

NEEDYMEDS, INC.
Financial Statements
For the Years Ended
December 31, 2014 and 2013

INDEPENDENT AUDITOR'S REPORT

Board of Directors
NeedyMeds, Inc.
Gloucester, Massachusetts

We have audited the accompanying financial statements of NeedyMeds, Inc. (a nonprofit corporation) which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities, functional expenses, cash flows and changes in net assets for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of NeedyMeds, Inc. as of December 31, 2014 and 2013 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.

Horvitz & Frisch, P.C.

HORVITZ & FRISCH, P.C.

August 7, 2015

NEEDYMEDS, INC.
 Statements of Financial Position
 December 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Cash Equivalents	\$ 150,939	\$ 223,856
Accounts Receivable	119,055	95,957
Prepaid Expenses	<u>16,618</u>	<u>8,878</u>
Total Current Assets	<u>286,612</u>	<u>328,691</u>
 Property and Equipment, Net of Accumulated Depreciation	 <u>13,236</u>	 <u>10,909</u>
Other Assets:		
Certificates of Deposit	502,635	250,963
Intangible Assets, Net of Accumulated Amortization	<u>6,668</u>	<u>8,001</u>
Total Other Assets	<u>509,303</u>	<u>258,964</u>
 Total Assets	 \$ <u>809,151</u>	 \$ <u>598,564</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 59,115	\$ 56,346
Accrued Payroll, Taxes and Benefits	80,140	45,795
Deferred Revenue	<u>49,200</u>	<u>42,900</u>
Total Current Liabilities	<u>188,455</u>	<u>145,041</u>
 Net Assets:		
Unrestricted:		
Operating	<u>620,696</u>	<u>453,523</u>
Total Unrestricted	<u>620,696</u>	<u>453,523</u>
 Total Net Assets	 <u>620,696</u>	 <u>453,523</u>
 Total Liabilities and Net Assets	 \$ <u>809,151</u>	 \$ <u>598,564</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statement

NEEDYMEDS, INC.
Statements of Activities
For the Years Ended December 31, 2014 and 2013

UNRESTRICTED NET ASSETS

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Fees	\$ 1,439,941	\$ 1,057,421
Contributions	4,274	4,310
Sponsorship and Syndication Revenue	165,271	215,818
Interest Income	2,721	1,265
Total Revenues	<u>1,612,207</u>	<u>1,278,814</u>
Expenses:		
Program	1,354,495	1,246,773
Management and General	<u>90,539</u>	<u>88,080</u>
Total Expenses	<u>1,445,034</u>	<u>1,334,853</u>
Change in Net Assets	167,173	(56,039)
Net Assets, Beginning of Year	<u>453,523</u>	<u>509,562</u>
Net Assets, End of Year	<u>\$ 620,696</u>	<u>\$ 453,523</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statement

NEEDYMEDS, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Related Costs:			
Salaries and Wages	\$ 668,350	\$ 50,306	\$ 718,656
Payroll Taxes	63,128	4,752	67,880
Fringe Benefits	39,919	3,005	42,924
Vacation Accrual	<u>22,602</u>	<u>1,701</u>	<u>24,303</u>
Total Salaries and Related Costs	793,999	59,764	853,763
Occupancy	27,502	2,070	29,572
Telephone	14,156	1,066	15,222
Insurance	5,056	1,009	6,065
Fulfillment Services	88,929	-	88,929
Outside Services	92,192	-	92,192
Office Supplies	87,975	6,622	94,597
Technology	117,297	-	117,297
Printing	48,200	-	48,200
Travel	43,673	-	43,673
Grants	17,886	-	17,886
Accounting	-	13,308	13,308
Bank Service Charges	3,365	-	3,365
Miscellaneous	<u>6,107</u>	<u>6,700</u>	<u>12,807</u>
Total Expenses before Depreciation	1,346,337	90,539	1,436,876
Depreciation and Amortization	<u>8,158</u>	<u>-</u>	<u>8,158</u>
Total Expenses	<u>\$ 1,354,495</u>	<u>\$ 90,539</u>	<u>\$ 1,445,034</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statement

