425,252
Restricted cash and cash equivalents	<u>163,016,738</u>	<u>72,022,026</u>
	<u>\$ 172,965,989</u>	<u>\$ 75,447,278</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 46,574</u>	<u>\$ 41,199</u>
Supplemental disclosure of non cash investing and financing activities		
Property and equipment acquired through capital lease	<u>\$ 73,351</u>	<u>\$ -</u>

See accompanying notes.

## **Notes to Financial Statements**

### **1. Organization and Nature of Business**

Patient Advocate Foundation (Foundation or PAF) is a national nonprofit organization that seeks to safeguard patients through effective mediation assuring access to care, maintenance of employment and preservation of their financial stability relative to their diagnosis of life threatening or debilitating diseases. The Foundation assists patients throughout the United States and is supported primarily through grant contributions, cooperative agreements, and service agreements with non-profit organizations.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of accounting***

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### ***Classes of net assets***

The financial statements report amounts separately by class of net assets as follows:

- ***Unrestricted*** amounts are those currently available at the discretion of the Board of Directors for use in the Foundation's operations. Included in the unrestricted amounts are board-designated net assets. Board designated net assets consist of the total investment funds. The board will determine how the investment funds will be utilized.
- ***Temporarily restricted*** amounts are those that are stipulated by donors for specific purposes. When a donor restriction is satisfied by utilizing the funding for its intended purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.
- ***Permanently restricted*** amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation. At June 30, 2016 and 2015, the Foundation had no permanently restricted net assets.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

#### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Amounts reported in the financial statements may be affected by these estimates and assumptions. Actual results could differ from these estimates and assumptions.

#### ***Cash and cash equivalents***

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.



**Patient Advocate Foundation  
Notes to Financial Statements**

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***Unconditional promises to give***

Unconditional promises to give are recognized by the Foundation when a donor makes a promise to give that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

All promises to give are deemed to be fully collectible by the Foundation; therefore, no provision has been made for an allowance for uncollectible unconditional promises to give.

***Contributed services and property***

Certain contributed services and property are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. Contributions of donated services that create or enhance nonfinancial 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.

***Inventories***

Inventories, which consist of brochures and educational material, are valued at the lower of cost (first-in, first-out method) or market.

***Property and equipment***

It is the Foundation's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Asset donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated on the straight-line method over the following estimate useful lives:

Furniture and fixtures	7 years
Office equipment	5 years
Computers, software and other assets	3 - 5 years
Leasehold improvements	39 years

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

***Deferred revenue***

Included in the Foundation's deferred revenue is a portion of the program administration funding for the Financial Aid Programs. Revenue is recognized for program administration funding using the straight line method and based upon the contract term. If the term is not stated in the contract, the funding is recognized based upon anticipated term for allocating awards to qualified patients.

***Functional expenses***

The Foundation's expenses are related to the performance of three functions: program services, management and general, and fundraising. Definitions of these functions are as follows:

- **Program Services** - The Foundation has three distinct program services areas.

**Direct Patient and Educational Services**

The Foundation provides sustained, one on one, case management services to patients throughout the country who are experiencing access to care issues. The professional case management staff works with a patient's insurers, employers and/or creditors in an effort to resolve access to care, debt crisis and job retention issues that are a result of a life threatening and/or debilitating illness. The Foundation's professional case management staff directly assisted 18,138 individuals in FY2015/2016. On average, case managers made 21 contacts on behalf of each patient to relevant stakeholders in order to bring resolution to the patient's access issue.

During FY2015/2016, PAF administered five (5) financial aid funds, providing financial assistance to qualified patients for practical cost of living expenses faced by patients. In FY2015/2016, PAF successfully provided one-time small grants to 667 patients, providing over \$379,500 in financial relief to qualified patients. The small grants range from \$300-\$1000 per patient and are designed to defray the costs of transportation and cost of living expenses the patients face. The financial aid fund programs include:

- LEISHLine Financial Aid Fund: Serving patients diagnosed with ARDS, TSS and/or Sepsis
- Metastatic Breast Cancer Financial Aid Fund: Serving patients diagnosed with Stage III or Stage IV Breast Cancer
- Multiple Myeloma Transportation Financial Aid Fund
- Transportation Financial Aid Fund: Serving patients diagnosed with Metastatic Melanoma or Metastatic Lung Cancer
- Heart Valve Financial Aid Fund: Serving patients diagnosed with a valvular condition

Additionally, as a recipient of a Cooperative Agreement with the Center for Disease Control, in FY2015/2016 PAF has been successful in advancing its' Health Equity Platform through the SelfMade Health Network. The SelfMade Health Network (SMHN) is a member of the CDC's Consortium of National Networks to Impact Populations Experiencing Tobacco-Related and Cancer Health Disparities. Specifically, the SMHN focuses on populations with low socio-economic status (SES) characteristics (including vulnerable, underserved and low-resourced populations) residing in rural, urban and frontier regions.

