



Accessia Health and Affiliates

Independent Auditor's Report and Consolidated Financial Statements

March 31, 2023




Table of Contents

Independent Auditor's Report	1
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7

Independent Auditor's Report

Board of Directors
Accessia Health and Affiliates
Midlothian, VA

Opinion

We have audited the consolidated financial statements of Accessia Health and Affiliates, which comprise the consolidated statement of financial position as of March 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the fifteen month period ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Accessia Health and Affiliates as of March 31, 2023, and the results of their operations and their cash flows for the fifteen month period ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Accessia Health and Affiliates and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Organization adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2022. The Organization adopted this standard using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with adoption of this standard. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Accessia Health and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Accessia Health and Affiliates' 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.

FORVIS,LLP

**Richmond, VA
August 4, 2023**

Accessia Health and Affiliates
Consolidated Statement of Financial Position
March 31, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 65,264,080
Contributions and contract fees receivable, net	10,637,506
Other prepaid expenses	<u>103,231</u>
Total current assets	<u>76,004,817</u>

PROPERTY AND EQUIPMENT

Land	291,100
Buildings	2,612,430
Furniture and equipment	<u>294,288</u>
	3,197,818
Accumulated depreciation	<u>(1,475,747)</u>
Total property and equipment	<u>1,722,071</u>

OTHER ASSETS

Life insurance annuities	1,350,585
Investments	7,532,804
Right of use assets, operating leases	163,819
Deposits	<u>2,000</u>
Total other assets	<u>9,049,208</u>

Total assets	<u>\$ 86,776,096</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 342,757
Accrued expenses	489,994
Short-term operating lease liabilities	<u>47,660</u>
Total current liabilities	880,411

Non-current liabilities:

Long-term operating lease liabilities	117,269
Death benefit payable	<u>334,230</u>
Total liabilities	<u>1,331,910</u>

NET ASSETS

Without donor restrictions	20,790,267
With donor restrictions	<u>64,653,919</u>
Total net assets	<u>85,444,186</u>
Total liabilities and net assets	<u>\$ 86,776,096</u>

Accessia Health and Affiliates
Consolidated Statement of Activities
Fifteen Months Ended March 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 7,698,775	\$ 54,174,380	\$ 61,873,155
Fees for contracted services	197,284	180,579	377,863
Interest income	418,936	-	418,936
Miscellaneous income	1,166	-	1,166
Change in death benefit payable	265,803	-	265,803
	<u>8,581,964</u>	<u>54,354,959</u>	<u>62,936,923</u>
Net assets released from restrictions	<u>52,801,409</u>	<u>(52,801,409)</u>	<u>-</u>
Total revenues and other support	<u>61,383,373</u>	<u>1,553,550</u>	<u>62,936,923</u>
Expenses and losses:			
Program services	48,998,186	-	48,998,186
Fund-raising	1,314,930	-	1,314,930
Management and general	4,042,416	-	4,042,416
Total expenses and losses	<u>54,355,532</u>	<u>-</u>	<u>54,355,532</u>
Total operating activities	<u>7,027,841</u>	<u>1,553,550</u>	<u>8,581,391</u>
Nonoperating activities:			
Other expense:			
Uncollectible pledge expense	(81,787)	(57,966)	(139,753)
Loss on investments and life insurance annuities	(805,676)	-	(805,676)
Total nonoperating activities	<u>(887,463)</u>	<u>(57,966)</u>	<u>(945,429)</u>
Change in net assets	6,140,378	1,495,584	7,635,962
Net assets, beginning of period	<u>14,649,889</u>	<u>63,158,335</u>	<u>77,808,224</u>
Net assets, end of period	<u>\$ 20,790,267</u>	<u>\$ 64,653,919</u>	<u>\$ 85,444,186</u>

See accompanying notes.

