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## **Financial Statements and Supplementary Information**

**Years Ended June 30, 2017 and 2016**

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## **Independent Auditors' Report**

Board of Directors  
Patient Advocate Foundation  
Hampton, Virginia

### ***Report on the Financial Statements***

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, 2017 and 2016, 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, 2017 and 2016, 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.

***Emphasis of Matter***

As discussed in Note 17, certain errors related to the June 30 2016 financial statements were identified by management during 2017. Accordingly, the June 30, 2016 financial statements have been restated to correct the misstatement. Our opinion is not modified with respect to this matter.

***Report on Supplementary Information***

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, Virginia  
October 25, 2017**

**Patient Advocate Foundation**  
**Statements of Financial Position**  
**June 30, 2017 and 2016**

	2017	(Restated) 2016
<b>ASSETS</b>		
Current assets:		
General operating cash and cash equivalents	\$ 18,676,495	\$ 9,949,251
Restricted cash and cash equivalents	202,912,026	163,016,738
Unconditional promises to give	450,813	1,368,354
Service contract receivable	656,282	317,514
Due from National Patient Advocate	7,599	10,058
Investments and cash equivalents	1,996,636	1,486,242
Inventories	27,249	29,290
Prepaid expenses	591,597	459,093
Total current assets	225,318,697	176,636,540
Property and equipment, net	5,042,401	5,784,048
Other assets:		
Refundable deposits	50,331	50,331
	<u>\$ 230,411,429</u>	<u>\$ 182,470,919</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,220,674	\$ 1,129,492
Deferred revenue	16,448,938	9,461,776
Accrued vacation leave	150,269	214,117
Current portion of long-term debt	-	246,180
Current portion of obligation under capital lease	-	73,912
Total current liabilities	20,819,881	11,125,477
Long-term liabilities:		
Long-term debt, less current portion	-	816,727
Obligation under capital lease, less current portion	-	62,755
Postretirement benefits liability	2,184,558	2,133,593
Other liabilities	75,111	110,050
	<u>2,259,669</u>	<u>3,123,125</u>
Total liabilities	23,079,550	14,248,602
Unrestricted	5,422,899	3,829,386
Unrestricted, board designated	1,996,636	1,486,242
Total unrestricted net assets	7,419,535	5,315,628
Temporarily restricted	199,912,344	162,906,689
Total net assets	207,331,879	168,222,317
	<u>\$ 230,411,429</u>	<u>\$ 182,470,919</u>

See accompanying notes.

