



# The Assistance Fund

## **Financial Statements** & Independent Auditor's Report thereon Years Ended December 31, 2020 and 2019

# The Assistance Fund, Inc.

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## **Independent Auditor's Report**

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

### ***Opinion***

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*BDO USA, LLP*

Certified Public Accountants  
April 20, 2021

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

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<b>December 31,</b>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 269,168,410	\$ 224,073,569
Contributions receivable	89,816,676	71,908,333
Prepaid expenses and other current assets	841,970	922,443
Investments	26,898,860	31,407,368
Property and equipment, net	355,858	471,401
Capitalized software and software development costs, net	1,471,338	1,302,880
<b>TOTAL ASSETS</b>	<b>\$ 388,553,112</b>	<b>\$ 330,085,994</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,382,406	\$ 1,364,931
Claims payable	15,882,278	13,190,310
<b>Total liabilities</b>	<b>17,264,684</b>	<b>14,555,241</b>
<b>Commitments and contingencies (Notes 7 and 11)</b>		
<b>Net assets</b>		
Without donor restrictions	53,327,696	35,969,704
With donor restrictions	317,960,732	279,561,049
<b>Total net assets</b>	<b>371,288,428</b>	<b>315,530,753</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 388,553,112</b>	<b>\$ 330,085,994</b>

*See accompanying notes to financial statements.*

# The Assistance Fund, Inc.

## Statements of Activities

<i>Year Ended December 31,</i>	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 25,873,974	\$ 355,075,150	\$ 380,949,124	\$ 22,972,940	\$ 348,288,469	\$ 371,261,409
Interest and investment income, net	3,436,800	-	3,436,800	5,586,160	-	5,586,160
Net assets released from restrictions	316,675,467	(316,675,467)	-	217,807,208	(217,807,208)	-
<b>Total revenue and support</b>	<b>345,986,241</b>	<b>38,399,683</b>	<b>384,385,924</b>	<b>246,366,308</b>	<b>130,481,261</b>	<b>376,847,569</b>
<b>Functional expenses</b>						
Program services	319,961,539	-	319,961,539	220,590,251	-	220,590,251
Management and general	6,778,466	-	6,778,466	5,788,053	-	5,788,053
Fundraising	1,052,306	-	1,052,306	678,331	-	678,331
Advocacy	835,938	-	835,938	144,859	-	144,859
<b>Total functional expenses</b>	<b>328,628,249</b>	<b>-</b>	<b>328,628,249</b>	<b>227,201,494</b>	<b>-</b>	<b>227,201,494</b>
Settlement	-	-	-	4,000,000	-	4,000,000
<b>Total expenses (including settlement)</b>	<b>328,628,249</b>	<b>-</b>	<b>328,628,249</b>	<b>231,201,494</b>	<b>-</b>	<b>231,201,494</b>
<b>Change in net assets</b>	<b>17,357,992</b>	<b>38,399,683</b>	<b>55,757,675</b>	<b>15,164,814</b>	<b>130,481,261</b>	<b>145,646,075</b>
Net assets, beginning of year	35,969,704	279,561,049	315,530,753	20,804,890	149,079,788	169,884,678
<b>Net assets, end of year</b>	<b>\$ 53,327,696</b>	<b>\$ 317,960,732</b>	<b>\$ 371,288,428</b>	<b>\$ 35,969,704</b>	<b>\$ 279,561,049</b>	<b>\$ 315,530,753</b>

See accompanying notes to financial statements.

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

<i>Year Ended December 31,</i>	<b>2020</b>					<b>Total</b>
	<b>Program Services</b>	<b>Supporting Activities</b>			<b>Advocacy</b>	
		<b>Management and General</b>	<b>Fundraising</b>			
Insurance copayments and financial assistance	\$ 316,784,914	\$ -	\$ -	\$ -	\$ 316,784,914	
Personnel	2,616,267	3,051,386	656,397	403,328	6,727,378	
Technology	236,635	1,446,084	16,112	20,975	1,719,806	
Facility	241,796	218,846	33,104	72,440	566,186	
Travel and meetings	10,880	147,683	38,067	10,229	206,859	
Professional fees	13,238	1,649,793	20	305,000	1,968,051	
Other expenses	57,809	264,674	308,606	23,966	655,055	
<b>Total functional expenses</b>	<b>\$ 319,961,539</b>	<b>\$ 6,778,466</b>	<b>\$ 1,052,306</b>	<b>\$ 835,938</b>	<b>\$ 328,628,249</b>	

<i>Year Ended December 31,</i>	<b>2019</b>					<b>Total</b>
	<b>Program Services</b>	<b>Supporting Activities</b>			<b>Advocacy</b>	
		<b>Management and General</b>	<b>Fundraising</b>			
Insurance copayments and financial assistance	\$ 217,807,208	\$ -	\$ -	\$ -	\$ 217,807,208	
Personnel	1,976,596	2,117,381	422,632	93,256	4,609,865	
Technology	388,681	1,325,673	3,255	205	1,717,814	
Facility	256,170	159,923	25,913	20,558	462,564	
Travel and meetings	38,564	184,187	60,875	15,005	298,631	
Professional fees	69,989	1,604,774	30,542	15,143	1,720,448	
Other expenses	53,043	396,115	135,114	692	584,964	
<b>Total functional expenses</b>	<b>\$ 220,590,251</b>	<b>\$ 5,788,053</b>	<b>\$ 678,331</b>	<b>\$ 144,859</b>	<b>\$ 227,201,494</b>	

See accompanying notes to financial statements.

