

SENIOR PHARMASSIST, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2013 AND 2012

SENIOR PHARMASSIST, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Senior PharmAssist, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets-modified cash basis as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and other changes in net assets-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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Senior PharmAssist, Inc. as of June 30, 2013 and 2012, and its revenues, expenses, and other changes in net assets for the years then ended in accordance with modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A to 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 this matter.

MINOR, ANGLIN & ASSOCIATES, P.A.

Minor, Anglin & Associates, P.A.

August 30, 2013

SENIOR PHARMASSIST, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 479,352	\$ 444,251
Investments	106,435	105,467
NC Sales Tax Refund	371	883
TOTAL CURRENT ASSETS	586,158	550,601
PROPERTY AND EQUIPMENT		
Office Furniture and Equipment	25,053	28,678
Less: Accumulated Depreciation	(17,924)	(19,541)
TOTAL FIXED ASSETS	7,129	9,137
LONG-TERM ASSET		
Deposits	1,876	1,876
TOTAL ASSETS	\$ 595,163	\$ 561,614
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Pharmaceutical Expenses	\$ 28,182	\$ 17,232
Payroll Taxes	19,982	17,232
TOTAL CURRENT LIABILITIES	48,164	17,232
TOTAL LIABILITIES	48,164	17,232
NET ASSETS		
Unrestricted Net Assets	546,999	544,382
TOTAL LIABILITIES AND NET ASSETS	\$ 595,163	\$ 561,614

See accompanying notes and independent auditors' report.

SENIOR PHARMASSIST, INC.
 STATEMENTS OF SUPPORT, REVENUES, AND EXPENSES-MODIFIED CASH BASIS
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
REVENUES		
Government Contracts	\$ 102,180	\$ 105,111
Foundations	172,963	402,870
Individuals and Groups	202,397	174,179
Corporations and Businesses	62,550	140,953
Civic Groups	35,497	22,346
Donor Designated Campaigns	14,515	6,185
Program Revenue	162,846	70,733
Miscellaneous Income	124	122
Dividend and Interest Income	8,046	1,800
Unrealized Gains/(Losses) on Investments	(5,367)	467
	755,751	924,766
TOTAL REVENUES		
EXPENSES		
Program Services	620,422	548,780
Management and General	50,379	54,204
Fundraising	82,333	76,257
	753,134	679,241
TOTAL EXPENSES		
Increase (Decrease) in Net Assets	2,617	245,525
Net Assets - Beginning of Year	544,382	298,857
Net Assets - End of Year	\$ 546,999	\$ 544,382

See accompanying notes and independent auditors' report.

SENIOR PHARMASSIST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Senior PharmAssist, Inc. (the Organization) is a nonprofit entity that promotes 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.

The Organization is located in Durham, North Carolina.

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 pledges receivable from donors, accounts payable to vendors, accrued expenses, deferred rent, and their related effects on the change in net assets in the accompanying financial statements.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with an original cost of \$500 or more and an estimated useful life of more than one year. Property and equipment are recorded at cost. Property and equipment received as non-cash contributions are not recorded in the financial statements. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, ranging from five to seven years. Depreciation expense was \$2,009 and \$1,390 for the years ended June 30, 2013 and 2012, respectively.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its mission. The Organization received 3,522 and 3,514 volunteer hours (excluding Board and Committee participation) for the years ended June 30, 2013 and 2012, respectively. No contributed services have been recorded in the statements of revenues, expenses, and other changes in net assets.

SENIOR PHARMASSIST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

The Organization records contributions and grants when they are received.

Income Taxes

Senior PharmAssist, Inc. is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, Senior PharmAssist, Inc. is exempt from Federal income taxes to the extent provided under Section 501 of the Code. Accordingly, no provision for income taxes is made in the financial statements. The organization's form 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed. As of June 30, 2013 there were no uncertain tax positions.

Donor Imposed Restrictions

Contributions that are restricted are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. There were no such restrictions at June 30, 2013 and 2012.

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.

Investments

Investments in marketable securities are stated at fair value. All gains and investment income are unrestricted.

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.