**Patient Advocate Foundation**  
**Statements of Activities**  
**Years Ended June 30, 2017 and 2016**

	2017					(Restated) 2016				
	Unrestricted - Board		Total Unrestricted	Temporarily Restricted	Total	Unrestricted - Board		Total Unrestricted	Temporarily Restricted	Total
	Unrestricted	Designated				Unrestricted	Designated			
Revenues, gains and other support:										
Contributions:										
Grants	\$ 5,733,646	\$ -	\$ 5,733,646	202,298,540	\$ 208,032,186	\$ 5,777,671	\$ -	\$ 5,777,671	\$ 141,176,656	\$ 146,954,327
Private and public donations	-	-	-	-	-	57,021	-	57,021	-	57,021
Donated services and materials	24,427	-	24,427	-	24,427	44,983	-	44,983	-	44,983
Program Administration	15,491,426	-	15,491,426	-	15,491,426	12,467,768	-	12,467,768	-	12,467,768
Patient Congress	92,500	-	92,500	-	92,500	150,000	-	150,000	-	150,000
Promise of Hope	201,945	-	201,945	-	201,945	263,156	-	263,156	-	263,156
Miscellaneous income (loss)	210,609	-	210,609	-	210,609	398,793	-	398,793	-	398,793
Investment income	1,125,879	(1,721)	1,124,158	-	1,124,158	656,052	64,986	721,038	-	721,038
Net assets released from restrictions:										
Transfers	(512,115)	512,115	-	-	-	512,115	(512,115)	-	-	-
Satisfaction of program restrictions										
Financial Aid Awards	165,292,885	-	165,292,885	(165,292,885)	-	51,095,231	-	51,095,231	(51,095,231)	-
Total revenues, gains and other support	<u>187,661,202</u>	<u>510,394</u>	<u>188,171,596</u>	<u>37,005,655</u>	<u>225,177,251</u>	<u>71,422,790</u>	<u>(447,129)</u>	<u>70,975,661</u>	<u>90,081,425</u>	<u>161,057,086</u>
Expenses and losses:										
Program services:										
Patient/educational services	6,670,284	-	6,670,284	-	6,670,284	6,239,892	-	6,239,892	-	6,239,892
Financial Aid Programs	173,172,689	-	173,172,689	-	173,172,689	57,268,665	-	57,268,665	-	57,268,665
Service contracts	3,322,248	-	3,322,248	-	3,322,248	3,367,408	-	3,367,408	-	3,367,408
Supporting services:										
Management and general	2,111,634	-	2,111,634	-	2,111,634	1,200,962	-	1,200,962	-	1,200,962
Fundraising	975,459	-	975,459	-	975,459	1,224,902	-	1,224,902	-	1,224,902
Total expenses	<u>186,252,314</u>	<u>-</u>	<u>186,252,314</u>	<u>-</u>	<u>186,252,314</u>	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>	<u>-</u>	<u>69,301,829</u>
Change in net assets before postretirement benefit charges other than periodic cost	1,408,888	510,394	1,919,282	37,005,655	38,924,937	2,120,961	(447,129)	1,673,832	90,081,425	91,755,257
Postretirement benefit charges other than periodic cost	184,625	-	184,625	-	184,625	(1,971,680)	-	(1,971,680)	-	(1,971,680)
Change in net assets	<u>1,593,513</u>	<u>510,394</u>	<u>2,103,907</u>	<u>37,005,655</u>	<u>39,109,562</u>	<u>149,281</u>	<u>(447,129)</u>	<u>(297,848)</u>	<u>90,081,425</u>	<u>89,783,577</u>
Net assets, beginning of year	<u>3,829,386</u>	<u>1,486,242</u>	<u>5,315,628</u>	<u>162,906,689</u>	<u>168,222,317</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>
Net assets, end of year	<u>\$ 5,422,899</u>	<u>\$ 1,996,636</u>	<u>\$ 7,419,535</u>	<u>\$ 199,912,344</u>	<u>\$ 207,331,879</u>	<u>\$ 3,829,386</u>	<u>\$ 1,486,242</u>	<u>\$ 5,315,628</u>	<u>\$ 162,906,689</u>	<u>\$ 168,222,317</u>

See accompanying notes.

**Patient Advocate Foundation**  
**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>(Restated) 2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 39,109,562	\$ 89,783,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,490,330	1,170,006
Net realized and unrealized (gain) loss on investments	21,334	(7,439)
Loss on disposal of fixed assets	16,075	-
Change in assets and liabilities:		
Unconditional promises to give	917,541	234,732
Service contract receivable	(338,768)	129,768
Due to/from Patient Advocate	2,459	(94,249)
Employee travel advances	-	300
Other receivables	-	5,590
Inventories	2,041	28,579
Prepaid expenses	(132,504)	(103,862)
Refundable deposits	-	3,000
Accounts payable and accrued expenses	3,091,182	383,775
Deferred revenue	6,987,162	6,215,104
Accrued vacation leave	(63,848)	(11,113)
Postretirement benefit liability	50,965	1,971,680
Other liabilities	(34,939)	8,286
Net cash provided by operating activities	<u>51,118,592</u>	<u>99,717,734</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(764,758)	(2,358,390)
Proceeds from sale of investments	2,266,560	477,268
Purchases of investments	(2,798,288)	(534,815)
Net cash used by investing activities	<u>(1,296,486)</u>	<u>(2,415,937)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for investment as endowment	-	512,115
Payments on long-term debt	(1,062,907)	(217,093)
Repayment of obligation under capital lease	(136,667)	(78,108)
Net cash provided (used) by financing activities	<u>(1,199,574)</u>	<u>216,914</u>
Net increase in cash and cash equivalents	48,622,532	97,518,711
Cash and cash equivalents, beginning of year	<u>172,965,989</u>	<u>75,447,278</u>
Cash and cash equivalents, end of year	<u>\$ 221,588,521</u>	<u>\$ 172,965,989</u>
Balance sheet presentation of cash and cash equivalents:		
General operating cash and cash equivalents	\$ 18,676,495	\$ 9,949,251
Restricted cash and cash equivalents	<u>202,912,026</u>	<u>163,016,738</u>
	<u>\$ 221,588,521</u>	<u>\$ 172,965,989</u>
:Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 26,430</u>	<u>\$ 46,574</u>
Supplemental disclosure of noncash transactions:		
Property and equipment acquired through capital lease	<u>\$ -</u>	<u>\$ 73,351</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 statements 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, 2017 and 2016, 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.

