

SENIOR PHARMASSIST, INC.  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2011 AND 2010

SENIOR PHARMASSIST, INC.

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**Minor, Anglin & Associates, P.A.**  
**Certified Public Accountants**  
3608 Shannon Road  
Suite 105  
Durham, North Carolina 27707

Memberships:  
American Institute of Certified Public Accountants  
North Carolina Association of Certified Public Accountants

Dan E. Minor, CPA  
Kim E. Anglin, CPA  
John C. Rasmussen, EA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Senior PharmAssist, Inc.  
Durham, North Carolina

We have audited the accompanying statement of assets, liabilities, and net assets—modified cash basis of Senior PharmAssist, Inc. (a nonprofit organization) as of June 30, 2011, and related statement of revenues, expenses, and other changes in net assets—modified cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Senior PharmAssist, Inc. as June 30, 2010, were audited by other auditors whose report dated September 28, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Senior PharmAssist, Inc. as of June 30, 2011, and its revenues, expenses, and other changes in net assets for the year then ended, on the basis of accounting described in Note B.

MINOR, ANGLIN & ASSOCIATES, P.A.

*Minor, Anglin & Associates, P.A.*

July 28, 2011

SENIOR PHARMASSIST, INC.  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS  
JUNE 30, 2011 AND 2010

|                                  | <u>2011</u>       | <u>2010</u>       |
|----------------------------------|-------------------|-------------------|
| ASSETS                           |                   |                   |
| CURRENT ASSETS                   |                   |                   |
| Cash                             | \$ 295,513        | \$ 361,566        |
| NC Sales Tax Refund              | <u>515</u>        | <u>294</u>        |
| TOTAL CURRENT ASSETS             | <u>296,028</u>    | <u>361,860</u>    |
| PROPERTY AND EQUIPMENT           |                   |                   |
| Office Furniture and Equipment   | 19,417            | 21,734            |
| Less: Accumulated Depreciation   | <u>(18,151)</u>   | <u>(18,456)</u>   |
| TOTAL FIXED ASSETS               | <u>1,266</u>      | <u>3,278</u>      |
| LONG-TERM ASSET                  |                   |                   |
| Deposits                         | <u>1,876</u>      | <u>1,876</u>      |
| TOTAL ASSETS                     | <u>\$ 299,170</u> | <u>\$ 367,014</u> |
| LIABILITIES AND NET ASSETS       |                   |                   |
| CURRENT LIABILITIES              |                   |                   |
| Payroll Taxes                    | <u>\$ 313</u>     | <u>\$</u>         |
| TOTAL CURRENT LIABILITIES        | <u>313</u>        | <u></u>           |
| TOTAL LIABILITIES                | <u>313</u>        | <u></u>           |
| NET ASSETS                       |                   |                   |
| Unrestricted Net Assets          | <u>298,857</u>    | <u>367,014</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 299,170</u> | <u>\$ 367,014</u> |

See accompanying notes and independent auditors' report.

SENIOR PHARMASSIST, INC.  
 STATEMENTS OF SUPPORT, REVENUES, AND EXPENSES-MODIFIED CASH BASIS  
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

|                                | 2011       | 2010       |
|--------------------------------|------------|------------|
| REVENUES                       |            |            |
| Government Contracts           | \$ 94,036  | \$ 91,643  |
| Foundations                    | 212,000    | 177,185    |
| Individuals and Groups         | 162,796    | 158,593    |
| Corporations and Businesses    | 50,299     | 64,634     |
| Civic Groups                   | 23,755     | 20,273     |
| Donor Designated Campaigns     | 5,530      | 6,111      |
| Program Revenue                | 18,758     | 18,590     |
| Miscellaneous Income           | 10         | 100        |
| Interest Income                | 2,422      | 3,159      |
|                                | 569,606    | 540,288    |
| TOTAL REVENUES                 |            |            |
| EXPENSES                       |            |            |
| Program Services               | 512,210    | 483,646    |
| Management and General         | 53,602     | 52,388     |
| Fundraising                    | 71,951     | 69,018     |
|                                | 637,763    | 605,052    |
| TOTAL EXPENSES                 |            |            |
| Decrease in Net Assets         | (68,157)   | (64,764)   |
| Net Assets - Beginning of Year | 367,014    | 431,778    |
| Net Assets - End of Year       | \$ 298,857 | \$ 367,014 |

See accompanying notes and independent auditors' report.

SENIOR PHARMASSIST, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Senior PharmAssist, Inc. (the Organization) is a nonprofit entity that promotes healthier living for Durham seniors by helping them obtain and better manage needed medications and by providing health education, Medicare insurance counseling, community referral, and advocacy.

The Organization is located in Durham, North Carolina.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting with modifications, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Consequently, the Organization has not recognized pledges receivable from donors, accounts payable to vendors, accrued expenses, deferred rent, and their related effects on the change in net assets in the accompanying financial statements.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with an original cost of \$500 or more and an estimated useful life of more than one year. Property and equipment are recorded at cost. Property and equipment received as non-cash contributions are not recorded in the financial statements. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, ranging from five to seven years. Depreciation expense was \$2,012 and \$2,061 for the years ended June 30, 2011 and 2010, respectively.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its mission. The Organization received 3,246 and 2,498 volunteer hours (excluding Board and Committee participation) for the years ended June 30, 2011 and 2010, respectively. No contributed services have been recorded in the statement of revenues, expenses, and other changes in net assets.

