



HEALTHWELL
FOUNDATION®

When health insurance is not enough.®

HEALTHWELL FOUNDATION AND AFFILIATE

Consolidated Financial Statements

For the Year Ended December 31, 2023



and
Report Thereon



HEALTHWELL FOUNDATION AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
HealthWell Foundation and Affiliate

Opinion

We have audited the consolidated financial statements of the HealthWell Foundation (HealthWell) and Affiliate (collectively referred to as the Foundation), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Marcum LLP

Washington, DC
September 24, 2024

HEALTHWELL FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS	
Cash and cash equivalents	\$ 188,277,489
Investments	387,592,579
Contributions receivable	54,753,671
Prepays and other assets	938,835
Property and equipment, net	518,904
Right-of-use asset	<u>5,751,293</u>
TOTAL ASSETS	<u>\$ 637,832,771</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	\$ 68,481,966
Copayments and premium assistance payable	7,093,237
Lease liability	<u>5,980,868</u>
TOTAL LIABILITIES	<u>81,556,071</u>
Net Assets	
Without donor restrictions	<u>37,685,821</u>
With donor restrictions	
Committed to patients	305,739,138
Uncommitted	<u>212,851,741</u>
Total With Donor Restrictions	<u>518,590,879</u>
TOTAL NET ASSETS	<u>556,276,700</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 637,832,771</u>

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

HEALTHWELL FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Contributions	\$ 2,483,490	\$ 728,417,538	\$ 730,901,028
Service fees	32,198	-	32,198
Net assets released from restrictions:			
Satisfaction of program restrictions	710,966,068	(710,966,068)	-
	<u>713,481,756</u>	<u>17,451,470</u>	<u>730,933,226</u>
EXPENSES			
Program Services:			
Multiple Myeloma - Medicare Access	174,514,707	-	174,514,707
Renal Cell Carcinoma - Medicare Access	58,394,844	-	58,394,844
Hypercholesterolemia - Medicare Access	56,810,862	-	56,810,862
Hepatitis C	49,594,155	-	49,594,155
Tardive Dyskinesia - Medicare Access	39,682,375	-	39,682,375
Prostate Cancer - Medicare Access	34,883,254	-	34,883,254
Pulmonary Hypertension - Medicare Access	33,706,954	-	33,706,954
Cardiomyopathy - Medicare Access	32,052,550	-	32,052,550
Chronic Lymphocytic Leukemia	31,281,879	-	31,281,879
Acute Myeloid Leukemia	25,855,935	-	25,855,935
Cystic Fibrosis Treatments	22,415,752	-	22,415,752
Pulmonary Fibrosis	21,525,070	-	21,525,070
Myelodysplastic Syndromes - Medicare Access	20,477,230	-	20,477,230
Neurocognitive Disease with Psychosis - Medicare Access	20,284,522	-	20,284,522
Amyotrophic Lateral Sclerosis	19,366,855	-	19,366,855
Breast Cancer - Medicare Access	12,523,668	-	12,523,668
Multiple Sclerosis - Medicare Access	6,346,208	-	6,346,208
Cystic Fibrosis Vitamins and Supplements	5,285,835	-	5,285,835
Peyronie's Disease	5,038,669	-	5,038,669
Mantle Cell Lymphoma	4,948,386	-	4,948,386
Congenital Sucrase-Isomaltase Deficiency	4,678,644	-	4,678,644
Pediatric Assistance	4,238,696	-	4,238,696
Dupuytren's Disease	3,899,033	-	3,899,033
Amyloidosis	3,073,878	-	3,073,878
Gout - Medicare Access	2,654,081	-	2,654,081
Non-Small Cell Lung Cancer - Medicare Access	2,337,224	-	2,337,224
Small Cell Lung Cancer - Medicare Access	2,230,137	-	2,230,137
Non-Hodgkin's Lymphoma - Medicare Access	2,206,228	-	2,206,228
Systemic Sclerosis with Interstitial Lung Disease	1,720,259	-	1,720,259
Urticaria	1,409,626	-	1,409,626
Waldenstrom Macroglobulinemia	1,397,407	-	1,397,407
Sickle Cell Disease	1,187,458	-	1,187,458
Type 2 Diabetes	880,405	-	880,405
Melanoma - Medicare Access	841,657	-	841,657
Colorectal Carcinoma - Medicare Access	729,270	-	729,270
Pancreatic Cancer - Medicare Access	698,859	-	698,859
Cushing's Disease	691,018	-	691,018
Post Menopausal Osteoporosis - Medicare Access	665,962	-	665,962
Blepharitis	643,081	-	643,081
Lambert-Eaton Myasthenic Syndrome	623,144	-	623,144
IgA Nephropathy	618,273	-	618,273
Giant Cell Arteritis or Temporal Arteritis - Medicare Access	532,255	-	532,255
ANCA-Assoc Vasculitis & Granulomatosis	503,156	-	503,156

