

**Chronic Disease Fund, Inc. d/b/a
Good Days from CDF**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2014 and 2013



Independent Auditor's Report

Board of Directors
Chronic Disease Fund, Inc. d\b\A
Good Days from CDF
Plano, Texas

We have audited the accompanying consolidated financial statements of Chronic Disease Fund, Inc. d\b\A Good Days from CDF (Organization), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated financial statements.

Board of Directors
Chronic Disease Fund, Inc. d\b\|a
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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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chronic Disease Fund, Inc. d\b\|a Good Days from CDF as of December 31, 2014 and 2013, 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.

BKD, LLP

Dallas, Texas
November 13, 2015

Chronic Disease Fund, Inc. d\bla
Good Days from CDF
Consolidated Statements of Financial Position
December 31, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	\$ 17,455,113	\$ 206,209,034
Assets limited as to use	625,000	625,000
Accounts receivable	500,000	1,650,515
Contributions receivable	3,000,000	8,500,000
Inventory	-	153,615
Prepaid expenses	66,144	34,834
Deposits held by third-parties	4,500,000	2,500,000
Total current assets	26,146,257	219,672,998
Investments	181,273,619	100,000,000
Property and Equipment,		
Net of Accumulated Depreciation; 2014 —		
\$37,653,633, 2013 — \$25,215,588	25,201,967	37,490,994
Total assets	\$ 232,621,843	\$ 357,163,992

Liabilities and Net Assets

Current Liabilities		
Co-pay payable	\$ 2,256,465	\$ 6,441,142
Deferred rent, current portion	13,596	27,597
Note payable, current portion	2,061,748	11,199,948
Accrued expenses	258,326	1,067,188
Total current liabilities	4,590,135	18,735,875
Deferred Rent	108,817	110,389
Note Payable	9,894,414	11,956,162
Total liabilities	14,593,366	30,802,426
Net Assets		
Unrestricted assets	26,244,302	36,139,059
Temporarily restricted assets	191,784,175	290,222,507
Total net assets	218,028,477	326,361,566
Total liabilities and net assets	\$ 232,621,843	\$ 357,163,992

Chronic Disease Fund, Inc. d\bla
Good Days from CDF
Consolidated Statements of Activities
Years Ended December 31, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
Co-pay assistance program revenues	\$ -	\$ 72,189,871	\$ 72,189,871
Contributions	6,130,620	-	6,130,620
Contribution of CDF Rx, Inc.	-	-	-
Special events	164,032	-	164,032
Other revenue	270,017	-	270,017
Software license revenue	5,200,000	-	5,200,000
Investment return	159,682	-	159,682
Net assets released from restrictions	170,628,203	(170,628,203)	-
	<u>182,552,554</u>	<u>(98,438,332)</u>	<u>84,114,222</u>
Expenses			
Program services	187,674,702	-	187,674,702
Supporting services	3,464,086	-	3,464,086
Fundraising	1,308,523	-	1,308,523
	<u>192,447,311</u>	<u>-</u>	<u>192,447,311</u>
Change in Net Assets	<u>(9,894,757)</u>	<u>(98,438,332)</u>	<u>(108,333,089)</u>
Net Assets, Beginning of Year	<u>36,139,059</u>	<u>290,222,507</u>	<u>326,361,566</u>
Net Assets, End of Year	<u>\$ 26,244,302</u>	<u>\$ 191,784,175</u>	<u>\$ 218,028,477</u>

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
Co-pay assistance program revenues	\$ -	\$ 235,377,117	\$ 235,377,117
Contributions	22,818,888	-	22,818,888
Contribution of CDF Rx, Inc.	547,904	-	547,904
Special events	189,957	-	189,957
Other revenue	318,081	-	318,081
Software license revenue	-	-	-
Investment return	363,800	-	363,800
Net assets released from restrictions	194,448,004	(194,448,004)	-
	<u>218,686,634</u>	<u>40,929,113</u>	<u>259,615,747</u>
Expenses			
Program services	210,814,920	-	210,814,920
Supporting services	2,705,963	-	2,705,963
Fundraising	1,082,757	-	1,082,757
	<u>214,603,640</u>	<u>-</u>	<u>214,603,640</u>
Change in Net Assets	<u>4,082,994</u>	<u>40,929,113</u>	<u>45,012,107</u>
Net Assets, Beginning of Year	<u>32,056,065</u>	<u>249,293,394</u>	<u>281,349,459</u>
Net Assets, End of Year	<u>\$ 36,139,059</u>	<u>\$ 290,222,507</u>	<u>\$ 326,361,566</u>

Chronic Disease Fund, Inc. d\b\la
Good Days from CDF
Consolidated Statements of Functional Expenses
Years Ended December 31, 2014 and 2013

