The Assistance Fund

Financial Statements

& Independent Auditor's Report thereon

Year Ended December 31, 2017

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Contents

TAF

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201 South Orange Ave., Suite 800
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Assistance Fund, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Organization'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 Organization'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 Organization as of December 31, 2017, 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.

BDO USA, LLP

BDO USA, LLP
Certified Public Accountants
June 25, 2018

The Assistance Fund, Inc.

Statement of Financial Position

December 31, 2017	
ASSETS	
Cash and cash equivalents	$ 95,536,451
Contributions receivable	4,725,467
Investments (Note 3)	21,640,531
Property and equipment, net (Note 4)	454,514
Capitalized software and software development costs, net (Note 5)	1,124,524
TOTAL ASSETS	**$123,481,487**
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued expenses	$ 964,115
Claims payable	3,607,640
Deferred rent liability	179,450
Total liabilities	4,751,205
Commitments and contingencies (Notes 8, 9, and 11)	–
Net assets (Note 6)	
Without donor restrictions	18,835,217
With donor restrictions	99,895,065
Total net assets	118,730,282
TOTAL LIABILITIES AND NET ASSETS	**$123,481,487**

See accompanying notes to financial statements and independent auditor's report.

The Assistance Fund, Inc.

Statement of Activities

Year Ended December 31, 2017	Without donor restrictions	With donor restrictions	Total
Revenue and support			
Contributions (Note 10)	$ 11,509,974	$ 151,564,245	$163,074,219
Interest and investment income	3,233,652	–	3,233,652
Net assets released from restrictions (Note 6)	117,295,705	(117,295,705)	–
Total revenue and support	**132,039,331**	**34,268,540**	**166,307,871**
Functional expenses			
Program services	119,801,734	–	119,801,734
Management and general	4,779,216	–	4,779,216
Fundraising	1,014,016	–	1,014,016
Total functional expenses	**125,594,966**	**–**	**125,594,966**
Change in net assets	**6,444,365**	**34,268,540**	**40,712,905**
Net assets, beginning of year	**12,390,852**	**65,626,525**	**78,017,377**
Net assets, end of year	**$ 18,835,217**	**$ 99,895,065**	**$118,730,282**

See accompanying notes to financial statements and independent auditor's report.

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The Assistance Fund, Inc.

Statement of Functional Expenses

Year Ended December 31, 2017	Program Services	Supporting Activities Management and General	Supporting Activities Fundraising	Total
Insurance copayments and financial assistance	$118,115,882	$ –	$ –	$118,115,882
Management fees	–	1,587,713	–	1,587,713
Salaries, payroll taxes, and other related expenses	1,077,406	693,990	606,963	2,378,359
Travel and meeting expenses	18,590	136,963	94,426	249,979
Special events	–	–	6,018	6,018
Other expenses	82,118	282,883	190,830	555,831
Professional fees	71,691	1,976,222	75,323	2,123,236
Occupancy and rentals	114,102	24,178	10,408	148,688
Depreciation and amortization	321,945	77,267	30,048	429,260
Total functional expenses	**$119,801,734**	**$ 4,779,216**	**$ 1,014,016**	**$125,594,966**

See accompanying notes to financial statements and independent auditor's report.

The Assistance Fund, Inc.

Statement of Cash Flows

Year Ended December 31, 2017	
Operating activities	
Contributions received from donors	$ 158,421,487
Cash payments related to insurance copayments and financial assistance	(117,666,484)
Cash payments related to employee salary and benefits	(2,429,211)
Cash payments related to other general and administrative expenses	(4,470,572)
Interest and dividends received	1,069,217
Net cash provided by operating activities	34,924,437
Investing activities	
Purchases of property and equipment	(48,282)
Capitalized software costs	(413,700)
Purchases of investments	(16,577,800)
Proceeds from sale of investments	15,772,733
Net cash used in investing activities	(1,267,049)
Net increase in cash	**33,657,388**
Cash and cash equivalents, beginning of year	**61,879,063**
Cash and cash equivalents, end of year	**$ 95,536,451**
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	$ 40,712,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	429,260
Net realized and unrealized gains on investments	(2,093,622)
Amortization of deferred rent liability	(40,174)
Changes in operating assets and liabilities:	
Contributions receivable and other current assets	(4,553,595)
Accounts payable and accrued expenses	119,402
Claims payable	350,261
Net cash provided by operating activities	**$ 34,924,437**

See accompanying notes to financial statements and independent auditor's report.