#### ***Restricted Cash***

Restricted cash consists of funds allocated for patient awards and financial aid.



**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. All promises to give are due within one year.

***Contributed services and property***

Certain contributed services and property are recorded as support and revenues 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**

For over 20 years, the Foundation has provided 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 22,111 individuals in FY2016/2017. On average, case managers made 20 contacts on behalf of each patient to relevant stakeholders in order to bring resolution to the patient's access issue.

During FY2016/2017, PAF administered seven (7) financial aid funds, providing financial assistance to qualified patients for practical cost of living expenses faced by patients. In FY2016/2017, PAF successfully provided one-time small grants to 1,924 patients, providing over \$1,020,700 in financial relief to qualified patients. The small grants range from \$300 - \$1,000 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:

- LEISHLLine 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
- Merkel Cell Carcinoma Financial Aid Fund: Serving patients diagnosed with a rare form of skin cancer known as Merkel Cell Carcinoma
- Multiple Myeloma Transportation Financial Aid Fund: Serving patients diagnosed with Multiple Myeloma
- 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
- DONNA Financial Aid Fund: Serving patients diagnosed with Breast Cancer that have received case management services through the DONNA CareLine

The Foundation continues to expand its reach beyond direct patient services to population health through a cooperative agreement with the Centers for Disease Control and Prevention supported by the Office of Smoking and Health and Division of Cancer Control. Through this award, the Foundation administers the SelfMade Health Network (SMHN), 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. For the period July 1, 2016 - June 30, 2017, 15 new partner organizations joined the SMHN. These networks of partners are critical to the dissemination of evidenced-based and promising practices to reduce cancer and tobacco related disparities among populations with low-SES characteristics.

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 SMHN website ([www.selfmadehealth.org](http://www.selfmadehealth.org)) is the hub and dissemination portal for tools and resources designed by SMHN to assist state and local public health departments, human service agencies, social service agencies, health care providers and other entities seeking to improve the health status of populations with low-SES characteristics experiencing cancer and/or tobacco related disparities. This is the platform where factsheets addressing specific topics are stored and available for download and dissemination. During FY2016/2017, nearly 71% of the viewers to the SMHN website were new viewers with the fact sheets page being the second most viewed page. SMHN released three new fact sheets Lung Cancer and Smoking, Men’s Cancer Health Disparities, and Breast Cancer & Financial Barriers resulting in nearly 400 downloads. In addition to its website, SMHN presented at a national conference to advance knowledge of cancer and tobacco related disparities among populations with low-SES characteristics and innovative strategies to reach this population. In FY2016/2017, SMHN had three posters accepted for the 2017 CDC National Conference on Tobacco or Health and was selected as a presenter for the 2017 CDC National Cancer Conference held in August 2017. In December 2016, SMHN held its first webcast devoted to men’s health entitled Examining Community Engagement to Address Colorectal Cancer Disparities and Survivorship. The webcast was attended by 55% of registered participants.

SMHN continues to have a presence on social media, specifically Twitter; however, in FY2016/2017 a more strategic approach was taken to identify and engage potential followers. SMHN used Twitter advertising to connect with diverse partners outside of the traditional SMHN audience. Specifically, campaigns targeted potential followers who were interested in tobacco cessation, cancer prevention and health equity. The precision targeting Twitter advertising ensured our message was shared with relevant, engaged users who are likely to follow us for future messages. Through continued use of Twitter advertising, the Network remains in front of important community voices and continues to position itself as an expert in the tobacco cessation and cancer prevention space as it relates to low socioeconomic populations.

SMHN developed eight messages to pique audience interest and increase follower count to further disseminate the Network message.

- Change starts at home in our community. Educate. Empower. Mobilize.
- Be the needle that moves your community. Learn how you can fight tobacco and cancer.
- Be in the know. Fight cancer and tobacco with us.
- Fight tobacco. Fight cancer. Fight for your community.
- Healthier communities start with tobacco cessation and cancer prevention.
- Get the latest in tobacco and cancer.
- Be the needle in your community. Fight cancer. Fight tobacco.
- Raise up. Fight cancer. Fight tobacco.

The ad campaign increased followers from 626 to 813 resulting in a 30% follower gain.

