



**The
Assistance
Fund**

**Financial Statements
& Independent Auditor's Report thereon
Years Ended December 31, 2018 and 2017**

The Assistance Fund, Inc.

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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 statements of financial position as of December 31, 2018 and 2017, 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 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, 2018 and 2017, 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.

BDO USA, LLP

Certified Public Accountants
April 22, 2019

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The Assistance Fund, Inc.
Statements of Financial Position

December 31,	2018	2017
ASSETS		
Cash and cash equivalents	\$ 111,514,622	\$ 95,536,451
Contributions receivable	42,065,000	4,650,000
Prepaid expenses and other current assets	652,442	75,467
Investments (Note 2)	20,538,220	21,640,531
Property and equipment, net (Note 3)	580,632	454,514
Capitalized software and software development costs, net (Note 4)	1,038,219	1,124,524
TOTAL ASSETS	\$ 176,389,135	\$ 123,481,487
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,278,806	\$ 964,115
Claims payable	5,076,967	3,607,640
Deferred rent liability	148,684	179,450
Total liabilities	6,504,457	4,751,205
Commitments and contingencies (Notes 7, 8, and 10)	-	-
Net assets (Note 5)		
Without donor restrictions	20,804,890	18,835,217
With donor restrictions	149,079,788	99,895,065
Total net assets	169,884,678	118,730,282
TOTAL LIABILITIES AND NET ASSETS	\$ 176,389,135	\$ 123,481,487

See accompanying notes to financial statements.

The Assistance Fund, Inc.

Statements of Activities

<i>Year Ended December 31,</i>	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenue, (losses), and support						
Contributions (Note 9)	\$ 11,928,166	\$ 200,161,810	\$ 212,089,976	\$ 11,509,974	\$ 151,564,245	\$ 163,074,219
Interest and investment income	(316,758)	-	(316,758)	3,162,839	-	3,162,839
Net assets released from restrictions (Note 5)	151,362,715	(151,362,715)	-	117,295,705	(117,295,705)	-
Total revenue and support	162,974,123	48,799,095	211,773,218	131,968,518	34,268,540	166,237,058
Functional expenses						
Program services	154,339,439	-	154,339,439	119,801,734	-	119,801,734
Management and general	5,066,884	-	5,066,884	4,708,403	-	4,708,403
Fundraising	1,212,499	-	1,212,499	1,014,016	-	1,014,016
Total functional expenses	160,618,822	-	160,618,822	125,524,153	-	125,524,153
Change in net assets	2,355,301	48,799,095	51,154,396	6,444,365	34,268,540	40,712,905
Net assets, beginning of year	18,835,217	99,895,065	118,730,282	12,390,852	65,626,525	78,017,377
Reclassification	(385,628)	385,628	-	-	-	-
Net assets, end of year	\$ 20,804,890	\$ 149,079,788	\$ 169,884,678	\$ 18,835,217	\$ 99,895,065	\$ 118,730,282

See accompanying notes to financial statements.

The Assistance Fund, Inc.
Statements of Functional Expenses

Year Ended December 31,	2018				2017			
	Program Services	Supporting Activities		Total	Program Services	Supporting Activities		Total
		Management and General	Fundraising			Management and General	Fundraising	
Insurance copayments and financial assistance	\$151,362,715	\$ -	\$ -	\$151,362,715	\$118,115,912	\$ -	\$ -	\$118,115,912
Personnel	1,471,516	1,257,752	548,815	3,278,083	1,098,103	707,322	618,623	2,424,048
Technology	945,347	619,025	84,840	1,649,212	242,684	412,070	28,970	683,724
Facility	242,959	107,554	-	350,513	204,138	45,722	18,807	268,667
Travel and meetings	44,799	133,491	71,819	250,109	16,625	128,569	99,414	244,608
Professional fees	46,056	1,339,589	127,433	1,513,078	51,252	1,730,930	18,356	1,800,538
Management fees	126,213	1,540,951	-	1,667,164	-	1,587,713	-	1,587,713
Other expenses	99,834	68,522	379,592	547,948	73,020	96,077	229,846	398,943
Total functional expenses	\$154,339,439	\$ 5,066,884	\$ 1,212,499	\$160,618,822	\$119,801,734	\$ 4,708,403	\$ 1,014,016	\$125,524,153

See accompanying notes to financial statements.

The Assistance Fund, Inc.

Statements of Cash Flows

Year Ended December 31,	2018	2017
Operating activities		
Contributions received from donors	\$ 174,674,976	\$ 158,421,487
Cash payments related to insurance copayments and financial assistance	(149,893,390)	(117,666,484)
Cash payments related to employee salary and benefits	(3,292,032)	(2,429,211)
Cash payments related to other general and administrative expenses	(5,122,276)	(4,470,572)
Interest and dividends received	1,545,969	1,069,217
Net cash provided by operating activities	17,913,247	34,924,437
Investing activities		
Purchases of property and equipment	(275,273)	(48,282)
Capitalized software costs	(899,387)	(413,700)
Purchases of investments	(11,043,565)	(16,577,800)
Proceeds from sale of investments	10,283,149	15,772,733
Net cash used in investing activities	(1,935,076)	(1,267,049)
Net increase in cash	15,978,171	33,657,388
Cash and cash equivalents, beginning of year	95,536,451	61,879,063
Cash and cash equivalents, end of year	\$ 111,514,622	\$ 95,536,451
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 51,154,396	\$ 40,712,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	564,427	429,260
Impairment loss – capitalized software	570,419	-
Net realized and unrealized loss/(gain) on investments	1,862,728	(2,093,622)
Amortization of deferred rent liability	(30,766)	(40,174)
Changes in operating assets and liabilities:		
Contributions receivable and other current assets	(37,991,975)	(4,553,595)
Accounts payable and accrued expenses	314,691	119,402
Claims payable	1,469,327	350,261
Net cash provided by operating activities	\$ 17,913,247	\$ 34,924,437

See accompanying notes to financial statements.