This national network represents organizations, agencies and businesses with policy, research or market expertise in tobacco and cancer prevention, treatment as well as survivorship; or that provide direct services or resources to these vulnerable populations noted above. Since our membership launch in January 2016, more than 20 national organizations have signed on as SMHN Core Member Organizations.

The purpose of SelfMade Health Network is to:

- provide more "in-depth" insight leading to the creation of recommendations, messages and strategies that will be relevant to and have resonance with low SES populations resulting in sustainable tobacco cessation/prevention as well as cancer prevention and control for some of the nation's leading tobacco-related cancers;
- disseminate information and resources to promote the adoption of best practices and innovative solutions to broaden reach and more positively impact environments and service settings involving low SES populations nationwide and;

- foster and support new partnerships for a more effective, nationally integrated prevention and disease control system for those most in need.

The development and delivery of educational materials that are appropriate for both the patient community and the general public is an important objective for PAF. Each year, PAF creates and distributes a wide array of patient education materials, printed and electronic, designed with the mission of providing additional guidance for patients contacting our Foundation, as well as making materials available for the general public visiting our website and connecting with PAF. PAF's patient education materials are routinely utilized by other organizations and facilities who share them with their patients. The Foundation maintains an extensive library of PAF authored patient educational publications, as well as a cultivated group of materials from other industry experts, all of which are available free of charge to patients.

*The Coverage Access Guide*, a new publication developed in FY2015/2016, seeks to support a patient through all stages of insurance from beginning to end was made available in print supply and electronic form, and was later translated for native Spanish-speakers. Beginning with tips for enrollment and plan selection, this guide covers topics relevant to every insured patient. The guide concludes with articles that help understand federal disability enrollment and various pathways to Medicare and Medicaid insurance for those with age or disability eligibility. A companion new mobile phone app for Apple phones and tablets, *Coverage Access Guide: A Consumer's Guide to Insurance* was launched, which provides mobile articles that support a patient through all stages of insurance from beginning to end. This app is populated with content similar to the printed Coverage Access Guide, but is enhanced with additional mobile-only content. The mobile app includes in-depth articles on vocabulary, embedded videos and animated segments, actionable links to outside resources, and has the ability to be updated to cover breaking-news healthcare topics if needed. The second new publication developed during FY2015/2016, *The Metastatic Breast Cancer Guide*, is a connected disease-specific insert that is distributed alongside the *Coverage Access Guide* to provide patients more in-depth and custom guidance based on the specifics of their condition. Topics include genomic and genetic testing, disease-specific vocabulary and treatment terminology, personalized medicine, compassionate allowance for disability eligibility; workplace challenges while sick, living wills, palliative care and others.

In January 2016, the SelfMade Health Network (SMHN) launched its resource portfolio, as a collection of tools designed to guide/assist state cancer and tobacco programs, community based organizations and health systems to implement and adopt evidence based strategies to support populations experiencing cancer and tobacco related disparities. Included in the portfolio are infographics, fact sheets, webcasts and the SMHN website. The inaugural SMHN infographics debuted at the 2015 CDC Office of Smoking and Health National Partner Meeting. The three part document outlines practical strategies that state tobacco and cancer programs could apply to address cancer and tobacco related disparities among populations with low SES characteristics. As a follow-up to the info graphics, SMHN launched a four part; fact sheet series focused on the social determinants which has resulted in more than 1,000 downloads. Nearly 300 professionals have participated in three SMHN webcasts on topics ranging from lung cancer to linking Asian tobacco users to tobacco cessation. In the first month the website was live to the public, the site recorded 444 sessions with an average visit length of over 3 minutes.

