



Consolidated Financial Statements

December 31, 2015 and 2014



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**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors of  
Patient Services, Inc.  
Midlothian, Virginia

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Patient Services, Inc. and its subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Patient Services, Inc. and its subsidiary as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keita", with a stylized, flowing script.

March 24, 2016  
Glen Allen, Virginia

**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

Consolidated Statements of Financial Position  
December 31, 2015 and 2014

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 48,611,052	\$ 35,436,272
Investments	5,059,746	5,183,003
Contract fees receivable, net	61,347,141	53,753,868
Other prepaid expenses	<u>82,796</u>	<u>58,989</u>
Total current assets	<u>115,100,735</u>	<u>94,432,132</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	291,100	291,100
Buildings	2,497,671	2,485,867
Vehicle	67,373	27,799
Furniture and equipment	<u>1,653,574</u>	<u>1,684,113</u>
	4,509,718	4,488,879
Less accumulated depreciation	<u>2,125,339</u>	<u>1,904,298</u>
Total property and equipment	<u>2,384,379</u>	<u>2,584,581</u>
<b>OTHER ASSETS</b>		
Life insurance annuity	1,068,933	1,113,500
Deposits	<u>2,000</u>	<u>43,524</u>
Total other assets	<u>1,070,933</u>	<u>1,157,024</u>
Total assets	<u>\$118,556,047</u>	<u>\$ 98,173,737</u>

See accompanying notes to consolidated financial statements.

**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

Consolidated Statements of Financial Position, Continued  
December 31, 2015 and 2014

<b>LIABILITIES AND NET ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 332,237	\$ 216,736
Accrued expenses	<u>806,591</u>	<u>889,084</u>
Total current liabilities	1,138,828	1,105,820
<b>NET ASSETS</b>		
Unrestricted net assets	13,777,656	12,632,665
Temporarily restricted net assets	<u>103,639,563</u>	<u>84,435,252</u>
Total net assets	<u>117,417,219</u>	<u>97,067,917</u>
Total liabilities and net assets	<u><u>\$118,556,047</u></u>	<u><u>\$ 98,173,737</u></u>

See accompanying notes to consolidated financial statements.

**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

Consolidated Statements of Activities  
Years Ended December 31, 2015 and 2014

	<b>2015</b>			<b>2014</b>		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 10,777,064	\$116,237,515	\$127,014,579	\$ 9,612,181	\$ 83,215,866	\$ 92,828,047
Fees for contracted services	97,327	922,573	1,019,900	73,347	454,264	527,611
Interest income	214,557	-	214,557	113,839	-	113,839
Miscellaneous income	172,110	-	172,110	259,893	-	259,893
	<u>11,261,058</u>	<u>117,160,088</u>	<u>128,421,146</u>	<u>10,059,260</u>	<u>83,670,130</u>	<u>93,729,390</u>
Net assets released from restrictions	<u>97,596,263</u>	<u>(97,596,263)</u>	<u>-</u>	<u>73,735,080</u>	<u>(73,735,080)</u>	<u>-</u>
	<u>108,857,321</u>	<u>19,563,825</u>	<u>128,421,146</u>	<u>83,794,340</u>	<u>9,935,050</u>	<u>93,729,390</u>
<b>EXPENSES AND LOSSES</b>						
Program services	101,416,741	-	101,416,741	76,692,994	-	76,692,994
Fund-raising	1,303,363	-	1,303,363	1,271,685	-	1,271,685
Management and general	4,419,898	-	4,419,898	4,815,901	-	4,815,901
	<u>107,140,002</u>	<u>-</u>	<u>107,140,002</u>	<u>82,780,580</u>	<u>-</u>	<u>82,780,580</u>
Lease termination fee	160,579	-	160,579	-	-	-
Uncollectible pledge expense	31,974	359,514	391,488	-	-	-
Impairment loss	-	-	-	476,000	-	476,000
Loss on investments	328,158	-	328,158	158,113	-	158,113
Loss on disposal of equipment	51,617	-	51,617	-	-	-
	<u>107,712,330</u>	<u>359,514</u>	<u>108,071,844</u>	<u>83,414,693</u>	<u>-</u>	<u>83,414,693</u>
Change in net assets	1,144,991	19,204,311	20,349,302	379,647	9,935,050	10,314,697
<b>NET ASSETS</b>						
Beginning of year	<u>12,632,665</u>	<u>84,435,252</u>	<u>97,067,917</u>	<u>12,253,018</u>	<u>74,500,202</u>	<u>86,753,220</u>
Ending	<u>\$ 13,777,656</u>	<u>\$103,639,563</u>	<u>\$117,417,219</u>	<u>\$ 12,632,665</u>	<u>\$ 84,435,252</u>	<u>\$ 97,067,917</u>

See accompanying notes to consolidated financial statements.

