



# The Assistance Fund, Inc.

Financial Statements  
Years Ended June 30, 2016 and 2015

# **The Assistance Fund, Inc.**

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Financial Statements  
Years Ended June 30, 2016 and 2015

# The Assistance Fund, Inc.

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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, 2016 and 2015, 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, 2016 and 2015, and the results of its activities 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*  
BDO USA, LLP  
May 1, 2017

## Financial Statements

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**The Assistance Fund, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 58,018,223	\$ 43,565,271
Investments (Note 2)	17,993,505	18,025,671
Contributions receivable	5,221,994	8,707,996
Prepaid expenses and other current assets	48,207	32,203
Property and equipment, net (Note 3)	889,595	302,806
<b>Total Assets</b>	<b>\$ 82,171,524</b>	<b>\$ 70,633,947</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 341,399	\$ 274,459
Claims payable	3,584,421	1,101,482
Deferred revenue	45,000	21,307
Deferred rent liability	237,343	-
<b>Total liabilities</b>	<b>4,208,163</b>	<b>1,397,248</b>
<b>Commitments and contingencies (Notes 6 and 8)</b>		
<b>Net assets:</b>		
Unrestricted	11,616,613	9,541,188
Temporarily restricted (Note 4)	66,346,748	59,695,511
<b>Total net assets</b>	<b>77,963,361</b>	<b>69,236,699</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 82,171,524</b>	<b>\$ 70,633,947</b>

*See accompanying notes to financial statements.*

# The Assistance Fund, Inc.

## Statements of Activities

<i>Year Ended June 30,</i>	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and support:</b>						
Contributions	\$ 6,646,097	\$ 85,363,698	\$ 92,009,795	\$ 7,161,143	\$ 71,808,845	\$ 78,969,988
Special events	266,952	-	266,952	294,534	-	294,534
Investment income, net (Note 2)	40,654	-	40,654	33,592	-	33,592
Net assets released from restrictions (Note 4)	78,712,461	(78,712,461)	-	56,026,878	(56,026,878)	-
<b>Total revenue and support</b>	<b>85,666,164</b>	<b>6,651,237</b>	<b>92,317,401</b>	<b>63,516,147</b>	<b>15,781,967</b>	<b>79,298,114</b>
<b>Functional expenses:</b>						
Program services	80,444,780	-	80,444,780	58,508,583	-	58,508,583
Management and general	2,232,767	-	2,232,767	1,565,793	-	1,565,793
Fundraising	913,192	-	913,192	1,025,379	-	1,025,379
<b>Total functional expenses</b>	<b>83,590,739</b>	<b>-</b>	<b>83,590,739</b>	<b>61,099,755</b>	<b>-</b>	<b>61,099,755</b>
<b>Increase in net assets</b>	<b>2,075,425</b>	<b>6,651,237</b>	<b>8,726,662</b>	<b>2,416,392</b>	<b>15,781,967</b>	<b>18,198,359</b>
<b>Net assets, beginning of year</b>	<b>9,541,188</b>	<b>59,695,511</b>	<b>69,236,699</b>	<b>7,124,796</b>	<b>43,913,544</b>	<b>51,038,340</b>
<b>Net assets, end of year</b>	<b>\$ 11,616,613</b>	<b>\$ 66,346,748</b>	<b>\$ 77,963,361</b>	<b>\$ 9,541,188</b>	<b>\$ 59,695,511</b>	<b>\$ 69,236,699</b>

