



# Assistance Fund

THE ASSISTANCE FUND, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

June 30, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Assistance Fund, Inc.  
Orlando, Florida

We have audited the accompanying financial statements of The Assistance Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows 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 from 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 The Assistance Fund, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Vestal &amp; Wiler".

Certified Public Accountants

October 20, 2014

THE ASSISTANCE FUND, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2014 and 2013

	ASSETS	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS:		
Cash	\$ 37,400,284	\$ 36,167,168
Investments	13,025,380	12,875,909
Contributions receivable	1,620,000	-
Prepaid expenses and other current assets	<u>73,777</u>	<u>23,022</u>
TOTAL CURRENT ASSETS	<u>52,119,441</u>	<u>49,066,099</u>
NONCURRENT ASSETS - Property and equipment - net	<u>181,955</u>	<u>218,499</u>
TOTAL ASSETS	<u>\$ 52,301,396</u>	<u>\$ 49,284,598</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 296,675	\$ 240,247
Accrued expenses	93,241	30,881
Claims payable	845,668	666,660
Deferred contributions	<u>27,472</u>	<u>21,005</u>
TOTAL LIABILITIES	<u>1,263,056</u>	<u>958,793</u>
NET ASSETS:		
Unrestricted	7,124,796	5,816,743
Temporarily restricted	<u>43,913,544</u>	<u>42,509,062</u>
TOTAL NET ASSETS	<u>51,038,340</u>	<u>48,325,805</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,301,396</u>	<u>\$ 49,284,598</u>

See notes to financial statements.

THE ASSISTANCE FUND, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Contributions	\$ 6,062,383	\$ 57,589,250	\$ 63,651,633	\$ 6,395,171	\$ 64,512,868	\$ 70,908,039
Interest and dividends	-	95,048	95,048	-	119,345	119,345
Income (loss) on investments	-	101,225	101,225	-	(173,820)	(173,820)
Total Revenue and Support	6,062,383	57,785,523	63,847,906	6,395,171	64,458,393	70,853,564
Net assets released from restrictions	56,381,041	(56,381,041)	-	45,887,425	(45,887,425)	-
	62,443,424	1,404,482	63,847,906	52,282,596	18,570,968	70,853,564
Expenses:						
Program services	59,303,137	-	59,303,137	48,123,581	-	48,123,581
Management and general	1,035,107	-	1,035,107	1,011,761	-	1,011,761
Fundraising	797,127	-	797,127	625,153	-	625,153
Total Expenses	61,135,371	-	61,135,371	49,760,495	-	49,760,495
Increase in net assets	1,308,053	1,404,482	2,712,535	2,522,101	18,570,968	21,093,069
Net assets at beginning of year	5,816,743	42,509,062	48,325,805	3,294,642	23,938,094	27,232,736
Net assets at end of year	\$ 7,124,796	\$ 43,913,544	\$ 51,038,340	\$ 5,816,743	\$ 42,509,062	\$ 48,325,805

See notes to financial statements.

**THE ASSISTANCE FUND, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2014 and 2013

	2014				2013			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Co-pay, premium and medication assistance	\$ 56,381,041	\$ -	\$ -	\$ 56,381,041	\$ 45,887,425	\$ -	\$ -	\$ 45,887,425
Management fees	2,308,424	102,550	-	2,410,974	1,829,861	74,020	-	1,903,881
Salaries, payroll taxes, and related	544,969	354,951	361,911	1,261,831	381,161	481,514	300,932	1,163,607
Travel, meals and entertainment	-	86,888	57,431	144,319	3,121	147,412	29,916	180,449
Fundraising expenses	-	-	180,217	180,217	-	-	170,662	170,662
Office expense	48,665	73,283	42,319	164,267	17,614	80,790	17,562	115,966
Professional fees	20,024	235,258	100,153	355,435	4,399	78,265	30,928	113,592
Conferences and conventions	-	41,797	21,622	63,419	-	32,116	50,369	82,485
Occupancy	-	73,439	-	73,439	-	50,794	-	50,794
Depreciation	-	49,786	-	49,786	-	36,518	-	36,518
Advertising and marketing	-	5,951	27,278	33,229	-	10,766	15,505	26,271
Insurance	-	11,092	727	11,819	-	10,230	-	10,230
Computer and internet	14	112	567	693	-	9,336	376	9,712
Licensing, permits and filings	-	-	4,902	4,902	-	-	8,903	8,903
<b>Total expenses</b>	<b>\$ 59,303,137</b>	<b>\$ 1,035,107</b>	<b>\$ 797,127</b>	<b>\$ 61,135,371</b>	<b>\$ 48,123,581</b>	<b>\$ 1,011,761</b>	<b>\$ 625,153</b>	<b>\$ 49,760,495</b>

See notes to financial statements.

