

**Chronic Disease Fund, Inc. dba Good Days**

Financial Statements

December 31, 2023 and 2022



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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 nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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, 2023 and 2022, 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.

### **Basis for Opinion**

We conducted our audits 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.

## **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.



Armanino<sup>LLP</sup>  
Dallas, Texas

June 17, 2024

Chronic Disease Fund, Inc. dba Good Days  
 Statements of Financial Position  
 December 31, 2023 and 2022

|                                       | 2023           | 2022           |
|---------------------------------------|----------------|----------------|
| ASSETS                                |                |                |
| Cash and cash equivalents             | \$ 65,827,712  | \$ 124,406,475 |
| Accounts receivable                   | 243,475        | 190,132        |
| Contributions receivable              | 12,760,000     | 8,055,500      |
| Program service receivable            | 467,672        | 453,782        |
| Prepaid expenses and other assets     | 585,860        | 489,123        |
| Investments, at fair value            | 137,105,474    | 35,983,248     |
| Operating lease right-of-use assets   | 1,797,122      | 2,054,862      |
| Property and equipment, net           | 2,708,289      | 2,114,179      |
| Total assets                          | \$ 221,495,604 | \$ 173,747,301 |
| LIABILITIES AND NET ASSETS            |                |                |
| Liabilities                           |                |                |
| Co-pay payable                        | \$ 16,126,185  | \$ 13,047,867  |
| Accounts payable and accrued expenses | 947,145        | 1,425,043      |
| Deferred revenue                      | 105,300        | 116,300        |
| Operating lease liabilities           | 2,004,633      | 2,260,553      |
| Total liabilities                     | 19,183,263     | 16,849,763     |
| Net assets                            |                |                |
| Without donor restrictions            | 84,089,900     | 71,390,856     |
| With donor restrictions               | 118,222,441    | 85,506,682     |
| Total net assets                      | 202,312,341    | 156,897,538    |
| Total liabilities and net assets      | \$ 221,495,604 | \$ 173,747,301 |

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, 2023

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| Revenues, gains (losses) and other support       |                               |                            |                       |
| Contributions                                    | \$ 15,852,040                 | \$ 432,555,995             | \$ 448,408,035        |
| Program service income                           | 3,335,063                     | -                          | 3,335,063             |
| Sponsorships for educational events              | 106,095                       | -                          | 106,095               |
| Software licenses and other revenue              | 610,214                       | -                          | 610,214               |
| Investment income, net                           | 6,119,555                     | -                          | 6,119,555             |
| Net assets released from restriction             | <u>399,840,236</u>            | <u>(399,840,236)</u>       | <u>-</u>              |
| Total revenues, gains (losses) and other support | <u>425,863,203</u>            | <u>32,715,759</u>          | <u>458,578,962</u>    |
| <br>Functional expenses                          |                               |                            |                       |
| Program services                                 | 405,677,228                   | -                          | 405,677,228           |
| Management and general                           | 6,724,998                     | -                          | 6,724,998             |
| Fundraising                                      | <u>761,933</u>                | <u>-</u>                   | <u>761,933</u>        |
| Total functional expenses                        | <u>413,164,159</u>            | <u>-</u>                   | <u>413,164,159</u>    |
| <br>Change in net assets                         | 12,699,044                    | 32,715,759                 | 45,414,803            |
| <br>Net assets, beginning of year                | <u>71,390,856</u>             | <u>85,506,682</u>          | <u>156,897,538</u>    |
| <br>Net assets, end of year                      | <u>\$ 84,089,900</u>          | <u>\$ 118,222,441</u>      | <u>\$ 202,312,341</u> |

