PATIENT SERVICES
INCORPORATED

Consolidated Financial Statements

December 31, 2018 and 2017

Keiter
Your Opportunity Advisors

4401 Dominion Boulevard
Glen Allen, Virginia 23060
Tel: 804.747.0000
www.keitercpa.com

PATIENT SERVICES, INC.
AND SUBSIDIARY

Table of Contents

Keiter
Your Opportunity Advisors

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, 2018 and 2017, 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, 2018 and 2017, 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.

Keiter

March 26, 2019
Glen Allen, Virginia

PATIENT SERVICES, INC.
AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 50,647,928	$ 45,422,058
Contract fees receivable, net	47,292,410	62,254,962
Other prepaid expenses	447,833	2,870,885
Total current assets	98,388,171	110,547,905
PROPERTY AND EQUIPMENT		
Land	291,100	291,100
Buildings	2,612,430	2,612,430
Vehicle	55,000	68,098
Furniture and equipment	635,964	635,964
	3,594,494	3,607,592
Less accumulated depreciation	1,474,088	1,381,186
Net property and equipment	2,120,406	2,226,406
OTHER ASSETS		
Life insurance annuity	1,164,268	1,278,542
Investments	5,362,008	5,517,413
Deposits	2,000	2,000
Total other assets	6,528,276	6,797,955
Total assets	$ 107,036,853	$ 119,572,266

See accompanying notes to consolidated financial statements.

PATIENT SERVICES, INC.
AND SUBSIDIARY

Consolidated Statements of Financial Position, Continued
December 31, 2018 and 2017

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable	$ 94,815	$ 174,728
Accrued expenses	733,294	927,634
Total current liabilities	828,109	1,102,362
NET ASSETS		
Without donor restrictions	13,728,784	14,622,222
With donor restrictions	92,479,960	103,847,682
Total net assets	106,208,744	118,469,904
Total liabilities and net assets	$ 107,036,853	$ 119,572,266

See accompanying notes to consolidated financial statements.

PATIENT SERVICES, INC.
AND SUBSIDIARY

Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	$ 8,111,681	$ 63,715,869	$ 71,827,550	$ 9,390,757	$108,981,044	$118,371,801
Interest income	236,733	-	236,733	131,059	-	131,059
Miscellaneous income	57,442	-	57,442	75,134	-	75,134
Gain (loss) on investments and life insurance annuity	(392,180)	-	(392,180)	553,199	-	553,199
	8,013,676	63,715,869	71,729,545	10,150,149	108,981,044	119,131,193
Net assets released from restrictions	71,828,591	(71,828,591)	-	92,592,744	(92,592,744)	-
Total revenues and other support	79,842,267	(8,112,722)	71,729,545	102,742,893	16,388,300	119,131,193
EXPENSES AND LOSSES						
Program services	74,292,257	-	74,292,257	95,135,800	-	95,135,800
Fund-raising	903,932	-	903,932	942,315	-	942,315
Management and general	5,245,510	-	5,245,510	7,291,740	-	7,291,740
Total functional expenses	80,441,699	-	80,441,699	103,369,855	-	103,369,855
Uncollectible pledge expense	294,006	3,255,000	3,549,006	25,000	-	25,000
Total expenses and losses	80,735,705	3,255,000	83,990,705	103,394,855	-	103,394,855
Change in net assets	(893,438)	(11,367,722)	(12,261,160)	(651,962)	16,388,300	15,736,338
NET ASSETS						
Beginning of year	14,622,222	103,847,682	118,469,904	15,274,184	87,459,382	102,733,566
End of year	$ 13,728,784	$ 92,479,960	$106,208,744	$ 14,622,222	$103,847,682	$118,469,904

See accompanying notes to consolidated financial statements.

