

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

Auditor's Report and Financial Statements

December 31, 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 statement of financial position as of December 31, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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 audit. We conducted our audit 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 consolidated 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.

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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The 2012 financial statements, before they were restated for the matters discussed in *Note 11*, were audited by other auditors and their report thereon, dated June 20, 2013, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Dallas, Texas
July 31, 2015

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

Assets

Current Assets

Cash and cash equivalents	\$ 206,209,034
Assets limited as to use	625,000
Short-term investments	100,000,000
Accounts receivable	1,650,515
Contributions receivable	8,500,000
Inventory	153,615
Prepaid expenses	34,834
Deposit held by a third-party	<u>2,500,000</u>

Total current assets 319,672,998

**Property and Equipment, Net of Accumulated
Depreciation; \$25,215,588**

37,490,994

Total assets \$ 357,163,992

Liabilities and Net Assets

Current Liabilities

Co-pay payable	\$ 6,441,142
Deferred rent, current portion	27,597
Note payable, current portion	11,199,948
Accrued expenses	<u>1,067,188</u>

Total current liabilities 18,735,875

Deferred Rent

110,389

Note Payable

11,956,162

Total liabilities 30,802,426

Net Assets

Unrestricted assets	36,139,059
Temporarily restricted assets	<u>290,222,507</u>

Total net assets 326,361,566

Total liabilities and net assets \$ 357,163,992

Chronic Disease Fund, Inc. d\bla
Good Days from CDF
Consolidated Statement of Activities
Year Ended December 31, 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
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 expenses	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, as Previously Reported	39,072,885	249,293,394	288,366,279
Adjustments Applicable to Prior Years (Note 11)	<u>(7,016,820)</u>	<u>-</u>	<u>(7,016,820)</u>
Net Assets, Beginning of Year, as Restated	<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\bla
Good Days from CDF
Consolidated Statement of Functional Expenses
Year Ended December 31, 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>\$ 210,814,920</u>	<u>\$ 2,705,963</u>	<u>\$ 1,082,757</u>	<u>\$ 214,603,640</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 Statement of Cash Flows
Year Ended December 31, 2013

Operating Activities	
Change in net assets	\$ 45,012,107
Items not requiring (providing) cash	
Depreciation	12,449,949
Contribution of CDF Rx, Inc.	(547,904)
Changes in	
Accounts receivable	(318,081)
Contributions receivable	(8,500,000)
Prepaid expenses	(34,834)
Accounts payable	(856,239)
Accrued expenses	828,934
Deferred rent	<u>(27,597)</u>
Net cash provided by operating activities	<u>48,006,335</u>
Investing Activities	
Acquisition of CDF Rx, Inc., net of cash acquired	406,877
Purchase of property and equipment	<u>(322,252)</u>
Net cash provided by investing activities	<u>84,625</u>
Financing Activities	
Principal payments on note payable	<u>(10,715,596)</u>
Net cash used in financing activities	<u>(10,715,596)</u>
Increase in Cash and Cash Equivalents	37,375,364
Cash and Cash Equivalents, Beginning of Year	<u>168,833,670</u>
Cash and Cash Equivalents, End of Year	<u>\$ 206,209,034</u>
Supplemental Cash Flows Information	
Cash paid for interest	\$ 1,284,404

Chronic Disease Fund, Inc. d\bla
Good Days from CDF
Consolidated Statement of Cash Flows
Year Ended December 31, 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><u>\$ 547,904</u></u>