



Patient Advocate Foundation

Financial Report

June 30, 2024

Patient Advocate Foundation

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Independent Auditor's Report

To the Board of Directors of
Patient Advocate Foundation
Hampton, Virginia

Report on the Audit of the Financial Statements

Opinion

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Patient Advocate Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Patient Advocate Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Patient Advocate Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Patient Advocate Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Note 3 to the financial statements includes non-financial program descriptions and has been designated as unaudited. Management is responsible for this information. In connection with our audit, our responsibility is to read this non-financial information and consider whether a material inconsistency exists between the unaudited non-financial information and the financial statements. If a material inconsistency existed, we are required to describe it in our report.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of Patient Advocate Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Patient Advocate Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Patient Advocate Foundation's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 18, 2024



Financial Statements

Patient Advocate Foundation

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
General operating cash and cash equivalents	\$ 14,546,938	\$ 39,923,118
Restricted cash and cash equivalents	184,355,850	232,635,422
Unconditional promises to give (Note 18)	17,034,563	4,402,716
Accounts receivable (Note 6)	2,463,308	3,004,915
Interest receivable	643,055	790,213
Due from National Patient Advocate Foundation (Note 16)	34,034	4,717
Investments (Note 7)	82,333,096	52,224,088
Inventories	93,296	81,938
Prepaid expenses	644,034	427,186
Total current assets	<u>302,148,174</u>	<u>333,494,313</u>
PROPERTY AND EQUIPMENT, net (Note 8)	5,367,177	5,476,000
RIGHT-OF-USE ASSET - OPERATING LEASE (Note 9)	5,602,912	6,124,040
OTHER ASSETS	50,331	50,331
	<u>\$ 313,168,594</u>	<u>\$ 345,144,684</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 5,072,565	\$ 4,822,335
Due to National Patient Advocate Foundation (Note 16)	9,950	1,695
Postretirement benefits liability, current portion (Note 14)	68,311	78,204
Deferred revenue (Note 6)	18,360,154	19,262,923
Accrued vacation leave	602,378	614,314
Operating lease liability - current portion (Note 9)	519,112	492,149
Total current liabilities	<u>24,632,470</u>	<u>25,271,620</u>
LONG-TERM LIABILITIES		
Postretirement benefits liability, less current portion (Note 14)	2,047,391	2,156,686
Incurred but not recorded liabilities (Note 10)	79,000	168,495
Operating lease liability, less current portion (Note 9)	5,235,810	5,754,922
Total long-term liabilities	<u>7,362,201</u>	<u>8,080,103</u>
Total liabilities	<u>\$ 31,994,671</u>	<u>\$ 33,351,723</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	\$ 32,620,605	\$ 26,650,151
Board designated (Notes 11 and 17)	2,333,096	7,224,088
Total net assets without donor restrictions	<u>34,953,701</u>	<u>33,874,239</u>
NET ASSETS WITH DONOR RESTRICTIONS (Note 12)	246,220,222	277,918,722
Total net assets	<u>281,173,923</u>	<u>311,792,961</u>
Total liabilities and net assets	<u>\$ 313,168,594</u>	<u>\$ 345,144,684</u>

Patient Advocate Foundation

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES						
Contributions:						
Grants & Scholarships	\$ 3,195,787	\$ 209,100,776	\$ 212,296,563	\$ 4,829,926	\$ 239,035,800	\$ 243,865,726
Private and public donations	363,846	-	363,846	250,186	-	250,186
Donated services (Note 15)	-	-	-	16,150	-	16,150
Donated materials (Note 15)	-	19,695	19,695	-	19,152	19,152
Program administration	18,199,957	-	18,199,957	23,199,770	-	23,199,770
Patient Insight Congress	71,786	-	71,786	46,141	-	46,141
Promise of Hope	86,370	-	86,370	138,190	-	138,190
Patient Action Council	50,000	-	50,000	75,000	-	75,000
Investment return, net	12,545,181	-	12,545,181	8,796,626	-	8,796,626
Net assets released from restrictions:						
Satisfaction of program restrictions (Note 12)	240,818,971	(240,818,971)	-	304,982,072	(304,982,072)	-
Total revenues, gains and other support	<u>275,331,898</u>	<u>(31,698,500)</u>	<u>243,633,398</u>	<u>342,334,061</u>	<u>(65,927,120)</u>	<u>276,406,941</u>
OPERATING EXPENSES						
Program services:						
Patient/educational services	7,719,040	-	7,719,040	7,441,926	-	7,441,926
Financial aid programs	254,274,596	-	254,274,596	312,844,794	-	312,844,794
Service contracts	7,938,964	-	7,938,964	8,396,814	-	8,396,814
Supporting services:						
Management and general	3,019,639	-	3,019,639	3,214,013	-	3,214,013
Fundraising	1,399,746	-	1,399,746	1,444,464	-	1,444,464
Total expenses	<u>274,351,985</u>	<u>-</u>	<u>274,351,985</u>	<u>333,342,011</u>	<u>-</u>	<u>333,342,011</u>
Change in net assets from operations	979,913	(31,698,500)	(30,718,587)	8,992,050	(65,927,120)	(56,935,070)
OTHER NONOPERATING CHANGES						
Postretirement benefit changes other than periodic cost (Note 14)						
	99,549	-	99,549	(45,989)	-	(45,989)
Change in net assets	1,079,462	(31,698,500)	(30,619,038)	8,946,061	(65,927,120)	(56,981,059)
NET ASSETS						
Beginning of year	33,874,239	277,918,722	311,792,961	24,928,178	343,845,842	368,774,020
End of year	<u>\$ 34,953,701</u>	<u>\$ 246,220,222</u>	<u>\$ 281,173,923</u>	<u>\$ 33,874,239</u>	<u>\$ 277,918,722</u>	<u>\$ 311,792,961</u>

The Notes to Financial Statements are an integral part of these statements.

