

Chronic Disease Fund, Inc. dba Good Days

Financial Statements

December 31, 2021
(With Comparative Totals for 2020)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chronic Disease Fund, Inc. dba Good Days
Frisco, Texas

Opinion

We have audited the accompanying financial statements of Chronic Disease Fund, Inc. dba Good Days (a New Jersey corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chronic Disease Fund, Inc. dba Good Days as of December 31, 2021, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Chronic Disease Fund, Inc. dba Good Days 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.

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 Chronic Disease Fund, Inc. dba Good Days's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Chronic Disease Fund, Inc. dba Good Days'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 Chronic Disease Fund, Inc. dba Good Days'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.

Report on Summarized Comparative Information

The financial statements of Chronic Disease Fund, Inc. dba Good Days (a New Jersey corporation) as of December 31, 2020, were audited by other auditors whose report dated July 2, 2021, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
Dallas, Texas

July 8, 2022

Chronic Disease Fund, Inc. dba Good Days
Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 71,866,065	\$ 67,493,465
Accounts and other receivables	289,549	228,746
Contributions receivable, net	-	1,371,437
Program service receivable	481,339	431,035
Prepaid and other current assets	384,597	636,037
Investments	60,686,424	60,652,208
Property and equipment, net	1,230,416	677,622
Total assets	\$ 134,938,390	\$ 131,490,550
LIABILITIES AND NET ASSETS		
Liabilities		
Co-pay payable	\$ 10,867,046	\$ 8,480,700
Accounts payable and accrued expenses	505,005	739,995
Deferred revenue	299,091	276,816
Total liabilities	11,671,142	9,497,511
Net assets		
Without donor restrictions	58,033,168	54,402,778
With donor restrictions	65,234,080	67,590,261
Total net assets	123,267,248	121,993,039
Total liabilities and net assets	\$ 134,938,390	\$ 131,490,550

The accompanying notes are an integral part of these financial statements.

Chronic Disease Fund, Inc. dba Good Days
Statement of Activities
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains, and other support				
Contributions	\$ 15,644,852	\$ 308,933,632	\$324,578,484	\$318,102,862
Program service income	3,160,129	-	3,160,129	3,094,603
Sponsorships for educational events	68,920	-	68,920	-
Software license and other revenue	738,273	-	738,273	609,438
Investment income	37,183	-	37,183	538,808
Grant revenue	-	-	-	616,601
Net assets released from restriction	<u>311,289,813</u>	<u>(311,289,813)</u>	-	-
Total revenues, gains, and other support	<u>330,939,170</u>	<u>(2,356,181)</u>	<u>328,582,989</u>	<u>322,962,312</u>
Functional expenses				
Program services	321,431,308	-	321,431,308	269,094,438
Management and general	5,242,072	-	5,242,072	3,213,498
Fundraising	<u>635,400</u>	-	<u>635,400</u>	<u>644,484</u>
Total functional expenses	<u>327,308,780</u>	<u>-</u>	<u>327,308,780</u>	<u>272,952,420</u>
Change in net assets	3,630,390	(2,356,181)	1,274,209	50,009,892
Net assets, beginning of year	<u>54,402,778</u>	<u>67,590,261</u>	<u>121,993,039</u>	<u>71,983,147</u>
Net assets, end of year	<u>\$ 58,033,168</u>	<u>\$ 65,234,080</u>	<u>\$123,267,248</u>	<u>\$121,993,039</u>

The accompanying notes are an integral part of these financial statements.

Chronic Disease Fund, Inc. dba Good Days
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Assistance expenses	\$ 316,992,051	\$ -	\$ -	\$ 316,992,051	\$ 265,477,456
Salaries and wages	2,368,872	1,255,155	173,993	3,798,020	3,364,192
Payroll taxes	639,310	338,740	46,957	1,025,007	911,318
Legal fees	-	826,519	6,840	833,359	429,017
Compliance	-	637,378	-	637,378	273,251
Professional services	143,984	661,874	74,210	880,068	795,489
Community and education	220,608	-	-	220,608	-
Advertising	-	-	26,354	26,354	191,662
Office expense	-	73,890	-	73,890	50,928
Information technology	343,617	343,617	76,359	763,593	273,977
Rent & utilities	215,271	215,271	47,839	478,381	463,107
Meals, entertainment, & travel	27,373	72,995	82,119	182,487	62,072
Conferences	231,034	365,805	44,923	641,762	-
Depreciation and amortization	88,851	88,851	19,745	197,447	166,380
Insurance	-	143,200	15,911	159,111	161,199
Printing & processing	70,951	2,574	286	73,811	66,865
Miscellaneous	-	126,817	-	126,817	69,807
Telephone & internet	89,386	89,386	19,864	198,636	195,700
	<u>\$ 321,431,308</u>	<u>\$ 5,242,072</u>	<u>\$ 635,400</u>	<u>\$ 327,308,780</u>	<u>\$ 272,952,420</u>

The accompanying notes are an integral part of these financial statements.