A Twitter presence for SelfMade Health Network was created and launched with the handle @selfmadehealth. For the period July 2015- April 2016, SMHN posted 400 tweets resulting in more than 80,000 impressions. The SMHN hash tag (@selfmadehealth) has participated in numerous twitter chats including PCORI's #cancertalk event on September 29th, 2015, #equitychat on July 14, 2015. In September 2015, the SelfMade Health Network coordinated two separate media awareness regional campaigns to bolster the supply of CDC targeted campaigns in areas of disparate populations affected by breast cancer and colorectal cancer. Advertising materials were supplied by the 'Bring Your Brave' breast cancer screening campaign and the "Screen for Life" colorectal cancer awareness campaign. In Tennessee, materials were designed to reach and target Africa-American women in the Memphis geographical region impacted by factors of low socioeconomic status, and were distributed via online videos, bus posters and transit shelters, radio, community newspaper and outdoor signs. In West Virginia, materials were selected and designed to impact males and females statewide in areas with high populations of low socioeconomic status factors, including low income, low education, and rural geographic areas. In West Virginia, a mix of radio, interior bus signage, community newspapers, online video using YouTube were used to bring the messages to the audience.

In FY 2015/2016, expert webcast events were hosted to provide additional breast cancer specific guidance for patients living with this diagnosis, as well as the providers that worked on their behalf. These two webcast events continue to be available on-demand to meet the needs of the metastatic breast cancer community. *The Metastatic Breast Cancer Guide* is also available for Spanish-speaking audiences and is supplied in print and electronic versions.

In addition to the PAF regularly conducted specialized webinars, PAF launched a new branded interactive webinar series called *Patient Empowerment Series*. Presented live as well as available on-demand, these monthly sessions cover topics that help patients prevent and resolve challenges that often present during one's healthcare journey. Geared toward the patient and caregiver community, these free sessions are also appropriate for professional advocates, case workers, community social workers, nonprofit staff and other patient service groups. Within the 12 educational topics covered this year were important healthcare advice centered around open enrollment, accessing second opinions, clinical trials, genomic vs. genetic testing, workplace benefits and protections, disability benefits, preventive benefits, understanding prescription drug coverage and others important health and insurance related issues. Each session sought to engage the audience through interactive elements embedded within the webcast, including polls, live individual and group Q&A, electronic handout material, session surveys and downloadable slides.

The Foundation's case management staff provided follow up educational materials to all patients served by the Foundation by selecting appropriate educational materials from over 400 publications available in the Foundation's resource center. These publications include those authored by the Foundation as well as materials published by government agencies, various nonprofit healthcare organizations, academic institutions, healthcare providers and facilities as well as for profit healthcare companies. The Foundation distributed 22,313 pieces of educational material in customized patient education packets to those patients served in FY2015/2016.

During FY2015/2016, the Foundation's case management and co-pay relief teams also conducted educational outreach at the local, regional and national levels with the goal of educating healthcare professionals, nonprofit organizations and the general public about the services offered by the Foundation. This outreach was, in some cases, targeted to a specific population that is known to be considered disparate in healthcare access and disease outcomes data and included the African American population and Hispanic/Latino populations. In FY2015/2016, the Foundation distributed over 5,100 educational publications through outreach events.

The Scholarship for Survivors program was established to honor individuals that have experienced the impact of a chronic illness or life threatening disease on one's secondary education. These students have, despite their disease/condition, excelled academically, served the community, and desire to pursue a secondary education. Since the program's inception, PAF has awarded 71 scholarships totaling over \$470,000; of the 71 students, 45 have achieved fully degreed graduation and 12 are still pursuing their course of study. In FY2015/2016, PAF awarded 12 scholarships to students through this program.

### **Co-Pay Relief Program**

Launched in 2004, Patient Advocate Foundation's Co-Pay Relief Program (CPR) provides financial assistance with co-payments, co-insurance and deductibles required by a patient's insurer for pharmaceutical treatments and/or prescription medications prescribed to treat and/or manage the patient's disease. The program offers personal service to all patients through the use of call counselors; personally guiding patients through the enrollment and benefit process.

In FY2015/2016, PAF's Co-Pay Relief Program assisted patients through twenty one (21) disease specific funds including bladder cancer, breast cancer, cervical cancer, chronic pain, electrolyte imbalance, hepatitis C, hepatitis B, HIV, AIDS and prevention, homozygous Familial Hypercholesterolemia, inherited or acquired lipodystrophy, metastatic colorectal cancer, metastatic gastric cancer, metastatic prostate cancer, multiple myeloma, multiple sclerosis, myelodysplastic syndrome, non-small cell lung cancers (NSCLC), osteoporosis, ovarian cancer, periodic paralysis and renal cell carcinoma.

Currently, the Foundation's Co-Pay Relief Program offers a dedicated, secure web based application for patients and/or their family members to enroll electronically for the Co-Pay Relief Program directly from the Co-Pay Relief Program website. As well, CPR offers two dedicated, secured websites for medical providers and pharmacy representatives to enroll electronically for the Co-Pay Relief Program on behalf of the patients they are working with.