- Total Impressions - 63,915
- Increased Followers - 187 followers
- Location- United States - Top Follower State(s) - California, New York, Texas, Florida, and Georgia, Virginia, Indiana, North Carolina, New Jersey, Ohio

The West Virginia (WV) Lung Cancer Project is one of the newest initiatives launched by PAF in FY2016/2017. The project is designed to link individuals at risk for or diagnosed with lung cancer to case management support with specific focus on Medicaid beneficiaries and other low income populations across West Virginia. This project is conducted in partnership with the American Cancer Society, WV University Cancer Institute, WV Mountains of Hope Cancer Coalition, WV Cancer and Tobacco Programs, Aetna Better Health (WV CMO) and the WV Hospital Association. One of the key challenges is the limited knowledge among the provider population and general population about the new lung cancer screening guidelines. Although, an initial challenge, this has posed a great platform for both provider and public education. In the Spring of 2017, family practice providers from across West Virginia were educated on the new lung cancer screening guidelines and the new WV Lung CareLine resource available to support their patients. Additionally, to increase awareness among the general public a host of outreach events have been held, including targeted messages at all home basketball games for the West Virginia Mountaineers. To add a more personal touch to education efforts, four videos were developed for social media sharing, featuring local WV residents. The videos feature a lung cancer survivor; the family of the lung cancer survivor; health care professionals discussing the importance of lung cancer screening; and a gentleman who is a former smoker planning to schedule his lung cancer screening. The videos will be disseminated by the WV Lung Cancer Project Advisory Council through a myriad of outlets with the overall goal to increase awareness of and uptake in lung cancer screening among those who meet the lung cancer screening guidelines and subsequent linkage to the PAF WV Lung Cancer CareLine.

During FY2016/2017, the Foundation's patient services teams also conducted educational outreach at the local, regional and national levels with the goal of educating the general public, nonprofit organizations and members of the healthcare community who support patients about all of the services and educational materials 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. In FY2016/2017, the Foundation attended 27 outreach events and distributed over 7,030 educational publications through these events.

### **Scholarship for Survivors Program**

During PAF's daily interactions with patients, PAF staff often interface with patients who either themselves or a loved one has experienced the impact of a chronic illness or life threatening disease on one's post-secondary education. In 2000, the Scholarship for Survivors program was established to honor these individuals by offering educational scholarships to individuals who have suffered (or are suffering) a life threatening disease or chronic condition. These students have, despite their disease/condition, excelled academically, served the community, and desire to pursue a secondary education.

To date, PAF has awarded 83 scholarships totaling over \$506,000. In FY2016/2017, PAF awarded 12 scholarships to college students through this program.

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

Launched in 2004, the 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.

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

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In FY2016/2017, 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 B, Hepatitis C, HIV, AIDS and Prevention, Homozygous Familial Hypercholesterolemia, Inherited or Acquired Lipodystrophy, Metastatic Breast Cancer, Metastatic Colorectal Cancer, Metastatic Gastric Cancer, Metastatic Prostate Cancer, Multiple Myeloma, Multiple Sclerosis, Myelodysplastic Syndrome, Non-small Cell Lung Cancers (NSCLC), Osteoporosis, Ovarian Cancer, and Periodic Paralysis.

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 FY2016/2017, the Foundation administered co-payment assistance to 72,740 qualified patients through the 21 assistance funds available through the Co-Pay Relief Program. The program staff fielded 224,347 telephone calls and processed claims totaling over \$162 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 250,000 individuals allocating more than \$520 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 FY2016/2017 and was paid administration fees monthly through this service contract. The Foundation administered services to 31,107 patients in FY2016/2017 through this contract.

***Income taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the Commonwealth of Virginia Statutes; 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 2017 and 2016 were \$9,221 and \$14,369, respectively.

***Subsequent events***

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 25, 2017, 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. At June 30, 2017 approximately \$214,000,000 was in excess of insured amount. The Foundation has not experienced any financial loss as a result of such deposit

During the year ended June 30, 2017 four donors accounted for approximately 80% of donations.

### 4. Investments

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

<u>2017</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Treasury securities	\$ 854,237	\$ 848,752	\$ (5,485)
Federal agency bonds	166,992	165,447	(1,545)
Certificates of deposit	649,000	648,822	(178)
Money market funds	<u>333,615</u>	<u>333,615</u>	<u>-</u>
	<u>\$ 2,003,844</u>	<u>\$ 1,996,636</u>	<u>\$ (7,208)</u>
<u>2016</u>			
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>
	<u>\$ 1,484,625</u>	<u>\$ 1,486,242</u>	<u>\$ 1,617</u>

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. The 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:

- 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.