**THE ASSISTANCE FUND, INC.**

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributions received from donors	\$ 62,038,100	\$ 71,509,744
Cash paid to patients, vendors and employees	(60,838,544)	(49,033,249)
Interest and dividends received	95,048	119,345
Net cash provided by operating activities	1,294,604	22,595,840
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments for purchases of property and equipment	(13,242)	(123,098)
Purchases of investments	(48,246)	(13,049,729)
Net cash used in investing activities	(61,488)	(13,172,827)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,233,116	9,423,013
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	36,167,168	26,744,155
<b>CASH AND CASH EQUIVALENTS - End of year</b>	\$ 37,400,284	\$ 36,167,168
<b>RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 2,712,535	\$ 21,093,069
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	49,786	36,518
(Gain) loss on investments	(101,225)	173,820
Changes in operating assets and liabilities:		
Contributions receivable	(1,620,000)	625,000
Prepaid expenses and other current assets	(50,755)	(8,444)
Accounts payable	56,428	28,652
Accrued expenses	62,360	3,860
Claims payable	179,008	666,660
Deferred contributions	6,467	(23,295)
Net cash provided by operating activities	\$ 1,294,604	\$ 22,595,840

See notes to financial statements.

# THE ASSISTANCE FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

### NOTE 1      NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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*Nature of Activities* – The Assistance Fund, Inc. (the Organization), located in Orlando, Florida, is an independent 501(c)(3) not-for-profit charitable organization that assists under-insured patients with chronic diseases to afford advanced biotech therapies necessary to treat the patient’s chronic diseases. The Organization was incorporated in the State of Delaware on May 12, 2009 and began operations on January 1, 2010.

*Basis of Presentation* – The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue and support are recognized when earned or unconditionally received, and expenses are recognized when incurred. Changes in the net assets of the Organization as a result of revenue, support, expenses, gains and losses are classified based on the existence of any donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Temporarily Restricted* – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Unrestricted* – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Expenses are reported as decreases in unrestricted net assets.

*Recognition of Contributions* – The Organization reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of cash as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions as unrestricted when the donated or acquired long-lived assets are placed in service.

In the event a donor makes changes to the nature of restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the support and revenues section of the statements of activities.



# THE ASSISTANCE FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

### NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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**Cash** - Cash and cash equivalents consist of bank deposits and an interest-bearing money market account with a financial institution, which may at times exceed federally insured limits. For the purpose of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Investments** - The Organization accounts for investments in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320-05 *Investments-Debt and Equity Securities*. FASB ASC 320-05 requires that certain equity securities with readily determinable fair values be carried at fair market value, with unrealized gains and losses recorded in the statements of activities.

Investments consist of various mutual funds. The mutual funds are recorded at fair market value as determined in an active market. Investment income (loss) consists of interest and dividends received on investments, as well as realized and unrealized gains and losses.

**Contributions Receivable** - Contributions receivable are recorded when a written or oral agreement to receive cash or other assets is received. Contributions receivable are written off when they are determined to be uncollectible. Any allowance for doubtful contributions is based on prior experience and management's analysis of promises made. At June 30, 2014, management determined no allowance for doubtful accounts is necessary.

**Property and Equipment** - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment which ranges from 3 to 7 years. Leasehold improvements are amortized over the shorter of the life of the asset or the lease term. Repairs and maintenance are charged to operations as incurred.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes** - The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state taxes under similar provisions of the Florida statutes. The Organization files federal income tax returns for tax-exempt organizations. Taxes are payable on unrelated business income, if any. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

# THE ASSISTANCE FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

### NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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The Organization complies with the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under FASB ASC 740-10, the Organization is required to evaluate each of its tax positions to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status, including its status as a tax-exempt entity, and a decision not to file a tax return. The Organization has evaluated each of its tax positions and has determined that no provision or liability for income taxes is necessary.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal income tax examination by tax authorities for years before 2010.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events** - The Organization has evaluated subsequent events through October 20, 2014, the date which the financial statements were available to be issued.

### NOTE 2 INVESTMENTS

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The composition of investments at June 30, 2014 and 2013 is set forth in the following tables. Investments are stated at fair market values, which are determined based upon market prices for those investments.

	2014		2013	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Mutual funds	<u>\$ 13,097,932</u>	<u>\$ 13,025,380</u>	<u>\$ 13,049,729</u>	<u>\$ 12,875,909</u>

Mutual fund investments consist primarily of money market, fixed income, and equity securities.

During the years ended June 30, 2014 and 2013, the Organization's mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) by approximately \$101,000 and \$(174,000), respectively. In addition, the investments earned approximately \$70,000 and \$58,000, respectively, in interest and dividends.