NEEDYMEDS, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Related Costs:			
Salaries and Wages	\$ 511,450	\$ 38,496	\$ 549,946
Payroll Taxes	64,101	4,825	68,926
Fringe Benefits	41,276	3,107	44,383
Vacation Accrual	<u>(1,933)</u>	<u>(146)</u>	<u>(2,079)</u>
Total Salaries and Related Costs	614,894	46,282	661,176
Occupancy	24,634	1,854	26,488
Telephone	10,409	784	11,193
Insurance	5,660	1,010	6,670
Fulfillment Services	88,183	-	88,183
Outside Services	141,287	-	141,287
Office Supplies	41,378	3,115	44,493
Technology	123,893	-	123,893
Printing	51,962	-	51,962
Travel	20,440	-	20,440
Grants	109,099	-	109,099
Accounting	-	17,490	17,490
Bank Service Charges	3,039	-	3,039
Bad Debt Expense	-	5,716	5,716
Miscellaneous	<u>4,205</u>	<u>11,829</u>	<u>16,034</u>
Total Expenses before Depreciation	1,239,083	88,080	1,327,163
Depreciation and Amortization	<u>7,690</u>	<u>-</u>	<u>7,690</u>
Total Expenses	<u>\$ 1,246,773</u>	<u>\$ 88,080</u>	<u>\$ 1,334,853</u>

See Accountant's Audit Report and Accompanying Notes to Financial Statement

NEEDYMEDS, INC.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 167,173	\$ (56,039)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	8,158	7,690
Reinvested Interest Income	(1,672)	(363)
(Increase) Decrease in:		
Accounts Receivable	(23,098)	(3,268)
Prepaid Expenses	(7,740)	917
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	2,769	27,477
Accrued Payroll, Taxes and Benefits	34,345	6,785
Deferred Revenue	6,300	14,400
Net Cash Provided (Used) by Operating Activities	186,235	(2,401)
Cash Flows from Investing Activities:		
Purchase of Certificates of Deposit	(250,000)	(250,600)
Purchase of Property and Equipment	(9,152)	(5,599)
Net Cash (Used) by Investing Activities	(259,152)	(256,199)
Net (Decrease) in Cash and Cash Equivalents	(72,917)	(258,600)
Cash and Cash Equivalents, Beginning of Year	223,856	482,456
Cash and Cash Equivalents, End of Year	\$ 150,939	\$ 223,856

See Accountant's Audit Report and Accompanying Notes to Financial Statement

NEEDYMEDS, INC.
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

1. Nature of Operations

NeedyMeds, Inc. (the Organization) is a nonprofit, charitable organization that assists healthcare consumers and their advocates to identify and apply for pharmaceutical patient assistance programs, financial help to pay for medicines, treatment and supporting services for specific diseases and health conditions as well as other health care benefits. Its services are offered primarily through its interactive website, telephone assistance, distribution of prescription discount cards and community outreach.

2. Summary of Significant Accounting Policies

Basic Accounting

The Organization prepares its financial statements on the accrual basis of accounting.

Grants

Grants include amounts received from pharmaceutical companies for fulfillment of services including order processing, handling, shipping and other costs associated with the patient assistance program.

In-kind Contributions of Materials and Services

The Organization records the value of contributed services that are provided by individuals requiring specialized skills or that enhance or create non-financial assets. No amounts have been recorded for the value of contributed services. No amounts were recorded for the years ended December 31, 2014 and 2013.

The Organization assists pharmaceutical companies in facilitating their Patient Assistance Programs which are created by pharmaceutical companies to provide free or discounted medicines to people who are unable to afford them. Although NeedyMeds, Inc. does not take physical custody of the medicines, it does temporarily take title to the goods through the distribution process. NeedyMeds, Inc. does not record the value of the medicines in its financial statements.

The value of such goods facilitated through the various Patient Assistance Programs approximated \$975,000 and \$3,000,000 for the years ended December 31, 2014 and 2013, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of program and management and general expenses. Accordingly, certain costs may have been allocated among the programs and supporting services benefited.

NEEDYMEDS, INC.
Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

2. Summary of Significant Accounting Policies – Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statement amounts and disclosures. Actual results could differ from those estimates and assumptions.

