

SENIOR PHARMASSIST, INC.
AUDITED FINANCIAL STATEMENTS
June 30, 2021 and 2020

Senior PharmAssist, Inc.

Contents

	Page(s)
Independent Auditor's Report	3-4
Financial Statements	
Statements of Assets, Liabilities and Net Assets-Modified Cash Basis	5
Statements of Revenues, Expenses and Other Changes in Net Assets-Modified Cash Basis	6
Statements of Functional Expenses-Modified Cash Basis	7-8
Notes to Financial Statements	9-14

Mark S. Danes, CPA, PLLC

Certified Public Accountant and Consultant

Independent Auditor's Report

To the Board of Directors and Management
Senior PharmAssist, Inc.
Durham, North Carolina

We have audited the accompanying financial statements of Senior PharmAssist, Inc. (the Organization) (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets-modified cash basis as of June 30, 2021 and 2020, the related statements of revenues, expenses, and other changes in net assets-modified cash basis and of functional expenses-modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Organization as of June 30, 2021 and 2020 and its revenues and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Mark S. Danes, CPA, PLLC

September 27, 2021

Senior PharmAssist, Inc.
 Statements of Assets, Liabilities and Net Assets-Modified Cash Basis
 June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 911,139	\$ 672,109
Investments	1,383,220	985,999
Beneficial interest in assets held by others	237,320	184,732
Sales tax receivable	4,216	312
Deposits	1,876	1,876
Property and Equipment:		
Office furniture and equipment	32,684	24,028
Less: Accumulated depreciation	(21,944)	(19,722)
Property and equipment, net	10,740	4,306
Total assets	\$ 2,548,511	\$ 1,849,334
Liabilities and Net Assets		
Refundable advance	\$ -	\$ 110,473
Payroll withholdings	456	45
Total liabilities	456	110,518
Net assets without restrictions		
Undesignated	846,338	488,434
Board designated	1,701,717	1,250,382
	2,548,055	1,738,816
Total liabilities and net assets	\$ 2,548,511	\$ 1,849,334

See accompanying notes to financial statements.

Senior PharAssist, Inc.
Statements of Revenues, Expenses, and Other Changes in Net Assets-
Modified Cash Basis
For the Years Ended June 30, 2021 and 2020

	2021	2020
Without restrictions		
Revenues and Gains		
Government contracts / sponsorships	\$ 294,240	\$ 279,835
Government contributions	417,681	-
Foundations	212,084	188,122
Individuals	326,838	270,901
Corporations and businesses	118,606	157,628
Special events	11,653	21,555
Civic groups	11,763	14,719
Stewardship contributions	33,000	28,000
Workplace campaigns	18,337	18,132
Program revenue	4,244	27,876
Return on investments	277,329	48,409
Return on beneficial interest in assets held by others	54,694	4,044
Interest income	612	2,902
Miscellaneous income	1,071	2,548
Total revenues and gains	1,782,152	1,064,671
Expenses		
Program services	810,410	783,584
Management and general	79,318	69,714
Fundraising	83,185	88,884
Total expenses	972,913	942,182
Change in net assets without restrictions	809,239	122,489
Net assets at beginning of year	1,738,816	1,616,327
Net assets at end of year	\$ 2,548,055	\$ 1,738,816

See accompanying notes to financial statements.

Senior PharmAssist, Inc.
Statement of Functional Expenses – Modified Cash Basis
For the Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 582,674	\$ 47,145	\$ 66,936	\$ 696,755
Pharmaceutical expenses	85,515	-	-	85,515
Rent/janitorial	28,590	2,499	3,378	34,466
Contract services	49,896	13,403	6,887	70,186
Special events	362	-	362	723
Telephone/internet	8,048	603	828	9,479
Printing	7,141	623	1,635	9,400
Supplies	26,569	764	1,179	28,511
Postage	6,001	113	153	6,266
Membership dues	3,702	46	63	3,811
Insurance	3,267	2,145	386	5,798
Miscellaneous	2,347	199	615	3,161
Maintenance agreements	1,863	143	225	2,230
Conferences attended	1,476	99	288	1,863
Professional development	1,114	26	35	1,175
Equipment	-	5,890	-	5,890
Banking/credit card fees	-	5,460	-	5,460
Depreciation	1,844	161	218	2,223
	<u>\$ 810,410</u>	<u>\$ 79,318</u>	<u>\$ 83,185</u>	<u>\$ 972,913</u>

See accompanying notes to financial statements.