**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

Consolidated Statements of Cash Flows  
Years Ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 20,349,302	\$ 10,314,697
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	245,564	301,229
Loss on disposal of equipment	51,617	-
Loss on life insurance annuity	44,567	25,601
Loss on investment	283,592	132,512
Impairment loss	-	476,000
Changes in operating assets and liabilities:		
Contract fees receivable	(7,593,273)	4,269,677
Other prepaid expenses	(23,807)	32,078
Deposits	41,524	-
Accounts payable	115,501	41,718
Accrued expenses	(82,493)	169,389
Net cash provided by operations	13,432,094	15,762,901
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(126,979)	(77,958)
Proceeds from sale of equipment	30,000	-
Purchase of investments, net	(160,335)	(87,953)
Net cash used in investing activities	(257,314)	(165,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	-	(858,359)
Net cash used in financing activities	-	(858,359)
Net increase in cash and cash equivalents	13,174,780	14,738,631
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	35,436,272	20,697,641
Ending	\$ 48,611,052	\$ 35,436,272
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Cash paid for interest	\$ 123	\$ 4,059

See accompanying notes to consolidated financial statements.



**PATIENT SERVICES, INC.  
AND SUBSIDIARY**

Consolidated Statements of Functional Expenses  
Years Ended December 31, 2015 and 2014

	2015				2014			
	Program Services	Fund - Raising	Management and General	Total	Program Services	Fund - Raising	Management and General	Total
<b>DIRECT EXPENSES</b>								
Direct payment assistance	\$ 97,596,263	\$ -	\$ -	\$ 97,596,263	\$ 73,735,080	\$ -	\$ -	\$ 73,735,080
<b>INDIRECT EXPENSES</b>								
Advertising	-	5	719	724	-	5,600	963	6,563
Amortization	-	-	-	-	45,077	2,438	8,488	56,003
Bank fees	13,098	702	2,794	16,594	4,923	266	1,000	6,189
Computer network	92,061	12,144	124,176	228,381	96,795	21,065	220,806	338,666
Conferences and travel	16,008	196,300	183,584	395,892	13,858	165,857	174,400	354,115
Continuing education	2,419	3,600	2,255	8,274	4,797	10,189	18,779	33,765
Depreciation	106,146	5,691	133,727	245,564	98,193	5,311	141,722	245,226
Dues and subscriptions	1,036	2,172	50,246	53,454	1,027	4,702	55,042	60,771
Gala expenses	-	127,654	-	127,654	-	120,027	-	120,027
Gifts and incentives	12,999	1,152	16,255	30,406	13,644	1,229	14,215	29,088
Insurance	39,117	2,097	11,315	52,529	28,468	1,540	10,786	40,794
Interest expense	-	-	123	123	3,267	177	615	4,059
Legal and accounting	66,321	3,556	250,043	319,920	50,327	2,722	191,065	244,114
Meals	1,418	16,714	72,782	90,914	1,386	16,240	72,047	89,673
Occupancy	95,956	21,967	199,495	317,418	61,153	26,698	359,357	447,208
Office expense	131,649	31,353	43,640	206,642	117,183	21,122	45,917	184,222
Patient representation	43,319	-	-	43,319	41,756	-	-	41,756
Public relations	-	14,018	87,905	101,923	-	8,089	29,500	37,589
Registration fees	5,392	289	1,083	6,764	5,544	300	1,044	6,888
Salaries and benefits	2,340,640	733,054	2,295,239	5,368,933	2,008,880	779,207	2,665,696	5,453,783
Subcontractors	699,747	112,839	880,307	1,692,893	329,441	64,304	770,475	1,164,220
Taxes and licenses	11,288	605	8,237	20,130	11,401	617	2,469	14,487
Telecommunications	141,864	17,451	55,973	215,288	20,794	13,985	31,515	66,294
Total indirect expenses	<u>3,820,478</u>	<u>1,303,363</u>	<u>4,419,898</u>	<u>9,543,739</u>	<u>2,957,914</u>	<u>1,271,685</u>	<u>4,815,901</u>	<u>9,045,500</u>
	<u>\$ 101,416,741</u>	<u>\$ 1,303,363</u>	<u>\$ 4,419,898</u>	<u>\$ 107,140,002</u>	<u>\$ 76,692,994</u>	<u>\$ 1,271,685</u>	<u>\$ 4,815,901</u>	<u>\$ 82,780,580</u>

