

CHRONIC DISEASE FUND, INC. DBA
GOOD DAYS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2016 AND 2015

Independent Auditor's Report

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

We have audited the accompanying financial statements of Chronic Disease Fund, Inc. d\b\ a Good Days (Organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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 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 audit 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.

Board of Directors
Chronic Disease Fund, Inc. d\b\ a
Good Days

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chronic Disease Fund, Inc. d\b\ a Good Days as of December 31, 2016 and 2015, 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
May 9, 2017

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
 STATEMENTS OF FINANCIAL POSITION
 December 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 29,528,679	\$ 23,643,535
Accounts receivable	2,165	6,905
Contributions receivable	10,900,000	8,250,000
Prepaid expenses	251,982	122,635
Deposits held by third-parties	2,500,000	2,500,000
Investments	99,856,597	97,294,092
Property, equipment and software, net	<u>741,998</u>	<u>12,714,752</u>
 Total assets	 <u>\$ 143,781,421</u>	 <u>\$ 144,531,919</u>
 LIABILITIES AND NET ASSETS		
Co-pay payable	\$ 5,406,428	\$ 2,387,572
Accounts payable and accrued expenses	410,519	352,518
Deferred rent	84,693	108,817
Deferred revenue	150,000	150,000
Note payable	<u>9,947,850</u>	<u>9,894,415</u>
Total liabilities	<u>15,999,490</u>	<u>12,893,322</u>
 NET ASSETS		
Unrestricted	12,849,125	13,333,636
Temporarily restricted	<u>114,932,806</u>	<u>118,304,961</u>
Total net assets	<u>127,781,931</u>	<u>131,638,597</u>
 Total liabilities and net assets	 <u>\$ 143,781,421</u>	 <u>\$ 144,531,919</u>

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
December 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT			
Assistance program revenues	\$ -	\$ 154,069,663	\$ 154,069,663
Contributions	15,718,805	-	15,718,805
Sponsorships for educational events	100,000	-	100,000
Software license revenue	350,793	-	350,793
Investment return	2,574,398	-	2,574,398
Net assets released from restrictions	<u>157,441,818</u>	<u>(157,441,818)</u>	<u>-</u>
Total revenue, gains and other support	<u>176,185,814</u>	<u>(3,372,155)</u>	<u>172,813,659</u>
EXPENSES			
Program services	172,811,012	-	172,811,012
Supporting services	2,664,213	-	2,664,213
Fundraising	<u>1,195,100</u>	<u>-</u>	<u>1,195,100</u>
Total expenses	<u>176,670,325</u>	<u>-</u>	<u>176,670,325</u>
CHANGE IN NET ASSETS	(484,511)	(3,372,155)	(3,856,666)
Net assets, beginning of year	<u>13,333,636</u>	<u>118,304,961</u>	<u>131,638,597</u>
Net assets, end of year	<u>\$ 12,849,125</u>	<u>\$ 114,932,806</u>	<u>\$ 127,781,931</u>

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT			
Assistance program revenues	\$ -	\$ 51,831,420	\$ 51,831,420
Contributions	5,621,512	-	5,621,512
Sponsorships for educational events	135,000	-	135,000
Other revenue	10,856	-	10,856
Software license revenue	630,645	-	630,645
Investment return	300,607	-	300,607
Net assets released from restrictions	125,310,634	(125,310,634)	-
Total revenue, gains and other support	<u>132,009,254</u>	<u>(73,479,214)</u>	<u>58,530,040</u>
EXPENSES			
Program services	140,718,558	-	140,718,558
Supporting services	3,079,598	-	3,079,598
Fundraising	1,121,764	-	1,121,764
Total expenses	<u>144,919,920</u>	<u>-</u>	<u>144,919,920</u>
CHANGE IN NET ASSETS	(12,910,666)	(73,479,214)	(86,389,880)
Net assets, beginning of year	<u>26,244,302</u>	<u>191,784,175</u>	<u>218,028,477</u>
Net assets, end of year	<u>\$ 13,333,636</u>	<u>\$ 118,304,961</u>	<u>\$ 131,638,597</u>