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

HEALTHWELL FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

(continued)

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (CONTINUED)			
Program Services (continued):			
Chronic Myeloid Leukemia - Medicare Access	\$ 451,565	\$ -	\$ 451,565
Bladder and Urothelial Cancer - Medicare Access	408,340	-	408,340
Health Access	360,744	-	360,744
Bone Metastases - Medicare Access	204,723	-	204,723
Other	176,707	-	176,707
B-Cell Lymphoma - Medicare Access	154,118	-	154,118
Nontuberculous Mycobacterium - Medicare Access	117,556	-	117,556
Cancer-Related Behavioral Health	107,603	-	107,603
Chemotherapy Induced Neutropenia - Medicare Access	82,275	-	82,275
Ovarian Cancer - Medicare Access	66,222	-	66,222
Porphyrias	55,573	-	55,573
Head and Neck Cancer - Medicare Access	53,332	-	53,332
Total Program Services	715,688,219	-	715,688,219
Supporting Services:			
Management and general	2,526,571	-	2,526,571
Fundraising	1,259,588	-	1,259,588
Marketing and communications	1,748,955	-	1,748,955
Total Supporting Services	5,535,114	-	5,535,114
TOTAL EXPENSES	721,223,333	-	721,223,333
Change in Net Assets From Operations	(7,741,577)	17,451,470	9,709,893
Nonoperating Activities:			
Interest income	16,272,559	-	16,272,559
Realized and unrealized investment gains, net	22,552,147	-	22,552,147
TOTAL NONOPERATING REVENUE	38,824,706	-	38,824,706
CHANGE IN NET ASSETS	31,083,129	17,451,470	48,534,599
NET ASSETS, BEGINNING OF YEAR	6,602,692	501,139,409	507,742,101
NET ASSETS, END OF YEAR	\$ 37,685,821	\$ 518,590,879	\$ 556,276,700

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

HEALTHWELL FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Supporting Services					
	Program Services	Management and General	Marketing and Communications	Fundraising	Total Supporting Services	Total
Patient grants	\$ 695,005,207	\$ -	\$ -	\$ -	\$ -	\$ 695,005,207
Salaries and wages	12,649,870	755,893	987,351	460,980	2,204,224	14,854,094
Fringe benefits and payroll taxes	3,977,795	382,942	135,281	107,498	625,721	4,603,516
Professional fees	1,073,111	517,739	208	-	517,947	1,591,058
Contracted services	426,865	194,787	159,050	436,768	790,605	1,217,470
Occupancy	854,332	48,693	41,664	21,501	111,858	966,190
Telecommunications and systems	532,555	25,379	299	-	25,678	558,233
Taxes and license	362,204	120,904	37,233	22,084	180,221	542,425
Printing and Postage	274,545	11,952	18,935	-	30,887	305,432
Conference and meeting	5,663	73,592	124,467	63,972	262,031	267,694
Travel and meals	17,715	11,457	128,521	67,692	207,670	225,385
Miscellaneous	45,735	153,394	16,408	27	169,829	215,564
Bank charges	163,130	-	-	27,455	27,455	190,585
Employee Development	150,908	28,315	2,861	2,415	33,591	184,499
Depreciation and amortization	120,537	24,410	21,508	10,789	56,707	177,244
Board honoraria	-	150,970	-	-	150,970	150,970
Marketing & Outreach	-	2,281	70,268	20,418	92,967	92,967
Supplies	17,043	18,176	786	-	18,962	36,005
Dues and publications	10,910	3,038	4,115	10,296	17,449	28,359
State registration fees	94	2,649	-	7,693	10,342	10,436
TOTAL EXPENSES	<u>\$ 715,688,219</u>	<u>\$ 2,526,571</u>	<u>\$ 1,748,955</u>	<u>\$ 1,259,588</u>	<u>\$ 5,535,114</u>	<u>\$ 721,223,333</u>