# The Assistance Fund, Inc.

## Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Contributions received from donors	\$ 363,040,780	\$ 341,418,076
Cash payments related to insurance copayments and financial assistance	(314,092,946)	(209,693,865)
Cash payments related to employee salary and benefits	(6,882,687)	(4,563,734)
Cash payments related to other general and administrative expenses	(4,181,511)	(8,564,160)
Interest and dividends received	2,560,071	2,432,128
<b>Net cash provided by operating activities</b>	<b>40,443,707</b>	<b>121,028,445</b>
<b>Investing activities</b>		
Purchases of property and equipment	(57,096)	(54,338)
Capitalized software costs	(676,254)	(699,293)
Purchases of investments	(52,167,452)	(85,006,924)
Proceeds from sale of investments	51,551,936	74,791,057
Net cash transferred from investments	6,000,000	2,500,000
<b>Net cash provided by (used in) investing activities</b>	<b>4,651,134</b>	<b>(8,469,498)</b>
<b>Net increase in cash and cash equivalents</b>	<b>45,094,841</b>	<b>112,558,947</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>224,073,569</b>	<b>111,514,622</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 269,168,410</b>	<b>\$ 224,073,569</b>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 55,757,675	\$ 145,646,075
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	680,435	593,179
Impairment loss – capitalized software	-	5,026
Net realized and unrealized gain on investments	(875,976)	(3,154,032)
Changes in operating assets and liabilities:		
Contributions receivable and other current assets	(17,827,870)	(30,112,585)
Accounts payable and accrued expenses	17,475	(62,561)
Claims payable	2,691,968	8,113,343
<b>Net cash provided by operating activities</b>	<b>\$ 40,443,707</b>	<b>\$ 121,028,445</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. (“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 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.

#### *Liquidity Management*

TAF structures its financial assets to be available as its expenditures, liabilities, and other obligations come due. TAF invests cash in excess of monthly requirements in overnight and 30-day repurchase agreements collateralized by U.S. Treasuries and agency mortgages (“repurchase agreements”).

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of interest-bearing bank deposits and repurchase agreements. Bank deposits 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 income on the accompanying statements of activities.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### **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 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, 2020 and 2019, TAF's Level 1 financial assets consist of investments as identified in Note 2 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 an unconditional written donor agreement 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. Contributions receivable at December 31, 2020 and 2019 included in the accompanying statements of financial position were 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, 2020 and 2019, as all amounts are considered collectible.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### ***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. There was no impairment of property and equipment during the years ended December 31, 2020 and 2019.

### ***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. There was no impairment of computer software or software development costs during the years ended December 31, 2020 and 2019.

### ***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 accompanying 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. There were no contributed goods or services recorded during the years ended December 31, 2020 and 2019.

### ***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

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### ***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.

### ***Reclassifications***

Certain 2019 amounts have been reclassified to conform to the 2020 presentation. These reclassifications had no impact on 2019 change in net assets.

### ***Use of Estimates***

The preparation of financial statements in conformity with 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.

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

#### *Leases*

In February 2016, the Financial Accounting Standards Board (FASB) issued 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. 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, *Leases*, 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. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606), and Leases (Topic 842): Effective Dates for Certain Entities*, that allows entities to elect to postpone adoption until fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements.

# The Assistance Fund, Inc.

## Notes to Financial Statements

### 2. Investments

TAF's investments consist of the following:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 4,013,017	\$ 13,209,719
<b>Level 1:</b>		
Fixed income mutual funds	13,035,501	9,965,557
Equity mutual funds	9,850,342	8,232,092
	\$ 26,898,860	\$ 31,407,368

### 3. Property and Equipment

Property and equipment consists of the following:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Furniture and fixtures	\$ 385,847	\$ 380,268
Leasehold improvements	554,367	514,635
Computer and related equipment	75,756	63,969
	1,015,970	958,872
Less: accumulated depreciation and amortization	(660,112)	(487,471)
	\$ 355,858	\$ 471,401

Depreciation and amortization of property and equipment was \$172,639 and \$163,573 during the years ended December 31, 2020 and 2019, respectively. Depreciation of property and equipment is included in facility expenses on the accompanying statements of functional expenses.