In FY2015/2016, the Foundation administered co-payment assistance to 35,335 qualified patients through the 21 assistance funds available through the Co-Pay Relief Program. The program staff fielded 129,602 telephone calls and processed claims totaling over \$51 million dollars in support of qualified patients out of pocket expenses for required co-payments, co-insurance and deductibles. Since its inception in 2004, the Foundation has provided co-payment assistance to over 180,000 individuals allocating more than \$358 million dollars in co-payment awards.

### **Service Contract**

In FY2008/2009, the Foundation entered into a transparent service administration contract with a national nonprofit organization. The Foundation has been contracted to provide full service, transparent administration services to qualified patients that enter their co-pay assistance program. The Foundation continued to provide this contractual service during FY2015/2016 and was paid administration fees on a monthly basis through this service contract. The Foundation administered services to 17,565 patients in FY2015/2016 through this contract.

- Management and General - All management and general costs not identifiable with a program or fundraising activity, but indispensable to conduct such programs and activities and the Foundation's existence, are included in this function. This includes expenses for the overall direction of the Foundation's business management, general record keeping, budgeting, financial reporting and activities relating to the function such as salaries, rent, supplies, equipment and other general overhead.

**Patient Advocate Foundation**  
**Notes to Financial Statements**

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- Fundraising - Activities performed by the Foundation to generate funds to operate.

***Income taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

***Advertising***

Advertising costs are charged to operations when incurred. Advertising costs for 2016 and 2015 were \$14,369 and \$13,435, respectively.

***Subsequent events***

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 24, 2016, the date the financial statements were available to be issued.

**3. Concentration of Credit Risk**

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of cash with various banks and investment securities. The Foundation places its temporary cash investments with high credit quality financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or the Securities Investor Protection Corporation (SIPC) up to \$250,000. At times, The Foundation places deposits in financial institutions that may be in excess of insured amounts. The Foundations has not experienced any financial loss as a result of such deposits.

**4. Investments**

Investments are stated at fair value and consist of the following:

<b><u>2016</u></b>	<b><u>Cost</u></b>	<b><u>Fair Value</u></b>	<b><u>Unrealized Gain (Loss)</u></b>
Treasury securities	\$ 556,873	\$ 560,887	\$ 4,014
Federal agency bonds	329,057	321,211	(7,846)
Certificates of deposit	404,000	409,449	5,449
Money market funds	<u>194,695</u>	<u>194,695</u>	<u>-</u>
	<b><u>\$ 1,484,625</u></b>	<b><u>\$ 1,486,242</u></b>	<b><u>\$ 1,617</u></b>
<b><u>2015</u></b>			
Treasury securities	\$ 738,488	\$ 736,418	\$ (2,070)
Federal agency bonds	329,253	323,700	(5,553)
Certificates of deposit	700,000	701,258	1,258
Money market funds	<u>171,995</u>	<u>171,995</u>	<u>-</u>
	<b><u>\$ 1,939,736</u></b>	<b><u>\$ 1,933,371</u></b>	<b><u>\$ (6,365)</u></b>

Fair value is 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. See below for discussion of fair value measurements.

### **Fair Value Measurements**

Financial Accounting Standards Board (FASB), Accounting Standard Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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Level 1     Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Foundation has the ability to access.

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Level 2     Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

*Treasury securities and federal agency bonds:* valued at prices obtained from an independent pricing service when such prices are available.

*Certificates of deposit:* long-term certificates of deposit purchased within five years to maturity are valued at amortized cost, which approximates market value.

*Money market funds:* valued at quoted market price for similar assets and other observable inputs such as interest rates offered on similar investments.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Patient Advocate Foundation  
Notes to Financial Statements**

The following sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value:

<b>Assets at Fair Value as of June 30, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Treasury securities	\$ -	\$ 560,887	\$ -	\$ 560,887
Federal agency bonds	-	321,211	-	321,211
Certificates of deposit	-	409,449	-	409,449
Money market funds	<u>194,695</u>	-	-	<u>194,695</u>
	<u>\$ 194,695</u>	<u>\$ 1,291,547</u>	<u>\$ -</u>	<u>\$ 1,486,242</u>

<b>Assets at Fair Value as of June 30, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Treasury securities	\$ -	\$ 736,418	\$ -	\$ 736,418
Federal agency bonds	-	323,700	-	323,700
Certificates of deposit	-	701,258	-	701,258
Money market funds	<u>171,995</u>	-	-	<u>171,995</u>
	<u>\$ 171,995</u>	<u>\$ 1,761,376</u>	<u>\$ -</u>	<u>\$ 1,933,371</u>