Patient Advocate Foundation

Statement of Functional Expenses

Year Ended June 30, 2024

	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:								
Employee insurance	\$ 367,475	\$ 523,540	\$ 510,259	\$ 1,401,274	\$ 98,814	\$ 48,885	\$ 147,699	\$ 1,548,973
Employee retirement (Note 13)	142,443	136,729	139,632	418,804	35,424	28,713	64,137	482,941
Payroll taxes	351,420	341,282	348,456	1,041,158	32,459	30,250	62,709	1,103,867
Salaries	4,642,869	4,862,727	4,854,570	14,360,166	1,144,505	966,924	2,111,429	16,471,595
Total salaries and related expenses	5,504,207	5,864,278	5,852,917	17,221,402	1,311,202	1,074,772	2,385,974	19,607,376
Accounting fees	-	27,500	-	27,500	210,650	-	210,650	238,150
Bank fees and interest	2,006	121,673	-	123,679	7,306	8,515	15,821	139,500
Conferences, conventions and meetings	138,869	-	-	138,869	3,101	95,922	99,023	237,892
Consultants	34,845	68,940	19,374	123,159	-	-	-	123,159
Depreciation	270,954	625,921	704,210	1,601,085	5,122	5,051	10,173	1,611,258
Donations	-	-	-	-	350	-	350	350
Equipment rental and maintenance	331,542	421,509	415,765	1,168,816	44,651	34,182	78,833	1,247,649
Financial aid programs	-	245,801,793	-	245,801,793	-	-	-	245,801,793
Grant expenses	729,809	-	-	729,809	-	-	-	729,809
Insurance	3,268	4,630	4,630	12,528	133,247	409	133,656	146,184
Legal fees	-	-	-	-	165,447	-	165,447	165,447
Loss on fixed assets disposal	3,967	5,617	5,617	15,201	827	496	1,323	16,524
Marketing	22,815	6,667	-	29,482	23,908	7,406	31,314	60,796
Occupancy	173,406	245,659	245,659	664,724	36,127	21,675	57,802	722,526
Postage and shipping	8,812	244,343	142,770	395,925	891	9,123	10,014	405,939
Printing and publications	26,770	24,660	9,027	60,457	22,783	6,864	29,647	90,104
Processing services	18,299	523,847	252,411	794,557	-	-	-	794,557
Professional fees, NPAF (Note 16)	-	-	-	-	980,000	-	980,000	980,000
Property taxes	-	-	-	-	23,537	-	23,537	23,537
Recruiting	-	-	-	-	9,777	-	9,777	9,777
Scholarships	112,500	-	-	112,500	-	-	-	112,500
Staff meeting and incentives	20,783	25,602	27,549	73,934	16,381	2,062	18,443	92,377
Supplies	23,880	21,247	18,457	63,584	13,427	19,034	32,461	96,045
Telephone	252,650	237,067	237,067	726,784	10,410	6,246	16,656	743,440
Travel	39,658	3,643	3,511	46,812	495	107,989	108,484	155,296
Total functional expenses	\$ 7,719,040	\$ 254,274,596	\$ 7,938,964	\$ 269,932,600	\$ 3,019,639	\$ 1,399,746	\$ 4,419,385	\$ 274,351,985

The Notes to Financial Statements are an integral part of these statements.

Patient Advocate Foundation

Statement of Functional Expenses

Year Ended June 30, 2023

	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:								
Employee insurance	\$ 400,970	\$ 644,057	\$ 761,650	\$ 1,806,677	\$ 100,877	\$ 54,884	\$ 155,761	\$ 1,962,438
Employee retirement (Note 13)	126,095	67,651	74,463	268,209	200,498	45,083	245,581	513,790
Payroll taxes	283,544	273,565	337,097	894,206	109,799	133,915	243,714	1,137,920
Salaries	4,472,389	4,633,795	5,305,900	14,412,084	1,032,131	914,930	1,947,061	16,359,145
Total salaries and related expenses	5,282,998	5,619,068	6,479,110	17,381,176	1,443,305	1,148,812	2,592,117	19,973,293
Accounting fees	-	8,575	-	8,575	231,926	-	231,926	240,501
Bank fees and interest	-	105,371	-	105,371	6,944	5,737	12,681	118,052
Conferences, conventions and meetings	326,972	-	-	326,972	767	98,243	99,010	425,982
Consultants	94,654	112,101	67,705	274,460	-	-	-	274,460
Depreciation	192,178	401,940	380,870	974,988	6,580	4,876	11,456	986,444
Donations	-	-	-	-	6,824	-	6,824	6,824
Equipment rental and maintenance	263,663	317,856	380,300	961,819	69,255	27,421	96,676	1,058,495
Financial aid programs	-	304,953,200	-	304,953,200	-	-	-	304,953,200
Grant expenses	636,768	-	-	636,768	-	-	-	636,768
Insurance	2,037	2,963	3,612	8,612	145,661	278	145,939	154,551
Legal fees	-	-	-	-	187,574	-	187,574	187,574
Loss on fixed assets disposal	2,411	3,507	4,274	10,192	438	328	766	10,958
Marketing	16,107	9,383	-	25,490	21,028	6,297	27,325	52,815
Occupancy	160,236	233,072	284,056	677,364	29,257	21,850	51,107	728,471
Postage and shipping	9,640	155,802	96,994	262,436	374	3,721	4,095	266,531
Printing and publications	25,103	50,755	26,832	102,690	4,051	2,169	6,220	108,910
Processing services	16,321	599,928	350,677	966,926	-	-	-	966,926
Professional fees, NPAF (Note 16)	-	-	-	-	980,000	-	980,000	980,000
Property taxes	-	-	-	-	22,831	-	22,831	22,831
Recruiting	-	-	-	-	10,523	-	10,523	10,523
Scholarships	105,000	-	-	105,000	-	-	-	105,000
Staff meeting and incentives	30,306	26,246	32,337	88,889	13,645	5,022	18,667	107,556
Supplies	16,602	25,946	22,770	65,318	22,041	14,555	36,596	101,914
Telephone	211,963	218,542	266,652	697,157	8,899	10,148	19,047	716,204
Travel	48,967	539	625	50,131	2,090	95,007	97,097	147,228
Total functional expenses	\$ 7,441,926	\$ 312,844,794	\$ 8,396,814	\$ 328,683,534	\$ 3,214,013	\$ 1,444,464	\$ 4,658,477	\$ 333,342,011

The Notes to Financial Statements are an integral part of these statements.

Patient Advocate Foundation

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (30,619,038)	\$ (56,981,059)
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	1,611,258	986,444
Amortization of right-of-use asset - operating lease	521,128	507,161
Net realized and unrealized (gain) loss on investments	(10,872)	7,960
Loss on disposal of fixed assets	16,524	10,958
Net (increase) decrease in:		
Unconditional promises to give	(12,631,847)	13,815,737
Accounts receivable	541,607	(1,138,742)
Interest receivable	147,158	(706,733)
Due to/from National Patient Advocate Foundation	(21,062)	(7,979)
Inventories	(11,358)	(1,744)
Prepaid expenses	(216,848)	(38,559)
Net increase (decrease) in:		
Accounts payable and accrued expenses	250,230	(5,376,090)
Deferred revenue	(902,769)	(2,135,678)
Accrued vacation leave	(11,936)	2,902
Postretirement benefit liability	(119,188)	(16,668)
Incurred but not recorded liabilities	(89,495)	39,670
Operating lease liability	(492,149)	(483,180)
Net cash and cash equivalents used by operating activities	<u>(42,038,657)</u>	<u>(51,515,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,518,959)	(2,082,610)
Proceeds from property and equipment	-	8,259
Proceeds from sale of investments	-	10,387,118
Purchases of investments	<u>(30,098,136)</u>	<u>(384,778)</u>
Net cash and cash equivalents provided (used) by investing activities	<u>(31,617,095)</u>	<u>7,927,989</u>
Net decrease in cash and cash equivalents	<u>(73,655,752)</u>	<u>(43,587,611)</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	272,558,540	316,146,151
End of year	<u>\$ 198,902,788</u>	<u>\$ 272,558,540</u>
BALANCE SHEET PRESENTATION OF CASH AND CASH EQUIVALENTS		
General operating cash and cash equivalents	\$ 14,546,938	\$ 39,923,118
Restricted cash and cash equivalents	184,355,850	232,635,422
	<u>\$ 198,902,788</u>	<u>\$ 272,558,540</u>
NONCASH SUPPLEMENTAL DISCLOSURES		
Adoption of FASB ASC 842:		
Right-of-use asset - operating lease	\$ -	\$ 6,631,201
Prepaid rent applied	-	(71,442)
Deferred rent liability applied	-	170,492
Lease liability incurred	-	(6,730,251)
Cash paid to acquire right-of-use asset	<u>\$ -</u>	<u>\$ -</u>

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 1 – Organization and Nature of Activities

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 nonprofit organizations.

