HEALTHWELL FOUNDATION®

When health insurance is not enough.®

HEALTHWELL FOUNDATION AND AFFILIATE

Consolidated Financial Statements

For the Year Ended December 31, 2022

and
Report Thereon

HEALTHWELL FOUNDATION AND AFFILIATE

TABLE OF CONTENTS
For the Year Ended December 31, 2022

MARCUM
ACCOUNTANTS ▲ ADVISORS

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, 2022, 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, 2022, 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.

Marcum LLP / 1899 L Street, NW / Suite 850 / Washington, DC 20036 / **Phone** 202.227.4000 / **marcumllp.com**

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
August 15, 2023

HEALTHWELL FOUNDATION AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS	
Cash and cash equivalents	$ 62,174,414
Investments	353,945,249
Contributions receivable	114,682,600
Prepaids and other assets	537,939
Property and equipment, net	593,992
Right-of-use asset	6,687,783
TOTAL ASSETS	$ 538,621,977
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 18,512,164
Copayments and premium assistance payable	5,508,521
Lease liability	6,859,191
TOTAL LIABILITIES	30,879,876
Net Assets	
Without donor restrictions	6,602,692
With donor restrictions	
Committed to patients	243,541,434
Uncommitted	257,597,975
Total With Donor Restrictions	501,139,409
TOTAL NET ASSETS	507,742,101
TOTAL LIABILITIES AND NET ASSETS	$ 538,621,977

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Contributions	$ 2,465,814	$ 675,634,285	$ 678,100,099
Service fees	2,800	-	2,800
Net assets released from restrictions:			
Satisfaction of program restrictions	619,121,295	(619,121,295)	-
TOTAL OPERATING REVENUE AND SUPPORT	621,589,909	56,512,990	678,102,899
EXPENSES			
Program Services:			
Multiple Myeloma – Medicare Access	158,371,331	-	158,371,331
Hypercholesterolemia - Medicare Access	46,557,889	-	46,557,889
Renal Cell Carcinoma – Medicare Access	44,189,272	-	44,189,272
Pulmonary Hypertension – Medicare Access	40,404,463	-	40,404,463
Hepatitis C	40,101,050	-	40,101,050
Prostate Cancer – Medicare Access	36,334,081	-	36,334,081
Pulmonary Fibrosis	31,745,561	-	31,745,561
Tardive Dyskinesia – Medicare Access	29,226,387	-	29,226,387
Chronic Lymphocytic Leukemia	26,012,076	-	26,012,076
Acute Myeloid Leukemia	21,976,446	-	21,976,446
Cystic Fibrosis Treatments	20,401,902	-	20,401,902
Myelodysplastic Syndromes – Medicare Access	18,232,924	-	18,232,924
Multiple Sclerosis – Medicare Access	16,315,751	-	16,315,751
Neurocognitive Disease with Psychosis – Medicare Access	10,333,362	-	10,333,362
Breast Cancer – Medicare Access	9,253,299	-	9,253,299
Mantle Cell Lymphoma	7,502,589	-	7,502,589
Amyotrophic Lateral Sclerosis	6,483,164	-	6,483,164
Cardiomyopathy – Medicare Access	5,765,719	-	5,765,719
Cystic Fibrosis Vitamins and Supplements	5,704,238	-	5,704,238
Non-Small Cell Lung Cancer – Medicare Access	5,370,745	-	5,370,745
Melanoma – Medicare Access	4,748,676	-	4,748,676
Peyronie's Disease	4,353,202	-	4,353,202
Amyloidosis	4,051,324	-	4,051,324
Dupuytren's Disease	3,663,839	-	3,663,839
Pediatric Assistance	3,332,553	-	3,332,553
Congenital Sucrase-Isomaltase Deficiency	2,982,272	-	2,982,272
Post Menopausal Osteoporosis – Medicare Access	2,842,205	-	2,842,205
Gout – Medicare Access	2,715,645	-	2,715,645
Colorectal Carcinoma – Medicare Access	1,966,279	-	1,966,279
Systemic Lupus Erythematosus	1,931,876	-	1,931,876
Small Cell Lung Cancer – Medicare Access	1,905,898	-	1,905,898
Lambert-Eaton Myasthenic Syndrome	1,004,152	-	1,004,152
Pancreatic Cancer – Medicare Access	706,741	-	706,741
Bone Metastases – Medicare Access	652,521	-	652,521
Head and Neck Cancer – Medicare Access	626,218	-	626,218
Urticaria	612,346	-	612,346
Bladder and Urothelial Cancer – Medicare Access	594,026	-	594,026
Sickle Cell Disease	514,143	-	514,143
Giant Cell Arteritis or Temporal Arteritis – Medicare Access	460,612	-	460,612
Chronic Myeloid Leukemia – Medicare Access	406,041	-	406,041
Ovarian Cancer – Medicare Access	366,744	-	366,744
ANCA – Associated Vasculitis, Wegener's and Granulomatosis with Polyangiitis	263,934	-	263,934