Chronic Disease Fund, Inc. dba Good Days
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,274,209	\$ 50,009,892
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	197,447	166,380
Net realized and unrealized losses on investments	165,348	198,445
Changes in operating assets and liabilities		
Accounts and other receivables	(111,107)	1,006,869
Contributions receivable	1,371,437	(1,307,838)
Prepaid expenses and other current assets	251,440	(193,853)
Co-pay payable	2,386,346	3,801,403
Accounts payable and accrued expenses	(234,990)	37,145
Deferred revenue	22,275	37,949
Net cash provided by operating activities	5,322,405	53,756,392
Cash flows from investing activities		
Purchase of investments	(44,425,810)	(54,796,008)
Proceeds from sales of investments	44,226,246	46,639,245
Purchases of property and equipment	(750,241)	(478,396)
Net cash used in investing activities	(949,805)	(8,635,159)
Net increase in cash and cash equivalents	4,372,600	45,121,233
Cash and cash equivalents, beginning of year	67,493,465	22,372,232
Cash and cash equivalents, end of year	\$ 71,866,065	\$ 67,493,465

The accompanying notes are an integral part of these financial statements.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

1. NATURE OF OPERATIONS

Chronic Disease Fund, Inc. dba Good Days (the "Organization") is a nonprofit organization located in Frisco, Texas, and incorporated under the laws of the state of New Jersey in October 2003. The Organization's goal is to improve the health and quality of life of qualifying individuals who are diagnosed with a chronic or life altering disease by providing co-pay, premium and/or travel assistance ("assistance expenses").

The Organization receives donations from individuals and corporations to assist with prescription co-pays, insurance premiums and travel for specific disease states. The Organization uses a multiple of Federal Poverty Level in calculating financial guidelines and has received an approved Office of Inspector General (OIG) Advisory Opinion (06-10 and 09-04) for its programs. The Organization does not allocate more than 7% of contributions received to cover administrative costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement 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 ("GAAP"). Accordingly, revenues are recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and expenses are recognized when incurred. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. The Organization had no board designated assets as of December 31, 2021 and 2020.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of the Organization and/or the passage of time. Other donor-imposed stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers. The cash and cash equivalents does not include the cash and cash equivalents held in investments.

The Organization maintains its cash and cash equivalents with financial institutions located in Dallas, Texas, which, at December 31, 2021 and 2020, exceeded federally insured limits. The Organization has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

Accounts and other receivables

Accounts receivable are stated at the amount of consideration from the customer of which the Organization has an unconditional right to receive. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. No allowance for doubtful receivables has been recorded for balances as of December 31, 2021 and 2020, based on the collection experience of the Organization.

Program service receivable

Program service receivable is stated at the amount due to the Organization in accordance with the terms of the agreement. No allowance for doubtful receivables has been recorded for balances as of December 31, 2021 and 2020, based on the collection experience of the Organization.

Contributions receivable

Contributions receivables consist of receivables from donors. Based on a review of outstanding receivables, historical collection information and existing economic conditions, no allowance for doubtful accounts was considered necessary at December 31, 2020. At December 31, 2021, there was no outstanding contribution receivable balance.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses less external investment expenses on investments carried at fair value.

Investment return is reflected in the statements of activities and changes in net assets as with or without donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Fair value measurements

The accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- *Level 1* - Quoted prices in active markets for identical assets or liabilities.
- *Level 2* - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
 - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

There have been no significant changes in the valuation techniques during the years ended December 31, 2021 and 2020.

Property and equipment

Property, equipment and software are stated at cost less accumulated depreciation. Depreciation and amortization is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The Organization's policy is to capitalize items over \$5,000.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Software	5 years
Furniture and fixtures	5 years
Leasehold improvements	Lease term

Long-lived asset impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Deferred revenue

The Organization accrues for standard rent increases contained in its leases on a straight-line basis over the expected lease term, beginning when the Organization first obtains possession of the premises.

The Organization received fees for software service in advance of performing the service and therefore a portion of those fees are deferred until the software service is performed.