Accessia Health and Affiliates
Consolidated Statement of Functional Expenses
Fifteen Months Ended March 31, 2023

	Program Services	Fund- Raising	Management and General	Total
Direct expenses				
Direct payment assistance	\$ 45,728,457	\$ -	\$ -	\$ 45,728,457
Indirect expenses				
Advertising	-	3,636	182	3,818
Bank fees	-	-	24,604	24,604
Computer network	118,228	21,408	398,551	538,187
Conferences and travel	44,988	129,580	93,639	268,207
Continuing education	1,205	4,347	9,753	15,305
Depreciation	56,573	8,755	41,415	106,743
Dues and subscriptions	4,351	23,106	212,601	240,058
Gifts and incentives	560	11,593	22,064	34,217
Insurance	42,567	6,648	31,590	80,805
Legal and accounting	48,097	13,728	312,007	373,832
Meals	3,150	10,512	5,614	19,276
Occupancy	51,093	7,712	69,647	128,452
Office expense	86,360	12,470	16,172	115,002
Patient representation	2,054	-	-	2,054
Penalties	-	-	15,000	15,000
Public relations	-	1,733	78,416	80,149
Registration fees	16,805	10	82	16,897
Salaries and benefits	2,240,389	881,430	1,989,886	5,111,705
Subcontractors	297,439	177,312	716,970	1,191,721
Taxes and licenses	12,092	-	2,123	14,215
Telecommunications	243,778	950	2,100	246,828
Total indirect expenses	<u>3,269,729</u>	<u>1,314,930</u>	<u>4,042,416</u>	<u>8,627,075</u>
Total expenses and losses	<u>\$ 48,998,186</u>	<u>\$ 1,314,930</u>	<u>\$ 4,042,416</u>	<u>\$ 54,355,532</u>

Accessia Health and Affiliates
Consolidated Statement of Cash Flows
Fifteen Months Ended March 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 7,635,962
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt expense	139,753
Depreciation expense	106,743
Loss on life insurance annuities	256,649
Loss on investments	549,027
Noncash operating lease expense	53,237
Changes in assets and liabilities:	
Contributions and contract fees receivable	(4,302,266)
Other prepaid expenses	43,116
Death benefit payable	(265,803)
Accounts payable	(319,253)
Accrued expenses	(15,674)
Operating lease liabilities	(52,127)
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Net cash provided by operating activities	3,829,364
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Cash flows from investing activities:	
Purchase of property and equipment	(19,314)
Proceeds from the sale of investments	196,540
Purchase of investments	(361,120)
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Net cash used by investing activities	(183,894)
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Net increase in cash and cash equivalents	3,645,470
Cash and cash equivalents, beginning of period	61,618,610
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Cash and cash equivalents, ending of period	\$ 65,264,080
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Notes to Consolidated Financial Statements

1. Nature of Operations and Significant Accounting Policies

Accessia Health (formerly known as Patient Services Inc.) is a national non-profit organization based in Midlothian, Virginia. Accessia Health provides financial support, insurance case management, and legal assistance to patients and families effected by Alpha 1 Antitrypsin Deficiency, Chronic Myelogenous Leukemia, Circadian Rhythm Disorders, Fabry, Gastrointestinal Stromal Tumors, Gaucher Disease, Hereditary Angioedema, Hypoparathyroidism, Inherited and Acquired Factor Deficiencies, Inherited Retinal Diseases, Kidney Stones (includes Cystinuria), Lambert-Eaton Myasthenic Syndrome, Lysosomal Acid Lipase Deficiency (LAL), Mucopolysaccharidosis Type 1, Multifocal Motor Neuropathy, Pompe, Primary Immune Deficiency Diseases, Pseudobulbar Affect, Pulmonary Fibrosis and Sickle Cell Disease. In addition to the funded programs listed above, the following unfunded programs are available Acromegaly, Acute Lymphoblastic Leukemia, Alzheimer's, Amyotrophic Lateral Sclerosis, Asthma, Autoimmune Disorders, Basal and Squamous Cell Skin Cancer, B-Cell Lymphoma, Behavioral Health, Beta Thalassemia, Breast Cancer, Chronic Obstructive Pulmonary Disease, Diabetes, Duchenne Muscular Dystrophy, Epilepsy, Fibrodysplasia Ossificans Progressiva, Gastrointestinal Cancers, Guillain-Barre Syndrome, Hepatitis C, Huntington's Disease, Immune Thrombocytopenic Purpura, Inflammatory Bowel Disease, Lung Cancer, Metachromatic Leukodystrophy, Mucopolysaccharidosis Type VII, Multiple Myeloma, Multiple Sclerosis, Myasthenia Gravis, Neuromyelitis Optica Disorder, Pancreatic Cancer, Parkinson's, Plasminogen Deficiency, Progressive Familial Intrahepatic Cholestasis, Prostate Cancer, Pulmonary Hypertension, Schizophrenia & Schizoaffective Disorders, Screening and Diagnostics, Spinal Muscular Atrophy, Thrombotic Thrombocytopenic Purpura, and Urea Cycle Disorder.