See accompanying notes to consolidated financial statements.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2015 and 2014

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**NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

Patient Services, Inc. (“the Organization”) is a national non-profit organization based in Midlothian, Virginia. The Organization provides financial support to patients and families effected by Adenosine Deaminase Deficiency in Severe Combined Immunodeficiency, Alpha 1 Antitrypsin Deficiency, Breakthrough Cancer Pain and Opioid Tolerant Therapies, Breast Cancer Screening, Chronic Myelogenous Leukemia, Chronic Inflammatory Demyelinating Polyneuropathy, Circadian Rhythm Disorders, Complement Mediated Diseases, Corneal Crystal Accumulation in Cystinosis, Cystic Fibrosis (with Pseudomonas), Fabry Disease, Gastrointestinal Stromal Tumors, Gaucher’s Disease, Hemophilia, Hereditary Angioedema (C1 Inhibitor Deficiencies), Homozygous Familial Hypercholesterolemia, Hypoparathyroidism, Idiopathic Pulmonary Fibrosis, Inhibitors in Hemophilia, Kidney Stones, Metastatic Melanoma, Metastatic Renal Cell Carcinoma, MPS 1, Pompe Disease, Primary Immune Deficiency, Pleural Effusions & Malignant Ascites, Pseudobulbar Affect (PBA), Toxoplasmosis, and von Willebrand Disease.

During 2012, PSI 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 operates in compliance with, relevant provisions of the Social Security Act, including the maintenance of an “ethical wall” between PSI and Accessia designed to ensure PSI’s independence in the operation of its patient assistance programs.

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

**Financial Statement Presentation:** PSI’s consolidated financial statements are 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

As of December 31, 2015 and 2014, total temporarily restricted net assets of \$103,639,563 and \$84,435,252, respectively, are restricted by donors for program purposes in the amount of \$97,638,432 and \$79,191,653, respectively, and restricted by time for administrative purposes in the amount of \$6,001,131 and \$5,243,599, respectively. The Organization did not have any permanently restricted net assets as of December 31, 2015 and 2014.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

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**NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Financial Statement Presentation, Continued:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restriction.

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

**Use of Estimates:** The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

**Promises to Give:** Contributions are promises to give to the Organization that are, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is otherwise satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

**Property and Equipment:** Property and equipment are recorded at cost if purchased or fair value if contributed. Depreciation is computed using an accelerated method for furniture and equipment and the straight-line method for buildings and improvements over estimated useful lives as follows:

Furniture and equipment	5 – 15 years
Buildings	7 – 39 years
Vehicle	5 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 \$245,564 and \$245,226 for 2015 and 2014, respectively.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

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**NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Property and Equipment, Continued:** 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.

**Contract Fees Receivable:** Contract fees receivable consist primarily of amounts due from the contributing drug companies. Receivables are recorded at the net realizable value, which approximates their fair value. Management reviews receivables on a regular basis and accounts are written-off once deemed uncollectible.

**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 benefited.

**Deferred Financing Costs:** Deferred financing costs are amortized over the life of the related long-term debt using the straight-line method. During the year ended December 31, 2014, the long-term debt was satisfied early therefore the remaining deferred financing costs were expensed. Amortization expense was \$56,003 for 2014.

**Income Taxes:** PSI 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). No income tax was paid during the years ended December 31, 2015 or December 31, 2014. Accessia was formed as a C corporation during 2012. Due to its lack of activity during 2015 and 2014, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

Management has evaluated the effect of accounting guidance surrounding uncertain income tax positions and concluded that the Organization and its subsidiary has no significant financial statement exposure to uncertain tax positions at December 31, 2015 or 2014. The Organization is not currently under audit by any tax jurisdiction.

**Advertising:** Advertising costs are expensed as incurred and are included in functional expenses in the accompanying statement of activities. Advertising expense for the years ended December 31, 2015 and 2014 was \$724 and \$6,563, respectively.

**Subsequent Events:** Management has evaluated subsequent events through March 24, 2016, the date the consolidated financial statements were available for issuance, and has determined that no additional disclosure is necessary.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

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**NOTE 2. 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 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. 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.

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 to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

**Government agencies** - Values utilizing the market approach as determined by the fund manager or market process for similar instruments within public markets.