*See accompanying notes to financial statements.*

**The Assistance Fund, Inc.**  
**Statements of Functional Expenses**

<i>Year Ended June 30,</i>	2016				2015			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Insurance co-pay and financial assistance	\$79,390,641	\$ 24,869	\$ -	\$79,415,510	\$ 57,834,201	\$ -	\$ -	\$ 57,834,201
Management fees	8,219	1,229,651	-	1,237,870	-	921,150	-	921,150
Salaries, payroll taxes, and other related expenses	811,780	320,243	259,044	1,391,067	525,451	280,323	495,242	1,301,016
Travel and meeting expenses	24,882	71,650	131,191	227,723	29,233	70,709	146,878	246,820
Special events	-	-	297,283	297,283	-	-	274,521	274,521
Office related expenses	43,530	61,436	15,113	120,079	35,458	60,632	17,827	113,917
Professional fees	18,817	372,432	565	391,814	3,868	185,688	350	189,906
Occupancy and rentals	78,362	19,591	19,591	117,544	50,281	18,856	31,426	100,563
Depreciation and amortization	68,549	17,137	17,137	102,823	22,314	8,368	13,947	44,629
Other expenses	-	115,758	173,268	289,026	7,777	20,067	45,188	73,032
<b>Total functional expenses</b>	<b>\$80,444,780</b>	<b>\$ 2,232,767</b>	<b>\$ 913,192</b>	<b>\$83,590,739</b>	<b>\$ 58,508,583</b>	<b>\$ 1,565,793</b>	<b>\$ 1,025,379</b>	<b>\$ 61,099,755</b>

*See accompanying notes to financial statements.*



# The Assistance Fund, Inc.

## Statements of Cash Flows

<i>Year Ended June 30,</i>	<b>2016</b>	<b>2015</b>
<b>Operating activities:</b>		
Contributions received from donors	\$ 95,786,442	\$ 72,170,361
Cash paid to patients, vendors and employees	(80,716,698)	(60,873,195)
Interest and dividends received	846,651	171,417
<b>Net cash provided by operating activities</b>	<b>15,916,395</b>	<b>11,468,583</b>
<b>Investing activities:</b>		
Purchases of property and equipment	(689,612)	(165,480)
Purchases of investments	(4,946,019)	(22,053,993)
Proceeds from sale of investments	4,172,188	16,915,877
<b>Net cash used in investing activities</b>	<b>(1,463,443)</b>	<b>(5,303,596)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,452,952</b>	<b>6,164,987</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>43,565,271</b>	<b>37,400,284</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 58,018,223</b>	<b>\$ 43,565,271</b>
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 8,726,662	\$ 18,198,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	102,823	44,629
Net realized and unrealized loss on investments	805,997	137,825
Amortization of deferred rent liability	(15,319)	-
Changes in operating assets and liabilities:		
Contributions receivable	3,486,002	(7,087,996)
Prepaid expenses and other current assets	(16,004)	41,574
Accounts payable and accrued expenses	66,940	(115,457)
Claims payable	2,482,939	255,814
Deferred revenue	23,693	(6,165)
Deferred rent liability	252,662	-
<b>Net cash provided by operating activities</b>	<b>\$ 15,916,395</b>	<b>\$ 11,468,583</b>

*See accompanying notes to financial statements.*

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### 1. Nature of Activities and Summary of Significant Accounting Policies

#### *Nature of Activities*

The Assistance Fund, Inc. (“the Organization”) 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. By employing a mobile app; incorporating electronic claims systems that easily integrate with pharmacies; offering user-friendly online program enrollment tools and more, advanced and revolutionary processes are expediently introduced to the industry, which allows patients to receive more quickly financial assistance such as medication co-pays, health insurance premiums and incidental medical expenses. Understanding the need to remove barriers and being time sensitive helps to insure that enrolled individuals will receive a determination of acceptance in the program(s) within minutes. The Organization was incorporated in the State of Delaware on May 12, 2009 and began operations on January 1, 2010.

#### *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 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*

Investments are carried at fair market value. Realized and unrealized gains and losses are combined with interest income and dividends earned during the period and are recorded in investment income, net on the statements of activities.

#### *Fair Value of Financial Instruments*

The Organization reports its financial assets and liabilities using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* - Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities.

*Level 2* - Valuation based on observable quoted prices for similar assets and liabilities in active markets.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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*Level 3* - Valuation based on inputs that are unobservable and are supported by little or no market activity, 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 level of any 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 cash and cash equivalents, contributions receivable, accounts payable and accrued expenses, and claims payable.

