



# **The Assistance Fund**

## **Financial Statements**

**& Independent Auditor's Report thereon**

**Years Ended December 31, 2022 and 2021**

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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. (TAF) which comprise the statements of financial position as of December 31, 2022 and 2021, 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 TAF as of December 31, 2022 and 2021, 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.

### ***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 TAF 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.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, TAF has changed its method of accounting for leases in the fiscal year ended December 31, 2022 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 842: *Leases*. Our opinion is not modified with respect to this matter.

### ***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 TAF'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 TAF'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 TAF'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

July 25, 2023

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

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<b>December 31,</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 263,094,749	\$ 315,049,337
Contributions receivable	77,745,000	29,087,500
Prepaid expenses and other current assets	1,212,021	1,043,259
Right of use assets, net	450,720	-
Investments	46,502,585	28,700,430
Property and equipment, net	114,660	214,307
Capitalized software and software development costs, net	1,984,053	2,017,256
<b>TOTAL ASSETS</b>	<b>\$ 391,103,788</b>	<b>\$ 376,112,089</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,075,709	\$ 932,931
Claims payable	10,169,764	11,787,611
Operating lease liabilities	502,577	-
<b>Total liabilities</b>	<b>11,748,050</b>	<b>12,720,542</b>
<b>Commitments and contingencies (Notes 7 and 11)</b>		
<b>Net assets</b>		
Without donor restrictions	65,475,997	66,683,632
With donor restrictions	313,879,741	296,707,915
<b>Total net assets</b>	<b>379,355,738</b>	<b>363,391,547</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 391,103,788</b>	<b>\$ 376,112,089</b>

*See accompanying notes to financial statements.*

# The Assistance Fund, Inc.

## Statements of Activities

<i>Year Ended December 31,</i>	<b>2022</b>			<b>2021</b>		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 13,908,079	\$ 270,484,578	\$ 284,392,657	\$ 24,434,685	\$ 268,841,478	\$ 293,276,163
Interest and investment income, net	737,500	-	737,500	3,458,358	-	3,458,358
Net assets released from restrictions	253,312,752	(253,312,752)	-	290,094,295	(290,094,295)	-
<b>Total revenue and support</b>	<b>267,958,331</b>	<b>17,171,826</b>	<b>285,130,157</b>	<b>317,987,338</b>	<b>(21,252,817)</b>	<b>296,734,521</b>
<b>Functional expenses</b>						
Program services	258,661,396	-	258,661,396	294,374,244	-	294,374,244
Management and general	8,068,207	-	8,068,207	8,105,104	-	8,105,104
Fundraising	1,147,231	-	1,147,231	1,010,861	-	1,010,861
Advocacy	1,289,132	-	1,289,132	1,141,193	-	1,141,193
<b>Total functional expenses</b>	<b>269,165,966</b>	<b>-</b>	<b>269,165,966</b>	<b>304,631,402</b>	<b>-</b>	<b>304,631,402</b>
<b>Change in net assets</b>	<b>(1,207,635)</b>	<b>17,171,826</b>	<b>15,964,191</b>	<b>13,355,936</b>	<b>(21,252,817)</b>	<b>(7,896,881)</b>
<b>Net assets, beginning of year</b>	<b>66,683,632</b>	<b>296,707,915</b>	<b>363,391,547</b>	<b>53,327,696</b>	<b>317,960,732</b>	<b>371,288,428</b>
<b>Net assets, end of year</b>	<b>\$ 65,475,997</b>	<b>\$ 313,879,741</b>	<b>\$ 379,355,738</b>	<b>\$ 66,683,632</b>	<b>\$ 296,707,915</b>	<b>\$ 363,391,547</b>

*See accompanying notes to financial statements.*

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

2022					
<i>Year Ended December 31,</i>	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Advocacy	
Insurance copayments and financial assistance	\$ 253,725,841	\$ -	\$ -	\$ -	\$ 253,725,841
Personnel	3,917,240	4,188,872	727,504	594,242	9,427,858
Technology	564,605	1,784,662	17,047	15,209	2,381,523
Facility	277,804	262,837	10,236	72,541	623,418
Travel and meetings	28,259	217,198	82,180	82,133	409,770
Professional fees	19,019	1,441,372	1,514	462,231	1,924,136
Other expenses	128,628	173,266	308,750	62,776	673,420
<b>Total functional expenses</b>	<b>\$ 258,661,396</b>	<b>\$ 8,068,207</b>	<b>\$ 1,147,231</b>	<b>\$ 1,289,132</b>	<b>\$ 269,165,966</b>

2021					
<i>Year Ended December 31,</i>	Supporting Activities				Total
	Program Services	Management and General	Fundraising	Advocacy	
Insurance copayments and financial assistance	\$ 290,285,128	\$ -	\$ -	\$ -	\$ 290,285,128
Personnel	3,233,934	3,660,894	659,073	547,549	8,101,450
Technology	470,549	1,571,112	16,221	22,704	2,080,586
Facility	249,549	218,847	33,640	73,345	575,381
Travel and meetings	3,798	238,464	28,231	56,902	327,395
Professional fees	15,101	851,455	3,511	371,617	1,241,684
Other expenses	116,185	1,564,332	270,185	69,076	2,019,778
<b>Total functional expenses</b>	<b>\$ 294,374,244</b>	<b>\$ 8,105,104</b>	<b>\$ 1,010,861</b>	<b>\$ 1,141,193</b>	<b>\$ 304,631,402</b>

See accompanying notes to financial statements.

