



## Report of Independent Auditors

The Board of Directors  
Patient Access Network Foundation  
Washington, DC

We have audited the accompanying statements of financial position of Patient Access Network Foundation (the "Foundation") as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patient Access Network Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cherry Bekaert + Holland, C.C.P.A.*

Charlotte, North Carolina  
May 3, 2010

**PATIENT ACCESS NETWORK FOUNDATION**

Statements of Financial Position

		<u>December 31,</u>	
		<u>2009</u>	<u>2008</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	318,385	\$ 3,862,718
Restricted cash and cash equivalents		11,231,574	88,171,955
Investments		69,356,843	-
Pledges receivable		5,600,000	4,150,245
Other receivables		1,538	112,573
Prepaid expenses		15,712	-
<b>Total current assets</b>		<u>86,524,052</u>	<u>96,297,491</u>
Fixed assets, net		<u>8,985</u>	<u>9,701</u>
<b>Total assets</b>		<u>\$ 86,533,037</u>	<u>\$ 96,307,192</u>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable	\$	939,858	\$ 1,027,078
Co-payment assistance obligation, net		3,500,000	3,766,351
Contributions refundable to donor		248,206	-
<b>Total current liabilities</b>		<u>4,688,064</u>	<u>4,793,429</u>
<b>Net assets</b>			
Unrestricted		2,206,775	3,878,775
Temporarily restricted:			
Committed to program participants		49,805,773	55,965,256
Uncommitted		29,832,425	31,669,732
		<u>79,638,198</u>	<u>87,634,988</u>
<b>Total net assets</b>		<u>81,844,973</u>	<u>91,513,763</u>
<b>Total liabilities and net assets</b>		<u>\$ 86,533,037</u>	<u>\$ 96,307,192</u>

The accompanying notes are an integral part of these financial statements.

**PATIENT ACCESS NETWORK FOUNDATION**

Statements of Activities

	Year Ended December 31, 2009		
	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue</b>			
Contributions	\$ 55,280	\$ 34,456,431	\$ 34,511,711
Investment income	618,006	-	618,006
	673,286	34,456,431	35,129,717
Net assets released from restrictions	42,453,221	(42,453,221)	-
<b>Total support and revenue</b>	<b>43,126,507</b>	<b>(7,996,790)</b>	<b>35,129,717</b>
<b>Expenses</b>			
Program			
Co-payment assistance	37,323,252	-	37,323,252
Pharmacy cards	81,448	-	81,448
Fees for program operation, patient determinations, and related services	5,796,699	-	5,796,699
Outreach and symposium	25,649	-	25,649
<b>Total program expenses</b>	<b>43,227,048</b>	<b>-</b>	<b>43,227,048</b>
Administrative			
Management fees	285,300	-	285,300
Management expense	116,006	-	116,006
Executive management expenses	389,083	-	389,083
Board fees	96,251	-	96,251
Professional fees	475,665	-	475,665
Insurance	10,992	-	10,992
Printing/stationary/supplies	19,582	-	19,582
Other	30,358	-	30,358
<b>Total administrative expenses</b>	<b>1,423,237</b>	<b>-</b>	<b>1,423,237</b>
Fundraising			
Personnel expenses	99,028	-	99,028
Public relations	49,194	-	49,194
<b>Total fundraising expenses</b>	<b>148,222</b>	<b>-</b>	<b>148,222</b>
<b>Total expenses</b>	<b>44,798,507</b>	<b>-</b>	<b>44,798,507</b>
<b>Change in net assets</b>	<b>(1,672,000)</b>	<b>(7,996,790)</b>	<b>(9,668,790)</b>
<b>Net assets, beginning of year</b>	<b>3,878,775</b>	<b>87,634,988</b>	<b>91,513,763</b>
<b>Net assets, end of year</b>	<b>\$ 2,206,775</b>	<b>\$ 79,638,198</b>	<b>\$ 81,844,973</b>

The accompanying notes are an integral part of these financial statements.

**PATIENT ACCESS NETWORK FOUNDATION**

Statements of Activities (continued)

	Year Ended December 31, 2008		
	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue</b>			
Contributions	\$ 2,000,545	\$ 52,548,572	\$ 54,549,117
Interest income	2,653,011	-	2,653,011
	4,653,556	52,548,572	57,202,128
Net assets released from restrictions	35,778,564	(35,778,564)	-
<b>Total support and revenue</b>	<b>40,432,120</b>	<b>16,770,008</b>	<b>57,202,128</b>
<b>Expenses</b>			
Program			
Co-payment assistance	32,825,596	-	32,825,596
Pharmacy cards	84,578	-	84,578
Fees for program operation, patient determinations, and related services	5,455,274	-	5,455,274
Outreach and symposium	75,401	-	75,401
<b>Total program expenses</b>	<b>38,440,849</b>	<b>-</b>	<b>38,440,849</b>
Administrative			
Management fees	221,175	-	221,175
Management expense	300,548	-	300,548
Executive management expenses	330,152	-	330,152
Board fees	121,295	-	121,295
Professional fees	442,884	-	442,884
Insurance	10,298	-	10,298
Printing/stationary/supplies	36,341	-	36,341
Other	29,879	-	29,879
<b>Total administrative expenses</b>	<b>1,492,572</b>	<b>-</b>	<b>1,492,572</b>
Fundraising			
Consulting	245,000	-	245,000
General fundraising	69,165	-	69,165
Public relations	862	-	862
<b>Total fundraising expenses</b>	<b>315,027</b>	<b>-</b>	<b>315,027</b>
<b>Total expenses</b>	<b>40,248,448</b>	<b>-</b>	<b>40,248,448</b>
<b>Change in net assets</b>	<b>183,672</b>	<b>16,770,008</b>	<b>16,953,680</b>
<b>Net assets, beginning of year</b>	<b>3,695,103</b>	<b>70,864,980</b>	<b>74,560,083</b>
<b>Net assets, end of year</b>	<b>\$ 3,878,775</b>	<b>\$ 87,634,988</b>	<b>\$ 91,513,763</b>

The accompanying notes are an integral part of these financial statements.

**PATIENT ACCESS NETWORK FOUNDATION**

Statements of Cash Flows

	<b>Years Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (9,668,790)	\$ 16,953,680
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation expense	3,716	2,702
Unrealized and realized losses on investments	558,673	-
(Increase) decrease in operating assets:		
Restricted cash and cash equivalents	76,940,381	(15,042,704)
Pledges receivables	(1,449,755)	(3,150,245)
Other receivables	111,035	(73,279)
Other assets	(15,712)	7,647
Increase (decrease) in operating liabilities:		
Accounts payable	(87,220)	168,463
Co-payment assistance obligation	(266,351)	1,364,242
Other liabilities	248,206	(258,000)
<b>Net cash provided by (used by) operating activities</b>	<u>66,374,183</u>	<u>(27,494)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(69,996,966)	-
Proceeds from sale of investments	81,450	-
Purchases of property and equipment	(3,000)	(12,403)
<b>Net cash used by investing activities</b>	<u>(69,918,516)</u>	<u>(12,403)</u>
<b>Net decrease in cash and cash equivalents</b>	(3,544,333)	(39,897)
<b>Cash and cash equivalents, beginning</b>	<u>3,862,718</u>	<u>3,902,615</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 318,385</u>	<u>\$ 3,862,718</u>

The accompanying notes are an integral part of these financial statements.