PATIENT SERVICES, INC.
AND SUBSIDIARY

Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (12,261,160)	$ 15,736,338
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	123,357	133,053
Gain on disposal of property and equipment	(4,357)	-
(Gain) loss on life insurance annuity	114,274	(144,376)
(Gain) loss on investment	277,906	(408,823)
Changes in assets and liabilities:		
Contract fees receivable	14,962,552	(22,494,500)
Other Prepaid expenses	2,423,052	(2,521,568)
Accounts payable	(79,913)	(203,196)
Accrued expenses	(194,340)	327,773
Net cash provided by (used in) operating activities	5,361,371	(9,575,299)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(55,000)	(3,086)
Purchase of Investments, net	(122,501)	(5,106,525)
Proceed from sale of investments	-	4,980,418
Proceeds from sale of property and equipment	42,000	-
Net cash used in investing activities	(135,501)	(129,193)
Net change in cash and cash equivalents	5,225,870	(9,704,492)
CASH AND CASH EQUIVALENTS		
Beginning of year	45,422,058	55,126,550
End of year	$ 50,647,928	$ 45,422,058

See accompanying notes to consolidated financial statements.

PATIENT SERVICES, INC.
AND SUBSIDIARY

Consolidated Statements of Functional Expenses
Years Ended December 31, 2018 and 2017

	2018				2017			
	Program Services	Fund - Raising	Management and General	Total	Program Services	Fund - Raising	Management and General	Total
DIRECT EXPENSES								
Direct payment assistance	$ 71,828,590	$ -	$ -	$ 71,828,590	$ 92,592,745	$ -	$ -	$ 92,592,745
INDIRECT EXPENSES								
Advertising	-	2,109	-	2,109	-	199	-	199
Bank fees	375	-	6	381	-	-	4	4
Computer network	-	1,149	71,250	72,399	53	2,753	90,163	92,969
Conferences and travel	9,264	114,240	196,393	319,897	5,154	176,941	210,200	392,295
Continuing education	7,944	704	533	9,181	8,249	3,751	3,574	15,574
Depreciation	122,281	-	1,076	123,357	131,591	-	1,462	133,053
Dues and subscriptions	1,954	12,975	49,980	64,909	1,676	7,411	50,228	59,315
Gala expenses	-	-	107,493	107,493	-	-	95,974	95,974
Gifts and incentives	708	2,974	24,662	28,344	244	849	37,961	39,054
Insurance	47,345	-	660	48,005	45,714	-	409	46,123
Legal and accounting	61,750	-	655,998	717,748	75,063	-	2,091,040	2,166,103
Meals	562	5,255	65,515	71,332	308	15,869	86,128	102,305
Miscellaneous expense	1,000	-	-	1,000	-	-	-	-
Occupancy	172,734	-	1,000	173,734	194,153	-	1,500	195,653
Office expense	103,642	38,787	17,121	159,550	136,681	32,442	25,569	194,692
Patient representation	36,848	-	-	36,848	48,670	-	-	48,670
Public relations	-	2,610	211,193	213,803	-	27,284	459,385	486,669
Registration fees	12,083	-	-	12,083	3,080	-	-	3,080
Salaries and benefits	1,591,936	687,958	2,658,422	4,938,316	1,430,320	659,236	2,854,938	4,944,494
Subcontractors	92,795	31,277	1,175,307	1,299,379	251,687	10,570	1,274,007	1,536,264
Taxes and licenses	20,508	-	523	21,031	8,321	-	-	8,321
Telecommunications	179,938	3,894	8,378	192,210	202,091	5,010	9,198	216,299
Total indirect expenses	2,463,667	903,932	5,245,510	8,613,109	2,543,055	942,315	7,291,740	10,777,110
	$ 74,292,257	$ 903,932	$ 5,245,510	$ 80,441,699	$ 95,135,800	$ 942,315	$ 7,291,740	$ 103,369,855

See accompanying notes to consolidated financial statements.

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Patient Services, Inc. ("PSI") 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, Breast Cancer Screening, Chronic Myelogenous Leukemia, Circadian Rhythm Disorders, Complement Mediated Diseases, Corneal Crystal Accumulation in Cystinosis, Cystic Fibrosis, Fabry Disease, Gastrointestinal Stromal Tumors, Gaucher's Disease, Hemophilia, Hereditary Angioedema (C1 Inhibitor Deficiencies), Hypoparathyroidism, Idiopathic Pulmonary Fibrosis, Inhibitors in Hemophilia, Kidney Stones, MPS 1, Pompe Disease, Primary Immune Deficiency, Pseudobulbar Affect (PBA) and Underlying Neurological Diseases, von Willebrand Disease, Pulmonary Hypertension, Sickle Cell Disease, and Lysosomal Acid Lipase Deficiency.