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

HEALTHWELL FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 48,534,599
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	177,244
Net realized and unrealized losses on investments	(22,818,194)
Amortization of right-of-use asset	936,490
Changes in assets and liabilities:	
Contributions receivable	59,928,929
Prepays and other assets	(400,896)
Accounts payable and accrued expenses	49,969,802
Copayments and premium assistance payable	1,584,716
Lease liability	<u>(878,323)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>137,034,367</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(135,685,024)
Proceeds from sales and maturities of investments	126,426,554
Purchases of property and equipment	<u>(102,156)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(9,360,626)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	127,673,741
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>66,474,022</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 194,147,763</u>
CASH REPORTED ON THE STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents	\$ 188,277,489
Cash and cash equivalents within investments	<u>5,870,274</u>
TOTAL CASH	<u>\$ 194,147,763</u>

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

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. Organization and Nature of Activities

Organization

The HealthWell Foundation (HealthWell) is an independent, nonprofit organization that provides financial assistance to underinsured adults and children living with chronic or life-altering diseases, such as cancer, asthma and autoimmune disorders. HealthWell helps eligible individuals afford out-of-pocket costs for prescription drug copayments, coinsurance, deductibles, premiums and other select out-of-pocket costs. The Foundation's primary source of revenue is contributions from corporations and individuals.

HWF – Direct, LLC (HWF), an affiliate of HealthWell, was organized on October 10, 2018, as a single-member limited liability corporation (LLC) to administer the Foundation's call-center functions. HealthWell is the sole member of HWF and funds its operations through intercompany service charges and service contracts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded as the obligations are incurred.

Principles of Consolidation

The consolidated financial statements of HealthWell and HWF (collectively referred to as the Foundation) have been prepared on the accrual basis of accounting and include the accounts of HealthWell and its affiliate. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For financial statement reporting purposes, cash and cash equivalents include demand deposits and highly liquid money market funds.

Investments

Investments are carried at fair value in the financial statements and include cash and cash equivalents held in investment accounts. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recognized upon the sale or disposal of the investment. Interest and dividend income is recorded as earned. Unrealized gains and losses due to market fluctuations during the year are recognized as nonoperating activities in the accompanying consolidated statement of activities.

Contributions Receivable

Contributions receivable are recorded at net realizable value. The Foundation utilizes the allowance method to account for potentially uncollectible accounts receivable. The allowance for doubtful accounts is based on management's evaluation of the outstanding contributions receivable balance.

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost and are depreciated or amortized using the straight-line method over the estimated useful lives of the assets, which is five years. It is the Foundation's policy to capitalize purchases of property and equipment that cost \$5,000 or more and have an economic life in excess of one year.

Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance are expensed as incurred. Upon the disposal of an asset, the appropriate accounts are reduced by the related costs and accumulated depreciation or amortization. The resulting gains or losses are reflected in the accompanying consolidated statement of activities.

Right-of-Use Asset and Lease Liability

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in operating right-of-use (ROU) assets and lease liabilities in the accompanying consolidated statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using the Foundation's estimated incremental borrowing rate or implicit rate, when readily determinable, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the accompanying statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Copayments and Premium Assistance Payable

An estimated liability for unpaid copayments and premium claims incurred, but not reported, as of year-end, based upon actual subsequent claims payments, is recorded in the accompanying consolidated statement of financial position.

Net Assets

The Foundation's net assets are classified on the basis of the existence or absence of donor-imposed restrictions. Accordingly, the Foundation's net assets are classified and reported as follows:

- *Without donor restrictions* – Net assets not subject to any donor-imposed stipulations or other legal limitations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may be met by the Foundation's actions and/or the passage of time. Unconditional grants awarded to patients that have not yet been expended by the patients are reported as net assets with donor restrictions committed to patients.

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurement

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of and for the year ended December 31, 2023, only the Foundation's investments, as described in Notes 3 and 4, were measured at fair value on a recurring basis.

Revenue Recognition

Unconditional contributions are recorded as revenue and support in the period in which the commitment is made and are recorded with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Service fees are related to providing administrative support services and are recognized at the point in time that the service is performed.

Program Services

The Foundation awards financial assistance to underinsured patients living with chronic or life-altering diseases. The Foundation records this financial assistance as program service expense when the services are provided, rather than when the assistance is awarded, as payments are contingent upon the patients obtaining the approved medications and/or services.