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2016

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
Assistance expenses	\$ 157,441,818	\$ -	\$ -	\$ 157,441,818
Salaries and wages	1,588,162	545,360	229,566	2,363,088
Payroll taxes, benefits and other	512,260	175,905	74,046	762,211
Professional fees	146,133	779,872	632,626	1,558,631
Advertising and promotion	-	-	83,041	83,041
Office expenses	-	66,198	-	66,198
Information technology	109,364	109,364	24,302	243,030
Rent and utilities	137,723	137,723	30,606	306,052
Meals, entertainment and travel	16,712	44,566	50,136	111,414
Conferences and conventions	206,656	327,206	40,183	574,045
Interest	53,435	-	-	53,435
Depreciation and amortization	12,207,041	218,219	-	12,425,260
Insurance	-	29,261	3,251	32,512
Printing and processing	268,663	2,714	-	271,377
Miscellaneous other	-	104,780	-	104,780
Phone and internet	123,045	123,045	27,343	273,433
	<u>\$ 172,811,012</u>	<u>\$ 2,664,213</u>	<u>\$ 1,195,100</u>	<u>\$ 176,670,325</u>
Total expenses	<u>\$ 172,811,012</u>	<u>\$ 2,664,213</u>	<u>\$ 1,195,100</u>	<u>\$ 176,670,325</u>

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2015

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
Assistance expenses	\$ 125,310,634	\$ -	\$ -	\$ 125,310,634
Salaries and wages	1,464,044	475,343	245,931	2,185,318
Payroll taxes, benefits and other	416,267	135,153	69,925	621,345
Professional fees	256,111	1,309,396	600,427	2,165,934
Advertising and promotion	-	-	68,489	68,489
Office expenses	-	44,694	-	44,694
Information technology	79,882	79,882	17,751	177,515
Rent and utilities	139,382	139,382	30,973	309,737
Meals, entertainment and travel	8,058	21,489	24,176	53,723
Conferences and conventions	169,425	268,256	32,944	470,625
Interest	188,252	-	-	188,252
Depreciation and amortization	12,155,594	293,023	-	12,448,617
Insurance	-	13,877	1,542	15,419
Printing and processing	397,685	4,017	-	401,702
Miscellaneous other	-	55,170	-	55,170
Phone and internet	133,224	133,224	29,606	296,054
Loss on disposal of property and equipment	-	106,692	-	106,692
Total expenses	<u>\$ 140,718,558</u>	<u>\$ 3,079,598</u>	<u>\$ 1,121,764</u>	<u>\$ 144,919,920</u>

CHRONIC DISEASE FUND, INC. DBA GOOD DAYS
STATEMENTS OF CASH FLOWS
December 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,856,666)	\$ (86,389,880)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	12,425,260	12,448,617
Net realized and unrealized (gains) losses on investments	(963,228)	865,712
In-kind imputed interest on note payable	53,435	-
Assets limited as to use	-	625,000
Loss on disposal of property and equipment	-	106,692
Changes in operating assets and liabilities		
Accounts receivable	4,740	493,095
Contributions receivable	(2,650,000)	(5,250,000)
Prepaid expenses	(129,347)	(56,491)
Co-pay payable	3,018,856	131,107
Accounts payable and accrued expenses	58,001	94,192
Deferred rent	(24,124)	(13,596)
Deferred revenue	-	150,000
Net cash provided by (used in) operating activities	7,936,927	(76,795,552)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(35,925,767)	(39,003,202)
Proceeds from sales of investments	34,326,490	122,857,671
Deposits held by third-parties	-	2,000,000
Purchases of property and equipment	(452,506)	(68,095)
Net cash provided by (used in) investing activities	(2,051,783)	85,786,374
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	-	(2,061,747)
Net cash used in financing activities	-	(2,061,747)
Net increase in cash and cash equivalents	5,885,144	6,929,075
Cash and cash equivalents at beginning of year	23,643,535	16,714,460
Cash and cash equivalents at end of year	\$ 29,528,679	\$ 23,643,535
Supplemental Disclosures		
In-kind imputed amount paid for interest	\$ -	\$ 188,252