PSI formed Accesia, Inc ("Accesia"), as a wholly-owned taxable subsidiary, with its primary office located in Virginia. Accesia 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. Accesia 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 Accesia designed to ensure PSI's independence in the operation of its patient assistance programs. During 2015, the Board of Directors decided to suspend operations of Accesia. As of December 31, 2018, Accesia operations remain suspended.

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

Financial Statement Presentation: The 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 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 are not subject to donor-imposed restrictions.

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

Financial Statement Presentation, Continued: *Net Assets With Donor Restrictions* – Net assets which are stipulated by donors for specific purposes, use restrictions, or are restricted in perpetuity. These assets currently consist of contributions. As of December 31, 2018 and 2017, total net assets with donor restrictions of $92,479,960 and $103,847,682, respectively, are restricted by donors for program purposes in the amount of $87,858,730 and $97,863,882, respectively, and restricted by time for administrative purposes in the amount of $4,621,230 and $5,983,800, respectively.

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 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.

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

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 $123,357 in 2018 and $133,053 in 2017.

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: Fees for contracted services are recorded in the year the grant is made. 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 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.

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

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, 2018 or December 31, 2017. Accesia was formed as a C corporation during 2012. Due to its lack of activity during 2018 and 2017, 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 has no significant financial statement exposure to uncertain tax positions at December 31, 2018 or 2017. 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 consolidated statements of activities. Advertising expense was $2,109 in 2018 and $199 in 2017***.***

Newly Adopted Accounting Standard: In August 2016, Financial Accounting Standards Board ("FASB") issued revised guidance for the presentation and disclosure of financial statements of non-for-profit entities. The main changes of the guidance include: (i) replacing of the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two new classes of net assets (net assets without donor restrictions and net assets with donor restrictions), (ii) changing the net asset classification of underwater donor-restricted endowment funds to be shown as a component of net assets with donor restrictions with additional required disclosures, (iii) requiring all not-for-profits to provide expenses by nature and function as well as an analysis of expenses by nature and function, (iv) removing the requirement to present an indirect cash flow reconciliation when electing the direct method of cash flows, and (v) requiring expansive disclosures (both quantitative and qualitative) of information about liquidity and availability of resources. The Organization adopted the guidance in 2018, with presentation shown retrospectively to include 2017. The adoption did not have a material impact on the consolidated financial statements.

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

Newly Adopted Accounting Standard, Continued: In August 2018, FASB issued Accounting Standards Update ("ASU") 2018-13, "Fair Value Measurement" (Topic 820), which amends the FASB accounting Standards Codification ("ASC") to modify the disclosure requirements for fair value measurements. The main changes of this ASU include: (i) disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements for instruments held at the end of the reporting period, (ii) disclosing the range and weighted averaged used to develop significant inputs for Level 3 fair value measurements, (iii) must report transfers into and out of Level 3 of the fair value hierarchy as well as purchases and issues of Level 3 assets and liability instead of a rollforward for Level 3 fair value measurements, (iv) for investment in certain entities that calculate net asset value, the requirement to disclose the entity's estimate of the period of time over which the underlying assets might be liquidated is replaced by the disclosure of that time period if the investee has announced the timing publicly, (v) eliminating amount and reasons for transfers between Level 1 and Level 2 of fair value hierarchy and policy of timing of transfers between levels, and (vi) eliminating changes in unrealized gains and losses for the period including in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization has elected to early adopt this ASU in 2018, with presentation shown retrospectively to include 2017. The adoption did not have a material impact on the consolidated financial statements.

Reclassifications: Certain prior year balances have been reclassified to conform with the current year presentation.