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Program Services (continued)

The Foundation has instituted a process for withdrawing and adjusting the original patient assistance committed to, but not subsequently used by, the patient so that the funds are available for new awards. Funds awarded to patients that have not yet been expended by the patients are recorded as net assets with donor restrictions committed to patients on the accompanying consolidated statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to specific functional areas are reported as expenses of those functional areas.

Indirect expenses, which include costs related to occupancy, depreciation and amortization, and various consultants, are allocated among the programs and supporting services based on patient activities conducted under each grant. Salaries, including those related to the executive, finance, human resources, marketing and technology functions, are allocated first on the basis of an annually prepared estimation of hours worked by employee in each function and then by patient grant expense.

Measure of Operations

The consolidated statement of activities separately reports changes in net assets from operations as well as nonoperating activities. Operating activities consist primarily of contributions and expenses related to the financial assistance awarding process. Nonoperating activities include gains, losses, and income related to the Foundation's investments.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Investments

The Foundation's investments as of December 31, 2023, are summarized as follows:

Mutual funds	\$ 232,525,771
Fixed-income securities	92,245,238
Stock	56,951,296
Money market funds	<u>5,870,274</u>
Total Investments	<u>\$ 387,592,579</u>

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

3. Investments (continued)

Investment income, including interest earned on cash and cash equivalents, is as follows for the year ended December 31, 2023:

Interest and dividends	\$ 16,272,559
Realized losses	(4,841,567)
Unrealized gains	27,659,761
Investment fees	<u>(266,047)</u>
Investment Income, Net	<u>\$ 38,824,706</u>

4. Fair Value Measurement

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured in fair value hierarchy:				
Mutual funds:				
Nontraditional				
bond funds	\$103,316,801	\$103,316,801	\$ -	\$ -
Short and intermediate term bond funds	103,877,811	103,877,821	-	-
Domestic equity	24,174,806	24,174,806	-	-
International equity	<u>1,156,343</u>	<u>1,156,343</u>	<u>-</u>	<u>-</u>
Total Mutual Funds	232,525,771	232,525,771	-	-
Fixed-income securities:				
Government obligations	39,653,787	-	39,653,787	-
Corporate obligations	36,259,264	-	36,259,264	-
Mortgage-backed securities	6,701,315	-	6,701,315	-
Domestic funds	8,464,622	-	8,464,622	-
Municipal bonds	1,101,943	-	1,101,943	-
Specialty fixed income	<u>64,307</u>	<u>-</u>	<u>64,307</u>	<u>-</u>
Total Fixed-Income Securities	<u>92,245,238</u>	<u>-</u>	<u>92,245,238</u>	<u>-</u>

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

4. Fair Value Measurement (continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>(continued)</i>				
Stock:				
Domestic stock	\$ 35,734,108	\$ 35,734,108	\$ -	\$ -
International stock	<u>21,217,188</u>	<u>21,217,188</u>	<u>-</u>	<u>-</u>
Total Stock	<u>56,951,296</u>	<u>56,951,296</u>	<u>-</u>	<u>-</u>
Total Investments Measured in Fair Value Hierarchy	381,722,305	<u>\$289,477,067</u>	<u>\$92,245,238</u>	<u>\$ -</u>
Cash and cash equivalents	<u>5,870,274</u>			
Total Investments	<u>\$387,592,579</u>			

As of December 31, 2023, the Foundation used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Mutual funds and stock – These securities are valued using a quoted per-share price or net asset value for identical assets in active markets, generally obtained from the relevant exchange or dealer market.

Fixed-income securities – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics, as provided by a third party using a computerized valuation formula. These are classified within Level 2 of the valuation hierarchy.

5. Contributions Receivable

Contributions receivable represent unconditional grants and contributions from corporations that are due within one year. Contributions receivable are deemed to be fully collectible. Approximately 78% of contributions receivable were due from three contributors as of December 31, 2023.

HEALTHWELL FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

6. Property and Equipment

Property and equipment consisted of the following at December 31, 2023:

Computer software	\$ 1,324,214
Furniture	549,321
Computer equipment	574,896
Leasehold improvements	<u>121,560</u>
Total Property and Equipment	2,569,991
Less: Accumulated Depreciation and Amortization	<u>(2,051,087)</u>
Property and Equipment, Net	<u>\$ 518,904</u>

Depreciation and amortization expense totaled \$177,244 for the year ended December 31, 2023.