Note 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.

Basis of Presentation

The financial statements report amounts separately by classes of net assets.

Net assets without donor restrictions are currently available at the discretion of the Board of Directors for use in the Foundation's operations. Included in the amounts without donor restrictions are Board designated net assets. Board designated net assets consist of a portion of investment funds. The Board will determine how these investment funds will be utilized.

Net assets with donor restrictions are those that are stipulated by donors for specific purposes. When a donor restriction is satisfied by utilizing the funding for its intended purpose, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

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.

Program Service Revenue

The Foundation has identified two categories of program service revenue subject to the principles of Accounting Standards Codification (ASC) Topic 606: program administration and service agreements (Patient Insight Congress and Patient Action Council).

Service Agreements

The Foundation has entered into various contracts with strategic non-profit partners to serve as third-party administrators. The majority of the service agreement revenue is related to the execution of the responsibilities associated with the administration of the non-profit partner's patient assistance programs. The Foundation recognizes revenue over time and is based upon a percentage rate applied to the total dollar amount of claims processed each month. Payment is due upon receipt of the monthly invoices. Accounts receivable consist of amounts expected to be collected from balances outstanding at year-end.

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Administrative Fees

The Foundation earns administrative fees based on funds provided to qualified patients for Co-Pay Relief Funds and Financial Aid Programs contributed for specific diseases. The services the Foundation provides to the donors for these disease-specific programs are considered to be reciprocal in nature. The performance obligation is satisfied when patient reimbursement claims are processed which releases donor restricted net assets for the individual programs. The rate is based on management's estimate of the future direct, indirect, and capital expenditure costs of administering the programs. The Foundation reassesses the rate at year-end to ensure no adjustments are needed to the rate used throughout the year to recognize revenue based on total financial assistance provided and total direct, indirect, and capital expenditure costs incurred.

Contract Liabilities

Contract liabilities are included in deferred revenue on the accompanying statements of financial position and consist primarily of upfront payments received from partners for program revenue for which performance obligations are not yet satisfied. Deferred revenue is recognized as revenue when the associated performance obligation has been satisfied.

Contributions and Grants

In accordance with ASC Topic 958-605, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC Topic 606. If the transfer of assets is determined to be a contribution, the Foundation determines if the contribution is conditional based upon whether the agreement includes both of the following: (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions and grants, including donations of cash, in-kind contributions, and unconditional promises to give (pledges), are recognized as revenue when an unconditional promise to give has been made and are recorded as with donor restrictions or without donor restrictions, depending on the donor intent. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and released as the restriction is met. Conditional contributions are recognized when the conditions on which they depend are substantially met. Contributions are recorded at fair value, and in the case of pledges, are recorded at the present value of their estimated future cash flows.

All pledges are due within one year. Allowances are recorded for their estimated uncollectible contributions based on management's judgement, past collection experience and other relevant factors. At June 30, 2024, management considered all contribution receivable (unconditional promises to give) balances to be fully collectible.

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of funds earmarked for patient awards and financial aid by donors.

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Unconditional Promises to Give

Unconditional promises to give consist primarily of donations from various donors to support the CoPay program. See Note 18 for further details.

Contributed Services and Materials

Certain contributed services and materials 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.

Investments

Investments include certificate of deposits, money market funds, and marketable debt securities with readily determinable fair values, and are reported at their fair values in the statements of financial position. Changes in fair value of investments are determined based on cost and are recorded in the statements of activities in the period in which they occur. Investment returns, net of fees, restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (either by passage of time or by use) in the reporting period in which the returns, net of fees, are recognized. Dividends and interest are recognized as earned.

Inventories

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

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 contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated on the straight-line method over the following estimated useful lives:

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

Functional Expenses

The Foundation's expenses are related to the performance of three functions: program services, management and general, and fundraising. The Foundation allocates its expenses on a functional basis among its various programs and supporting services in the statements of activities. Therefore, certain expenses have been allocated to programs and supporting services benefited based on full time employee equivalents. Salaries are allocated based on resources spent. Depending upon the staff member job description and duties, their time is allocated over programs, administrative and/or fundraising.

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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 Costs

Advertising costs are charged to operations when incurred. Advertising costs were \$60,796 and \$52,815 for 2024 and 2023, respectively.

Adoption of New Accounting Standard

Effective July 1, 2023, the Foundation adopted ASU 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Foundation adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Foundation that are subject to ASU 2016-13 include trade, pledge receivables, and grant receivables. The adoption of this ASU did not have a material impact on the Foundation's financial statements but did change how an allowance for uncollectible accounts receivable is determined, if material.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 18, 2024, the date the financial statements were available to be issued.

Note 3 – Programs (Unaudited)

The Foundation has multiple programs that provide direct and indirect support to patients and caregivers including.

Case Management Services

For 28 years, the Foundation has provided case management interventions for critically or chronically ill patients across the nation. Our mission is to help patients connect with and maintain access to prescribed healthcare services and medications, navigate insurance barriers, find resources to support cost-of-living expenses during treatment, evaluate and sustain health insurance coverage, and manage or reduce out-of-pocket medical and living expenses.

PAF's professional case management services are offered at no cost to patients and their families. We collaborate closely with patients, their loved ones, and their care teams, often taking the lead in resolving complex healthcare access and affordability challenges. In FY23/24, the Foundation's case management staff directly assisted or advocated for 14,028 individuals, collectively living with 635 unique diseases. On average, each case involved an average of 30 contacts with relevant stakeholders to achieve resolution, totaling 425,825 unique interactions. The average contacts per case increased 20% over FY22/23. This effort resulted in an average debt relief or patient savings of \$1,294 per case. PAF provided these services through a complement of 35 unique programs.

In addition to these services, PAF distributed 2,542 educational publications to patients and those seeking information in FY23/24. The Foundation operates a diverse portfolio of 27 unique case management programs, each designed to support patients in their healthcare journeys, working to resolve access and affordability issues that, if not addressed, impact care and health outcomes.

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Patient Education and Empowerment

PAF extends its patient services by developing and delivering patient education and empowerment tools with a focus on providing practical advice and guidance to healthcare consumers. These tools aim to enhance individuals' day-to-day experiences with insurance and encourage active engagement within the healthcare system. PAF's educational activities are designed based on the conversations that occur among case managers, patients, and caregivers, focusing on those topics for which patients most frequently seek help. Annually, PAF creates, maintains, and disseminates a diverse range of patient education materials and online resources, available in both printed and electronic formats. PAF's educational portfolio encompasses a wide array of subjects, presented in various formats to cater to the preferences and needs of multiple audiences. This includes patients, caregivers, professionals, as well as those directly interacting with the foundation for assistance and the general public accessing the website and engaging with PAF.