Subsequent Events: Management has evaluated subsequent events through March 26, 2019, the date the consolidated financial statements were available for issuance, and has determined that no additional disclosure is necessary.

NOTE 2. FAIR VALUE MEASUREMENTS OF ASSETS

The Organization has adopted 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 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.

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

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.

NOTE 2. FAIR VALUE MEASUREMENTS OF ASSETS, CONTINUED

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis at December 31, 2018, based on the level of input utilized to measure fair value:

Assets	Level 1	Level 3	Total
Investments:			
Stocks	$ 3,217,205	$ -	$ 3,217,205
Bonds	2,144,803	-	2,144,803
Annuity contracts	-	1,164,268	1,164,268
Total assets at fair value	$ 5,362,008	$ 1,164,268	$ 6,526,276

There were no assets or liabilities measured using Level 2 criteria at December 31, 2018.

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis at December 31, 2017, based on the level of input utilized to measure fair value:

Assets	Level 1	Level 3	Total
Investments:			
Stocks	$ 3,310,448	$ -	$ 3,310,448
Bonds	2,206,965	-	2,206,965
Annuity contracts	-	1,278,542	1,278,542
Total assets at fair value	$ 5,517,413	$ 1,278,542	$ 6,795,955

There were no assets or liabilities measured using Level 2 criteria at December 31, 2017.

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, 2018 and 2017, there were no unfunded commitments or redemption restrictions on the Organization's level 3 assets.

NOTE 3. LEASES

The Organization has entered into various leases for office space and office equipment that originally ranged in duration from three to five years. Rent expense was $70,550 for 2018 and $64,148 for 2017. Future minimum lease payments at December 31, 2018 were:

Year	Amount
2019	$ 22,028
2020	12,863
2021	12,863
	$ 47,754

NOTE 4. 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 $903,932 in 2018 and $942,315 in 2017.

NOTE 5. 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 was $110,622 in 2018 and $111,305 in 2017.

NOTE 6. 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 $50,647,928 as of December 31, 2018 and $45,422,058 as of December 31, 2017 exceeded federally insured limits.

The Organization maintains investments through one financial institution. The Securities Investor Protection Corporation (SIPC) insures deposits up to $500,000. Investments at this institution totaling $5,362,008 as of December 31, 2018 and $5,017,413 as of December 31, 2017 exceeded the insured limits.

NOTE 6. CONCENTRATIONS, CONTINUED

For the year ended December 31, 2018, contributions from four donors comprised approximately 86% of total contributions. In addition, 93% of contract fees receivable are due from three donors as of December 31, 2018.

For the year ended December 31, 2017, contributions from three donors comprised approximately 68% of total contributions. In addition, 85% of contract fees receivable are due from three donors as of December 31, 2017.

NOTE 7. 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:

	2018	2017
Cash and cash equivalents	$ 50,647,928	$ 45,422,058
Investments	5,362,008	5,517,413
Contract fees receivable, net	47,292,410	62,254,962
Total financial assets available within one year	103,302,346	113,194,433
Net assets with donor restrictions	(92,479,960)	(103,847,682)
Total financial assets available within one year after net assets with donor restrictions	$ 10,822,386	$ 9,346,751

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 in order to ensure funding availability to meet patient assistance needs, which can vary significantly month to month throughout the year.

NOTE 8. NEW ACCOUNTING GUIDANCE

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2019, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

Revenue Recognition: In May 2014, the FASB issued new guidance over revenue recognition which eliminates all transaction and industry specific accounting principles and replaces them with a unified, five step approach. The new standard will be effective for period beginning after December 15, 2018, and will permit the use of either the retrospective reporting for previous periods or the cumulative effect transition method. The Organization is currently evaluating the reporting and economic implications of the new standard.

Recognition of Grant and Contribution Revenue

In June 2018, FASB issued ASU No. 2018-08, “Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made”, which presents a new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. This ASU is effective for fiscal years beginning after December 15, 2018, for entities receiving contributions and fiscal years beginning after December 15, 2019, for entities providing contributions, with early adoption permitted. The Organization has elected not to early adopt this ASU and intends to adopt it prior to the required transition date.