Senior PharmAssist, Inc.
Statement of Functional Expenses – Modified Cash Basis
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 552,355	\$ 46,626	\$ 73,892	\$ 672,873
Pharmaceutical expenses	94,384	-	-	94,384
Grants to others	48,001	-	-	48,001
Rent/janitorial	27,827	2,432	3,288	33,546
Contract services	8,049	12,989	1,235	22,273
Special events	7,440	291	4,503	12,234
Telephone/internet	7,169	552	734	8,455
Printing	7,839	629	1,542	10,010
Supplies	10,499	437	647	11,583
Postage	2,851	173	1,113	4,137
Membership dues	1,944	37	49	2,030
Insurance	1,645	144	194	1,983
Miscellaneous	4,441	538	545	5,524
Maintenance agreements	1,898	160	243	2,301
Participant transportation	2,158	-	-	2,158
Conferences attended	2,333	240	315	2,888
Travel	104	-	-	104
Professional development	1,260	420	420	2,100
Banking/credit card fees	-	3,927	-	3,927
Depreciation	1,387	121	164	1,672
	<u>\$ 783,584</u>	<u>\$ 69,714</u>	<u>\$ 88,884</u>	<u>\$ 942,182</u>

See accompanying notes to financial statements.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Senior PharmAssist, Inc. (the Organization) is a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization was incorporated in 1998 to promote healthier living for Durham seniors by helping them obtain and better manage needed medications and by providing health education, Medicare insurance counseling, community referral and advocacy.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting with modifications, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized contracts and grants receivable, other receivables, prepaid expenses, intangible assets, accounts payable, accrued expenses, deferred revenue, and their related effects on the change in net assets in the accompanying financial statements. Additionally, the Organization does not recognize non-cash donations of materials or services.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. At June 30, 2021 and 2020, the Board has internally designated \$1,701,717 and \$1,250,382, respectively, to support the Organization's mission.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be permanent in nature, whereby the donors have stipulated the funds be maintained in perpetuity.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

There was no restricted cash for the years presented.

Property and Equipment

It is the Organization's policy to capitalize all property and equipment with an original cost or donated value of \$500 or more and an estimated useful life of more than one year. Purchased property and equipment are recorded at cost. Depreciation is computed over the straight-line method over the useful lives ranging from five to seven years.

Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed and any gain or loss is reflected in the statement of revenues, expenses, and other changes in net assets for the period.

Refundable Advance

In May 2020, the Organization received a forgivable loan of \$110,473 under the Paycheck Protection Program implemented by the Small Business Administration (SBA) with support from the U.S. Department of the Treasury. Based on the SBA criteria and loan agreement, the Organization expected the loan to be fully forgiven. As allowed, this "loan" with a 1% interest rate was accounted for as a conditional grant with a barrier to entitlement that, in management's opinion, had not been overcome as of June 30, 2020. The loan was formally forgiven in fiscal year 2021 and was taken into revenue at that time.

Income Taxes

No provision has been made for income taxes in the financial statements. Furthermore, the Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions. The prior three years' tax returns remain subject to examination by the taxing authorities.

Donated Services

A number of volunteers have donated substantial amounts of time toward the programs and the various activities of the Organization, but no amounts have been reflected in the financial statements. The Organization estimates that it received 1,500 and 2,753 hours of donated services during the years ended June 30, 2021 and 2020, respectively.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities, and net assets. The return on investments is included in statement of revenues, expenses, and other changes in net assets for the period.

Fair Value Measurements

Accounting principles 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 are described as follows:

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

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 Organization had no Level 3 assets or liabilities for the years presented.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and other changes in net assets as net assets released from restrictions.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and other changes in net assets. Accordingly, certain costs have been allocated among the programs and services benefited.

The allocation of salaries, related costs and contract services is based on time and effort studies of the Organization's workforce. The remaining categories on the statement of functional expenses are allocated based on approximate direct usage.

