



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, 2010 and 2009, 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, 2010 and 2009, 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.L.P.

Charlotte, North Carolina
April 20, 2011

PATIENT ACCESS NETWORK FOUNDATION

Statements of Financial Position

		December 31,	
		2010	2009
Assets			
Current assets			
Cash and cash equivalents	\$	309,675	\$ 318,385
Restricted cash and cash equivalents		5,522,784	11,231,574
Investments		76,044,427	69,356,843
Pledges receivable		373,235	5,600,000
Other receivables		-	1,538
Prepaid expenses		21,702	15,712
Total current assets		82,271,823	86,524,052
Fixed assets, net		5,057	8,985
Total assets		\$ 82,276,880	\$ 86,533,037
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$	1,430,330	\$ 939,858
Co-payment assistance obligation, net		4,400,000	3,500,000
Contributions refundable to donor		107,000	248,206
Total current liabilities		5,937,330	4,688,064
Net assets			
Unrestricted		4,208,137	2,206,775
Temporarily restricted:			
Committed to program participants		58,040,456	49,805,773
Uncommitted		14,090,957	29,832,425
		72,131,413	79,638,198
Total net assets		76,339,550	81,844,973
Total liabilities and net assets		\$ 82,276,880	\$ 86,533,037

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

PATIENT ACCESS NETWORK FOUNDATION

Statements of Activities

	Year Ended December 31, 2010		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 4,280,571	\$ 31,270,662	\$ 35,551,233
Investment income	3,883,846	-	3,883,846
	<u>8,164,417</u>	<u>31,270,662</u>	<u>39,435,079</u>
Net assets released from restrictions	38,777,447	(38,777,447)	-
Total support and revenue	<u>46,941,864</u>	<u>(7,506,785)</u>	<u>39,435,079</u>
Expenses			
Program			
Co-payment assistance	37,562,665	-	37,562,665
Pharmacy cards	96,876	-	96,876
Fees for program operation, patient determinations, and related services	5,049,785	-	5,049,785
Outreach and symposium	13,496	-	13,496
Total program expenses	<u>42,722,822</u>	<u>-</u>	<u>42,722,822</u>
Administrative			
Management fees	725,789	-	725,789
Management expense	93,347	-	93,347
Executive management expenses	419,806	-	419,806
Board fees	130,894	-	130,894
Professional fees	411,713	-	411,713
Insurance	10,822	-	10,822
Printing/stationary/supplies	14,488	-	14,488
Other	11,138	-	11,138
Total administrative expenses	<u>1,817,997</u>	<u>-</u>	<u>1,817,997</u>
Fundraising			
Personnel expenses	347,664	-	347,664
Public relations and other expenses	52,019	-	52,019
Total fundraising expenses	<u>399,683</u>	<u>-</u>	<u>399,683</u>
Total expenses	<u>44,940,502</u>	<u>-</u>	<u>44,940,502</u>
Change in net assets	2,001,362	(7,506,785)	(5,505,423)
Net assets, beginning of year	<u>2,206,775</u>	<u>79,638,198</u>	<u>81,844,973</u>
Net assets, end of year	<u>\$ 4,208,137</u>	<u>\$ 72,131,413</u>	<u>\$ 76,339,550</u>

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PATIENT ACCESS NETWORK FOUNDATION

Statements of Activities (continued)

	Year Ended December 31, 2009		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 55,280	\$ 34,456,431	\$ 34,511,711
Interest income	618,006	-	618,006
	<u>673,286</u>	<u>34,456,431</u>	<u>35,129,717</u>
Net assets released from restrictions	42,453,221	(42,453,221)	-
Total support and revenue	<u>43,126,507</u>	<u>(7,996,790)</u>	<u>35,129,717</u>
Expenses			
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	5,304,153	-	5,304,153
Outreach and symposium	25,649	-	25,649
Total program expenses	<u>42,734,502</u>	<u>-</u>	<u>42,734,502</u>
Administrative			
Management fees	777,846	-	777,846
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
Total administrative expenses	<u>1,915,783</u>	<u>-</u>	<u>1,915,783</u>
Fundraising			
Personnel expenses	99,028	-	99,028
Public relations and other expenses	49,194	-	49,194
Total fundraising expenses	<u>148,222</u>	<u>-</u>	<u>148,222</u>
Total expenses	<u>44,798,507</u>	<u>-</u>	<u>44,798,507</u>
Change in net assets	(1,672,000)	(7,996,790)	(9,668,790)
Net assets, beginning of year	<u>3,878,775</u>	<u>87,634,988</u>	<u>91,513,763</u>
Net assets, end of year	<u>\$ 2,206,775</u>	<u>\$ 79,638,198</u>	<u>\$ 81,844,973</u>

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

PATIENT ACCESS NETWORK FOUNDATION

Statements of Cash Flows

	Years Ended December 31,	
	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (5,505,423)	\$ (9,668,790)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	3,928	3,716
Unrealized and realized (gains) losses on investments	(1,263,693)	558,673
(Increase) decrease in operating assets:		
Restricted cash and cash equivalents	5,708,790	76,940,381
Pledges receivables	5,226,765	(1,449,755)
Other receivables	1,538	111,035
Other assets	(5,990)	(15,712)
Increase (decrease) in operating liabilities:		
Accounts payable	490,472	(87,220)
Co-payment assistance obligation	900,000	(266,351)
Other liabilities	(141,206)	248,206
Net cash provided by operating activities	5,415,181	66,374,183
Cash flows from investing activities		
Purchases of investments	(42,353,778)	(69,996,966)
Proceeds from sale of investments	36,929,887	81,450
Purchases of property and equipment	-	(3,000)
Net cash used by investing activities	(5,423,891)	(69,918,516)
Net decrease in cash and cash equivalents	(8,710)	(3,544,333)
Cash and cash equivalents, beginning	318,385	3,862,718
Cash and cash equivalents, ending	\$ 309,675	\$ 318,385

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