### 4. Capitalized Software and Software Development Costs

Capitalized software and software development costs consist of the following:

<i>December 31,</i>	<b>2020</b>	<b>2019</b>
Internal-use software and software development costs	\$ 2,319,212	\$ 1,948,913
Less: accumulated amortization	(847,874)	(646,033)
	\$ 1,471,338	\$ 1,302,880

Amortization of capitalized software and software development costs was \$507,796 and \$429,606 during the years ended December 31, 2020 and 2019, respectively. Amortization of capitalized software and software development costs is included in technology expenses on the accompanying statement of functional expenses.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### 5. Net Assets

#### *Net assets without donor restrictions*

As of December 31, 2020 and 2019, all net assets without donor restrictions are undesignated as to their use.

#### *Net assets with donor restrictions*

As of December 31, 2020 and 2019, net assets with donor restrictions of \$317,960,732 and \$279,561,049, respectively, are restricted to qualifying patient assistance programs for specific disease states. During the years ended December 31, 2020 and 2019, net assets with donor restrictions of \$316,675,467 and \$217,807,208, respectively, were released from donor restrictions by incurring expenses related to qualifying patient assistance programs restricted for specific disease states which satisfied the donor restricted purpose.

### 6. Liquidity

As of December 31, 2020 and 2019, 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, 2020 and 2019, cash and investments without donor restrictions are available to meet cash needs for general expenditures of TAF within one year, in the amount of \$67,923,214 and \$47,828,221, respectively.

### 7. Operating Leases

TAF leases office space under agreements accounted for as operating leases which have terms expiring through November 1, 2024. Approximate future minimum lease payments under these operating leases are as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2021	\$ 425,896
2022	449,573
2023	342,278
2024	166,882
	<hr/>
	\$ 1,384,629

Rent expense was approximately \$341,000 and \$254,300 during the years ended December 31, 2020 and 2019, 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, 2020 and 2019, TAF contributions to the plan totaled approximately \$198,000 and \$130,000, respectively, which is included in personnel expenses on the accompanying statements of functional expenses.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### 9. Concentrations

For the year ended December 31, 2020, TAF received approximately 48% of its total contributions from three donors. For the year ended December 31, 2019, TAF received approximately 46% of its total contributions from three donors. A significant reduction in funding from these donors may lead to a reduction in program activities.

As of December 31, 2020, four donors accounted for 88% of contributions receivable. As of December 31, 2019, three donors accounted for 90% of contributions receivable.

### 10. Settlement

TAF received a civil investigative demand in October 2016 and a subpoena in January 2017, both from the U.S. Department of Justice (DOJ) requesting documents regarding the establishment and operation of our programs that provide financial assistance to patients. Other companies received similar inquiries as part of a DOJ investigation regarding whether patient assistance programs violated the Federal Anti-Kickback Statute and the Federal False Claims Act. On November 19, 2019, we entered into a civil Settlement Agreement with the DOJ and the Office of Inspector General (OIG) of the Department of Health and Human Services (collectively the "United States Government"). The Settlement Agreement is neither an admission of facts nor liability, nor a concession by the United States Government that its contentions are not well-founded. Under the Settlement Agreement, we paid to the United States Government the sum of \$4.0 million. In connection with the civil settlement, we also entered into a Corporate Integrity Agreement with the OIG, effective as of November 19, 2019, which requires us to maintain our corporate compliance program and to undertake a set of defined corporate integrity obligations for a period of three years, ending in November 2022. TAF is in compliance with the Corporate Integrity Agreement for the year ended December 31, 2020.

### 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.

#### **COVID-19 and CARES Act**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) as a global pandemic ("coronavirus pandemic") and recommended containment and mitigation measures worldwide. The coronavirus pandemic is significantly affecting the United States and global economies. The extent of the impact of the coronavirus pandemic on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our donors, and effect on our staffing, all of which are uncertain and cannot be predicted.

As of the date of this filing, TAF has shifted essentially all employees to work from home. While this has not had any material negative impact on our operations to date, we do anticipate that we may face staffing challenges so long as school closures and COVID-19 related concerns exist. These factors could impact our ability to maintain our operations which may disrupt our business and negatively impact our financial results. In addition, TAF is heavily dependent upon corporate donations and has not seen a significant impact of COVID-19 on current contributions, however, TAF is unable to predict its impact on future donations.



# The Assistance Fund, Inc.

## Notes to Financial Statements

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There are no comparable recent events which may provide guidance as to the effect of the coronavirus pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change. We do not yet know the full extent or impacts on our business; however, the effects could have a material impact on our operations, and we will continue to monitor the COVID-19 situation closely.

### **CARES Act**

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). TAF has evaluated the provisions of the CARES Act and has not and does not expect to utilize any of its provisions at this time.

### **12. Subsequent Events**

TAF has evaluated events and transactions occurring subsequent to December 31, 2020 as of April 20, 2021, which is the date the financial statements were available to be issued. Subsequent events occurring after April 20, 2021 have not been evaluated by management.