SENIOR PHARMASSIST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - MAJOR SOURCES OF SUPPORT

In fiscal years 2013 and 2012, the Organization received approximately 44% and 45% of its total revenues from three grantors, respectively.

NOTE C - DEFINED CONTRIBUTION PLAN

The Organization sponsors 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. Contributions to the plan for the years ended June 30, 2013 and 2012 were \$12,430 and \$11,985, respectively.

NOTE D - INVESTMENTS

Investments are reported on the basis of quoted market prices and consist as follows:

	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual Funds	<u>\$ 111,802</u>	<u>\$ 106,435</u>	<u>\$ (5,367)</u>

Investment return is summarized as follows:

Dividends	\$ 3,797
Capital gains	2,538
Net unrealized loses	<u>(5,367)</u>
Total unrestricted investment income	<u>\$ 968</u>

NOTE E - 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.

NOTE F - ACCRUED PHARMACEUTICAL EXPENSES

During the fiscal year, the Organization identified errors in the pharmaceutical claims processed by the third-party administrator. The Organization and the pharmaceutical claims administrator are currently working together to reconcile the identified errors. The \$28,182 in accrued pharmaceutical expenses at June 30, 2013 is the total amount of claims processed, including the errors. As of June 30, 2013, the total amount of errors included in the processed claims has not been determined.

SENIOR PHARMASSIST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G - FAIR VALUE FINANCIAL INSTRUMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes 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 market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follow:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2013:

SENIOR PHARMASSIST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G - FAIR VALUE FINANCIAL INSTRUMENTS (continued)

	Fair Value Measurements at Reporting Date Using		
	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities	<u>\$ 106,435</u>	<u>\$</u>	<u>\$</u>

NOTE H - LEASES

The Organization rents office space under the terms of an operating lease that was renewed for a period of four years beginning July 1, 2012, with incremental rent increases each year.

The rent expense related to the lease for the years ended June 30, 2013 and 2012 was \$27,275 and \$39,634, respectively. The future minimum lease payments remaining at June 30, 2013 are as follows:

June 30,	
2014	\$ 28,921
2015	29,770
2016	30,643
2017	912
2018	228
Total	\$ 90,474

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated all events subsequent to the statement of assets, liabilities and net assets-modified cash basis date of June 30, 2013 through August 30, 2013, which is the date these financial statements are available to be issued, and has determined that there are no subsequent events that require disclosure.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses-modified cash basis on page 11 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

MINOR, ANGLIN & ASSOCIATES, P.A.

Minor, Anglin & Associates, P.A.

August 30, 2013

SENIOR PHARMASSIST, INC.
 SCHEDULES OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS
 For the Year Ended June 30, 2013 with Comparative Totals for 2012

	Program Services	Management and General	Fund-raising	Total 2013	Total 2012
Salaries and related expenses	\$ 460,141	\$ 33,121	\$ 70,982	\$ 564,244	\$ 500,009
Pharmaceutical expenses	96,251	-	-	96,251	83,091
Rent/janitorial	22,095	1,863	3,317	27,275	39,635
Contract services	7,052	11,415	1,143	19,610	15,083
Telephone/internet	3,799	291	529	4,619	5,487
Printing	7,731	388	2,342	10,461	6,681
Supplies	7,036	379	787	8,202	8,718
Postage	2,493	146	1,593	4,232	3,154
Membership dues	2,390	123	418	2,931	2,916
Insurance	2,424	157	270	2,851	2,673
Miscellaneous	1,465	2,042	166	3,673	3,673
Maintenance agreements	1,539	133	228	1,900	1,738
Participant transportation	951	-	-	951	1,116
Conferences attended	3,014	180	186	3,380	1,541
Travel	184	-	-	184	217
Publications	180	-	131	311	72
Conferences hosted	50	-	-	50	938
Equipment	-	-	-	-	250
Professional development	-	-	-	-	859
Total expenses before depreciation	618,795	50,238	82,092	751,125	677,851
other adjustments					
Depreciation	1,627	141	241	2,009	1,390
Total expenses	\$ 620,422	\$ 50,379	\$ 82,333	\$ 753,134	\$ 679,241

See independent auditors' report on supplementary information.