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, 2022

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|--|-------------------------------|----------------------------|-----------------------|
| Revenues, gains (losses) and other support       |                               |                            |                       |
| Contributions                                    | \$ 20,636,460                 | \$ 375,817,805             | \$ 396,454,265        |
| Program service income                           | 3,329,041                     | -                          | 3,329,041             |
| Sponsorships for educational events              | 71,504                        | -                          | 71,504                |
| Software licenses and other revenue              | 462,936                       | -                          | 462,936               |
| Investment income, net                           | 437,734                       | -                          | 437,734               |
| Net assets released from restriction             | <u>355,545,203</u>            | <u>(355,545,203)</u>       | <u>-</u>              |
| Total revenues, gains (losses) and other support | <u>380,482,878</u>            | <u>20,272,602</u>          | <u>400,755,480</u>    |
| Functional expenses                              |                               |                            |                       |
| Program services                                 | 360,682,968                   | -                          | 360,682,968           |
| Management and general                           | 5,747,747                     | -                          | 5,747,747             |
| Fundraising                                      | <u>694,475</u>                | <u>-</u>                   | <u>694,475</u>        |
| Total functional expenses                        | <u>367,125,190</u>            | <u>-</u>                   | <u>367,125,190</u>    |
| Change in net assets                             | 13,357,688                    | 20,272,602                 | 33,630,290            |
| Net assets, beginning of year                    | <u>58,033,168</u>             | <u>65,234,080</u>          | <u>123,267,248</u>    |
| Net assets, end of year                          | <u>\$ 71,390,856</u>          | <u>\$ 85,506,682</u>       | <u>\$ 156,897,538</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, 2023

|                                 | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>          |
|---------------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------|
| Assistance expenses             | \$ 399,872,030              | \$ -                              | \$ -               | \$ 399,872,030        |
| Salaries and wages              | 2,785,808                   | 1,462,253                         | 221,239            | 4,469,300             |
| Payroll taxes                   | 871,878                     | 457,644                           | 69,242             | 1,398,764             |
| Legal fees                      | -                           | 2,025,888                         | 6,851              | 2,032,739             |
| Compliance                      | -                           | 286,784                           | -                  | 286,784               |
| Professional services           | 134,823                     | 532,836                           | 34,358             | 702,017               |
| Community and education         | 554,137                     | -                                 | -                  | 554,137               |
| Advertising                     | -                           | -                                 | 23,769             | 23,769                |
| Office expenses                 | -                           | 53,443                            | -                  | 53,443                |
| Information technology          | 514,745                     | 514,745                           | 114,389            | 1,143,879             |
| Rent and utilities              | 221,964                     | 221,964                           | 49,322             | 493,250               |
| Meals, entertainment and travel | 35,139                      | 93,704                            | 105,416            | 234,259               |
| Conferences                     | 331,634                     | 525,088                           | 64,485             | 921,207               |
| Insurance                       | -                           | 185,782                           | 20,643             | 206,425               |
| Printing and processing         | 124,950                     | 24,749                            | 2,749              | 152,448               |
| Telephone and internet          | 164,255                     | 164,255                           | 36,500             | 365,010               |
| Miscellaneous                   | 7,502                       | 117,500                           | -                  | 125,002               |
| Depreciation and amortization   | <u>58,363</u>               | <u>58,363</u>                     | <u>12,970</u>      | <u>129,696</u>        |
|                                 | <u>\$ 405,677,228</u>       | <u>\$ 6,724,998</u>               | <u>\$ 761,933</u>  | <u>\$ 413,164,159</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, 2022

|                                 | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>          |
|---------------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------|
| Assistance expenses             | \$ 355,572,073              | \$ -                              | \$ -               | \$ 355,572,073        |
| Salaries and wages              | 2,672,133                   | 1,417,171                         | 224,763            | 4,314,067             |
| Payroll taxes                   | 791,135                     | 419,581                           | 66,545             | 1,277,261             |
| Legal fees                      | -                           | 1,377,121                         | 6,968              | 1,384,089             |
| Compliance                      | -                           | 343,520                           | -                  | 343,520               |
| Professional services           | 173,725                     | 618,807                           | 44,492             | 837,024               |
| Community and education         | 339,835                     | -                                 | -                  | 339,835               |
| Advertising                     | -                           | -                                 | 26,963             | 26,963                |
| Office expenses                 | -                           | 80,547                            | -                  | 80,547                |
| Information technology          | 321,092                     | 321,092                           | 71,354             | 713,538               |
| Rent and utilities              | 221,033                     | 221,033                           | 49,119             | 491,185               |
| Meals, entertainment and travel | 32,270                      | 86,053                            | 96,809             | 215,132               |
| Conferences                     | 266,970                     | 422,703                           | 51,910             | 741,583               |
| Insurance                       | -                           | 168,394                           | 18,711             | 187,105               |
| Printing and processing         | 78,596                      | 13,869                            | 1,540              | 94,005                |
| Telephone and internet          | 101,791                     | 101,791                           | 22,621             | 226,203               |
| Miscellaneous                   | 55,250                      | 99,000                            | -                  | 154,250               |
| Depreciation and amortization   | <u>57,065</u>               | <u>57,065</u>                     | <u>12,680</u>      | <u>126,810</u>        |
|                                 | <u>\$ 360,682,968</u>       | <u>\$ 5,747,747</u>               | <u>\$ 694,475</u>  | <u>\$ 367,125,190</u> |