TAF

1. Change in Accounting Principle

Effective January 1, 2017, TAF adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Although ASU 2016-14 is effective for financial statements issued for fiscal years beginning after December 31, 2017, TAF elected early adoption as permitted by the ASU.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. TAF net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, TAF net assets previously reported as unrestricted are now reported as net assets without donor restrictions. TAF did not have any permanently restricted net assets.

2. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Assistance Fund, Inc. ("TAF") is an independent 501(c)(3) organization that employs industry-leading technology to streamline financial assistance and decrease barriers children and adults face when accessing health care. Speed to access is the main objective in helping these chronically and critically ill individuals. Through our user-friendly online program enrollment tools and integrated electronic claims systems, TAF works to advance technologies that improve timeliness of patient access to treatment. Understanding the need to remove barriers and being time sensitive helps to ensure that enrolled individuals will receive a determination of acceptance in the program(s) within minutes. TAF was incorporated in the State of Delaware on May 12, 2009 and began operations on January 1, 2010.

Change in Fiscal Year

Effective January 1, 2017, TAF changed its fiscal year-end from June 30 to December 31.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, TAF's net assets and changes thereto are classified and reported as follows:

> Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of TAF and are not subject to donor-imposed stipulations.

Net assets with donor restrictions – consists of amounts that are available for payment of qualifying patient assistance within the respective TAF disease-state funds. These amounts are subject to donor-imposed stipulations that will be met by TAF's actions in the payment of copayments and other financial assistance within the respective TAF disease-state funds. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and cash equivalents

Cash and cash equivalents consist of interest-bearing bank deposits with two financial institutions, which may at times exceed federally insured limits. Money market funds and other cash equivalents, held as a portion of TAF's investment portfolio, are classified as Investments in the accompanying Statement of Financial Position. Interest income on cash deposits are included in interest and investment income on the accompanying Statement of Activities.

Investments

Investments, primarily consisting of mutual funds and money-market accounts, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are included in interest and investment income in the accompanying statement of activities.

The underlying investments in mutual funds are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the mutual funds, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

Fair Value of Financial Instruments

US GAAP defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as 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. The hierarchy is broken down into three levels of inputs that market participants would use in valuing the asset or liability, which can be summarized as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Quoted prices for similar assets and liabilities in active markets.
Level 3 – Valuation based on inputs that are unobservable therefore requiring management's best estimate of what market participants would use as fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest (or least observable) level of input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include contributions receivable, accounts payable and accrued expenses, and claims payable.

At December 31, 2017, TAF's Level 1 financial assets consist of investments as identified in Note 3 and are valued based upon quoted market prices in active markets for identical assets. There were no Level 2 or 3 financial assets or liabilities.

Contributions Receivable

Contributions receivable are recorded when a written donor 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. Donor agreements typically relate to either a single donation or pledged series of donations. At December 31, 2017, there were approximately $4,650,000 of contributions receivable included in contributions receivable in the accompanying statement of financial position due within the next year. Based on analysis of contributions receivable and collection history, management determined an allowance for doubtful accounts was not required at December 31, 2017, as all amounts are considered collectible.

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 remaining lease term. Repairs and maintenance are charged to operations as incurred.

Capitalized Software and Software Development Costs

Computer software and software development costs incurred in connection with developing or obtaining computer software for internal use are capitalized when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs include external direct costs of materials and services utilized in developing or obtaining computer software and website development. Capitalized software costs are amortized on a straight-line basis when placed into service over the estimated useful lives of the software, which approximate 3 to 4 years. Costs related to design or maintenance of internal-use software and website development are expensed as incurred.