**5. Property and Equipment**

Property and equipment consist of the following:

	<b>2016</b>	<b>2015</b>
Furniture and fixtures	\$ 378,699	\$ 375,409
Office equipment	613,320	613,320
Computers, software and other assets	7,800,214	4,198,856
Leasehold improvements	82,605	78,896
Projects in progress (see Note 14)	-	1,176,616
	<u>8,874,838</u>	<u>6,443,097</u>
Accumulated depreciation	<u>(3,090,790)</u>	<u>(1,920,784)</u>
	<u>\$ 5,784,048</u>	<u>\$ 4,522,313</u>

Depreciation expense for 2016 and 2015 was \$1,170,006 and \$354,675, respectively.

**6. Self-Insurance**

Beginning March 2014, PAF made a policy decision to partially self-fund the health insurance program offered to their employees. The plan provides claims coverage up to a maximum of \$90,000 per contract and approximately \$1,029,751 for the aggregate of 121 contracts. PAF purchases commercial insurance for claims in excess of the self-funded retention on both an individual contract and aggregate basis. Costs of the program are accounted for in employee insurance and are reported on the schedules of functional expenses.



**Patient Advocate Foundation**  
**Notes to Financial Statements**

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PAF has recorded an unpaid claims liability for claims incurred but not recorded (IBNR). The liability is based upon actuarial estimate provided by the third party administrator. At June 30, 2016 and 2015, the IBNR liability was \$110,050 and \$101,764, respectively, and is reported on the statement of financial position in other liabilities.

**7. Capital Leases**

In June 2013, the Foundation entered into a lease classified as a capital lease of \$182,445. The economic substance of the lease is that the Foundation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Foundation's assets and liabilities. During 2016 and 2015, amortization under the aforementioned lease was \$36,489.

In October 2013, the Foundation entered into another lease classified as a capital lease of \$90,490. The economic substance of the lease is that the Foundation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Foundation's assets and liabilities. During 2016 and 2015, amortization under the aforementioned lease was \$18,098.

In March 2016, the Foundation entered into a lease classified as a capital lease of \$49,716. The economic substance of the lease is that the Foundation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Foundation's assets and liabilities. During 2016, amortization under the aforementioned lease was \$4,143.

In March 2016, the Foundation entered into a lease classified as a capital lease of \$23,635. The economic substance of the lease is that the Foundation is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Foundation's assets and liabilities. During 2016, amortization under the aforementioned lease was \$1,970.

At June 30, 2016 and 2015, total assets of \$346,287 and \$272,935, respectively are capitalized on the statements of financial position related to these capital leases. Accumulated amortization under the leases on these assets at June 30, 2016 and 2015, was \$173,117 and \$112,417 respectively.

The following is a schedule by years of future minimum payments required under the lease together with their present value:

<u>Years Ending</u> <u>June 30,</u>	
2017	\$ 79,474
2018	38,508
2019	<u>28,737</u>
	146,719
Amount representing interest	<u>(10,052)</u>
Capital lease obligations	136,667
Current portion	<u>(73,912)</u>
Present value of minimum lease payments	<u>\$ 62,755</u>

## 8. Long-term Debt

During 2015, the Foundation entered into a loan agreement with BB&T to borrow \$1,280,000 related to the purchase of a new database system. The interest bearing note payable has fixed monthly payments of \$23,404 maturing July 2020 at a 3.65% fixed interest rate. The amount outstanding under this loan was \$1,062,907 and \$1,280,000 at June 30, 2016 and June 30, 2015, respectively. The amount of interest expense incurred under this loan was \$46,574 and \$30,552 for 2016 and 2015, respectively. The loan contains certain affirmative and negative covenants, including the maintenance of certain financial ratios as defined in the agreement. As of June 30, 2016 and 2015, the Foundation was in compliance with the covenants.

Future payments of long-term debt are as follows:

<u>Years Ending June 30,</u>		
2017	\$	246,180
2018		255,318
2019		264,794
2020		274,623
2021		<u>21,992</u>
	<u>\$</u>	<u>1,062,907</u>

## 9. Restrictions on Net Assets

For 2016 and 2015, the Foundation had both temporarily restricted and board designated net assets.