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, 2022

(continued)

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES (CONTINUED)			
Program Services (continued):			
Other	$ 220,095	$ -	$ 220,095
Gastric Cancer – Medicare Access	186,544	-	186,544
Health Access	184,520	-	184,520
Movement Disorders – Medicare Access	181,307	-	181,307
Immunosuppressive Treatment for Solid Organ Transplant Recipients – Medicare Access	153,829	-	153,829
Secondary Hyperparathyroidism	143,269	-	143,269
Cancer – Related Behavioral Health	116,831	-	116,831
COVID-19 Insurance Premium	116,437	-	116,437
Macular Degeneration (Wet and Dry)	96,158	-	96,158
Nontuberculous Mycobacterium – Medicare Access	93,722	-	93,722
COVID-19 Frontline Health Care Worker	91,348	-	91,348
Homocystinuria	89,212	-	89,212
Adrenal Insufficiency	81,817	-	81,817
Acromegaly	68,231	-	68,231
Cytomegalovirus Disease – Prevention and Treatment	66,892	-	66,892
Non-Hodgkin's Lymphoma - Medicare Access	57,151	-	57,151
Hyperoxaluria	53,364	-	53,364
Total Program Services	622,984,223	-	622,984,223
Supporting Services:			
Management and general	2,098,876	-	2,098,876
Fundraising	1,033,564	-	1,033,564
Marketing and communications	1,152,575	-	1,152,575
Total Supporting Services	4,285,015	-	4,285,015
TOTAL EXPENSES	627,269,238	-	627,269,238
Change in Net Assets From Operations	(5,679,329)	56,512,990	50,833,661
Nonoperating Activities:			
Interest income	7,753,813	-	7,753,813
Investment losses, net	(55,161,080)	-	(55,161,080)
TOTAL NONOPERATING REVENUE	(47,407,267)	-	(47,407,267)
CHANGE IN NET ASSETS	(53,086,596)	56,512,990	3,426,394
NET ASSETS, BEGINNING OF YEAR	59,689,288	444,626,419	504,315,707
NET ASSETS, END OF YEAR	$ 6,602,692	$ 501,139,409	$ 507,742,101

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, 2022

		Supporting Services				
	Program Services	Management and General	Marketing and Communications	Fundraising	Total Supporting Services	Total
Patient grants	$ 604,818,055	$ -	$ -	$ -	$ -	$ 604,818,055
Salaries and wages	10,145,633	696,248	530,281	313,644	1,540,173	11,685,806
Fringe benefits and payroll taxes	3,772,630	128,301	183,269	108,509	420,079	4,192,709
Professional fees	1,049,985	381,153	-	-	381,153	1,431,138
Contracted services	498,912	390,131	151,879	330,356	872,366	1,371,278
Occupancy	752,383	33,541	25,342	14,933	73,816	826,199
Telecommunications and systems	685,145	25,618	150	-	25,768	710,913
Miscellaneous	362,219	128,863	22,257	423	151,543	513,762
Taxes and license	314,464	88,312	17,177	10,250	115,739	430,203
Printing and postage	278,739	7,611	2,125	97	9,833	288,572
Depreciation and amortization	108,304	22,792	17,233	10,159	50,184	158,488
Board honoraria	-	149,123	-	-	149,123	149,123
Travel and meals	685	2,651	82,883	58,221	143,755	144,440
Conference and meeting	4,746	390	74,356	50,743	125,489	130,235
Marketing and outreach	-	-	41,563	88,525	130,088	130,088
Employee development	88,363	22,552	715	-	23,267	111,630
Bank charges	73,028	1,019	-	21,122	22,141	95,169
Dues and publications	14,309	12,899	3,345	5,213	21,457	35,766
State registration fees	-	1,795	-	21,369	23,164	23,164
Supplies	16,623	5,877	-	-	5,877	22,500
TOTAL EXPENSES	$ 622,984,223	$ 2,098,876	$ 1,152,575	$ 1,033,564	$ 4,285,015	$ 627,269,238