7. Right-of-Use Asset and Lease Liability

The Foundation evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Foundation's right to use underlying assets for the lease term, and the lease liability represent the Foundation's obligation to make lease payments arising from the leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The Foundation has a number of operating leases for office space and equipment under several noncancelable leases, the last of which expires in June 2032. The real estate leases have options for renewal, at the Foundation's option, for which management is not reasonably certain to exercise. Therefore, the payments associated with those extensions are not included in the ROU asset nor the lease liability recognized as of December 31, 2023.

For the year ended December 31, 2023, the operating lease cost was \$979,566. Cash paid for the operating lease for the year ended December 31, 2023 totaled \$921,399.

Weighted average lease term and discount rate as December 31, 2023 were as follows:

Weighted average remaining lease term	8.00 years
Weighted average discount rate	2.76%

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7. Right-of-Use Asset and Lease Liability (continued)

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

For the Year Ending December 31,			
2024	\$	903,259	
2025		919,264	
2026		866,925	
2027		744,698	
2028		767,024	
Thereafter		<u>2,867,305</u>	
Total		7,068,475	
Less: Present Value Discount		<u>(1,087,607)</u>	
Lease Liability		<u>\$ 5,980,868</u>	

8. Net Assets With Donor Restrictions

As of December 31, 2023, net assets with donor restrictions were available for the following disease funds:

Multiple Myeloma – Medicare Access	\$120,338,134
Hypercholesterolemia – Medicare Access	65,427,436
Cardiomyopathy – Medicare Access	37,182,607
Chronic Lymphocytic Leukemia	30,762,638
Cystic Fibrosis Treatments	25,593,375
Renal Cell Carcinoma – Medicare Access	23,640,599
Tardive Dyskinesia – Medicare Access	19,068,095
Acute Myeloid Leukemia	18,532,037
Hepatitis C	16,827,473
Neurocognitive Disease with Psychosis – Medicare Access	16,596,102
Myelodysplastic Syndromes – Medicare Access	16,398,838
Breast Cancer – Medicare Access	11,955,895
Prostate Cancer – Medicare Access	11,749,489
Peyronie’s Disease	11,329,030
Pulmonary Hypertension – Medicare Access	10,232,627
Pulmonary Fibrosis	7,842,540
Mantle Cell Lymphoma	7,478,677
Multiple Sclerosis – Medicare Access	6,556,587
Dupuytren’s Disease	6,521,514
Congenital Sucrase-Isomaltase Deficiency	5,280,085
B-Cell Lymphoma – Medicare Access	5,043,117
Amyotrophic Lateral Sclerosis	4,873,040
Blepharitis	4,506,919

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8. Net Assets With Donor Restrictions (continued)

(continued)

Gout – Medicare Access	\$ 4,136,076
Systemic Sclerosis with Interstitial Lung Disease	3,779,632
Small Cell Lung Cancer – Medicare Access	2,683,146
Cystic Fibrosis Vitamins and Supplements	1,837,248
Urticaria	1,757,585
Waldenstrom Macroglobulinemia	1,717,065
IgA Nephropathy	1,381,727
Cushing’s Disease	1,354,380
Non-Hodgkin’s Lymphoma – Medicare Access	1,310,815
Giant Cell Arteritis or Temporal Arteritis – Medicare Access	1,211,881
Amyloidosis	1,162,332
Non-Small Cell Lung Cancer – Medicare Access	963,838
Porphyrias	954,096
Colorectal Carcinoma – Medical Access	918,761
Post Menopausal Osteoporosis – Medicare Access	685,234
Pancreatic Cancer – Medicare Access	626,630
Type 2 Diabetes	619,595
Sickle Cell Disease	576,525
Carcinoid Tumors and Associated Symptoms – Medicare Access	560,868
Bone Metastases – Medicare Access	539,865
Chronic Myeloid Leukemia – Medicare Access	491,601
Systemic Lupus Erythematosus	471,213
ANCA-Associate Vasculitis, and Granulomatosis with Polyangiitis	468,730
Hyperoxaluria	429,142
Other	411,398
Lambert-Eaton Myasthenic Syndrome	363,440
Chemotherapy Induced Neutropenia – Medicare Access	331,384
Ovarian Cancer – Medicare Access	263,708
Cystic Fibrosis	252,667
Hepatocellular Carcinoma – Medicare Access	243,139
Melanoma – Medicare Access	236,037
Inflammatory Bowel Disease – Medicare Access	212,956
Secondary Hyperparathyroidism	185,934
Idiopathic Thrombocytopenic Purpura	180,545
Glioblastoma Multiforme/Anaplastic Astrocytoma	162,044
Autoimmune – Medicare Access	155,649
Huntington's Disease – Medicare Access	155,618
Fungal Infections-Aspergillosis and Candidiasis	146,144
Bladder and Urothelial Cancer – Medicare Access	144,644
Melanoma	142,935
Macular Degeneration (Wet and Dry)	109,655
Breakthrough Cancer Pain – Medicare Access	107,111
Growth Hormone Deficiency	83,995