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

Chronic Disease Fund, Inc. dba Good Days  
Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022

|  | 2023          | 2022           |
|--|---------------|----------------|
| Cash flows from operating activities   |               |                |
| Change in net assets   | \$ 45,414,803 | \$ 33,630,290  |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |               |                |
| Depreciation and amortization  | 129,696       | 126,810        |
| Net realized and unrealized gains on investments   | (1,290,651)   | (49,646)       |
| Amortization of operating lease right-of-use assets  | 290,385       | 282,062        |
| Changes in operating assets and liabilities  |               |                |
| Accounts receivable  | (53,343)      | 99,417         |
| Contributions receivable   | (4,704,500)   | (8,055,500)    |
| Program service receivable   | (13,890)      | 27,557         |
| Prepaid expenses and other assets  | (96,737)      | (104,526)      |
| Co-pay payable   | 3,078,318     | 2,180,821      |
| Accounts payable and accrued expenses  | (477,898)     | 920,038        |
| Deferred revenue   | (11,000)      | 11,300         |
| Operating lease liabilities  | (288,565)     | (270,462)      |
| Net cash provided by operating activities  | 41,976,618    | 28,798,161     |
| Cash flows from investing activities   |               |                |
| Purchases of investments   | (138,457,459) | (39,363,419)   |
| Proceeds from sales of investments   | 38,625,884    | 64,116,241     |
| Purchases of property and equipment  | (723,806)     | (1,010,573)    |
| Net cash provided by (used in) investing activities  | (100,555,381) | 23,742,249     |
| Net increase (decrease) in cash and cash equivalents                                       | (58,578,763)  | 52,540,410     |
| Cash and cash equivalents, beginning of year   | 124,406,475   | 71,866,065     |
| Cash and cash equivalents, end of year   | \$ 65,827,712 | \$ 124,406,475 |

Supplemental schedule of noncash investing and financing activities

|   |           |              |
|---|-----------|--------------|
| Operating lease right-of-use asset recognized due to adoption of ASC 842              | \$ -      | \$ 2,336,924 |
| Operating lease liability recognized due to adoption of ASC 842                       | \$ -      | \$ 2,531,015 |
| Operating lease right-of-use asset obtained in exchange for operating lease liability | \$ 32,645 | \$ -         |

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

Chronic Disease Fund, Inc. dba Good Days  
Notes to Financial Statements  
December 31, 2023 and 2022

1. NATURE OF OPERATIONS

Chronic Disease Fund, Inc. dba Good Days (the "Organization") is a nonprofit organization located in Frisco, Texas. The Organization was 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 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 generally accepted accounting principles in the United States of America ("U.S. GAAP").

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and 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 net assets as of December 31, 2023 or 2022.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization had no permanently restricted net assets as of December 31, 2023 or 2022.

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 assets and 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, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP 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 and expenses during the reporting period. Uses of estimates include, but are not limited to, the estimated useful lives of property and equipment and the allocation of expenses by function. Actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers. Cash held temporarily for re-investment is included with investments in the accompanying financial statements.