The Assistance Fund, Inc.

Notes to Financial Statements

1. 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.

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 statements 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 one financial institution, 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 statements of financial position. Interest income on cash deposits are included in interest and investment income on the accompanying statements of activities. Investment fees are netted against interest and investment (loss) income on the accompanying statements 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 statements 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

The Assistance Fund, Inc.

Notes to Financial Statements

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, 2018 and 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, 2018 and 2017, there were \$42,065,000 and \$4,650,000, respectively, of contributions receivable included in contributions receivable in the accompanying statements of financial position due within the next year. Based on analysis of contributions receivable and collection history, management determined an allowance for uncollectible accounts was not required at December 31, 2018 and 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. Property and equipment costs are evaluated for impairment annually, or as events and circumstances indicate the carrying value may be impaired.

The Assistance Fund, Inc.

Notes to Financial Statements

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. Capitalized software costs are evaluated for impairment annually, or as events and circumstances indicate the carrying value may be impaired.

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 years ended December 31, 2018 and 2017.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements 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 facility 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.

The Assistance Fund, Inc.

Notes to Financial Statements

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 US GAAP 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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. The impact of the reclassifications made to prior year amounts are not material and did not affect total net assets.

Accounting Pronouncements Issued but Not Yet Adopted

Contributions Received and Contributions Made

In June 2018 the FASB issued Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred.

The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. TAF is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

The Assistance Fund, Inc.

Notes to Financial Statements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is currently evaluating the impact of this ASU on its financial statements.

2. Investments

TAF's investments consist of the following:

<i>December 31,</i>	2018	2017
Cash and cash equivalents	\$ 964,471	\$ 639,335
Level 1:		
Fixed income mutual funds	7,094,903	7,261,205
Equity mutual funds	12,478,846	13,739,991
	\$ 20,538,220	\$ 21,640,531

3. Property and Equipment

Property and equipment consists of the following:

<i>December 31,</i>	2018	2017
Furniture and fixtures	\$ 340,731	\$ 258,563
Leasehold improvements	499,832	315,273
Computer and related equipment	63,969	128,815
	904,532	702,651
Less: accumulated depreciation	(323,900)	(248,137)
	\$ 580,632	\$ 454,514

Depreciation of property and equipment was \$149,154 and \$116,999 during the years ended December 31, 2018 and 2017, respectively. Depreciation of property and equipment is included in facility expenses on the accompanying statements of functional expenses.

The Assistance Fund, Inc.

Notes to Financial Statements

4. Capitalized Software and Software Development Costs

Capitalized software and software development costs consist of the following:

<i>December 31,</i>		2018		2017
Internal-use software and software development costs	\$	1,268,164	\$	1,554,095
Less: accumulated amortization		(229,945)		(429,571)
	\$	1,038,219	\$	1,124,524

Amortization of capitalized software and software development costs was \$415,273 and \$312,261 during the years ended December 31, 2018 and 2017, respectively. Amortization of capitalized software and software development costs is included in Technology expenses on the accompanying statement of functional expenses.

Due to an increase in the complexity of operations, TAF determined that it was more cost effective to redesign and redevelop its core operating systems rather than attempting to reengineer our legacy systems. As such, the legacy systems have no remaining value and were written off effective December 31, 2018. TAF wrote off \$1,156,750 in gross capitalized software costs and \$586,331 of associated accumulated amortization, resulting in a non-cash capitalized software impairment charge of \$570,419. Impairment charges are included in technology expenses on the accompanying statements of functional expenses.

5. Net Assets

Net assets without donor restrictions

At December 31, 2018 and 2017, all net assets without donor restrictions are undesignated as to their use.

Net assets with donor restrictions

As of December 31, 2018 and 2017, net assets with donor restrictions of \$149,079,789 and \$100,280,693, respectively, are restricted to qualifying patient assistance programs for specific disease states. During the years ended December 31, 2018 and 2017, net assets with donor restrictions of \$151,362,715 and \$117,295,705, respectively, 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.

6. Liquidity

At December 31, 2018 and 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, 2018 and 2017, all net assets without donor restrictions are available to meet cash needs for general expenditures of the organization within one year.

The Assistance Fund, Inc.

Notes to Financial Statements

7. Operating Lease

TAF leases office space under agreements accounted for as operating leases which have terms expiring through July 31, 2023. Approximate future minimum lease payments under these operating leases are as follows:

<i>Year Ending December 31,</i>		<i>Amount</i>
2019	\$	234,000
2020		236,000
2021		129,000
2022		49,000
2023		45,000
	\$	693,000

Rent expense was approximately \$170,700 and \$140,000 during the years ended December 31, 2018 and 2017, respectively, which is included in facility expense on the accompanying statements of functional expenses.

8. 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 years ended December 31, 2018 and 2017, TAF contributions to the plan totaled approximately \$95,000 and \$73,000, respectively, which is included in personnel expenses on the accompanying statements of functional expenses.

9. Concentrations

For the year ended December 31, 2018, TAF received approximately 48% of its total contributions from three donors. For the year ended December 31, 2017, TAF received approximately 46% of its total contributions from two donors. A significant reduction in funding from these donors may lead to a reduction in program activities.

As of December 31, 2018, two donors accounted for 93% of contributions receivable. As of December 31, 2017, three donors accounted for 85% of contributions receivable.

10. 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.

11. Subsequent Events

TAF has evaluated events and transactions occurring subsequent to December 31, 2018 as of April 22, 2019, which is the date the financial statements were available to be issued. Subsequent events occurring after April 22, 2019 have not been evaluated by management.