Co-pay payable

Co-pay payable consists of accrued amounts due for assistance expenses.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as gifts with donor restrictions and then released from restriction.

Gifts of land, buildings, and equipment and other long-lived asset are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived asset are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the barriers and right of release/return have been overcome. Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Donated goods are recorded at their estimated fair value market value when received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Software Licenses

Revenue from the license of the Organization's software is recognized at the time that the Organization satisfies the performance obligations at the estimated transaction price or the amount to which the Organization expects to be entitled in exchange for providing services. The Organization contracts with a co-payments assistance foundation annually to provide these services. The annual base fee is fixed or determinable and is recognized ratably over the term of the contract. The additional subscription fee is earned after exceeding a determined usage volume and recognized ratably over the term of the contract. The Organization determined there was no price concessions and no variable consideration in the contract. Collectability is probable.

Program service income

The Organization receives program service income based on the volume of transactions processed by a certain financial services provider. Revenue is recognized when earned in accordance with the specific terms of the agreement.

Income taxes

The Organization is exempt from federal income taxes under Section 501 of the Internal Revenue Code (the "Code") and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. Reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions or settlements. The Organization is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding the uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

Advertising costs

The Organization expenses all advertising costs as incurred. Total advertising expense was \$26,354 and \$191,662 for the years ended December 31, 2021 and 2020, respectively. Advertising costs are recorded as advertising and promotion expense in the accompanying statements of functional expenses.

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
December 31, 2021
(With Comparative Totals for 2020)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are recorded as attributable to program services, fundraising, or general and administrative expenditures whenever possible. However, certain categories of expenditures are attributable to more than one function and therefore, require allocation on a reasonable basis that is consistently applied. The expenses allocated include information technology, depreciation, insurance, office rent, education, and repairs and maintenance which are allocated on square foot percentages made by the Organization's management.

Retirement plan

The Organization offers a 403(b) retirement plan (the "Plan") that is available to all regular employees after meeting certain eligibility requirements and provides for contributions by the employees up to a certain percentage of their compensation. The Organization makes matching contributions up to a certain percentage of the employees' contributions. Organization contributions are voluntary and at the discretion of management. The Organization's matching contributions for the Plan for the years ended December 31, 2021 and 2020 were \$77,345 and \$73,762, respectively, which are included as payroll taxes, benefits and other expense in the accompanying statements of functional expenses.

3. LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as of December 31:

	2021	2020
Financial assets at year-end		
Cash & cash equivalents	\$ 71,866,065	\$ 67,493,465
Investments	60,686,424	60,652,208
Accounts and other receivables	289,549	228,746
Contributions receivable, net	-	1,371,437
Program service receivable	481,339	431,035
	133,323,377	130,176,891
Less investments with a maturity date exceeding one year	(4,301,570)	(4,487,587)
	\$ 129,021,807	\$ 125,689,304

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
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(With Comparative Totals for 2020)

3. LIQUIDITY (continued)

At December 31, 2021 and 2020 cash and cash equivalents and investments represent greater than 98% both years, of financial assets available within one year. All receivables are deemed fully collectible. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statements of financial position. At December 31, 2021 and 2020, \$65,234,080 and \$67,590,261 respectively of donor restricted net assets are restricted for the primary program of the Organization and are included as general expenditures. The Organization has a goal to maintain financial assets, which consists of cash and short-term investments, on hand of 60 days of ordinary operating expenses.

4. INVESTMENTS

Investments consisted of the following at December 31:

	2021	2020
Cash equivalents	\$ 26,446,994	\$ 25,672,978
Corporate bonds	25,654,008	26,957,088
International bonds	1,421,704	2,105,910
Mortgage and asset backed bonds	941,395	5,694,872
Other fixed income bonds	6,029,104	-
Accrued interest	193,219	221,360
	\$ 60,686,424	\$ 60,652,208

Chronic Disease Fund, Inc. dba Good Days
Notes to Financial Statements
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(With Comparative Totals for 2020)

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash equivalents	\$ 26,446,994	\$ -	\$ -	\$ 26,446,994
Corporate bonds	-	25,654,008	-	25,654,008
International bonds	-	1,421,704	-	1,421,704
Mortgage and asset backed bonds	-	941,395	-	941,395
Other fixed income bonds	-	6,029,104	-	6,029,104
	<u>\$ 26,446,994</u>	<u>\$ 34,046,211</u>	<u>\$ -</u>	<u>\$ 60,493,205</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash equivalents	\$ 25,672,978	\$ -	\$ -	\$ 25,672,978
Corporate bonds	-	26,957,088	-	26,957,088
International bonds	-	2,105,910	-	2,105,910
Mortgage and asset backed bonds	-	5,694,872	-	5,694,872
	<u>\$ 25,672,978</u>	<u>\$ 34,757,870</u>	<u>\$ -</u>	<u>\$ 60,430,848</u>