General Expenditures

The Organization considers the costs related to its normal activities to be general expenditures unless such costs are limited by the donors for specified, restricted purposes. Accordingly, the related resources for the latter have been excluded in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Note 2 - Investments

Investments consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mutual funds:		
PIMCO Total Return Class D, PTTDX	\$ 409,292	\$ 358,086
Ishares Core S&P Total US Stock Mkt EFT	743,823	476,867
Ishares Trust Core MSCI Total Intl Stk EFT	230,105	151,046
	<u>\$ 1,383,220</u>	<u>\$ 985,999</u>

The return on investments consisted of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Realized and unrealized gains (losses), net	\$ 244,436	\$ 23,543
Interest and dividend income	32,893	24,866
	<u>\$ 277,329</u>	<u>\$ 48,409</u>

All investments are considered to be Level 1 assets in the fair value hierarchy described in Note 1 above.

Note 3 - Pharmaceutical Expenses

The Organization pays the cost of necessary prescriptions, less a nominal co-payment, for seniors meeting income eligibility requirements. The payments are made through a third-party administrator.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 4 - Beneficial Interest in Assets Held by Others

In February 2014, the Organization transferred \$105,000 to the Triangle Community Foundation (the Foundation) in exchange for future distributions of the non-endowment fund (the Fund). Since February 2014, the Organization and its donors have transferred additional assets to the Foundation. The Board of Directors of the Foundation has complete legal and fiduciary control of assets of the Fund, including, but not limited to, full authority and discretion as to investment and reinvestment of assets. The Fund and all funds therein shall be administered by the Foundation subject to its Charter and Bylaws, including the power contained therein for the Board of Directors of the Foundation to modify any restrictions or conditions if in their sole judgment (without the approval of any trustee, custodian, or agent) such restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

The beneficial interest in assets held by others is considered to be a Level 2 item in the fair value hierarchy described in Note 1 above. In this case, investments are held in a pool of publicly traded assets. The pool of assets is valued based on the net asset value of the shares held by the pool. The Organization values its portion of the pool based on its respective percentage of the asset pool's total value.

Note 5 - Concentration of Risk

The Organization maintains demand deposits with high quality financial institutions that may be in excess of Federal Deposit Insurance Corporation or other similar limitations. Cash and cash equivalents balances in excess of these limitations were \$409,714 at June 30, 2021.

Note 6 - Retirement Plan

The Organization has a defined contribution plan that covers all employees with annual compensation over \$5,000. Under the plan, participants may contribute any amount up to IRS limitations to the plan, and the Organization matches participants' contributions up to 3% of compensation. For the years ended June 30, 2021 and 2020, contributions to the plan were \$17,259 and \$14,715, respectively.

Note 7 - Lease Commitments

During the years presented, the Organization leased office space under a non-cancelable lease that expired in June 2021 with monthly payments ranging from \$2,522 to \$2,872. Rental expense on this operating lease was \$34,466 and \$33,463 for the years ended June 30, 2021 and 2020, respectively.

Note 8 - Related Party Transactions

Members of the Board of Directors routinely make contributions to the Organization. Management does not believe that the amounts involved are significant enough to warrant further disclosure.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Note 9 - Subsequent Events

In July 2021, the Organization entered into a five-year lease for its office space that calls for escalating monthly payments ranging from \$2,872 to \$3,233. Either the landlord or the Organization may terminate the lease by giving a ninety-day written notice to the other party.

The Organization has evaluated subsequent events through September 27, 2021, which is the date these financial statements were available to be issued, and has determined that there are no other subsequent events that require disclosure.

Note 10 - Availability and Liquidity

The following represents the Organization's financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 911,139	\$ 672,109
Investments	1,383,220	985,999
Beneficial interest in assets held by others	237,320	184,732
Sales tax receivable	4,216	312
Deposits	<u>1,876</u>	<u>1,876</u>
Total financial assets	<u>2,537,771</u>	<u>1,845,028</u>
Less amounts not available to be used within one year:		
Deposits	1,876	1,876
Board designated net assets	<u>1,701,717</u>	<u>1,250,382</u>
	<u>1,703,593</u>	<u>1,252,258</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 834,178</u>	<u>\$ 592,770</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$500,000). As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market funds.