



## Independent Auditors' Report

The Board of Directors  
Patient Access Network Foundation  
Washington, DC

We have audited the accompanying statements of financial position of Patient Access Network Foundation (the "Foundation") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patient Access Network Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cherry, Bekaert & Holland, L.L.P.*

Charlotte, North Carolina  
May 14, 2012

**PATIENT ACCESS NETWORK FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 and 2010

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 179,207	\$ 309,675
Restricted cash and cash equivalents	3,455,819	5,522,784
Investments	116,617,675	76,044,427
Pledges receivable	11,950,000	373,235
Other receivables	25,049	-
Prepaid expenses	23,854	21,702
<b>Total current assets</b>	132,251,604	82,271,823
<b>Fixed assets, net</b>	38,868	5,057
<b>Total assets</b>	\$ 132,290,472	\$ 82,276,880
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,301,610	\$ 1,430,330
Co-payment assistance obligation, net	1,700,000	4,400,000
Contributions refundable to donor	-	107,000
<b>Total current liabilities</b>	3,001,610	5,937,330
<b>Net assets</b>		
Unrestricted	6,268,902	4,208,137
Temporarily restricted:		
Committed to program participants	66,359,639	58,040,456
Uncommitted	56,660,321	14,090,957
	123,019,960	72,131,413
<b>Total net assets</b>	129,288,862	76,339,550
<b>Total liabilities and net assets</b>	\$ 132,290,472	\$ 82,276,880

**PATIENT ACCESS NETWORK FOUNDATION**

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 2,266,278	\$ 81,366,044	\$ 83,632,322
Investment income	4,368,396	-	4,368,396
	<u>6,634,674</u>	<u>81,366,044</u>	<u>88,000,718</u>
Net assets released from restrictions	30,477,497	(30,477,497)	-
<b>Total support and revenue</b>	<u>37,112,171</u>	<u>50,888,547</u>	<u>88,000,718</u>
<b>Expenses</b>			
Program			
Co-payment assistance	28,379,485	-	28,379,485
Pharmacy cards	104,078	-	104,078
Fees for program operation, patient determinations and related services	3,686,878	-	3,686,878
Outreach and symposium	33,449	-	33,449
<b>Total program expenses</b>	<u>32,203,890</u>	<u>-</u>	<u>32,203,890</u>
Administrative			
Management fees	577,412	-	577,412
Management expense	110,627	-	110,627
Executive office expenses	496,681	-	496,681
Board fees	164,697	-	164,697
Professional fees	802,732	-	802,732
Insurance	11,377	-	11,377
Printing/stationary/supplies	25,948	-	25,948
Other	16,159	-	16,159
<b>Total administrative expenses</b>	<u>2,205,633</u>	<u>-</u>	<u>2,205,633</u>
Fundraising			
Personnel expenses	420,777	-	420,777
Public relations and other expenses	221,106	-	221,106
<b>Total fundraising expenses</b>	<u>641,883</u>	<u>-</u>	<u>641,883</u>
<b>Total expenses</b>	<u>35,051,406</u>	<u>-</u>	<u>35,051,406</u>
<b>Change in net assets</b>	2,060,765	50,888,547	52,949,312
<b>Net assets, beginning of year</b>	<u>4,208,137</u>	<u>72,131,413</u>	<u>76,339,550</u>
<b>Net assets, end of year</b>	<u>\$ 6,268,902</u>	<u>\$ 123,019,960</u>	<u>\$ 129,288,862</u>

**PATIENT ACCESS NETWORK FOUNDATION**

STATEMENTS OF ACTIVITIES (CONTINUED)

YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 4,280,571	\$ 31,270,662	\$ 35,551,233
Investment income	3,883,846	-	3,883,846
	<u>8,164,417</u>	<u>31,270,662</u>	<u>39,435,079</u>
Net assets released from restrictions	38,777,447	(38,777,447)	-
<b>Total support and revenue</b>	<u>46,941,864</u>	<u>(7,506,785)</u>	<u>39,435,079</u>
<b>Expenses</b>			
Program			
Co-payment assistance	37,562,665	-	37,562,665
Pharmacy cards	96,876	-	96,876
Fees for program operation, patient determinations and related services	5,049,785	-	5,049,785
Outreach and symposium	13,496	-	13,496
<b>Total program expenses</b>	<u>42,722,822</u>	<u>-</u>	<u>42,722,822</u>
Administrative			
Management fees	725,789	-	725,789
Management expense	93,347	-	93,347
Executive office expenses	419,806	-	419,806
Board fees	130,894	-	130,894
Professional fees	411,713	-	411,713
Insurance	10,822	-	10,822
Printing/stationary/supplies	14,488	-	14,488
Other	11,138	-	11,138
<b>Total administrative expenses</b>	<u>1,817,997</u>	<u>-</u>	<u>1,817,997</u>
Fundraising			
Personnel expenses	347,664	-	347,664
Public relations and other expenses	52,019	-	52,019
<b>Total fundraising expenses</b>	<u>399,683</u>	<u>-</u>	<u>399,683</u>
<b>Total expenses</b>	<u>44,940,502</u>	<u>-</u>	<u>44,940,502</u>
<b>Change in net assets</b>	2,001,362	(7,506,785)	(5,505,423)
<b>Net assets, beginning of year</b>	<u>2,206,775</u>	<u>79,638,198</u>	<u>81,844,973</u>
<b>Net assets, end of year</b>	<u>\$ 4,208,137</u>	<u>\$ 72,131,413</u>	<u>\$ 76,339,550</u>

**PATIENT ACCESS NETWORK FOUNDATION**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 52,949,312	\$ (5,505,423)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,397	3,928
Unrealized and realized (gains) on investments	(821,260)	(1,263,693)
(Increase) decrease in operating assets:		
Restricted cash and cash equivalents	2,066,965	5,708,790
Pledges receivables	(11,576,765)	5,226,765
Other receivables	(25,049)	1,538
Prepaid expenses	(2,152)	(5,990)
Increase (decrease) in operating liabilities:		
Accounts payable	(128,720)	490,472
Co-payment assistance obligation	(2,700,000)	900,000
Contributions refundable to donor	(107,000)	(141,206)
<b>Net cash provided by operating activities</b>	<b>39,658,728</b>	<b>5,415,181</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(123,886,447)	(42,353,778)
Proceeds from sale of investments	84,134,459	36,929,887
Purchases of property and equipment	(37,208)	-
<b>Net cash used by investing activities</b>	<b>(39,789,196)</b>	<b>(5,423,891)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(130,468)</b>	<b>(8,710)</b>
<b>Cash and cash equivalents, beginning</b>	<b>309,675</b>	<b>318,385</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 179,207</b>	<b>\$ 309,675</b>