

SENIOR PHARMASSIST, INC.
AUDITED FINANCIAL STATEMENTS
June 30, 2020 and 2019

Senior PharmAssist, Inc.

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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 statement of assets, liabilities, and net assets-modified cash basis as of June 30, 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 year 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 audit. We conducted our audit 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, 2020 and its revenues and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2019 were audited by other auditors whose report dated October 1, 2019 expressed an unmodified opinion on those statements.

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

October 9, 2020

Senior PharmAssist, Inc.
 Statements of Assets, Liabilities and Net Assets-Modified Cash Basis
 June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 672,109	\$ 515,920
Investments	985,999	933,343
Beneficial interest in assets held by others	184,732	182,507
Sales tax receivable	312	1,380
Deposits	1,876	1,876
Property and Equipment:		
Office furniture and equipment	24,028	23,501
Less: Accumulated depreciation	(19,722)	(18,050)
Property and equipment, net	4,306	5,451
Total assets	\$ 1,849,334	\$ 1,640,477
Liabilities and Net Assets		
Refundable advance	\$ 110,473	\$ -
Payroll taxes	45	24,150
Total liabilities	110,518	24,150
Net assets without restrictions		
Undesignated	488,434	419,579
Board designated	1,250,382	1,196,748
	1,738,816	1,616,327
Total liabilities and net assets	\$ 1,849,334	\$ 1,640,477

See accompanying notes to financial statements.

Senior PharmAssist, Inc.
Statements of Revenues, Expenses, and Other Changes in Net Assets-
Modified Cash Basis

For the Years Ended June 30, 2020 and 2019

	2020	2019
Without restrictions		
Revenues and Gains		
Government contracts / sponsorships	\$ 279,835	\$ 293,840
Foundations	188,122	200,266
Individuals	270,901	331,289
Corporations and businesses	157,628	64,814
Special events	21,555	29,264
Civic groups	14,719	24,240
Stewardship contributions	28,000	10,100
Workplace campaigns	18,132	19,885
Program revenue	27,876	62,258
Return on investments	48,409	57,264
Return on beneficial interest in assets held by others	4,044	6,689
Interest income	2,902	3,072
Miscellaneous income	2,548	1,070
Total revenues and gains	1,064,671	1,104,051
Expenses		
Program services	783,584	770,071
Management and general	69,714	62,327
Fundraising	88,884	97,185
Total expenses	942,182	929,583
Change in net assets without restrictions	122,489	174,468
Net assets at beginning of year	1,616,327	1,441,859
Net assets at end of year	\$ 1,738,816	\$ 1,616,327

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.
Statement of Functional Expenses – Modified Cash Basis
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	\$ 560,500	\$ 44,442	\$ 77,622	\$ 682,564
Pharmaceutical expenses	107,498	-	-	107,498
Rent/janitorial	26,733	2,168	3,668	32,569
Contract services	22,042	9,251	2,455	33,748
Special events	4,296	375	6,338	11,009
Telephone/internet	7,046	608	896	8,550
Printing	6,192	468	1,261	7,921
Supplies	9,917	524	741	11,182
Postage	2,214	188	1,850	4,252
Membership dues	3,391	37	251	3,679
Insurance	3,269	214	289	3,772
Miscellaneous	5,040	455	635	6,130
Maintenance agreements	2,137	178	279	2,594
Participant transportation	1,891	-	-	1,891
Conferences attended	2,839	135	317	3,291
Travel	453	5	7	465
Conferences hosted	1,000	-	-	1,000
Professional development	-	81	150	231
Equipment	2,289	200	270	2,759
Banking/credit card fees	-	2,882	-	2,882
Depreciation	1,324	116	156	1,596
	<u>\$ 770,071</u>	<u>\$ 62,327</u>	<u>\$ 97,185</u>	<u>\$ 929,583</u>

See accompanying notes to financial statements.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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, 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.

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.

Cash and Cash Equivalents

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

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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

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 March 2020, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the worldwide coronavirus pandemic and many businesses and individuals have suffered a loss of income due to nation-wide mitigation efforts.

The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

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 expects the loan to be fully forgiven. As allowed, this "loan" with a 1% interest rate is being 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.

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 2,753 and 4,106 hours of donated services during the years ended June 30, 2020 and 2019, respectively.

Senior PharmAssist, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019

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>2020</u>	<u>2019</u>
Mutual funds:		
PIMCO Total Return Class D, PTTDX	\$ 358,086	\$ 329,361
Ishares Core S&P Total US Stock Mkt EFT	476,867	446,544
Ishares Trust Core MSCI Total Intl Stk EFT	151,046	157,438
	<u>\$ 985,999</u>	<u>\$ 933,343</u>

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

	<u>2020</u>	<u>2019</u>
Realized and unrealized gains (losses), net	\$ 23,543	\$ 32,946
Interest and dividend income	24,866	24,318
	<u>\$ 48,409</u>	<u>\$ 57,264</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, 2020 and 2019

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 \$202,153 at June 30, 2020.

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, 2020 and 2019, contributions to the plan were \$14,715 and \$15,198, respectively.

Note 7 - Lease Commitments

During the years presented, the Organization leased office space and equipment under two non-cancelable leases expiring at various times through June 2021 with monthly payments ranging from \$112 to \$2,872. Rental expense on these operating leases was \$33,546 and \$32,569 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments on these leases for fiscal years 2021, 2022 and 2023 are \$35,914; \$1,448; and \$224, 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, 2020 and 2019

Note 9 - Subsequent Events

The Organization has evaluated subsequent events through October 9, 2020, 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:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 672,109	\$ 515,920
Investments	985,999	933,343
Beneficial interest in assets held by others	184,732	182,507
Sales tax receivable	312	1,380
Deposits	1,876	1,876
Total financial assets	1,845,028	1,635,026
Less amounts not available to be used within one year:		
Deposits	1,876	1,876
Board designated net assets	1,250,382	1,196,748
	1,252,258	1,198,624
Financial assets available to meet general expenditures over the next twelve months	\$ 592,770	\$ 436,402

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.

Note 11 - Reclassifications

Certain financial statement items in the prior year have been reclassified to conform with the current year presentation with no impact on the prior year's net assets or change in net assets.