# The Assistance Fund, Inc.

## Statements of Cash Flows

<b>Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Contributions received from donors	\$ 235,735,331	\$ 354,005,339
Cash payments related to insurance copayments and financial assistance	(255,334,688)	(294,379,795)
Cash payments related to employee salary and benefits	(9,258,917)	(8,014,289)
Cash payments related to other general and administrative expenses	(5,045,694)	(6,095,430)
Interest and dividends received	3,397,940	2,026,999
<b>Net cash provided by (used in) operating activities</b>	<b>(30,506,028)</b>	<b>47,542,824</b>
<b>Investing activities</b>		
Purchases of property and equipment	(13,534)	(2,237)
Capitalized software costs	(972,255)	(1,289,449)
Purchases of investments	(25,458,447)	(29,867,817)
Proceeds from sale of investments	4,995,673	29,497,606
<b>Net cash provided by (used in) investing activities</b>	<b>(21,448,563)</b>	<b>(1,661,897)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(51,954,591)</b>	<b>45,880,927</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>315,049,337</b>	<b>269,168,410</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 263,094,746</b>	<b>\$ 315,049,337</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 whose mission is to employ 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 (“U.S. 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 statements 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 securities, mutual funds, annuities and money-market accounts, are stated at fair value. Interest income is recorded as earned. 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. The annuities are subject to a surrender charge if withdrawn prior to a holding period as stipulated by the investment contract. 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 accompanying statements of financial position and the statements of activities.

### *Fair Value of Financial Instruments*

U.S. 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, 2022 and 2021, 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. At December 31, 2022 and 2021, TAF's Level 2 financial assets consist of annuity investments as identified in Note 2 and are valued based upon principal and accumulated interest from the contracted fixed interest rate, which approximates fair value. There were no Level 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, 2022 and 2021 included in the accompanying statements of financial position are 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, 2022 and 2021, as all amounts are considered collectible.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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### *Property and Equipment*

TAF capitalizes all property and equipment purchases greater than \$2,500 with a useful life greater than one year. 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, 2022 and 2021.

### *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, 2022 and 2021.

### *Leases*

Effective January 1, 2022, TAF adopted FASB Accounting Standards Update 2016-02, Leases (Topic 842), and subsequent amendments. TAF used the optional transition method upon adoption, which did not result in any change to beginning net assets. Under this method, TAF's classification of existing leases at the adoption date are not reassessed and all of TAF's leases continued as operating leases. As a result of this adoption, on January 1, 2022, the Organization recorded a right-of-use asset and operating lease liability in the amount of \$877,327.

TAF determines if an arrangement is a lease or contains a lease, including lease classification as operating or finance, at inception. In a lessee arrangement, leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis.

The lease liability is measured at the present value of the lease payments over the remaining lease term for leases that existed at the date of adoption of Topic 842 and over the lease term for new leases entered into after the date of adoption. The ROU asset equals the lease liability adjusted for any initial direct costs and lease incentives. TAF elected the practical expedient to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term remaining as of the date of adoption. Lease expense is generally recognized on a straight-line basis over the lease term. TAF elected the practical expedient not to separate lease and non-lease components for all leases. Lease terms may include options to extend the lease and the present value of future minimum lease payments includes these options only when they are reasonably certain to be exercised.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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TAF has also elected the practical expedient not to record leases with an initial term of 12 months or less on the accompanying statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

### *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.

### *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 personnel costs, 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 (IRC) 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 (IRS) generally remain open for three years from the date of filing.

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. 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.

# The Assistance Fund, Inc.

## Notes to Financial Statements

### 2. Investments

TAF's investments consist of the following:

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 503,389	\$ 659,451
<b>Level 1:</b>		
Fixed income securities and mutual funds	16,705,520	17,292,577
Equity securities and mutual funds	8,879,020	10,748,402
<b>Level 2:</b>		
Annuity investments	20,414,656	-
	<b>\$ 46,502,585</b>	<b>\$ 28,700,430</b>

### 3. Property and Equipment

Property and equipment consists of the following:

<i>December 31,</i>	<b>2022</b>	<b>2021</b>	Useful Lives (Years)
Furniture and fixtures	\$ 390,045	\$ 388,084	5-7
Leasehold improvements	242,794	358,283	5-7
Computer and related equipment	20,334	75,756	5-7
	653,173	822,123	
Less: accumulated depreciation and amortization	(538,513)	(607,816)	
	<b>\$ 114,660</b>	<b>\$ 214,307</b>	

Depreciation and amortization of property and equipment was \$113,182 and \$143,788 during the years ended December 31, 2022 and 2021, 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>2022</b>	<b>2021</b>
Internal-use software and software development costs	\$ 3,520,439	\$ 3,604,213
Less: accumulated amortization	(1,536,386)	(1,586,957)
	<b>\$ 1,984,053</b>	<b>\$ 2,017,256</b>

Amortization of capitalized software and software development costs was \$1,005,458 and \$743,531 during the years ended December 31, 2022 and 2021, respectively. Amortization of capitalized software and software development costs is included in technology expenses on the accompanying statements 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, 2022 and 2021, all net assets without donor restrictions are undesignated as to their use.