**Patient Advocate Foundation**  
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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.

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

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, 2017 and 2016.

*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 prices 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.

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, 2017</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Treasury securities	\$ -	\$ 848,752	\$ -	\$ 848,752
Federal agency bonds	-	165,447	-	165,447
Certificates of deposit	-	648,822	-	648,822
Money market funds	<u>333,615</u>	<u>-</u>	<u>-</u>	<u>333,615</u>
	<u>\$ 333,615</u>	<u>\$ 1,663,021</u>	<u>\$ -</u>	<u>\$ 1,996,636</u>

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	<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	194,695	-	-	194,695
	<u>\$ 194,695</u>	<u>\$ 1,291,547</u>	<u>\$ -</u>	<u>\$ 1,486,242</u>

**5. Property and Equipment**

Property and equipment consist of the following:

	<b>2017</b>	<b>2016</b>
Furniture and fixtures	\$ 369,711	\$ 378,699
Office equipment	581,408	613,320
Computers, software and other assets	7,754,016	7,800,214
Leasehold improvements	84,697	82,605
Projects in progress	256,214	-
	<u>9,046,046</u>	<u>8,874,838</u>
Accumulated depreciation	<u>(4,003,645)</u>	<u>(3,090,790)</u>
	<u>\$ 5,042,401</u>	<u>\$ 5,784,048</u>

Depreciation expense for 2017 and 2016 was \$1,490,330 and \$1,170,006, 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 \$1,309,439 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.

PAF has recorded an unpaid claims liability for claims incurred but not recorded (IBNR). The liability is based upon actuarial estimates provided by the third party administrator. At June 30, 2017 and 2016, the IBNR liability was \$75,111 and \$110,050, respectively, and is reported on the statements of financial position in other liabilities.

**7. Capital Leases**

Equipment under capital leases consists of four leases with a combined capitalized cost of \$346,287 at June 30, 2017 and 2016. Accumulated amortization under the leases on these assets at June 30, 2017 and 2016, was \$232,248 and \$173,117 respectively. During 2017 and 2016, amortization under these capital leases was \$79,037 and \$60,700, respectively. Amortization of assets held under these capital leases is included with depreciation expense on the statements of activities. As of June 30, 2017, the aforementioned capital leases were paid in full and the bargain purchase options were exercised.



## **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 required fixed monthly payments of \$23,404 maturing July 2020 at a 3.65% fixed interest rate. The amount outstanding under this loan at June 30, 2016 was \$1,062,907. During the year ended June 30, 2017 the loan was paid in full. The amount of interest expense incurred under this loan was \$26,430 and \$46,574 for 2017 and 2016, respectively.

## **9. Restrictions on Net Assets**

For 2017 and 2016, 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>2017</u>	<u>2016</u>
Co-Pay Relief Program funding (CPR)	\$ 199,106,364	\$ 162,321,989
Metastatic Breast Cancer Financial Aid Fund	310,800	343,800
Transportation Financial Aid Fund (Metastatic Melanoma & Lung Cancer)	74,100	87,000
Multiple Myeloma Transportation Fund	88,280	75,900
HeartValve Financial Aid Fund	23,000	66,000
LEISHLine Financial Aid Fund	22,200	12,000
Donna Foundation Fund	20,500	-
Merkel Cell Fund	<u>267,100</u>	<u>-</u>
Financial Aid Programs	<u>\$ 199,912,344</u>	<u>\$ 162,906,689</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, 2017 and 2016, unrestricted - board designated net assets were \$1,996,636 and \$1,486,242, respectively.

## **10. Pension Plan**

Effective November 1, 2008, the Foundation established a 401(k) plan and terminated the 403(b) plan. Employee retirement plan expense was \$253,236 and \$246,368 for 2017 and 2016, respectively.

## **11. Post-Retirement Benefits Obligation**

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. Upon retirement, eligible employees will receive reimbursements of 100% of the first \$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 employees 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 retirement either through meeting age requirements or disability requirements and have retired from PAF on or after January 1, 2014.