**Money market funds** - Valued at the net asset value of shares held by PSI at year end.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

**NOTE 2. FAIR VALUE MEASUREMENTS OF ASSETS, CONTINUED**

**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 December 31, 2015, 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>
Assets				
Investments:				
Government agencies	\$ -	\$ 527,640	\$ -	\$ 527,640
Money market funds	<u>4,532,106</u>	<u>-</u>	<u>-</u>	<u>4,532,106</u>
	4,532,106	527,640	-	5,059,746
Annuity contracts	<u>-</u>	<u>-</u>	<u>1,068,933</u>	<u>1,068,933</u>
Total assets at fair value	<u>\$ 4,532,106</u>	<u>\$ 527,640</u>	<u>\$ 1,068,933</u>	<u>\$ 6,128,679</u>

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis at December 31, 2014, 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>
Assets				
Investments:				
Government agencies	\$ -	\$ 1,627,632	\$ -	\$ 1,627,632
Money market funds	<u>3,555,371</u>	<u>-</u>	<u>-</u>	<u>3,555,371</u>
	3,555,371	1,627,632	-	5,183,003
Annuity contracts	<u>-</u>	<u>-</u>	<u>1,113,500</u>	<u>1,113,500</u>
Total assets at fair value	<u>\$ 3,555,371</u>	<u>\$ 1,627,632</u>	<u>\$ 1,113,500</u>	<u>\$ 6,296,503</u>

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 December 31, 2015 and 2014, there were no unfunded commitments or redemption restrictions on the Organization's level 2 or 3 assets.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

**NOTE 2. FAIR VALUE MEASUREMENTS OF ASSETS, CONTINUED**

The following table presents additional information about level 3 assets measured at fair value on a recurring basis at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 1,113,500	\$ 1,139,101
Unrealized loss	<u>(44,567)</u>	<u>(25,601)</u>
Ending Balance	<u>\$ 1,068,933</u>	<u>\$ 1,113,500</u>

**NOTE 3. INTELLECTUAL PROPERTY**

Intellectual property in the amount of \$476,000 was acquired from a member of management of PSI in 2004. In accordance with GAAP, no amortization of intangible assets with an indefinite life had been recorded. The Organization assesses intellectual property for impairment annually. During 2014, as a result of the increase in competition, it was deemed that the carrying value of the intellectual property had been impaired and the entire amount was written off.

**NOTE 4. LEASES**

The Organization has entered into various leases for office space, office equipment and a storage facility that originally ranged in duration from three to five years. Future minimum lease payments at December 31, 2015 were:

2016	\$ 28,268
2017	7,179
2018	7,179
2019	<u>3,590</u>
	<u>\$ 46,216</u>

During the year ended December 31, 2014, Accessia entered into a sub-lease agreement with Atara Biotherapeutics, Inc. after the sub-lease with Tobira Therapeutics, Inc. ended during July 2015. Total revenue under these agreements for 2015 totaled \$80,944 and for 2014 totaled \$166,267. Effective June 10, 2015, Accessia terminated their office space lease, and thus the sub-lease. Lease termination fees totaled \$160,579 for the year ended December 31, 2015.

**PATIENT SERVICES, INC.**  
Notes to Consolidated Financial Statements, Continued  
December 31, 2015 and 2014

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**NOTE 5. FUND-RAISING EXPENDITURES**

The Organization solicits funds from organizations and individuals within the chronic illness community. Contributions are solicited through attending conferences, direct contact, literature mailings and other methods. Fund-raising expenditures totaled \$1,303,363 and \$1,271,685 in 2015 and 2014, respectively.

**NOTE 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 PSI are determined annually. Retirement expense for 2015 and 2014 was \$147,221 and \$132,947, respectively.

**NOTE 7. CONCENTRATIONS**

The Organization maintains several bank accounts at one bank located in the United States. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage for up to \$250,000 for substantially all depository accounts. Cash at this institution totaling \$48,611,052 and \$35,436,272 exceeded federally insured limits as of December 31, 2015 and 2014, respectively. The Organization generally has amounts on deposit in excess of the insured limits.

The Organization maintains investments through one financial institution. The Securities Investor Protection Corporation (SIPC) insures deposits up to \$500,000. The amount in excess of the SIPC limit totaled \$4,559,746 and \$4,683,003 as of December 31, 2015 and 2014, respectively.

For the year ended December 31, 2015, contributions from two donors comprised approximately 60% of total contributions. In addition, 94% of contract fees receivable are due from four donors as of December 31, 2015.

For the year ended December 31, 2014, contributions from one donor comprised approximately 51% of total contributions. In addition, 89% of contract fees receivable are due from three donors as of December 31, 2014.