The Organization's Level 1 financial assets consist of investments identified in Note 2 and are valued on a daily basis in an active market. There were no Level 2 or 3 financial assets or liabilities.

### *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, 2016 and 2015, management determined no allowance for doubtful contributions is necessary. All contributions receivable at June 30, 2016 are due in one year or less.

### *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.

### *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 statements 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.

### *Net Assets*

Unrestricted net assets consist of amounts that are available for use in carrying out the activities of the Organization. Temporarily restricted net assets represent those amounts which are not available until future periods or are donor restricted for specific purposes. Permanently restricted net assets result from gifts and bequests from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. The Organization did not have any permanently restricted net assets at June 30, 2016 or 2015.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### *Contributions and Donor Imposed Restrictions*

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increase those net asset classes. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements 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.

### *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. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

The Organization 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. The Organization has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Organization'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 (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.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Financial Statement Presentation of Not-for-Profit Entities*

In August 2016, the Financial Accounting Standards Board (FASB) issued 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. The ASU is effective for the Organization’s financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on their financial statements.

#### *Leases*

In February 2016, the FASB issued Accounting Standards Update 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. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

#### *Reclassification*

Certain items have been reclassified in the 2015 financial statements to conform to the 2016 presentation.

#### *Subsequent Events*

The Organization has evaluated events and transactions occurring subsequent to June 30, 2016 as of May 1, 2017, which is the date the financial statements were available to be issued. Subsequent events occurring after May 1, 2017 have not been evaluated by management.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### 2. Investments

The Organization's investments consist of the following:

<i>June 30,</i>	2016	2015
<b>Level 1:</b>		
Money market	\$ 710,580	\$ 537,199
Fixed income mutual funds	3,821,427	5,070,349
Equity mutual funds	13,461,498	12,418,123
	<b>\$ 17,993,505</b>	<b>\$ 18,025,671</b>

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The Organization's investment income, net consists of the following:

<i>Year Ended June 30,</i>	2016	2015
Net realized and unrealized loss on investments	\$ (805,997)	\$ (137,825)
Interest and dividends	846,651	171,417
	<b>\$ 40,654</b>	<b>\$ 33,592</b>

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### 3. Property and Equipment

Property and equipment consists of the following:

<i>June 30,</i>	2016	2015
Computer and related equipment	\$ 489,903	\$ 231,420
Furniture and fixtures	227,083	204,668
Leasehold improvements	300,474	14,743
	<b>1,017,460</b>	<b>450,831</b>
Less: accumulated depreciation and amortization	(127,865)	(148,025)
	<b>\$ 889,595</b>	<b>\$ 302,806</b>

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### 4. Temporarily Restricted Net Assets

At June 30, 2016 and 2015, temporarily restricted net assets of \$66,346,748 and \$59,695,511, respectively, were available for insurance co-pay and financial assistance. During the years ended June 30, 2016 and 2015, temporarily restricted net assets of \$78,712,461 and \$56,026,878, respectively, were released from donor restrictions by incurring expenses related to insurance co-pay and financial assistance which satisfied the donor restricted purpose.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### 5. Concentrations

The Organization received funding from significant donors as follows:

<i>Year Ended June 30,</i>	<b>2016</b>	<b>2015</b>
Donor:		
A	\$ 43,250,000	\$ 44,225,000
B	18,733,338	9,960,368

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A significant reduction in funding from the above donors may lead to a reduction in program activities.

### 6. Operating Lease

The Organization leases office space under an agreement accounted for as an operating lease which expires 64 months after the commencement date. Future minimum lease payments under this operating lease are as follows:

<i>Year Ended June 30,</i>	<b>Amount</b>
2017	\$ 175,700
2018	180,800
2019	186,100
2020	189,700
2021	175,300
	\$ 907,600

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Rent expense was approximately \$110,000 and \$80,000 during the years ended June 30, 2016 and 2015, respectively.

### 7. Employee Benefit Plan

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, 2016 and 2015, contributions to the plan totaled approximately \$34,000 and \$26,000, respectively.

### 8. General Contingencies

The Organization 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 the Organization.