Accessia Health formed Accessia, Inc. ("Accessia"), as a wholly-owned taxable subsidiary, with its primary office located in Virginia. Accessia was established as a Virginia stock corporation on April 25, 2012. Its purpose is to provide certain services to third parties in connection with the administration of patient assistant programs. Accessia is structured to comply, and operated in compliance with, relevant provisions of the Social Security Act, including the maintenance of an "ethical wall" between Accessia Health and Accessia designed to ensure Accessia Health's independence in the operation of its patient assistance programs. During 2015, the Board of Directors decided to suspend operations of Accessia. As of December 31, 2023, Accessia operations remain suspended.

Accessia Health Foundation (formerly known as P.S.I. Foundation) (the Foundation) is organized and operates as a supporting organization, described in section 509(a)(3) of the Internal Revenue Code by conducting and supporting activities that carry out the charitable, educational, and scientific purposes of Accessia Health, as described in sections 170(b)(1)(A)(vi), 501(c)(3) and 509(a)(1) of the Internal Revenue Code, without limiting or expanding the foregoing. The purpose of the Foundation is to promote the development of public and private support for, and to acquire, manage, invest, and administer assets in support of Accessia Health's mission to provide case management, patient services, and financial assistance to people living with rare or chronic diseases and disabilities. Accessia Health has both control and an economic interest in Accessia Health Foundation. As a result, the consolidated financial statements include all assets, liabilities, revenue and expenses of Accessia Health Foundation as required under U.S. GAAP.

The Organization changed its fiscal year end to March 31 from December 31. These consolidated financial statements reflect the fifteen month period from January 1, 2022 to March 31, 2023.

2. Summary of Significant Accounting Policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Accessia Health, Accessia, and Accessia Health Foundation (collectively, the “Organization”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Consolidated financial statement presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), under the accrual basis of accounting. The accrual basis of accounting records revenue in the period in which earned rather than when received and records expenses in the period in which incurred rather than when paid. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, the net assets and revenues of the Organization are classified and reported as follows:

Net assets without donor restrictions

Net assets which are not subject to donor-imposed restrictions.

Net assets with donor restrictions

Net assets which are stipulated by donors for specific purposes, use restrictions, or are restricted in perpetuity. As of March 31, 2023, total net assets with donor restrictions are restricted by donors for program purposes and are not restricted by time for administrative purposes.

Cash and cash equivalents

For purposes of reporting cash flows, the Organization considers demand deposits and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments are reported at fair value in the consolidated statement of financial position. Donated stocks and other securities are recorded at fair value as of the date received. Interest, dividends, and realized and unrealized gains and losses are reflected in the consolidated statement of activities.

Promises to give

Contributions are promises to give to the Organization that are, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is otherwise satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and equipment

Property and equipment are recorded at cost if purchased or fair value if contributed. Depreciation is computed using the straight-line method for all asset classes over estimated useful lives as follows:

Furniture and equipment	5 - 15 years
Buildings	7 - 39 years

New acquisitions of property and equipment having a cost of less than \$2,500, or which are not expected to last for more than a year, are expensed in the year of acquisition. Depreciation expense was \$106,743 for the fifteen months ended March 31, 2023.