Deferred Rent Liability

Deferred rent liability represents provisions for future rent increases, rent-free periods and leasehold improvement and incentives provided by the landlord. The difference between rent expense and leasehold improvement and incentives recorded and the amount paid is recorded as deferred rent liability in the accompanying statement of financial position. The deferred rent liability is amortized as a reduction of rent expense on a straight-line basis over the life of the lease.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributed services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Contributed goods are recognized at fair market value on the date received.

There were no contributed goods or services recorded during the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy costs, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated based on estimates of time and effort.

Income Taxes

TAF 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. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. TAF files the required annual federal informational return for tax-exempt organizations.

TAF identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. TAF has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, TAF would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. TAF's remaining open tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Pronouncements Issued but Not Yet Adopted

Statement of Cash Flows: Restricted Cash

On November 17, 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The new standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile such total to amounts on the balance sheet and disclose the nature of the restrictions. This new standard is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. TAF is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

This new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. TAF is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Subsequent Events

TAF has evaluated events and transactions occurring subsequent to December 31, 2017 as of June 25, 2018, which is the date the financial statements were available to be issued. Subsequent events occurring after June 25, 2018 have not been evaluated by management.

3. Investments

TAF's investments consist of the following:

December 31, 2017	
Cash and cash equivalents	$ 639,335
Level 1:	
Fixed income mutual funds	7,261,205
Equity mutual funds	13,739,991
	$ 21,640,531

4. Property and Equipment

Property and equipment consists of the following:

December 31, 2017	
Furniture and fixtures	$ 258,563
Leasehold improvements	315,273
Computer and related equipment	128,815
	702,651
Less: accumulated depreciation	(248,137)
	$ 454,514

Depreciation of property and equipment was $116,999 during the year ended December 31, 2017.

5. Capitalized Software and Software Development Costs

Capitalized software and software development costs consist of the following:

December 31, 2017	
Internal-use software and software development costs	$ 1,554,095
Less: accumulated amortization	(429,571)
	$ 1,124,524

Amortization of capitalized software and software development costs was $312,261 during the year ended December 31, 2017.

6. Net Assets

Net assets without donor restrictions

At December 31, 2017, all unrestricted net assets are undesignated as to their use.

Net assets with donor restrictions

As of December 31, 2017, net assets with donor restrictions of $99,895,065 are restricted to qualifying patient assistance programs for specific disease states. During the year ended December 31, 2017, net assets with donor restrictions of $117,295,705 were released from donor restrictions by incurring expenses related to qualifying patient assistance programs restricted for specific diseases states which satisfied the donor restricted purpose.

7. Liquidity

At December 31, 2017, all net assets with donor restrictions are available for payment of qualifying patient assistance within the respective TAF disease-state funds as such expenditures are incurred, except for contributions receivable which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. Likewise, as of December 31, 2017, all net assets without donor restrictions are available to meet cash needs for general expenditures of the organization within one year.

8. Operating Lease

TAF leases office space under an agreement accounted for as an operating lease which has a term of 64 months and expires May 31, 2021. Approximate future minimum lease payments under this operating lease are as follows:

Year Ending December 31,	Amount
2018	$ 184,000
2019	190,000
2020	191,000
2021	81,000
	$ 646,000

Rent expense was approximately $140,000 during the year ended December 31, 2017.

9. Employee Benefit Plan

TAF sponsors a 401(k) qualified retirement plan covering full-time employees meeting certain age and length of service requirements. TAF 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 year ended December 31, 2017, TAF contributions to the plan totaled approximately $73,000.

10. Concentrations

For the year ended December 31, 2017, TAF received approximately 46% of its total contributions from two donors. A significant reduction in funding from either of these donors may lead to a reduction in program activities.

As of December 31, 2017, three donors accounted for 85% of contributions receivable.

11. General Contingencies

TAF may be involved in lawsuits in the normal course of business. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result has been made in the financial statements. Management believes that losses resulting from these matters, if any, would not have a material adverse effect on the financial position or results of operations of TAF.