PAF's patient education resources are frequently utilized by other organizations and institutions, who share these materials with their own patients. The Foundation curates an extensive library of PAF-authored patient educational publications, on-demand webinars, interactive training series, and resourceful tools. All resources are accessible at no cost to patients.

In FY2023/2024, the Foundation's Patient Education and Empowerment team successfully published 71 new, translated, or revised publications, along with audio recordings, educational webinars, and presentations. Additionally, PAF provided support for two multi-year educational projects: the Patient Action Council project and Matters of the Heart. Furthermore, the team undertook four standalone projects: The creation of Biomarker Tip Sheets and audio recordings, the creation of a new "Getting the Most From Your Medicare Benefits" publication and video series, the creation of our "Empowered Care Series", a three-part publication series that educates and empowers individuals in making crucial decisions regarding their well-being as they navigate the challenges of end-of-life care, and the creation of a new "The Insider's Guide to Drug Formularies and Medication Benefits" publication. The department established a partnership with the New York University (NYU) Global Public Health department, and in January/February 2024, a NYU Intern provided digital marketing assistance by reviewing descriptions of our 275 resources and re-wording them utilizing established key words. Using these descriptions, she entered meta descriptions to further support Search Engine Optimization (SEO).

In FY2023/2024, the department conducted its first impact evaluation survey for the National Financial Resource Directory (NFRD). 90% of respondents rated NFRD highly valuable, 88% of respondents will likely share the tool with others, and 78% of respondents found the tool easy to navigate. Users of the directory conducted a total of 120,428 searches. These searches yielded 3,736,314 matching resources, averaging 31 customized resources per search. The most frequently sought-after financial assistance categories were for cost of living and medical and prescription costs. The top 8 assistance types, ranked by search frequency, were: Financial Assistance Support, Charitable Copayment Assistance, Medication Costs, Medical Bills, Utilities, Food & Nutrition, Affordable Options for Care, and Transportation.

During FY2023/2024, members of the Foundation's staff also conducted, participated in, and hosted educational outreach at the local, regional, and national levels with the goal of educating the public, nonprofit organizations, and members of the healthcare community (who support patients) about the services and educational materials offered by the Foundation and the challenges facing patients as they navigate their treatment journey. This outreach was, in cases, targeted to a population outlined in healthcare access and disease outcomes data as affected by social determinants of health and underserved communities. While PAF is still participating in virtual events, attendance at in-person events has increased significantly. PAF continues to support virtual engagements to reach a broader audience through various sources and increase public awareness of PAF resources to patients and families. In FY23/24, attended 120 outreach events and distributed 4135, an increase of 5% over FY23/22, educational publications through these events.

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Health Equity Initiative

Health equity is the philosophy, the leading principle, which guides PAF's decision-making process and behavior across the organization. It informs what we do, where we do it, who we serve and how we reach them. It frames the tactical approach to reduce health disparities among specific populations with improved health outcomes being the overall goal. PAF's commitment is shaped by the stories of the patients served by the Foundation and informed by the employees that enrich PAF operations and deliver exceptional customer service. Specific activities focus on tackling social/financial support needs and mitigating barriers that impact access to health services.

Social Need Clinical Integration Demonstration Project

In partnership with Miles Square Health System (MSHS), a federally qualified health system serving low-income individuals across Chicago, developed and implemented a demonstration project to explore the feasibility of integrating social needs assessment within the clinical workflow of patients receiving care in the breast cancer survivorship clinic. Overall, 157 MSHC patients were screened for Social Determinants of Health (SDOH) risk. Of those, 57 did not have a SDOH risk and 100 patients were positive for an SDOH risk. Of the 100 eligible patients, 46% identified as female and 54% identified as male. 61% of these patients identified as Black; 18% were Latinx; 17% were White; 2% were other; and 2% were unknown. 21% of the eligible patients were under the age of 47, 28% were between the ages of 47 and 55, 24% were 56-62 years old, and 27% were 63 or older. 92% of the eligible patients had public insurance, 5% had private insurance, and 3% were uninsured. 42% of the patients were referred from the survivorship clinic while 57% of patients were referred from the behavioral health clinic. 1% did not take a referral. During the Quality Improvement (QI) intervention, 100 patients were eligible to be referred to PAF, 90 were successfully referred while 10 declined a referral. The SDOH addressed by PAF included transportation, financial assistance, housing, and food insecurity. SDOH needs addressed by PAF included financial (85), housing (59), transportation (53), and food insecurity (76). 31% of patients exhibited 4 or more SDOH, 53% experienced 2-3 total SDOH, and 16% had 1 SDOH. PAF experienced 40% lack of contact with referred patients with an average of 30.56 contacts per patient and 21.51 days to case closure. From those who were successfully contacted, 24% had fewer missed appointments, 6% had more missed appointments, and 28% had no change in appointment attendance.

SelfMade Health Network (SMHN)

- PAF successfully competed and was awarded a new five-year cooperative agreement from the Centers for Disease Control and Prevention-Division of Cancer Prevention and Control and Office of Smoking on Health to continue operation of the SelfMade Health Network (SMHN). The new National Networks Driving Action (DP23-0015) award will allow SMHN to expand efforts to address cancer and tobacco related disparities by expanding training and technical assistance support to not just National Comprehensive Cancer Control Programs (NCCCP) and National State Tobacco Control Programs (NSTCP), but their coalition partners in an effort to address the social drivers of health disparities. This new cooperative agreement allows for the implementation of an upstream, evidenced-based approach to bring about sustainable policy, system, and environmental changes.
- The SMHN closed out the previous award in September 2023 with some significant accomplishments. SMHN expanded its national network with the addition of 13 new organizations representing local health systems, academia, state public health entities, community-based organizations, and faith-based organizations. Through the Tri-Networks Human Papillomavirus Virus (HPV) Learning Collaborative (a partnership with Nuestras Voces and Geographic Health Equity Alliance-a sibling national network) training and technical assistance was provided to National Comprehensive Cancer Control Program staff and coalition members representing Cherokee Nation, Florida, Indiana, Georgia, Michigan, New Jersey, Ohio, and Tennessee. More than 10 National State Tobacco Control Programs, who identified populations with low socioeconomic characteristics as a priority population benefited from direct technical assistance provided on behalf of SMHN by Emory University. Some of the feedback received included:

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- "...resources that {redacted} just mentioned that they provided with us so we could go back after meetings and whatnot and use with the community groups as well, just with the implementation. The resources were pretty valuable."
- "it (a webinar on health equity) provided an opportunity for us as the state to go back and look at our state tobacco plan and to make sure that we embedded health equity throughout each of the goals of the state tobacco plan and the objectives and the strategies. That provided an opportunity to make sure that we were incorporating health equity throughout the plan."
- "And because of those strategies that I've been able to learn from the consultative selling approach, I was really able to establish some new partnerships with new partners, some organizations that we haven't really partnered with in the past and really just using those steps and being really intentional in the approach was really helpful for me and something that I've been able to see with having been able to schedule some follow up meetings and really just establish a strong, relationship. Whereas in the past, I think there's the tendency, and I know I've done this a little bit, too, and tend to try to be really pushy with the tobacco prevention and control approach that we have. Obviously, we know it is important for our communities."
- Collectively SMHN reached more than 600 attendees via webinars on topics such as:
 - Enhancing Community-Clinical Linkages to Expand Lung Cancer Screening Nationwide
 - Examining the Intersection of Cancer Disparities Among Populations with Low Socioeconomic Status (SES) Characteristics (with CME/CNE/CPH and CEU credits)
 - From Prevention to Screening and Survivorship: A Roadmap for Reducing Shared Risks Associated with Cancers and Cardiovascular Disease Among Low-Income Populations and Patients (2 Part Series/SMHN partnership with the American Heart Association)
 - Lung Cancer Disparities: Addressing Gaps and Opportunities to Improve Health Outcomes and Health Equity Among Low-Income Populations and Other Populations with Low Socioeconomic Status (SES) Characteristics (3 Part Series)
 - Webinar Series: Moving Cancer Moonshot Forward by Connecting More States, Health Systems, Sectors, and Communities to Improve Health Equity, Access, and Outcomes (4 Part Series)
- Additionally, half of state NCCCPs and NSTCPs participated in either one-on-one technical assistance or group learning activities provided by SMHN.

Health Equity Affinity Group

As PAF continues to focus on opportunities to expand its commitment to health equity, bold internal changes were made, including publishing a revised PAF Policies and Procedures Manual that is a refined, equity focused Employee Handbook; the development and implementation of the inaugural Diversity, Equity and Inclusion employee survey and subsequent development of staff-led health equity work streams to develop and implement strategies in response to survey outcomes.

Community Outreach and Engagement

Community Outreach and Engagement is our strategic approach to reaching and meeting people where they are, in the communities where they live, work, play, and pray, alongside the various community-based organizations and stakeholders that are on the frontlines each day striving to bring about sustainable change. Through our Health Equity Initiatives (HEI) we continue to establish and cultivate strategic partnerships with community-based organizations, health systems, and academic institutions where the portfolio of services provided by PAF can reach those who need them the most. Our approach seeks to engage and work with organizations who are on the front line striving to connect those who routinely may not be connected to the health care system. This approach is intentional and reflects our commitment to taking PAF "to the people" and not simply waiting for them to find us.

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Awards, Recognitions, New Platforms

PAF received the Advocacy Award from the Rare Disease Diversity Coalition (RDDC) for our steadfast leadership and commitment to addressing disparities among persons living with rare diseases. This was awarded to PAF by the Black Women's Health Initiative, the convening entity of the RDDC.

In recognition of Rare Disease week, in February 2024, PAF Health Equity (HE) staff was invited to moderate a panel at the inaugural Rare Disease Forum hosted by the White House Office of Science and Technology Policy. This event was viewed online by more than 500 viewers elevating necessary attention of the disease odyssey and research opportunities for persons living with rare diseases.

In March 2024, PAF HE joined a panel of thought leaders for the 2024 Politico Health Summit. This was the first time that PAF HE staff participated in this event. The summit addressed topics such as health equity, the future of medicine, the latest in health tech, new drugs and more highlighting the impact on patients now and in the future. Highlights from the summit were broadcasted on outlets such as C-SPAN.org <https://www.politico.com/healthcaresummit2024>.

Health Services Research

The aim of the Health Services Research portfolio is to improve the patient experience by studying the patient journey, unmet needs, and the impact that systems and social support interventions have on overall patient health and wellbeing. Major research, evaluation, and patient experience/engagement initiatives in FY2023-2024 included ongoing partnerships on research intervention projects with academic and partners including: the University of North Carolina at Chapel Hill, Emory University, Fred Hutchinson Cancer Research Center as well as a new project with University of California Irvine that launched in August 2023. These projects utilize Case Management as an intervention to address financial and social need. In addition to PAF's intervention work, PAF continues to partner with scientific and/or academic institutions to develop and analyze survey data that are the cornerstone of our peer reviewed publications. This year eight articles were published in peer reviewed journals and nine abstracts presented at national meetings.

PAF's Research Evaluation and Patient Experience team was also involved in a patient-centered project to support the field in integrating patient voices into health policy, care, and research initiatives. A key partnership with Center to Advance Palliative Care (CAPC) integrated patient perspectives into provider-facing education materials. PAF also serves/d as thought leaders and content experts, as well as key partners in facilitation of outreach and collection of the patient experience on a number of topics including Social Drivers of Health, Clinic Factors affecting care, and demographic collection at the point of care to advance equity. PAF continues to build partnerships, and these relationships were reflected through partnered projects with National Opinion Research Center (NORC) at the University of Chicago, AcademyHealth, and the University of California at San Francisco (SIREN: Social Interventions Research and Evaluation Network).

Collectively, this body of work serves to further PAF's mission by advancing the field's knowledge of the patient experience around access and affordability, thus providing insight into how to best meet patients' financial and social needs in a way that is patient-centered and advances the tenants of health equity.

Scholarship for Survivors Program

It is common for Foundation staff to interact with patients and families who are struggling to afford post-secondary education due to the financial burden associated with a chronic illness or life-threatening disease. In 2000, PAF established the Scholarship for Survivors program to honor these individuals by offering educational scholarships to students who have suffered (or are suffering) from cancer or a chronic illness. These students have, despite their diagnosis, excelled academically, served the community, and desire to pursue a secondary education.

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PAF's signature fundraising event for the scholarship program, A Promise of Hope Affair, was held on September 16, 2023. Through this event, generous PAF donors helped support 40 scholarships through the Scholarship for Survivors program for the 2024-2025 academic year. To date, the Foundation has awarded 235 scholarships totaling over one million dollars.

Financial Support Programs

For over 20 years, PAF's Co-Pay Relief Program (CPR) has provided financial assistance for co-payments, co-insurance and deductibles required by a patient's insurer for medications prescribed to treat and/or manage the patient's disease.