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 3,426,394
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	158,488
Net realized and unrealized losses on investments	54,899,007
Amortization of right-of-use asset	897,450
Changes in assets and liabilities:	
Contributions receivable	(84,686,626)
Prepaids and other assets	164,582
Accounts payable and accrued expenses	610,623
Copayments and premium assistance payable	(1,669,774)
Operating lease assets and liabilities	(884,616)
NET CASH USED IN OPERATING ACTIVITIES	(27,084,472)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(115,741,908)
Proceeds from sales and maturities of investments	79,485,293
Purchases of property and equipment	(120,243)
NET CASH USED IN INVESTING ACTIVITIES	(36,376,858)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(63,461,330)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	129,935,352
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 66,474,022
CASH REPORTED ON THE STATEMENT OF FINANCIAL POSITION	
Cash and cash equivalents	$ 62,174,414
Cash and cash equivalents within investments	4,299,608
TOTAL CASH	$ 66,474,022

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

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.

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.

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, 2022, 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.

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.

New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires, all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and liability to make lease payments to be recorded. The Foundation adopted this standard during the year December 31, 2022 and elected not to restate the comparative period. The Foundation also elected not to reassess at adoption (i) expired or

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement (continued)

existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of right-of-use asset of $1,145,668 (net of deferred rent of $158,574), and operating lease liabilities of $1,304,242 as of January 1, 2022. Results for period beginning prior to January 1, 2022 continue to be reported in accordance with the Foundation's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Foundation's results of operations and cash flows.

New Accounting Pronouncement to be Adopted

In June 2016, FASB issued ASU 2016-13 *Financial Instruments – Credit Losses – (Topic 326)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities and beneficial interests in securitized financial assets, but the effect on the Foundation is projected to be limited to contributions receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022, including interim periods within that year. The Foundation is evaluating the impact this ASU will have on its consolidated financial statements.

3. Investments

The Foundation's investments as of December 31, 2022, are summarized as follows:

Mutual funds	$ 207,569,422
Fixed-income securities	81,737,637
Stock	57,682,967
Money market funds	4,299,608
Alternative investments	2,655,615
Total Investments	$ 353,945,249

Investment income, including interest earned on cash and cash equivalents, is as follows for the year ended December 31, 2022:

Interest and dividends	$ 7,753,813
Realized gains	(1,902,200)
Unrealized losses	(52,996,807)
Investment fees	(262,073)
Investment Losses, Net	$ (47,407,267)

4. Fair Value Measurement

The following table summarizes the Foundation's assets measured at fair value on a recurring basis as of December 31, 2022:

	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	$105,561,158	$105,561,158	$ -	$ -
Short and intermediate term bond funds	76,733,418	76,733,418	-	-
Domestic equity	24,261,669	24,261,669	-	-
International equity	1,013,177	1,013,177	-	-
Total Mutual Funds	207,569,422	207,569,422	-	-
Fixed-income securities:				
Government obligations	35,699,987	-	35,699,987	-
Corporate obligations	32,689,535	-	32,689,535	-
Mortgage backed securities	8,005,480	-	8,005,480	-
Domestic funds	4,232,846	-	4,232,846	-
Municipal bonds	1,045,544	-	1,045,544	-
Specialty fixed income	64,245	-	64,245	-
Total Fixed-Income Securities	81,737,637	-	81,737,637	-
Stock:				
Domestic stock	33,997,075	33,997,075	-	-
International stock	23,685,892	23,685,892	-	-
Total Stock	57,682,967	57,682,967	-	-
Total Investments Measured in Fair Value Hierarchy	346,990,026	$265,252,389	$ 81,737,637	$ -
Cash and cash equivalents	4,299,608			
Investments measured using NAV as a practical expedient:				
Alternative investments	2,655,615			
Total Investments	$353,945,249			

4. Fair Value Measurement (continued)

As of December 31, 2022, 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.

Alternative investments – Consist of investments in alternative mutual funds. Fair value is determined based on the fund's NAV as provided by the fund management.

The Foundation invests in alternative investments measured at NAV, or its equivalent, as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amount presented in the consolidated statement of financial position:

	Fair Value	Unfunded Commitments	Redemption Frequency If Currently Eligible	Redemption Notice Period
Alternative mutual funds	$ 2,655,615	$ -	None	None

Alternative investments include asset classes, strategies, and structures that can help diversify a traditional portfolio through the types of investments owned or the techniques employed. The Foundation's alternative investments are alternative mutual funds. The objective of the funds is to seek absolute total return over a complete market cycle. These underlying investments are subject to certain restrictions and, generally, have no active established trading market.

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 90% of contributions receivable were due from four contributors as of December 31, 2022.

6. Property and Equipment

Property and equipment consisted of the following at December 31, 2022:

Computer software	$ 1,324,214
Furniture	546,947
Computer equipment	475,771
Leasehold improvements	121,560
Total Property and Equipment	2,468,492
Less: Accumulated Depreciation and Amortization	(1,874,500)
Property and Equipment, Net	$ 593,992

Depreciation and amortization expense totaled $158,488 for the year ended December 31, 2022 and is included in miscellaneous expense in the accompanying statement of functional expenses.

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, 2022.

For the year ended December 31, 2022, the operating lease cost was $912,422. Cash paid for the operating lease for the year ended December 31, 2022 totaled $899,588.

Weighted average lease term and discount rate as December 31, 2022 were as follows:

Weighted average remaining lease term	8.85 years
Weighted average discount rate	2.72%

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

The maturities of operating lease liabilities as of December 31, 2022 were as follows:

For the Year Ending December 31,	
2023	$ 921,399
2024	903,259
2025	919,264
2026	866,925
2027	744,698
Thereafter	3,634,329
Total	7,989,874
Less: Present Value Discount	(1,130,683)
Lease Liability	$ 6,859,191

8. Net Assets With Donor Restrictions

As of December 31, 2022, net assets with donor restrictions were available for the following disease funds:

Multiple Myeloma – Medicare Access	$ 81,040,340
Hepatitis C	56,121,053
Cardiomyopathy – Medicare Access	49,234,691
Prostate Cancer – Medicare Access	40,120,833
Hypercholesterolemia – Medicare Access	39,316,613
Cystic Fibrosis Treatments	26,405,756
Renal Cell Carcinoma – Medicare Access	24,572,808
Acute Myeloid Leukemia	19,490,947
Pulmonary Fibrosis	19,358,460
Chronic Lymphocytic Leukemia	15,780,001
Myelodysplastic Syndromes – Medicare Access	14,100,618
Peyronie’s Disease	12,367,699
Tardive Dyskinesia – Medicare Access	12,304,695
Amyotrophic Lateral Sclerosis	8,731,590
Breast Cancer – Medicare Access	8,489,500
Multiple Sclerosis – Medicare Access	7,901,344
Dupuytren’s Disease	7,420,222
Neurocognitive Disease with Psychosis – Medicare Access	6,880,294
Cystic Fibrosis Vitamins and Supplements	6,708,097
Congenital Sucrase-Isomaltase Deficiency	5,958,729
Gout – Medicare Access	5,790,158
Pulmonary Hypertension – Medicare Access	3,939,082