In accordance with GAAP, management reviews the recorded value of the property for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Contributions and contract fees

Contributions are recognized as revenue when received and are unconditional contributions. They are recognized at fair value and are classified in the appropriate net asset class based on donor stipulation.

Fees for contracted services are recorded in the year the grant is made and are considered unconditional contributions to support the Organization's operations and not an exchange transaction. They are recognized at fair value and are classified in the appropriate net asset class based on donor stipulation.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, either by action or the passage of time, amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contract fees receivable

Contract fees receivable consist primarily of amounts due from the contributing donors. Receivables are recorded at the net realizable value, which approximates their fair value, and reported net of allowance for doubtful accounts. Management reviews receivables on a regular basis and accounts are written-off once deemed uncollectible. The allowance for doubtful accounts balance was \$438,966 at March 31, 2023.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on recording organizational expenses in department categories that align with these functions. Direct program expenses represent payments for health care services such as copayments and premiums made to or on behalf of patients. Indirect program expenses include the work of patient service representatives, and associated costs most directly involved with delivering financial assistance and support services to patients. Fundraising expenses include the work of the Development team. Management, General, and Administrative expenses reflect a variety of business functions including Information Technology, Finance, Human Resources, Advocacy, and Executive Management.

Income taxes

Accessia Health is exempt from paying income taxes under Internal Revenue Code Section 501(c)(3) and is an organization that is not a private foundation under Section 509(A)(1). Accessia was formed as a C corporation during 2012. Due to its lack of activity during 2023, no provision or liability for income taxes has been included in the accompanying consolidated financial statements. Accessia Health Foundation is exempt from paying income taxes under Internal Revenue Code Section 501(c)(3).

Management has evaluated the effect of accounting guidance surrounding uncertain income tax positions and concluded that the Organization has no significant financial statement exposure to uncertain tax provisions at March 31, 2023. The Organization is not currently under audit by any tax jurisdiction.

Change in accounting principles

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Organization adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard.

The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$52,127. The standard did not significantly affect the Organization's statements of activities or cash flows.

	ASC 842		Adjustment	January 1,
	December 31,		January 1	2022
	2021		2022	As Adjusted
	<u>As Reported</u>		<u>2022</u>	<u>As Adjusted</u>
Assets				
Right-of-use assets – operating leases	\$ -		\$ 52,127	\$ 52,127
Liabilities				
Operating lease liabilities	\$ -		\$ 52,127	\$ 52,127

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and equipment.

The Organization uses the implicit rate when readily determinable. If the lease does not provide an implicit rate, the Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Advertising

Advertising costs are expensed as incurred and are included in functional expenses in the accompanying consolidated statements of activities. Advertising expense was \$3,818 for the fifteen month period ended March 31, 2023.

Subsequent events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 4, 2023, the date the financial statements were available to be issued.

3. Fair Value Measurements of Assets

The Organization has adopted Financial Accounting Standards Board (“FASB”) guidance on fair value measurements. The provisions of the guidance provide a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels.

Accessia Health and Affiliates
Notes to Financial Statements

The Organization's assets recorded at fair value on a recurring basis are categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- Level 1:** Inputs that are based upon quoted prices for identical instruments traded in active markets.
- Level 2:** Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.
- Level 3:** Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flows models, and similar techniques.

The asset's fair value measurement level 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 maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

Stocks and bonds

Valued at the closing price as reported on the active market on which stocks or bonds are traded.

Money market funds

Valued at cost plus accrued dividends.

Money market funds

Valued at cost plus accrued interest.

Annuity contracts

Valued based on summation of values assigned to underlying investments in equity and fixed income securities, most of which are traded on an active market.