SENIOR PHARMASSIST, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization records contributions and grants when they are received.

Income Taxes

Senior PharmAssist, Inc. is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, Senior PharmAssist, Inc. is exempt from Federal income taxes to the extent provided under Section 501 of the Code. Accordingly, no provision for income taxes is made in the financial statements. As of June 30, 2011 there were no uncertain tax positions.

Donor Imposed Restrictions

Contributions that are restricted are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. There were no such restrictions at June 30, 2011 and 2010.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and other changes in net assets. Accordingly, certain costs have been allocated among the programs and services benefited.

NOTE B - MAJOR SOURCES OF SUPPORT

In fiscal years 2011 and 2010, the Organization received approximately 38% of its total revenues from three grantors, respectively.

SENIOR PHARMASSIST, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE C - DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan that covers all employees with annual compensation over \$5,000. Under the plan, participants may contribute any amount up to IRS limitations to the plan, and the Organization matches participants' contributions up to 3% of compensation. Contributions to the plan for the years ended June 30, 2011 and 2010 were \$11,530 and \$11,192, respectively.

NOTE D - PHARMACEUTICAL EXPENSES

The Organization pays the cost of necessary prescriptions, less a nominal co-payment, for seniors meeting income eligibility requirements. The payments are made through a third-party administrator.

NOTE E - LEASES

The Organization rents office space under the terms of an operating lease that was renewed for a period of three years beginning June 1, 2009, with incremental rent increases each year.

The rent expense related to the lease for the years ended June 30, 2011 and 2010 was \$35,123 and \$31,339, respectively. The future minimum lease payments remaining at June 30, 2011 are as follows:

|                           |                  |
|---------------------------|------------------|
| Year ending June 30, 2012 | \$ <u>40,764</u> |
|---------------------------|------------------|

NOTE F - SUBSEQUENT EVENTS

The Organization has evaluated all events subsequent to the statement of assets, liabilities and net assets-modified cash basis date of June 30, 2011 through July 28, 2011, which is the date these financial statements are available to be issued, and has determined that there are no subsequent events that require disclosure.

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INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors of  
Senior PharmAssist, Inc.  
Durham, North Carolina

Our report on our audit of the basic financial statements of Senior PharmAssist, Inc. for 2011 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses- Modified Cash Basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.

The basic financial statements of Senior PharmAssist, Inc. for the year ended June 30, 2010, presented on pages 2 and 3, were audited by other auditors whose report dated September 28, 2010, expressed an unqualified opinion on those financial statements. Their report, as of the same date, on The Schedule of Functional Expenses- Modified Cash Basis stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2010, taken as a whole.

MINOR, ANGLIN & ASSOCIATES, P.A.

*Minor, Anglin & Associates, P.A.*

July 28, 2011

SENIOR PHARMASSIST, INC.  
 SCHEDULES OF FUNCTIONAL EXPENSES-MODIFIED CASH BASIS  
 For the Year Ended June 30, 2011 with Comparative Totals for 2010

|   | Program Services | Management and General | Fund-raising | Total 2011 | Total 2010 |
|---|------------------|------------------------|--------------|------------|------------|
| Salaries and related expenses                           | \$ 360,130       | \$ 34,813              | \$ 59,537    | \$ 454,480 | \$ 441,736 |
| Pharmaceutical expenses                                 | 81,949           |                        |              | 81,949     | 67,898     |
| Rent/janitorial   | 28,261           | 2,563                  | 4,769        | 35,593     | 31,340     |
| Contract services                                       | 4,843            | 12,038                 | 724          | 17,605     | 21,070     |
| Telephone/internet                                      | 5,545            | 447                    | 832          | 6,824      | 6,996      |
| Printing  | 9,288            | 366                    | 1,077        | 10,731     | 10,066     |
| Supplies  | 5,067            | 1,106                  | 1,528        | 7,701      | 5,525      |
| Postage   | 2,021            | 172                    | 1,640        | 3,833      | 3,635      |
| Membership dues   | 1,676            | 113                    | 410          | 2,199      | 3,592      |
| Insurance   | 2,303            | 147                    | 274          | 2,724      | 2,635      |
| Miscellaneous   | 2,257            | 1,421                  | 250          | 3,928      | 3,718      |
| Maintenance agreements                                  | 1,772            | 161                    | 299          | 2,232      | 1,260      |
| Participant transportation                              | 1,384            |                        |              | 1,384      | 960        |
| Conferences attended                                    | 2,360            | 96                     | 331          | 2,787      | 851        |
| Travel  | 147              | 8                      | 1            | 156        | 263        |
| Publications  | 406              | 6                      | 10           | 422        | 340        |
| Conferences hosted                                      | 1,203            |                        |              | 1,203      | 1,106      |
| Total expenses before depreciation<br>other adjustments | 510,612          | 53,457                 | 71,682       | 635,751    | 602,991    |
| Depreciation  | 1,598            | 145                    | 269          | 2,012      | 2,061      |
| Total expenses  | \$ 512,210       | \$ 53,602              | \$ 71,951    | \$ 637,763 | \$ 605,052 |

See independent auditors' report on additional information.