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8. Net Assets With Donor Restrictions (continued)

(continued)

Acromegaly	\$ 82,522
Iron Overload as a Result of Blood Transfusions	66,533
Migraine	64,736
Nontuberculous Mycobacterium – Medicare Access	62,027
Chronic Heart Failure – Medicare Access	51,219
Total	\$518,590,879

9. Pension Plan

The Foundation maintains a defined-contribution plan under Section 401(k) of the Internal Revenue Code (the IRC). Under the 401(k) plan, participants may elect to contribute annually to the plan amounts up to the federal tax limit, which was \$22,500 for 2023. The Foundation matches 100% of an employee’s contributions, up to 6% of the employee’s salary. Employees are vested in their own contributions and employer matching contributions at the time the contributions are made. The Foundation’s pension expense totaled \$517,173 for the year ended December 31, 2023.

The Foundation established a nonqualified deferred compensation plan (457(b) Plan) for certain members of senior management. The Foundation holds related assets totaling \$52,109 as of December 31, 2023, which are included in investments in the accompanying statements of financial position. A deferred compensation liability is included in accounts payable and accrued expenses in the accompanying statements of financial position and totaled \$52,109 as of December 31, 2023.

10. Risks and Commitments

Cash

The Foundation maintains its cash with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor per institution. As of December 31, 2023, the aggregate balances were in excess of the insurance and therefore bear some risk. The Foundation monitors the creditworthiness of these institutions and has not experienced any credit losses on this cash and cash equivalents.

Concentration of Revenue Risk

During the year ended December 31, 2023, the Foundation received approximately 84% of its total revenue and support from eight donors.

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10. Risks and Commitments (continued)

Patient Commitments

At December 31, 2023, the Foundation had outstanding commitments to patients totaling \$305,739,138. These commitments are based upon amounts awarded by the Foundation for, but not yet expended on, copayments and premium assistance claims of patients as of December 31, 2023. As patients submit claims for approved medication and services, amounts committed to patients are transferred to copayments and premium assistance payable in the accompanying consolidated statement of financial position until the obligation is paid.

11. Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investments of its funds. The Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2023, were as follows:

Cash and cash equivalents	\$ 188,277,489
Investments	387,540,470
Contributions receivable	<u>54,753,671</u>
Total Financial Assets Available Within One Year	630,571,630
Less:	
Amounts unavailable for general expenditures within one year due to donors' restriction with purpose restriction	<u>(518,590,879)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 111,980,751</u>

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Foundation throughout the year. This is done through monitoring and reviewing the Foundation's cash flow needs on a daily basis. As a result, management is aware of the cyclical nature of the organization's cash flow related to the Foundation's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. As part of the Foundation's liquidity plan, excess cash is invested in publicly traded investments vehicles, including mutual funds and equity securities, to support organizational initiatives. The Foundation can liquidate its investments anytime, and therefore the investments are available to meet current cash flow needs.

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12. Income Tax Status

HealthWell is exempt from federal income taxation, except for unrelated business income, under Section 501(c)(3) of the IRC and is classified by the Internal Revenue Service as other than a private foundation. HWF is a single-member limited liability corporation, considering as a disregarded entity under IRC, which is taxed with HealthWell. No provision for income taxes was required for the year ended December 31, 2023, as the Foundation had no taxable unrelated business income.

The Foundation follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. The Foundation evaluated its uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. U.S federal jurisdiction and/or the various states and local jurisdictions in which the Foundation files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2023, the Foundation had no accruals for interest and/or penalties.

13. Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through September 24, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.