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis at March 31, 2023, based on the level of input utilized to measure fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Stocks	\$ 189,545	\$ -	\$ -	\$ 189,545
Bonds	749,336	-	-	749,336
Mutual Funds	3,121,168	-	-	3,121,168
Money Market Funds	3,472,755	-	-	3,472,755
Annuity Contracts	-	-	1,350,585	1,350,585
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets at fair value	<u>\$ 7,532,804</u>	<u>\$ -</u>	<u>\$ 1,350,585</u>	<u>\$ 8,883,389</u>

Accessia Health and Affiliates
Notes to Financial Statements

There were no assets or liabilities measured using Level 2 criteria at March 31, 2023.

Inputs used to estimate the value of Level 3 assets (annuity contracts) include third-party pricing sources. The value is reflective of surrender charges and interest adjustments as specified in the annuity contract. At March 31, 2023, there were no unfunded commitments or redemption restrictions on the Organization's Level 3 assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization 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.

4. Leases

The Organization has entered into various leases for office space and office equipment that originally ranged in duration from three to five years. Operating lease expense was \$51,070 for the fifteen month period ended March 31, 2023.

	<u>2023</u>
Other Information	
Operating cash flows from operating leases	\$ 47,280
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 208,843
Weighted-average remaining lease term in years for operating leases	3.70
Weighted-average discount rate for operating leases	2.04%

Future minimum lease payments at March 31, 2023 were:

2024	\$ 50,545
2025	46,763
2026	34,125
2027	33,907
2028	<u>6,144</u>
Total future undiscounted lease payments	171,484
Less: imputed interest	<u>(6,555)</u>
	<u>\$ 164,929</u>

5. Fund-Raising Expenditures

The Organization solicits funds from organizations and individuals within the chronic illness community. Contributions are solicited through attending conferences, direct contract, literature mailings and other methods. Fund-raising expenditures totaled \$1,314,930 in for the fifteen month period ended March 31, 2023.

6. Retirement Plan

The Organization sponsors a qualified defined contribution plan under section 401(k) of the Internal Revenue Code, which covers eligible full-time employees after six months of continuous service. Voluntary contributions made by Accessia Health are determined annually. Retirement expense was \$113,429 for the fifteen month period ended March 31, 2023.

7. Concentrations

The Organization maintains multiple bank accounts at two banks located in the United States. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to \$250,000 for substantially all depository account. At March 31, 2023, the Organization had deposits in excess of the amount insured by the Federal Deposit Insurance Organization (FDIC) totaling \$45,963,143.

The Organization maintains investments through three financial institutions. The Securities Investor Protection Corporation (SIPC) insures deposits up to \$500,000. Investments as of March 31, 2023, exceeded the insured limits by \$6,532,804.

For the fifteen month period ended March 31, 2023, contributions from four donors comprised approximately 82% of total contributions. In addition, 93% of contributions and contract fees receivable are due from three donors as of March 31, 2023.

8. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

Cash and cash equivalents	\$ 65,264,080
Investments	7,532,804
Contributions and contract fees receivables, net	<u>10,637,506</u>
Total	83,434,390
Net assets with donor restrictions	<u>64,653,919</u>
Total financial assets available within one year after net assets with donor restrictions	<u>\$ 18,780,471</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures become due. In addition, the Organization invests excess cash in investments and money market funds. The Organization takes a conservative approach to liquidity management to ensure funding availability to meet patient assistance needs, which can vary significantly month to month throughout the year.

9. Death Benefit Payable

In 2012, the Organization established an Executive Death Benefit Plan for a former president of the Organization (the Participant). The plan was subsequently modified in 2018, which provided that upon death of the Participant, the Participant's Beneficiary shall be entitled to a death benefit payable out of the Organization's general assets equal to \$1,000,000. The present value of the future liability was determined using the remaining life expectancy of the Participant and the federal bank prime loan rate of 8.00% at March 31, 2023 as the discount rate. A decrease of the death benefit payable of \$265,803 was recorded in 2023 to reflect the present value of the death benefit payable of \$334,230 at March 31, 2023.