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Expected Net Benefit Payments for Fiscal Years Ending June 30:

2018	\$	24,509
2019		29,169
2020		33,449
2021		46,297
2022		59,303
2023 to 2027		<u>481,218</u>
	\$	<u>673,945</u>

Weighted Average Assumptions for Determining Benefit Obligations for fiscal year ending June 30:

	<u>2017</u>	<u>2016</u>
Discount rate	3.95%	3.63%
Healthcare trend rate		
Current rate	N/A	8.50%
Ultimate rate	N/A	4.00%
Year ultimate rate reached	N/A	2073

Weighted Average Assumptions for Determining Net Periodic Benefit Cost for fiscal year ending June 30:

	<u>2017</u>	<u>2016</u>
Discount rate	3.63%	4.37%
Healthcare trend rate		
Current rate	N/A	8.50%
Ultimate rate	N/A	4.00%
Year ultimate rate reached	N/A	2073

**Components of Net Periodic Benefit Cost**

	<u>2017</u>	<u>2016</u>
Service cost	\$ 229,706	\$ 83,533
Interest cost	75,071	35,333
Amortization of:		
Prior service cost/(credit)	86,094	43,047
Actuarial (gain)/loss	<u>6,632</u>	<u>-</u>
Net Periodic Benefit Cost	<u>\$ 397,503</u>	<u>\$ 161,913</u>

**Accumulated Postretirement Benefit Obligations**

Change in Accumulated Postretirement Benefit Obligations (APBO) for fiscal year ending June 30:

	<u>2017</u>	<u>2016</u>
Accumulated Postretirement Benefit Obligation, beginning of year	\$ 2,133,593	\$ -
Service cost	229,706	83,533
Interest cost	75,071	35,333
Amendments	-	1,636,642
Estimated benefits paid	(19,697)	(8,342)
Actuarial (gain)/loss	<u>(234,115)</u>	<u>386,427</u>
Accumulated Postretirement Benefit Obligation, end of year	<u>\$ 2,184,558</u>	<u>\$ 2,133,593</u>

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

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Change in Plan Assets for fiscal year ending June 30:

	<u>2017</u>	<u>2016</u>
Fair Value of Plan Assets, beginning of year	\$ -	\$ -
Employer contributions	19,697	8,342
Estimated benefits paid	<u>(19,697)</u>	<u>(8,342)</u>
Fair Value of Plan Assets, end of year	<u>\$ -</u>	<u>\$ -</u>

Funded status for fiscal year ending June 30:

	<u>2017</u>	<u>2016</u>
Accumulated Postretirement Benefit Obligation, end of year	\$ (2,184,558)	\$ (2,133,593)
Fair Value of Plan Assets, end of year	<u>-</u>	<u>-</u>
Net amount recognized in statement of financial position	<u>\$ (2,184,558)</u>	<u>\$ (2,133,593)</u>

## **12. Donated Services and Property**

During 2017 and 2016, donated materials were valued at \$19,774 and \$25,314, respectively, primarily in support of the Foundation's annual Promise of Hope Affair.

In 2017 and 2016, the Foundation received pro bono legal services on behalf of patients being serviced by the Foundation through the National Legal Resources Network valued at \$0 and \$4,000, respectively. During 2017 and 2016, \$4,653 and \$15,669, respectively, in other professional services were donated and recognized as related income and expense for donated services.

## **13. Related Party Transactions**

During 2017 and 2016, the Foundation paid consulting fees of approximately \$720,000 and \$700,000, 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, 2017 and 2016, there was \$7,599 and \$10,058, respectively, due from NPAF to the Foundation which is included on the statements of financial position.

## **14. 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 2017 and 2016 were \$746,753 and \$844,804, 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 June 30,</u>	
2018	\$ 774,738
2019	758,836
2020	689,236
2021	701,484
2022	700,871
Thereafter	<u>891,304</u>
	<u>\$ 4,516,469</u>

**15. 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 2 years is approximately \$296,000.

**16. Board Designated Endowments**

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.

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 Commonwealth of Virginia adopted the Uniform Prudent Management of Institutional Funds Act (UPMSFA) in 2008. The Board of Directors of the Foundation has interpreted state law 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 board designated endowment fund is classified as unrestricted net assets. 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.

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*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 2017 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	\$ -	\$ 1,996,636	\$ -	\$ 1,996,636

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

Changes in endowment fund net assets in 2017 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	\$ -	\$ 1,486,242	\$ -	\$ 1,486,242
Transfers	-	512,115	-	512,115
Investment loss	-	(1,721)	-	(1,721)
Endowment fund net assets - end of year	\$ -	\$ 1,996,636	\$ -	\$ 1,996,636

**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. These amounts were transferred back to the endowment during FY17.