In FY2023/2024 PAF's Co-Pay Relief Program expanded its impact through the addition of four (4) new general funds, assisting patients in five (5) new Health Equity (HE) funds and forty-nine (49) existing funds including:

Acromegaly, Acute Myeloid Leukemia, Alzheimer's Disease HE, Amyloidosis, Asthma, Bile Duct Cancer, Breast Cancer, Breast Cancer HE, Cancer Genetic & Genomic Testing, Cervical Cancer, Chronic Obstructive Pulmonary Disease HE, Coronary Artery Disease HE, Covid-19 & Post Covid Conditions, Cystic Fibrosis, Diabetes, Diabetes HE, Diabetes Type 2 HE, Gaucher Disease, Gaucher Disease HE, Heart Failure HE, Hemophilia, Hepatitis B, Hepatitis C HE, Hepatocellular Carcinoma, HIV, AIDS & Prevention, HIV, AIDS & Prevention HE, Homozygous Familial Hypercholesterolemia, Lupus, Lupus HE, Melanoma, Metastatic Breast Cancer, Metastatic Colorectal Cancer, Metastatic Colorectal Cancer HE, Metastatic Prostate Cancer, Multiple Myeloma, Multiple Myeloma HE, Multiple Sclerosis, Multiple Sclerosis HE, Myelodysplastic Syndromes, Non-Small Cell Lung Cancers, Non-Small Cell Lung Cancers HE, Ovarian Cancer, Ovarian Cancer HE, Pancreatic Cancer, Parkinson's Disease HE, Periodic Paralysis, Prostate Cancer, Prostate Cancer HE, Pulmonary Fibrosis, Pulmonary Hypertension, Renal Cell Carcinoma, Rheumatoid Arthritis, Small Cell Lung Cancer, Social Needs Assessment & Intervention Fund, Spinal Muscular Atrophy, Spinal Muscular Atrophy HE, Thyroid Eye Disease and Virology Testing HE.

PAF's Co-Pay Relief Program established Health Equity funds in 2022, a new type of fund that makes CPR more accessible and beneficial for patients who needed the most help and are not being served adequately by the existing medical and copay infrastructure. Developed using the CDC's Social Vulnerability Index (SVI) and CDC Disease Incidence data, our Health Equity Funds serve people living in 220 counties across the United States that have been identified by the CDC as having the highest social vulnerability scores and are burdened with high rates of chronic diseases. The Health Equity Funds are designed to specifically provide support to eligible patients living in one of the 220 counties covered by the funds, which is verified using the zip code of the patient's home address. All other eligibility requirements, and fund operation, are the same as our general funds. In FY2023/2024, the Foundation established five (5) new Health Equity funds including: Gaucher Disease HE, Lupus HE, Multiple Sclerosis HE, Spinal Muscular Atrophy HE and Diabetes Type 2 HE. PAF has provided nearly 10,000 patients with assistance through the HE funds.

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. The Foundation also offers telephonic support services to patients who prefer to receive personal assistance from a program specialist.

In FY2023/2024, the Foundation administered co-payment assistance to 75,629 qualified patients through 58 assistance funds available through the Co-Pay Relief Program. The program staff fielded 194,142 telephone calls and processed claims totaling over \$243,377,348 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 753,000 individuals allocating \$2.4 billion dollars in co-payment awards.

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PAF also administered a suite of fifteen (15) small grant programs in FY2023/2024 referred to as Financial Aid Funds, each providing financial assistance to qualified patients for out of pocket and cost of living expenses patients struggle to manage when dealing with a chronic or critical disease. In FY2023/2024, program staff fielded 21,111 telephone calls and successfully provided one-time small grants to 2,445 patients, totaling \$5,158,800 in financial relief. The small grants range from \$500-\$4500 per patient and are designed to defray non-medical expenses, including transportation, lodging, nutritional needs, childcare and burial expenses, faced by patients because of their diagnosis and treatment.

The financial aid fund programs include:

- ARDS Alliance Sumita Dixit Recovery Fund: serving patients diagnosed with acute respiratory distress syndrome (ARDS).
- Begin Again Foundation Amputee Fund: serving patients diagnosed with sepsis who have experienced an amputation as a result sepsis.
- Begin Again Foundation Bereavement Fund: supports funeral expenses associated with patients who have passed and died from ARDS, Toxic Shock Syndrome (TSS) and/or Sepsis.
- Begin Again Foundation Financial Aid Fund: serving patients diagnosed with ARDS, TSS and/or Sepsis.
- Begin Again Foundation Southeastern Virginia Financial Aid Fund: serving patients diagnosed with ARDS, TSS and/or Sepsis that reside in Southeastern Virginia.
- Case Management Immediate Need Fund: serving patients with an immediate need to cover the out-of-pocket expenses associated with cost-of-living expenses related to treatments.
- DONNA Financial Aid Fund: Serving patients diagnosed with Breast Cancer that have received case management services through the DONNA Careline.
- Heart Valve Financial Aid Fund: Serving patients diagnosed with a heart valve condition.
- Merkel Cell Carcinoma Financial Aid Fund: Serving patients diagnosed with a rare form of skin cancer.
- Mia's Miracles: serving pediatric patients diagnosed with brain cancer.
- National Ovarian Cancer Coalition Clinical Trial Fund: serving patients that have been diagnosed with ovarian cancer, fallopian tube cancer or peritoneal cancer and are participating in a clinical trial, by providing financial assistance for cost-of-living expenses.
- National Ovarian Cancer Coalition Treatment Fund: serving patients that have been diagnosed with ovarian cancer, fallopian tube cancer or peritoneal cancer, by providing financial assistance for cost-of-living expenses.
- Oklahoma Transportation Financial Aid Fund: serving patients that have been diagnosed with prostate cancer and reside in Oklahoma.
- The Pediatric Amino Acid & Metabolic Formulas Emergency Assistance Fund: serving families who have experienced unexpected costs related to an in-patient hospitalization or emergency room visit of a child who is reliant on amino acid-based or metabolic based formulas for nutrition.
- Thyroid Eye Disease: supports patients who are being evaluated, undergoing treatment, or receiving follow up care for prostate cancer.
- In FY2023/2024, 1,641 patients received financial relief from fifteen (15) financial funds, totaling \$2,267,500.

Non-Profit Program Administration Agreements

In 2009, the Foundation entered into a transparent service administration agreement with a national nonprofit organization. The Foundation has been engaged to provide full service, transparent administration services to qualified patients that enter their co-pay assistance and patient financial aid programs. The Foundation continued to provide this contractual service during 2024 and 2023. The Foundation administered services to 70,982 and 69,619 patients in 2024 and 2023, respectively, through this service agreement.

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Note 4 – Concentrations

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 \$500,000. The Foundation normally has deposits in financial institutions in excess of insured amounts. Deposits of approximately \$131,000,000 and \$172,000,000 at June 30, 2024 and 2023, respectively, were in excess of insured amounts. The Foundation has not experienced any financial loss as a result of such deposits.

During the years ended June 30, 2024 and 2023, four donors accounted for approximately 84% of restricted grant donations received. As of June 30, 2024 and 2023, respectively, five donors and one donor accounted for approximately 100% and 99% of unconditional promises to give.

Note 5 – Liquidity and Availability of Resources

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. The Foundation considers general expenditures to be all expenditures related to its ongoing activities of providing services to its clients as well as the conduct of services undertaken to support those activities' general expenditures.

The following schedule explains the Foundation's financial ability to meet cash needs for general expenses within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others, or because the governing board has set aside funds for a specific purpose. These board designations could be withdrawn if the board approved that action.