#### *Net assets with donor restrictions*

As of December 31, 2022 and 2021, net assets with donor restrictions of \$313,879,741 and \$296,707,915, respectively, are restricted to qualifying patient assistance programs for specific disease states. During the years ended December 31, 2022 and 2021, net assets with donor restrictions of \$253,312,752 and \$290,094,295, 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, 2022 and 2021, 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. As of December 31, 2022 and 2021, financial assets without donor restrictions are available to meet cash needs for general expenditures of TAF within one year. As of December 31, 2022 and 2021, total assets available for expenditure within the following year is \$73,462,593 and \$76,129,348, respectively.

### 7. Operating Leases

TAF has three leases for office space, including one sublease, which are accounted for as operating lease liabilities in accordance with Topic 842, which was adopted effective January 1, 2022. These leases expire on various dates ranging from July 2023 to November 2024. One of TAF's office leases has an option to extend through November 2027, which is not reasonably expected to be exercised. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

All of these leases include fixed rental payments and variable rental payments for common area maintenance associated with the property. In addition, most leases contain lease payments that increase at pre-determined dates based on the change in the consumer price index.

As of December 31, 2022, the weighted average remaining lease term for operating leases is approximately 12 months, and the weighted average discount rate used to calculate the operating lease obligations is 0.61%.

Right-of-use assets consists of the following:

#### *December 31, 2022*

Operating Right-of-Use Assets	\$ 877,327
Less: Accumulated Amortization	(426,607)
	<hr/>
	\$ 450,720

Rent expense, which is included in facility expenses on the accompanying statements of functional expenses, was approximately \$432,000 and \$382,000 for the years ended December 31, 2022 and 2021, respectively.

# The Assistance Fund, Inc.

## Notes to Financial Statements

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As of December 31, 2022, future payments due under operating lease obligations is as follows:

*Year ending December 31,*

2023	\$	340,797
2024		165,492
<b>Total Lease Payments</b>		<b>506,289</b>
Less: imputed interest		(3,711)
<b>Total Operating Lease Obligations</b>		<b>502,577</b>
Less: current portion		(340,797)
<b>Long-Term Operating Lease Obligations</b>	<b>\$</b>	<b>165,492</b>

During the year ended December 31, 2022, TAF had the following cash and non-cash activities associated with its leases:

*Year ended December 31, 2022*

<b>Cash Paid for Amounts Included in the Measurement of Lease Liabilities</b>		
Operating cash flows from operating leases	\$	2,287
<b>Non-Cash Investing and Financing Activities</b>		
Additions to ROU assets and operating lease obligations		877,237

Future minimum lease payments under the leases as December 31, 2021 were as follows:

*Year ending December 31,*

2022	\$	450,994
2023		342,801
2024		166,544
	<b>\$</b>	<b>960,339</b>

## 8. Employee Benefit Plans

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, 2022 and 2021, TAF contributions to the plan totaled approximately \$268,000 and \$234,000, 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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During 2022, TAF established non-qualified deferred compensation plans under Internal Revenue Code (IRC) sections 457(b) and 457(f) for certain key employees. The 457(b) plan allows elective compensation deferrals funded by employee withholdings from TAF's key employees. There are no TAF contributions under the 457(b) plan. There are no employee contributions allowed under the 457(f) plan, which is fully funded by TAF. Net TAF contributions to the 457(f) plan for the year ended December 31, 2022 totaled approximately \$561,000. These awards included 3-to-5-year vesting periods. There are no employee contributions allowed under the 457(f) plan. The asset and deferred compensation liability at December 31, 2022 were approximately \$561,000 and \$104,000, respectively, which are included in cash and cash equivalents and accounts payable and accrued expenses, respectively, on the accompanying statements of financial position.

### 9. Concentrations

For the years ended December 31, 2022 and 2021, TAF received approximately 55% and 53% of its total contributions from three donors, respectively. A significant reduction in funding from these donors may lead to a reduction in program activities.

As of December 31, 2022 and 2021, two donors accounted for 83% and 87% of contributions receivable, respectively.

### 10. Corporate Integrity Agreement

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 required us to maintain our corporate compliance program and to undertake a set of defined corporate integrity obligations for a period of three years. TAF fully complied with the Corporate Integrity Agreement throughout the three-year term which ended November 2022.

### 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.

### 12. Subsequent Events

TAF has evaluated events and transactions occurring subsequent to December 31, 2022 as of July 25, 2023, which is the date the financial statements were available to be issued. Subsequent events occurring after July 25, 2023 have not been evaluated by management. No material events occurring subsequent to July 25, 2023 require recognition or disclosure in the financial statements.