Net assets are temporarily restricted by time and specific purpose as presented below:

	<u>2016</u>	<u>2015</u>
Co-Pay Relief Program funding (CPR)	\$ 162,321,989	\$ 72,590,064
Metastatic Breast Cancer Financial Aid Fund	343,800	-
Transportation Financial Aid Fund (Metastatic Melanoma & Lung Cancer)	87,000	76,200
Multiple Myeloma Transportation Fund	75,900	-
HeartValve Financial Aid Fund	66,000	108,000
LEISHLine Financial Aid Fund	12,000	-
LIVESTRONG/Movember Radiation Small Grant Fund	<u>-</u>	<u>51,000</u>
Financial Aid Programs	<u>\$ 162,906,689</u>	<u>\$ 72,825,264</u>

Unrestricted - board designated net assets consist of endowment fund investments to be used to promote and further support its charitable purposes, the income from which is expendable to support the general operations of the Foundation. At June 30, 2016 and 2015, unrestricted - board designated net assets were \$1,486,242 and \$1,933,371, respectively.

## **10. Pension Plan and Post-Retirement Benefits Obligation**

Effective November 1, 2008, the Foundation established a 401(k) plan and terminated the 403(b) plan. Employee retirement plan expense was \$246,368 and \$233,494 for 2016 and 2015, respectively.

Beginning on January 1, 2016, PAF began offering a Health Reimbursement account (HRA) for eligible, non-active retirees in order to fulfill the organizational imperative of encouraging access to affordable healthcare for PAF retirees. The HRA accounts are funded up to \$9,900 annually that can be utilized to pay for eligible healthcare premium expenses, including Medicare parts B and D, Medicare supplemental plans and long term care insurance premiums for the eligible retiree. To be eligible for participation in the retiree HRA benefit, PAF retirees must have worked actively and continuously as a full time employee for PAF for a minimum of 15 years or greater at time of retirement, be Medicare eligible at time of retirement either through meeting age requirements or disability requirements and have retired from PAF on or after January 1, 2014. At June 30, 2016, the Foundation's obligation to the plan totaled \$161,913 and is included within total accounts payable and accrued expenses on the Balance Sheet.

## **11. Donated Services and Property**

During 2016 and 2015, donated materials were valued at \$25,314 and \$40,281, respectively, primarily in support of the Foundation's annual Promise of Hope Affair.

In 2016 and 2015, the Foundation received pro bono legal services on behalf of patients being serviced by the Foundation through the National Legal Resources Network valued at \$4,000 and \$5,000, respectively. During 2016 and 2015, \$15,669 and \$26,446, respectively, in other professional services were donated and recognized as related income and expense for donated services.

## **12. Related Party Transactions**

During 2016 and 2015, the Foundation paid consulting fees of approximately \$700,000 and \$880,000, respectively, to National Patient Advocate Foundation (NPAF). NPAF and the Foundation have the same individual as their Chief Executive Officer. These fees are governed by an arm's length contractual arrangement between the two separate organizations and are in accordance with Internal Revenue Service guidelines dealing with transactions between a section 501(c)(3) organization and a section 501(c)(4) policy making entity. At June 30, 2016, there was \$10,058 due from NPAF to the Foundation and at June 30, 2015, there was \$84,191 owed by the Foundation to NPAF and included on the statements of financial position.

## **13. Operating Leases**

The Foundation leases a 36,500 square feet office space, under a ten-year lease agreement for \$52,970 per month, which expires in December 2023.

The Foundation leases additional office space in Texas for \$3,100 per month under a five-year lease agreement which was set to expire in 2019. During June 2016, the lease was terminated.

The Foundation also leases office equipment for use during operations, which consists of a postage machine.

Total lease payments for 2016 and 2015 were \$844,804 and \$728,962, respectively.

**Patient Advocate Foundation**  
**Notes to Financial Statements**

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Minimum future lease payments under the non-cancelable operating leases are as follows:

<u>Years Ending</u> <u>June 30,</u>	
2017	\$ 731,211
2018	767,387
2019	751,485
2020	681,866
2021	694,746
Thereafter	<u>1,590,337</u>
	<u>\$ 5,217,052</u>

**14. Commitments**

On May 31, 2016, Patient Advocate Foundation entered into an agreement with a vendor who will be implementing cloud applications and platform services for the case management database. The cost of the licensing fees over the next 3 years is approximately \$443,000.

**15. Projects in Progress**

In the fall of 2013, PAF embarked on the development of a new database initiative in an effort to provide better service to patients and more robust reporting capabilities for management. The first phase of the project went into service on June 1, 2015 and the final phase went into service on December 1, 2015. The project was put into service and is utilized by the Financial Support Programs administered by PAF including the CoPay Relief Program and the Contract Vendor Services divisions of the Foundation. The final cost of the project was \$5,978,000.