	2024	2023
General operating cash and cash equivalents	\$ 14,546,938	\$ 39,923,118
Unconditional promises to give excluding promises restricted for the Co-Pay Relief Program	681,383	176,109
Accounts receivable	2,463,308	3,004,915
	<u>\$ 17,691,629</u>	<u>\$ 43,104,142</u>

As part of the Foundation's liquidity management, the Board has invested cash in debt and equity investments, short-term investments, certificates of deposits, and money market funds. The Board has designated these funds as discussed in Note 17. The balance of the board designated endowment investments was \$2,333,096 and \$2,224,088 at June 30, 2024 and 2023, respectively.

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Note 6 – Comparative Detail

Contract balances related to membership dues (program service revenue) are included in the accompanying statements of financial position as accounts receivable and deferred revenue. Accounts receivable and deferred revenue consists of the following types of revenue at June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts receivable:			
Program service revenue	\$ 1,568,572	\$ 1,635,411	\$ 1,012,282
Contributions and grants	894,736	1,369,504	853,891
	<u>\$ 2,463,308</u>	<u>\$ 3,004,915</u>	<u>\$ 1,866,173</u>
Deferred revenue:			
Program service revenue	\$ 17,099,897	\$ 18,453,933	\$ 20,972,914
Contributions and grants	1,260,257	808,990	596,179
	<u>\$ 18,360,154</u>	<u>\$ 19,262,923</u>	<u>\$ 21,569,093</u>

Note 7 – Investments and Fair Value Measurements

Accounting standards establish a 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 under applicable accounting standards 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 and cash equivalents (money market funds).

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.

The following is a description of the valuation techniques used for Level 2 and Level 3 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

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Treasury securities and federal agency bonds: valued at prices obtained from an independent pricing service when such prices are available. These are included as Level 2 measurements in the table below.

Certificates of deposit: long-term certificates of deposit purchased within five years to maturity are valued at amortized cost, which approximates market value. These are included as Level 2 measurements in the table below.

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:

Assets at Fair Value as of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Federal agency bonds	\$ -	\$ 182,802	\$ -	\$ 182,802
Certificates of deposit	-	80,000,000	-	80,000,000
Money market funds	2,150,294	-	-	2,150,294
	\$ 2,150,294	\$ 80,182,802	\$ -	\$ 82,333,096

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Federal agency bonds	\$ -	\$ 465,863	\$ -	\$ 465,863
Certificates of deposit	-	50,132,259	-	50,132,259
Money market funds	1,625,966	-	-	1,625,966
	\$ 1,625,966	\$ 50,598,122	\$ -	\$ 52,224,088

Note 8 – Property and Equipment

Major classes of property and equipment consisted of the following at year-end:

	2024	2023
Computers, software and other assets	\$ 8,990,480	\$ 9,951,977
Projects in progress	579,567	1,893,107
Furniture and fixtures	466,561	471,561
Office equipment	243,547	198,706
Leasehold improvements	100,581	107,299
	10,380,736	12,559,844
Accumulated depreciation	(5,013,559)	(7,008,844)
	\$ 5,367,177	\$ 5,476,000

Depreciation expense was \$1,611,258 and \$986,444 for 2024 and 2023, respectively.

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 9 – Operating Lease

The Foundation leases a 36,500 square feet of office space, under a ten-year lease agreement, which expires in September 2033. The initial rent payment was \$52,970 per month and the agreement includes annual rent increases every other October. The Foundation also leases office equipment for use during operations, which consists of a postage and folding machine. The leases do not include variable payments and there were no material residual value guarantees or restrictive covenants included in the lease agreements.

The lease expense under this agreement was \$692,988 and is shown as occupancy on the statements of functional expenses for both 2024 and 2023.

Weighted average lease term and discount rate as of June 30, were as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	9.25 years	10.25 years
Weighted average discount interest rate	2.88%	2.88%

Future minimum lease payments are:

<u>Year Ending</u>	
2025	\$ 676,459
2026	680,609
2027	693,371
2028	697,624
2029	710,705
Thereafter	<u>3,103,381</u>
Total lease payments	6,562,149
Less present value discount	<u>(807,227)</u>
Present value of lease liability	<u><u>\$ 5,754,922</u></u>

Note 10 – Self-Insurance

The Foundation participates in a partially self-funded health insurance program offered to their employees. During 2024 and 2023, the plan provided claims coverage up to a maximum of \$120,000 per contract and claims covered were \$1,416,020 and \$1,439,987, respectively, for an aggregate of 159 and 157 contracts, respectively. 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 statements 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. The IBNR liability was \$79,000 and \$168,495 at June 30, 2024 and 2023, respectively, and is reported on the statements of financial position in long-term liabilities.

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 11 – Net Assets Without Donor Restrictions – Board Designated

Board designated net assets without donor restrictions consist of the following as of June 30,:

	<u>2024</u>	<u>2023</u>
Endowment (Note 17)	\$ 2,333,096	\$ 2,224,088
Co-Pay Relief Program funding	-	3,000,000
Financial Aid Programs	-	2,000,000
Total net assets without donor restrictions - board designated	<u>\$ 2,333,096</u>	<u>\$ 7,224,088</u>

Note 12 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following specific purpose as of June 30,:

	<u>2024</u>	<u>2023</u>
Co-Pay Relief Program funding	\$ 242,803,330	\$ 273,279,224
Financial Aid Programs	3,414,372	4,639,498
Promise of Hope Gala materials	2,520	-
Total net assets with donor restrictions – purpose or time	<u>\$ 246,220,222</u>	<u>\$ 277,918,722</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors for the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Co-Pay Relief Program funding	\$ 236,836,393	\$ 303,577,315
Financial Aid Programs	3,965,400	1,404,757
Promise of Hope Gala materials	17,178	-
Total restrictions released	<u>\$ 240,818,971</u>	<u>\$ 304,982,072</u>

Note 13 – Pension Plan

The Foundation has a 401(k) plan in which both full and part-time employees are eligible to participate upon their date of hire. The Foundation matches employee contributions for the first 3% of eligible compensation at 100% and an additional 2% of eligible compensation at 50%. The employer match was \$482,941 and \$513,790 for 2024 and 2023, respectively, which is shown as employee retirement on the statements of functional expenses

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 14 – 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% up to \$9,900 annually that can be utilized to pay for eligible healthcare expenses, healthcare premium expenses, including Medicare parts B, 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 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. Effective January 1, 2021, participants must have been hired on or before January 1, 2009, to be eligible for postretirement benefits. The removal of employees hired after January 1, 2009, triggered curtailment accounting under ASC 715-30, *Compensation - Retirement Benefits*.

Expected future net benefit payments are as follows:

<u>Year Ending</u>	
2025	\$ 68,311
2026	77,061
2027	90,542
2028	103,765
2029	121,609
2030 - 2034	782,851
	<u>\$ 1,244,139</u>

Weighted average assumptions for determining benefit obligations and net periodic benefit cost for fiscal years ending June 30:

	<u>2024</u>	<u>2023</u>
Discount rate, benefit obligations	5.34%	4.92%
Discount rate, net periodic benefit cost	4.92%	4.48%
Healthcare trend rate*		
Current rate	N/A	N/A
Ultimate rate	N/A	N/A
Year ultimate rate reached	N/A	N/A

* Healthcare trend rates are not applicable to the Foundation as the benefit payment is fixed for this plan.