**17. Prior Period Adjustment**

The Company implemented a Post-Retirement Benefit plan in 2016. At that time the actuarial determined underfunded postretirement benefit obligation should have been accrued as required under FASB ASC 715. The following accounts have been adjusted to reflect this accrual.

Selected statement of financial position as of June 30, 2016:	<u>As Previously Reported</u>	<u>As Restated</u>
Accounts payable	\$ 1,291,405	\$ 1,129,492
Postretirement benefits liability	-	2,133,593
Net assets unrestricted	5,801,066	3,829,386

Selected statement of activity for 2016:

Postretirement charges other than periodic cost	\$ -	\$ 1,971,680
Change in net assets	91,755,257	89,783,577

Selected statement of cash flow for 2016:

Change in net assets	\$ 91,755,257	\$ 89,783,577
Postretirement benefits liability	-	1,971,680

***Supplementary Information***

**Patient Advocate Foundation**  
**Schedule of Functional Expenses**  
**Year Ended June 30, 2017**

	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	\$ 3,327,204	\$ 2,966,387	\$ 1,894,040	\$ 8,187,631	\$ 1,260,335	\$ 658,972	\$ 1,919,307	\$ 10,106,938
Payroll taxes	216,876	193,357	123,458	533,691	82,152	42,953	125,105	658,796
Employee insurance	380,972	339,657	216,871	937,500	144,311	75,454	219,765	1,157,265
Employee retirement	83,365	74,325	47,456	205,146	31,579	16,511	48,090	253,236
Total salaries and related expenses	4,008,417	3,573,726	2,281,825	9,863,968	1,518,377	793,890	2,312,267	12,176,235
Accounting fees	-	16,529	-	16,529	108,607	-	108,607	125,136
Bank fees and interest	5,455	126,423	3,106	134,984	2,066	1,080	3,146	138,130
Conferences, conventions and meetings	719,022	-	-	719,022	29,058	-	29,058	748,080
Consultants	81,401	582,612	1,409	665,422	76,657	490	77,147	742,569
Financial Aid Programs	-	165,292,885	-	165,292,885	-	-	-	165,292,885
Depreciation	103,246	1,033,413	294,114	1,430,773	39,109	20,448	59,557	1,490,330
Loss on fixed assets disposal	-	-	-	-	16,075	-	16,075	16,075
Donations	-	-	-	-	10,300	-	10,300	10,300
Equipment rental and maintenance	315,481	224,610	137,063	677,154	69,242	37,181	106,423	783,577
Insurance	4,309	4,733	4,046	13,088	82,396	403	82,799	95,887
Legal fees	137,687	1,152,030	-	1,289,717	-	-	-	1,289,717
Marketing	127,206	161	103	127,470	69	36	105	127,575
Occupancy	232,968	255,913	218,762	707,643	29,772	21,780	51,552	759,195
Postage and shipping	71,184	78,612	67,470	217,266	13,823	286	14,109	231,375
Printing and publications	41,463	19,097	7,238	67,798	5,265	2,515	7,780	75,578
Professional fees, NPAF	342,148	377,852	-	720,000	-	-	-	720,000
Property taxes	-	-	-	-	34,038	-	34,038	34,038
Recruiting	-	9,722	9,531	19,253	-	-	-	19,253
Scholarships	36,000	-	-	36,000	-	-	-	36,000
Staff meeting and incentives	9,956	8,877	5,668	24,501	3,771	1,972	5,743	30,244
Supplies	53,057	47,303	30,203	130,563	20,098	10,508	30,606	161,169
Telephone	268,905	368,191	260,415	897,511	50,370	26,336	76,706	974,217
Travel	112,379	-	1,295	113,674	2,541	58,534	61,075	174,749
Total functional expenses	\$ 6,670,284	\$ 173,172,689	\$ 3,322,248	\$ 183,165,221	\$ 2,111,634	\$ 975,459	\$ 3,087,093	\$ 186,252,314

See independent auditors' report.



**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	<u>\$ 6,239,892</u>	<u>\$ 57,268,665</u>	<u>\$ 3,367,408</u>	<u>\$ 66,875,965</u>	<u>\$ 1,200,962</u>	<u>\$ 1,224,902</u>	<u>\$ 2,425,864</u>	<u>\$ 69,301,829</u>

See independent auditors' report.