**16. Board Designated Endowments (UPMIFA)**

The Foundation's endowment fund was established to support its mission and exempt purpose by supporting its Direct Patient Services including case management and legal counseling/intervention and/or mediation necessary to assure access to health care for uninsured, underinsured and insured patients in addition to support in addressing debt crisis and/or job retention resulting from the diagnosis of a chronic or life threatening disease. The endowment fund builds long-term stability for the future of the Foundation by providing an additional source of income to meet an increasing demand for its programs and services.

**Patient Advocate Foundation  
Notes to Financial Statements**

The Foundation established the endowment fund in 2001. The funds were designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors of the Foundation has interpreted the state law under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation's endowment fund classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the board designated endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate board designated endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the board designated endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to the Foundation Direct Patient Services supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy.* The Foundation's Board of Directors governs the use of the endowment fund and identifies the mission related programs and services for which the funds will be used.

Endowment fund net asset composition and type of fund for 2016 is as follows:

	<u>Unrestricted</u>	<u>Unrestricted - Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total Net Endowment Fund Assets</u>
Board designated endowment funds	\$ _____	\$ 1,486,242	\$ _____	\$ 1,486,242

Endowment fund net asset composition and type of fund for 2015 is as follows:

	<u>Unrestricted</u>	<u>Unrestricted - Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total Net Endowment Fund Assets</u>
Board designated endowment funds	\$ -	\$ 1,933,371	\$ -	\$ 1,933,371

**Patient Advocate Foundation  
Notes to Financial Statements**

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Changes in endowment fund net assets in 2016 were as follows:

	<u>Unrestricted</u>	<u>Unrestricted - Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total Net Endowment Fund Assets</u>
Endowment fund net assets - beginning of year	\$ -	\$ 1,933,371	\$ -	\$ 1,933,371
Transfers	-	(512,115)	-	(512,115)
Investment gain	-	64,986	-	64,986
Endowment fund net assets - end of year	<u>\$ -</u>	<u>\$ 1,486,242</u>	<u>\$ -</u>	<u>\$ 1,486,242</u>

During FY16, funds totaling \$512,115 were transferred from the investment account to operating cash to partially fund progress payments on the new database replacement project.

Changes in endowment fund net assets in 2015 were as follows:

	<u>Unrestricted</u>	<u>Unrestricted - Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total Net Endowment Fund Assets</u>
Endowment fund net assets - beginning of year	\$ -	\$ 1,909,422	\$ -	\$ 1,909,422
Investment gain	-	23,949	-	23,949
Endowment fund net assets - end of year	<u>\$ -</u>	<u>\$ 1,933,371</u>	<u>\$ -</u>	<u>\$ 1,933,371</u>

***Supplementary Information***

**Patient Advocate Foundation**  
**Schedule of Functional Expenses**  
**Year Ended June 30, 2016**

	Program Services			Supporting Services			Total Functional Expenses	
	Patient/ Educational Services	Financial Aid Programs	Service Contracts	Total Program Expenses	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses:								
Salaries	\$ 3,221,525	\$ 2,745,483	\$ 1,790,143	\$ 7,757,151	\$ 687,850	\$ 796,850	\$ 1,484,700	\$ 9,241,851
Payroll taxes	252,481	158,059	135,982	546,522	54,858	63,569	118,427	664,949
Employee insurance	399,836	356,672	290,222	1,046,730	50,092	39,075	89,167	1,135,897
Employee retirement	93,546	58,562	50,382	202,490	20,325	23,553	43,878	246,368
Total salaries and related expenses	3,967,388	3,318,776	2,266,729	9,552,893	813,125	923,047	1,736,172	11,289,065
Accounting fees	-	9,700	-	9,700	84,374	-	84,374	94,074
Bank fees and interest	2,218	134,682	1,588	138,488	12,953	3,371	16,324	154,812
Conferences, conventions and meetings	692,301	-	-	692,301	30,998	99,437	130,435	822,736
Consultants	4,050	292,808	73,202	370,060	177	4,800	4,977	375,037
Financial Aid Programs	-	51,095,231	-	51,095,231	-	-	-	51,095,231
Depreciation	101,067	770,782	240,971	1,112,820	28,681	28,505	57,186	1,170,006
Donations	-	-	-	-	10,000	-	10,000	10,000
Equipment rental and maintenance	95,799	326,509	244,615	666,923	14,230	18,162	32,392	699,315
Insurance	4,770	4,255	3,463	12,488	59,301	466	59,767	72,255
Legal fees	11,033	330,068	8,009	349,110	1,382	1,078	2,460	351,570
Marketing	193,233	873	710	194,816	123	1,807	1,930	196,746
Occupancy	304,451	271,584	220,987	797,022	38,143	29,753	67,896	864,918
Postage and shipping	21,945	44,283	52,878	119,106	6,545	610	7,155	126,261
Printing and publications	40,126	29,595	-	69,721	1,958	6,850	8,808	78,529
Professional fees, NPAF	415,800	235,620	-	651,420	33,670	14,910	48,580	700,000
Property taxes	-	-	-	-	29,953	-	29,953	29,953
Recruiting	36,393	32,032	10,806	79,231	1,674	1,305	2,979	82,210
Scholarships	34,722	-	-	34,722	-	-	-	34,722
Staff meeting and incentives	17,795	15,874	12,917	46,586	2,229	1,739	3,968	50,554
Supplies	50,430	44,986	36,605	132,021	6,319	4,928	11,247	143,268
Telephone	179,013	311,007	193,047	683,067	21,851	17,046	38,897	721,964
Travel	67,358	-	881	68,239	3,276	67,088	70,364	138,603
Total functional expenses	\$ 6,239,892	\$ 57,268,665	\$ 3,367,408	\$ 66,875,965	\$ 1,200,962	\$ 1,224,902	\$ 2,425,864	\$ 69,301,829