	2014			
	Program Services	Supporting Services	Fundraising	Total
Co-pay expenses	\$ 170,628,203	\$ -	\$ -	\$ 170,628,203
Salaries and wages	1,533,909	576,692	196,995	2,307,596
Payroll taxes, benefits and other	411,037	152,867	51,713	615,617
Professional fees	1,153,855	1,642,674	735,336	3,531,865
Advertising/promotion	-	-	45,528	45,528
Office expenses	-	35,907	-	35,907
Information technology	113,678	21,315	7,105	142,098
Rent and utilities	146,756	146,756	73,378	366,890
Meals and entertainment and travel	15,833	42,222	47,499	105,554
Conferences and conventions	78,521	314,085	130,869	523,475
Interest	800,052	-	-	800,052
Depreciation	12,155,594	282,451	-	12,438,045
Insurance	-	45,715	5,080	50,795
Printing and processing	396,931	44,103	-	441,034
Miscellaneous other	-	114,236	-	114,236
Phone and internet	240,333	45,063	15,020	300,416
	<u>\$ 187,674,702</u>	<u>\$ 3,464,086</u>	<u>\$ 1,308,523</u>	<u>\$ 192,447,311</u>
Total expenses	<u>\$ 187,674,702</u>	<u>\$ 3,464,086</u>	<u>\$ 1,308,523</u>	<u>\$ 192,447,311</u>

2013

	Program Services	Supporting Services	Fundraising	Total
Co-pay expenses	\$ 194,448,004	\$ -	\$ -	\$ 194,448,004
Salaries and wages	1,271,789	839,649	286,804	2,398,242
Payroll taxes, benefits and other	282,127	180,960	62,880	525,967
Professional fees	399,886	476,142	371,818	1,247,846
Advertising/promotion	-	-	63,599	63,599
Office expenses	-	46,570	-	46,570
Information technology	137,255	25,735	8,579	171,569
Rent and utilities	93,985	156,641	62,657	313,283
Meals and entertainment and travel	33,092	88,246	99,277	220,615
Conferences and conventions	70,054	280,217	116,757	467,028
Interest	1,284,404	-	-	1,284,404
Depreciation	12,155,594	294,355	-	12,449,949
Insurance	-	33,570	3,730	37,300
Printing and processing	532,252	5,377	-	537,629
Miscellaneous other	-	258,537	-	258,537
Phone and internet	106,478	19,964	6,656	133,098
	<u>106,478</u>	<u>19,964</u>	<u>6,656</u>	<u>133,098</u>
Total expenses	<u>\$ 210,814,920</u>	<u>\$ 2,705,963</u>	<u>\$ 1,082,757</u>	<u>\$ 214,603,640</u>

Chronic Disease Fund, Inc. d\bla
Good Days from CDF
Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Change in net assets	\$ (108,333,089)	\$ 45,012,107
Items not requiring (providing) cash		
Depreciation	12,438,045	12,449,949
Contribution of CDF Rx, Inc.	-	(547,904)
Net realized and unrealized loss on investments	988,883	-
Contribution of property and equipment	(10,000)	-
Changes in		
Accounts receivable	848,378	(318,081)
Contributions receivable	5,500,000	(8,500,000)
Prepaid expenses	(31,310)	(34,834)
Accounts payable	(4,184,677)	(856,239)
Accrued expenses	(592,914)	828,934
Deferred rent	(15,573)	(27,597)
	<u>(93,392,257)</u>	<u>48,006,335</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Acquisition of CDF Rx, Inc., net of cash acquired	-	406,877
Purchase of investments	(197,242,876)	-
Proceeds from disposition of investments	114,980,374	-
Proceeds from sale of CDF Rx, Inc.	335,250	-
Deposits held by third-parties	(2,000,000)	-
Purchase of property and equipment	(234,464)	(322,252)
	<u>(84,161,716)</u>	<u>84,625</u>
Net cash provided by (used in) investing activities		
Financing Activities		
Principal payments on note payable	(11,199,948)	(10,715,596)
	<u>(11,199,948)</u>	<u>(10,715,596)</u>
Net cash used in financing activities		
Increase (Decrease) in Cash and Cash Equivalents	(188,753,921)	37,375,364
Cash and Cash Equivalents, Beginning of Year	<u>206,209,034</u>	<u>168,833,670</u>
Cash and Cash Equivalents, End of Year	<u>\$ 17,455,113</u>	<u>\$ 206,209,034</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 800,052	\$ 1,284,404

Chronic Disease Fund, Inc. d\b\la
Good Days from CDF
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2014 and 2013

The Organization acquired CDF Rx, Inc. on December 31, 2013 by CDF Rx, Inc. contributing its assets to the Organization. The following table summarizes the amounts of the assets acquired and liabilities assumed and recognized at the acquisition date:

Fair value of assets assets acquired	\$ 1,988,372
Liabilities assumed	<u>(1,440,468)</u>
Contribution recognized with acquisition of CDF Rx, Inc.	<u>\$ 547,904</u>