8. Net Assets With Donor Restrictions (continued)

(continued)

Non-Hodgkin's Lymphoma – Medicare Access	$ 3,516,843
Mantle Cell Lymphoma	3,326,913
Small Cell Lung Cancer – Medicare Access	2,713,258
Urticaria	1,667,211
Post-Menopausal Osteoporosis – Medicare Access	1,350,921
Non-Small Cell Lung Cancer – Medicare Access	1,315,436
Amyloidosis	1,050,156
Sickle Cell Disease	1,013,484
Systemic Sclerosis with Interstitial Lung Disease	999,891
Porphyrias	884,669
Bone Metastases – Medicare Access	744,587
Giant Cell Arteritis or Temporal Arteritis – Medicare Access	744,135
Melanoma – Medicare Access	717,444
Lambert-Eaton Myasthenic Syndrome	686,584
Colorectal Carcinoma – Medical Access	638,030
ANCA-Associate Vasculitis, and Granulomatosis with Polyangiitis	571,636
Carcinoid Tumors and Associated Symptoms – Medicare Access	560,283
Bladder and Urothelial Cancer – Medicare Access	552,984
Pancreatic Cancer – Medicare Access	522,580
Systemic Lupus Erythematosus	473,936
Other Funds	463,771
Chronic Myeloid Leukemia – Medicare Access	430,892
Chemotherapy-Induced Neutropenia – Medicare Access	413,660
Hyperoxaluria	389,480
Ovarian Cancer – Medicare Access	329,080
Cystic Fibrosis	251,757
Hepatocellular Carcinoma – Medicare Access	242,768
Inflammatory Bowel Disease – Medicare Access	212,956
B-Cell Lymphoma – Medicare Access	197,234
Secondary Hyperparathyroidism	184,175
Idiopathic Thrombocytopenic Purpura	180,543
Nontuberculous Mycobacterium – Medicare Access	179,583
Waldenstrom Macroglobulinemia	164,471
Glioblastoma Multiforme/Anaplastic Astrocytoma	162,044
AutoImmune – Medicare Access	155,648
Huntington's Disease – Medicare Access	155,468
Fungal Infections-Aspergillosis and Candidiasis	146,144
Melanoma	140,435
Breakthrough Cancer Pain – Medicare Access	107,111
Macular Degeneration (Wet and Dry)	106,007
Growth Hormone Deficiency	83,995
Iron Overload as a Result of Blood Transfusions	66,533

8. Net Assets With Donor Restrictions (continued)

(continued)

Migraine	$ 64,736
Gastric Cancer – Medicare Access	63,456
Head and Neck Cancer – Medicare Access	62,087
Chronic Heart Failure – Medicare Access	50,864
Alagille Syndrome Vitamins and Supplements	50,000
Total	$501,139,409

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 $20,500 for 2022. 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 $567,754 for the year ended December 31, 2022.

The Foundation established a nonqualified deferred compensation plan (457(b) Plan) for certain members of senior management. The Foundation holds related assets totaling $22,121 as of December 31, 2022, 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 $22,121 as of December 31, 2022.

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, 2022, 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, 2022, the Foundation received approximately 86% of its total revenue and support from nine donors.

10. Risks and Commitments (continued)

Patient Commitments

At December 31, 2022, the Foundation had outstanding commitments to patients totaling $243,541,434. 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, 2022. 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, 2022, were as follows:

Cash and cash equivalents	$ 62,174,414
Investments	353,923,128
Contributions receivable	114,682,600
Total Financial Assets Available Within One Year	530,780,142
Less:	
Amounts unavailable for general expenditures within one year due to donors' restriction with purpose restriction	(501,139,409)
Financial Assets Available to Meet General Expenditures Within One Year	$ 29,640,733

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.

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

12. Income Tax Status (continued)

disregarded entity under IRC, which is taxed with HealthWell. No provision for income taxes was required for the year ended December 31, 2022, 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, 2022, 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, 2022, 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 August 15, 2023, 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.