See Independent Auditors' report



**Patient Advocate Foundation**  
**Schedule of Functional Expenses**  
**Year Ended June 30, 2015**

	Program Services				Supporting Services			Total Functional Expenses
	Patient/ Educational Services	Financial Aid Programs	Service Contracts	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses:								
Salaries	\$ 3,525,628	\$ 1,950,268	\$ 1,699,663	\$ 7,175,559	\$ 718,722	\$ 794,754	\$ 1,513,475	\$ 8,689,034
Payroll taxes	273,845	151,483	132,018	557,346	55,825	61,731	117,556	674,901
Employee insurance	366,452	202,710	176,662	745,825	74,704	82,606	157,310	903,135
Employee retirement	94,742	52,408	45,674	192,824	19,314	21,357	40,671	233,494
Total salaries and related expenses	4,260,668	2,356,869	2,054,016	8,671,553	868,564	960,448	1,829,012	10,500,564
Accounting fees	-	9,594	-	9,594	123,439	-	123,439	133,033
Bank fees and interest	20,842	80,410	11,047	112,299	5,713	1,940	7,653	119,952
Conferences, conventions and meetings	122,718	-	-	122,718	75,076	135,104	210,180	332,898
Consultants	17,810	2,451	-	20,261	468	319	788	21,049
Financial Aid Programs	-	28,348,018	-	28,348,018	-	-	-	28,348,018
Depreciation	126,831	90,037	79,614	296,481	29,185	29,009	58,194	354,675
Donations	-	-	-	-	1,250	-	1,250	1,250
Equipment rental and maintenance	108,660	339,790	174,872	623,322	10,337	6,950	17,288	640,609
Insurance	5,412	3,475	3,014	11,900	44,429	638	45,067	56,967
Legal fees	2,259	3,253	-	5,513	121,339	2,314	123,653	129,166
Marketing	25,134	13,237	10,802	49,173	6,775	4,166	10,941	60,114
Occupancy	270,851	221,680	193,166	685,697	35,250	27,467	62,717	748,414
Postage and shipping	43,609	70,375	61,198	175,182	4,558	3,424	7,983	183,165
Printing and publications	19,489	12,867	5,367	37,724	32,522	6,975	39,497	77,221
Professional fees, NPAF	522,720	296,208	-	818,928	42,328	18,744	61,072	880,000
Property taxes	-	-	-	-	29,251	-	29,251	29,251
Recruiting	3,944	2,135	1,726	7,805	12,851	571	13,422	21,227
Scholarships	33,000	-	-	33,000	-	-	-	33,000
Staff meeting and incentives	19,921	16,304	14,207	50,432	2,593	2,020	4,613	55,045
Supplies	46,395	37,972	33,088	117,455	6,038	4,706	10,744	128,199
Telephone	225,118	292,068	214,664	731,851	35,014	14,693	49,707	781,558
Travel	97,134	7,831	1,108	106,073	22,620	31,555	54,175	160,247
Total functional expenses	\$ 5,972,514	\$ 32,204,574	\$ 2,857,891	\$ 41,034,979	\$ 1,509,599	\$ 1,251,045	\$ 2,760,644	\$ 43,795,623