Investment earnings (losses) consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income, net	\$ 299,388	\$ 833,300
Net realized and unrealized gain (loss) on investments	(165,348)	(198,445)
Investment fees	(96,857)	(96,047)
	<u>\$ 37,183</u>	<u>\$ 538,808</u>

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2021 and 2020:

Corporate, international, mortgage and asset backed, and other fixed income bonds– Value based on quoted market prices using pricing information from various sources including pricing vendors, investment managers, and market conditions.

Chronic Disease Fund, Inc. dba Good Days
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(With Comparative Totals for 2020)

4. INVESTMENTS (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment and software consisted of the following:

	2021	2020
Software	\$ 62,485,646	\$ 61,735,405
Furniture and equipment	631,067	647,141
Leasehold improvements	<u>72,517</u>	<u>72,517</u>
	<u>63,189,230</u>	<u>62,455,063</u>
Less accumulated depreciation and amortization		
Accumulated depreciation	<u>(61,958,814)</u>	<u>(61,777,441)</u>
	<u>(61,958,814)</u>	<u>(61,777,441)</u>
	<u>\$ 1,230,416</u>	<u>\$ 677,622</u>

Depreciation and amortization expense for the year ending December 31, 2021 and 2020 was \$197,447 and \$166,380, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$65,234,080 and \$67,590,261 were available for assistance expenses at December 31, 2021 and 2020, respectively.

Net assets were released from donor released from donor restrictions by incurring assistance expenses satisfying the restricted purposes specified by donors totaling \$311,289,813 and \$265,161,570 during the years ended December 31, 2021 and 2020, respectively.

7. COMMITMENTS AND CONTINGENCIES

The Organization sub-leases office space. The non-cancelable operating lease expires in 2029. Rent expense totaled \$319,389 during both the years ended December 31, 2021 and 2020, respectively.

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7. COMMITMENTS AND CONTINGENCIES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending December 31,</u>	
2022	\$ 307,789
2023	318,463
2024	329,138
2025	339,813
2026	350,488
Thereafter	<u>1,050,276</u>
	<u><u>\$ 2,695,967</u></u>

The Organization authorized an unrelated non-profit entity to process certain transactions using the Organization's third-party service provider. The Organization is liable to the third-party in the event of nonpayment by the unrelated non-profit entity. No such payments or collateral were required by the Organization during the years ended December 31, 2021 and 2020.

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health, dental, and accident benefits; and acts of God. Commercial insurance coverage is purchased for claims arising from such matters. The Organization had not experienced significant claims that exceeded this commercial coverage during the years ended December 31, 2021 and 2020.

In October 2019, the Organization entered into a three-year corporate integrity agreement with the Department of Justice on behalf of the Office of Inspector General of the Department of Health and Human Services ("OIG-HHS"). The Organization has implemented and complied with all the corporate integrity obligations to date.

From time to time, the Organization is subject to certain claims and contingent liabilities that arise in the normal course of business. After consultation with legal counsel, management is of the opinion that liabilities, if any, arising from such litigation and examinations would not have a material effect on the Organization's financial position.

8. ALLOCATION OF JOINT COSTS

For the year ending December 31, 2021, the Organization conducted activities that included requests for contributions, as well as program and management and general components. Those activities included the annual educational conference. The cost of conducting those activities included a total of \$641,762 of joint costs, which are not specifically attributable to particular components of the activities. Due to the pandemic, no such activities were conducted for the year ending December 31, 2020.

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8. ALLOCATION OF JOINT COSTS (continued)

These joint costs were allocated as follows for the year ended December 31, 2021:

Fundraising	\$ 44,923
Program services	231,034
Supporting services	<u>365,805</u>
	<u>\$ 641,762</u>

9. CONCENTRATIONS

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents and revenues.

For the year ended December 31, 2021, one donor provided support to the Organization which equaled approximately 89% of the total contributions. For the year ended December 31, 2020, two donors provided support to the Organization which equaled approximately 94% of the total contributions.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events after the statement of financial position date of December 31, 2021 through July 8, 2022, the date the financial statements were available to be issued and has determined that there are no additional adjustments and/or disclosures required.