Income Taxes

The Organization is a non-profit organization, not a private foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Contributions

In accordance with ASC958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Financial Statements Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NeedyMeds, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Board designated restrictions are considered unrestricted under these reporting standards.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of NeedyMeds, Inc. and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by NeedyMeds, Inc. Generally, the donors of these assets permit NeedyMeds, Inc. to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

NeedyMeds, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NEEDYMEDS, INC.
Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

2. Summary of Significant Accounting Policies – Continued

Certificates of Deposit

Certificates of deposit consist of several certificates with an original maturity of greater than three months whose cost at December 31, 2014 and 2013 approximates fair value.

Deferred Revenue

Certain income received during the years ended December 31, 2014 and 2013 is deferred and will be recognized in the year in which the expenses relate.

3. Accounts Receivable

No allowance is made for uncollectible accounts. The direct write-off method is utilized when all collection attempts are suspended. Bad debt recoveries are brought into income as collected. No interest is charged on overdue balances.

Accounts receivable aging at December 31 is as follows:

	2014	2013
Current	\$ 83,989	\$ 58,436
30 – 60 Days	31,488	32,545
61 – 90 Days	1,611	2,872
Over 90 Days	1,967	2,104
	<u>\$ 119,055</u>	<u>\$ 95,957</u>

4. Property and Equipment

NeedyMeds, Inc. capitalizes major purchases of property and equipment invoiced over \$1,000, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance and repairs are charged to expense as incurred.

Capitalized property and equipment are recorded at cost, if purchased or constructed; or at fair market value at the date of the gift, if donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets capitalized or over the length of the lease for leasehold improvements.

NEEDYMEDS, INC.
Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

4. Property and Equipment - Continued

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life</u>
Office Equipment	\$ 58,640	\$ 49,488	5- 7 Years
Less Accumulated Depreciation	<u>45,404</u>	<u>38,579</u>	
	<u>\$ 13,236</u>	<u>\$ 10,909</u>	

Depreciation expense amounted to \$6,825 and \$6,356 for the years ended December 31, 2014 and 2013, respectively.

5. Intangible Assets

Intangible assets are recorded at cost. Such assets are amortized using the straight-line method over their useful economic lives.

Intangible assets consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life</u>
Intangible Assets	\$ 20,000	\$ 20,000	15 Years
Less Accumulated Amortization	<u>13,332</u>	<u>11,999</u>	
	<u>\$ 6,668</u>	<u>\$ 8,001</u>	

Amortization expense amounted to \$1,333 and \$1,334 for the years ended December 31, 2014 and 2013 respectively.

Amortization expense will approximate \$1,333 over each of the next five years.

6. Advertising Costs

Advertising costs are expensed as incurred. There was no advertising expense recorded during the years ended December 31, 2014 and 2013.

7. Rent

The Organization signed a one year lease effective February 2010. Rent under this agreement was \$1,500 per month. The monthly rent increased to \$1,650 effective April 2014. The lease was renewable for two two-year options subject to certain provisions. Total rent expense for the years ended December 31, 2014 and 2013 amounted to \$19,350 and \$18,000, respectively.

NEEDYMEDS, INC.
Notes to Financial Statements - Continued
For the Years Ended December 31, 2014 and 2013

7. Rent – Continued

Effective March 2015, the Organization entered into a six year lease for new office space. The initial monthly rent is \$2,706 plus common area charges and buildout expenses of \$67 and \$575 per month, respectively. The monthly rent shall increase 2.5% over the base rent, annually.

Minimum future rental payments are as follows for the years ended December 31:

2015	\$ 36,779
2016	40,852
2017	41,680
2018	42,530
2019	43,400

8. SIMPLE IRA Plan

The Organization maintains a SIMPLE IRA plan under which employees make voluntary tax deductible contributions. The Organization matches each eligible employee's contributions up to 3% of the employee's compensation.

Employer contributions amounted to \$10,415 and \$11,619 for the years ended December 31, 2014 and 2013, respectively.

9. Related Party Transactions

During the years ended December 31, 2014 and 2013, the Organization provided services to a related party. A member of the Organization's board of directors is the President of the company which received the services. Amounts received for these services amounted to \$63,996 for each year ended December 31, 2014 and 2013.

10. Subsequent Events

The Organization did not have any subsequent events through August 7, 2015, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2014.