

CHRONIC DISEASE FUND, INC. DBA
GOOD DAYS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, 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.

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 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, 2017 and 2016, 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
June 8, 2018

Chronic Disease Fund, Inc. dba Good Days
STATEMENTS OF FINANCIAL POSITION
December 31,

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 6,962,592	\$ 29,528,679
Accounts receivable	-	2,165
Contributions receivable	-	10,900,000
Program services receivable	382,087	-
Other receivable	714,253	-
Prepaid expenses	173,264	251,982
Deposits held by third-parties	-	2,500,000
Investments	58,829,432	99,856,597
Property, equipment and software, net	519,499	741,998
Total assets	\$ 67,581,127	\$ 143,781,421
LIABILITIES AND NET ASSETS		
Co-pay payable	\$ 6,654,476	\$ 5,406,428
Accounts payable and accrued expenses	756,618	410,519
Deferred rent	53,112	84,693
Deferred revenue	100,000	150,000
Note payable	7,721,235	9,947,850
Total liabilities	15,285,441	15,999,490
NET ASSETS		
Unrestricted	23,939,038	12,849,125
Temporarily restricted	28,356,648	114,932,806
Total net assets	52,295,686	127,781,931
Total liabilities and net assets	\$ 67,581,127	\$ 143,781,421

Chronic Disease Fund, Inc. dba Good Days
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT			
Assistance program contributions	\$ -	\$ 158,370,754	\$ 158,370,754
Contributions	16,019,607	-	16,019,607
Sponsorships for educational events	101,750	-	101,750
Software license revenue	283,840	-	283,840
Program services revenue	2,199,655	-	2,199,655
Investment return	1,591,170	-	1,591,170
Other income	1,074,932	-	1,074,932
Net assets released from restrictions	<u>244,946,912</u>	<u>(244,946,912)</u>	<u>-</u>
Total revenue, gains and other support	<u>266,217,866</u>	<u>(86,576,158)</u>	<u>179,641,708</u>
EXPENSES			
Program services	249,623,861	-	249,623,861
Supporting services	4,614,079	-	4,614,079
Fundraising	<u>890,013</u>	<u>-</u>	<u>890,013</u>
Total expenses	<u>255,127,953</u>	<u>-</u>	<u>255,127,953</u>
CHANGE IN NET ASSETS	11,089,913	(86,576,158)	(75,486,245)
Net assets, beginning of year	<u>12,849,125</u>	<u>114,932,806</u>	<u>127,781,931</u>
Net assets, end of year	<u>\$ 23,939,038</u>	<u>\$ 28,356,648</u>	<u>\$ 52,295,686</u>

Chronic Disease Fund, Inc. dba Good Days
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE, GAINS AND OTHER SUPPORT			
Assistance program support	\$ -	\$ 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 FUNCTIONAL EXPENSES
Year ended December 31, 2017

	Supporting Services			Total
	Program Services	General and Administrative	Fundraising	
Assistance expenses	\$ 245,891,422	\$ -	\$ -	\$ 245,891,422
Salaries and wages	1,969,122	598,784	245,930	2,813,836
Payroll taxes, benefits and other	572,618	174,126	71,515	818,259
Legal fees	109,701	2,245,551	7,472	2,362,724
Professional fees	178,442	385,938	125,648	690,028
Advertising and promotion	-	-	232,582	232,582
Office expenses	-	94,069	-	94,069
Information technology	121,407	121,407	26,980	269,794
Rent and utilities	141,171	141,171	31,371	313,713
Meals, entertainment and travel	16,476	43,937	49,429	109,842
Conferences and conventions	203,810	322,700	39,630	566,140
Interest	23,385	-	-	23,385
Depreciation and amortization	125,990	125,990	27,998	279,978
Insurance	-	71,569	7,952	79,521
Printing and processing	166,629	6,076	464	173,169
Miscellaneous other	-	179,073	-	179,073
Phone and internet	103,688	103,688	23,042	230,418
Total expenses	<u>\$ 249,623,861</u>	<u>\$ 4,614,079</u>	<u>\$ 890,013</u>	<u>\$ 255,127,953</u>

Chronic Disease Fund, Inc. dba Good Days
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	Supporting Services			Total
	Program Services	General and Administrative	Fundraising	
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
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
STATEMENTS OF CASH FLOWS
Years ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (75,486,245)	\$ (3,856,666)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation and amortization	279,978	12,425,260
Net realized and unrealized gains on investments	(94,089)	(963,228)
In-kind imputed interest on note payable	-	53,435
Loss on disposal of property	4,000	-
Changes in operating assets and liabilities		
Accounts receivable	2,165	4,740
Contributions receivable	10,900,000	(2,650,000)
Program services receivable	(382,087)	-
Other receivable	(714,253)	-
Prepaid expenses	78,718	(129,347)
Co-pay payable	1,248,048	3,018,856
Accounts payable and accrued expenses	346,099	58,001
Deferred rent	(31,581)	(24,124)
Deferred revenue	(50,000)	-
Net cash provided by (used in) operating activities	(63,899,247)	7,936,927
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(54,619,537)	(35,925,767)
Proceeds from sales of investments	95,740,791	34,326,490
Deposits returned by third-parties	2,500,000	-
Purchases of property and equipment	(61,479)	(452,506)
Net cash provided by (used in) investing activities	43,559,775	(2,051,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(2,226,615)	-
Net cash used in financing activities	(2,226,615)	-
Net increase (decrease) in cash and cash equivalents	(22,566,087)	5,885,144
Cash and cash equivalents at beginning of year	29,528,679	23,643,535
Cash and cash equivalents at end of year	\$ 6,962,592	\$ 29,528,679
Supplemental disclosures		
In-kind imputed amount paid for interest	\$ 23,385	\$ -