# THE ASSISTANCE FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

### NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS

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*Fair Value Measurements* - The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in an active market; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered by the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of a different methodology or assumptions to determine the fair value of certain financial investments could result in a different fair value measurement at the reporting date.

THE ASSISTANCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

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The following table sets forth, within the fair value hierarchy, the Plan's level 1 assets at fair value as of June 30:

	<u>2014</u>	<u>2013</u>
Mutual funds:		
Money market	\$ 123,538	\$ 74,756
Fixed income	10,966,582	9,012,555
Equity securities	<u>1,935,260</u>	<u>3,788,598</u>
Total investments at fair value	<u>\$ 13,025,380</u>	<u>\$ 12,875,909</u>

At June 30, 2014 and 2013, there are no assets measured using level 2 or level 3 inputs.

NOTE 4 PROPERTY AND EQUIPMENT

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Property and equipment consists of the following at June 30:

	<u>2014</u>	<u>2013</u>
Computer and related equipment	\$ 75,751	\$ 65,695
Furniture and fixtures	194,857	191,671
Leasehold improvements	<u>14,743</u>	<u>14,743</u>
	285,351	272,109
Less: accumulated depreciation and amortization	<u>(103,396)</u>	<u>(53,610)</u>
	<u>\$ 181,955</u>	<u>\$ 218,499</u>

NOTE 5 NET ASSETS - TEMPORARILY RESTRICTED

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Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2014</u>	<u>2013</u>
Type of Funds:		
Co-pay and premium assistance fund	\$ 42,000,487	\$ 40,469,592
Medication assistance fund	<u>1,913,057</u>	<u>2,039,470</u>
Total temporarily restricted funds	<u>\$ 43,913,544</u>	<u>\$ 42,509,062</u>

# THE ASSISTANCE FUND, INC.

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

### NOTE 5 NET ASSETS - TEMPORARILY RESTRICTED - Continued

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Temporarily restricted net assets available as of June 30, 2014 and 2013 are expected to be released from restriction within a period not to exceed one year. The following net assets were released from donor restrictions when expenses satisfying the restricted purposes were incurred:

	<u>2014</u>	<u>2013</u>
Type of Funds:		
Co-pay and premium assistance fund	\$ 56,315,210	\$ 45,297,852
Medication assistance fund	65,831	589,573
Net assets released from restrictions	<u>\$ 56,381,041</u>	<u>\$ 45,887,425</u>

### NOTE 6 RELATED PARTY TRANSACTIONS

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The Organization has a management agreement with Assist Rx, Inc., an entity owned by the Organization's founders and former executive directors, to provide administrative and technical support services necessary and appropriate for the day to day administration of the Organization. These related parties resigned as executive directors and from the board of directors during 2014. Such services include, but are not limited to, hardware and software support, database management and maintenance, data analysis and reporting, support for claims transactions, and related administrative support. The management fee the Organization pays to Assist Rx, Inc. is made up of three components: 1) a fixed monthly management fee; 2) a development fee for all ongoing and future enhancements to support the Organization's programs; and 3) a patient transaction fee based on the number of programs and patient transactions. Included in the monthly management fee is allocation of various information technology infrastructure services, support and management, license fees for use of CRM software, and administrative support services.

For the years ended June 30, 2014 and 2013, the Organization paid Assist Rx, Inc. approximately \$2,411,000 and \$1,904,000, respectively, in management fees. At June 30, 2014 and 2013, the Organization owed Assist Rx, Inc. approximately \$247,000 and \$198,000, respectively, which is included in accounts payable in the accompanying statements of financial position. The management agreement expires on December 31, 2015.

THE ASSISTANCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

NOTE 7 CONCENTRATIONS

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For the years ended June 30, 2014 and 2013, the Organization received funding from significant donors as follows:

Donor	2014	2013
A	\$ 45,775,000	\$ 42,750,000
B	-	17,900,000

NOTE 8 OPERATING LEASE

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The Organization leases office space under an agreement accounted for as an operating lease. The lease is noncancelable and expires in February 2016. Future minimum lease commitments under this operating lease as of June 30, 2014 are as follows:

2015	\$ 82,448
2016	49,103
	<u>\$ 131,551</u>

Total rent expense was approximately \$73,000 for the year ended June 30, 2014.

NOTE 9 EMPLOYEE BENEFIT PLAN

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The Organization sponsors a 401(k) qualified retirement plan covering full-time employees meeting certain age and length of service requirements. The Organization makes a safe-harbor match of which participants are immediately fully vested. Participants may make voluntary contributions to this plan under its 401(k) provisions, subject to limitations based on IRS regulations and compensation. For the years ended June 30, 2014 and 2013, contributions to the plan totaled approximately \$23,000 and \$19,000, respectively.