Components of Net Periodic Benefit Cost

	<u>2024</u>	<u>2023</u>
Service cost	\$ 80,251	\$ 82,409
Interest cost	102,788	100,041
Amortization of:		
Prior service cost	20,526	20,526
Actuarial gain	(71,625)	(51,397)
Net periodic benefit cost	<u>\$ 131,940</u>	<u>\$ 151,579</u>

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Accumulated Postretirement Benefit Obligations

Change in accumulated postretirement benefit obligations (APBO) for fiscal years ending June 30:

	2024	2023
APBO, beginning of year	\$ 2,234,890	\$ 2,251,558
Service cost	80,251	82,409
Interest cost	102,788	100,041
Estimated benefits paid	(68,815)	(78,711)
Actuarial loss	(233,412)	(120,407)
APBO, end of year	\$ 2,115,702	\$ 2,234,890

Funded status for fiscal years ending June 30:

	2024	2023
APBO, end of year	\$ (2,115,702)	\$ (2,234,890)
Fair value of plan assets, end of year	-	-
Net amount recognized in statements of financial position	(2,115,702)	(2,234,890)
Current portion	68,311	78,204
Long term portion	\$ 2,047,391	\$ (2,156,686)

Note 15 – Gifts In-Kind

Gifts in kind consists of donated services and supplies and are broken down as follows:

	Amount	Donation Description	Method of Valuation	Donor Restriction
Donated services:				
2024	\$ -	N/A	N/A	N/A
2023	\$ 16,150	Marketing communication services	Estimated purchase cost for similar services	N/A
Donated materials:				
2024	\$ 19,695	Gift basket items	Estimated purchase cost for similar services	Promise of Hope fundraising event
2023	\$ 19,152	Gift basket items	Estimated purchase cost for similar services	Promise of Hope fundraising event

All gifts in kind received during 2024 and 2023 were used by the Foundation as the donor requested for the annual fundraiser. In June 2024, \$2,520 was donated for the 2025 fundraiser (Note 12).

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 16 – Related Party Transactions

During 2024 and 2023, the Foundation paid consulting fees of \$780,000, 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. During 2024 and 2023, the Foundation contributed \$200,000 to NPAF to support the Needs Navigation Grant. At June 30, 2024 and 2023, respectively, due from NPAF was \$34,034 and \$4,717 and due to NPAF was \$9,950 and \$1,695 which are included on the statements of financial position.

Note 17 – Board Designated Endowment

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.

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's 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 assets were exclusively board designated endowment funds without donor restrictions and were \$2,333,096 and \$2,224,088 at June 30, 2024 and 2023, respectively.

Changes in board designated endowment fund net assets in were as follows at year-end:

	2024	2023
Endowment fund net assets - beginning of year	\$ 2,224,088	\$ 2,167,270
Investment return, net	109,008	56,818
Endowment fund net assets - end of year	<u>\$ 2,333,096</u>	<u>\$ 2,224,088</u>

Patient Advocate Foundation

Notes to Financial Statements

June 30, 2024

Note 18 – Unconditional Promises to Give

The Foundation records unconditional promises to give in the year in which the promise is received. These consist primarily of donations received from various donors to support the Co-Pay program. Unconditional promises to give totaled \$17,034,563 and \$4,402,716 for the years ended June 30, 2024 and 2023, respectively. Of this, \$16,353,180 and \$4,226,607 is related to the Co-Pay Program for the years ended June 30, 2024 and 2023, respectively. See breakdown below:

Unconditional promises to give for the years ended June 30:

	2024	2023
Co-Pay Program	\$ 16,353,180	\$ 4,226,607
Other donations	681,383	176,109
	<u>\$ 17,034,563</u>	<u>\$ 4,402,716</u>



Compliance Section

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Patient Advocate Foundation
Hampton, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Patient Advocate Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Patient Advocate Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Patient Advocate Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of Patient Advocate Foundation’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Patient Advocate Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 18, 2024

Patient Advocate Foundation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

<u>Federal Grantor/Pass - Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Award Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Centers for Disease Control and Prevention (Direct Award):				
"Networking2Save": CDC's National Network				
Approach to Preventing and Controlling Tobacco	93.431	5 NU58DP006468-05-00	N/A	\$ 405,429
Approach to Preventing and Controlling Tobacco	93.431	1 NU58DP007621-01-00	N/A	<u>502,325</u>
Total Centers for Disease Control and Prevention				<u>907,754</u>
Department of Health and Human Services				
(Pass Through Award - ECOG-ACRIN Medical Research Foundation):				
Cancer Control Program	93.399	N/A	UG1CA189828	2,726
Cancer Control Program	93.399	N/A	UG1CA189828	<u>29,987</u>
Total Department of Health and Human Services				<u>32,713</u>
Health Resources & Services Administration				
(Pass Through Award - AcademyHealth):				
Maternal on Child Health Foundation	93.110	N/A	1UJ6MC45789-01-00	<u>74,927</u>
Total expenditures of federal awards				<u>\$ 1,015,394</u>

Patient Advocate Foundation
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activities of Patient Advocate Foundation under programs of the Federal government for the year ended June 30, 2024, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Patient Advocate Foundation it is not intended to and does not present the financial position, changes in net assets, or cash flows of Patient Advocate Foundation.

Note 2 – Expenditure Reporting and De Minimis Indirect Cost Rate

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Patient Advocate Foundation has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Patient Advocate Foundation
Hampton, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Patient Advocate Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Patient Advocate Foundation's major federal programs for the year ended June 30, 2024. Patient Advocate Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Patient Advocate Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Patient Advocate Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Patient Advocate Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Patient Advocate Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Patient Advocate Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Patient Advocate Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Patient Advocate Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Patient Advocate Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Patient Advocate Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 18, 2024

Patient Advocate Foundation
Schedule of Findings and Questioned Costs
June 30, 2024

A – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial

statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:	Yes	<u>X</u>	No
Material weaknesses identified?	Yes	<u>X</u>	No
Significant deficiency(s)?	Yes	<u>X</u>	None reported
Noncompliance material to financial statement noted?	Yes	<u>X</u>	No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	Yes	<u>X</u>	No
Significant deficiency(s)?	Yes	<u>X</u>	None reported
Noncompliance material to federal awards?	Yes	<u>X</u>	No

Type of auditor’s report issued on compliance for

major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (a)?	Yes	<u>X</u>	No
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Dollar threshold used to distinguish between

Type A and Type B Programs

\$750,000

Auditee qualified as a low risk auditee?	Yes	<u>X</u>	No
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Identification of major federal programs:

“Networking2Save”: CDC’s National Network Approach to Preventing and Controlling Tobacco-related Cancers in Special Populations (Assistance Listing #93.431)

Patient Advocate Foundation
Schedule of Findings and Questioned Costs
June 30, 2024

B – Findings – Financial Statement Audit

None noted.

C – Findings – Federal Audit

None noted.