The Organization maintains its cash and cash equivalents at financial institutions with demonstrated financial strength, which, at times, exceeds federally insured limits. The Organization has not incurred any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments, at fair value

Investments are recorded at fair value. Investment income, net includes dividends, interest and realized and unrealized gains and losses less external investment expenses on investments carried at fair value.

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

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, 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 statements of financial position.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires the Organization to disclose assets and liabilities measured at fair value based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

Chronic Disease Fund, Inc. dba Good Days  
Notes to Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

- *Level 1* - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- *Level 3* - Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets and liabilities and reflect management's assumptions and best estimates based on available data.

The Organization holds fixed income investments in various bonds that are reported using Level 2 inputs and consist primarily of investment grade instruments issued by corporations. The fair value of the bonds is measured on a recurring basis based on quoted market prices from various sources including pricing vendors and investment managers.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no significant changes in valuation techniques during the years ended December 31, 2023 or 2022.

Property and equipment

The Organization's policy is to capitalize items with a cost greater than \$5,000 and an estimated useful life in excess of one year. Property and equipment and are stated at cost less accumulated depreciation and amortization.

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 equipment | 5 years                              |
| Leasehold improvements  | Shorter of lease term or useful life |

Chronic Disease Fund, Inc. dba Good Days  
Notes to Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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, 2023 or 2022.

Revenue recognition

*Contributions*

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions 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 as net assets released from restriction.

Contributions of land, buildings, equipment or other long-lived assets 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 contributions 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 to net assets without donor restrictions are reported when the long-lived asset is placed in service.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable as necessary. The Organization considers all contributions receivable to be fully collectible at December 31, 2023. Accordingly, no allowance for doubtful contributions receivable is recorded within the accompanying financial statements.

Conditional promises to give are not recognized until they become conditional; that is, when the barriers on which they depend are substantially overcome, and there is no longer a right of return of the asset or right of release from the obligation. Conditional contributions with donor stipulations which are satisfied in the period the contribution is received are recorded as revenue with donor restrictions and then released from restriction. The Organization had no conditional gifts as of December 31, 2023 or 2022.

Chronic Disease Fund, Inc. dba Good Days  
Notes to Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

*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.

*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 were no price concessions and no variable considerations in the contract. Collectability is probable.

Contributed goods and services

Contributed goods are reflected as contributions in the accompanying statements of activities at their estimated fair values at the date of receipt. There were no contributed goods donated to the Organization during the years ended December 31, 2023 or 2022. Contributed services are reflected in the financial statements at the fair value of the services 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. No amounts have been recognized for contributed services in the accompanying statements of activities because the criteria for recognition have not been satisfied.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Chronic Disease Fund, Inc. dba Good Days  
Notes to Financial Statements  
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

U.S. 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 costs were \$23,769 and \$26,963 for the years ended December 31, 2023 and 2022, respectively, and are included in the accompanying statements of functional expenses.

Functional allocation of expenses

The costs of providing 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, management and general or fundraising 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. Expenses such as information technology, rent and utilities, telephone and internet and depreciation and amortization, have been allocated based on the estimated square foot usage of the Organization's office space.

Retirement plan

The Organization offers a 403(b) retirement plan (the "Plan") that is available to all 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, 2023 and 2022 were \$97,248 and \$90,577, respectively, which are included with payroll taxes in the accompanying statements of functional expenses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* ("Topic 326") which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The Organization adopted this standard effective January 1, 2023. There was no material impact to the Organization's financial statements due to the adoption of ASU 2016-13.

3. LIQUIDITY AND FUNDS AVAILABLE

The Organization monitors its liquidity in order to meet operating needs and other contractual commitments while maintaining sufficient resources to meet donor restrictions placed on contributed financial assets.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following quantitative disclosure describes financial assets that are available or expected to be available within one year of December 31 to fund general expenditures and obligations as they become due:

|  | 2023                  | 2022                  |
|--|-----------------------|-----------------------|
| Financial assets:  |                       |                       |
| Cash and cash equivalents  | \$ 65,827,712         | \$ 124,406,475        |
| Accounts receivable  | 243,475               | 190,132               |
| Contributions receivable   | 12,760,000            | 8,055,500             |
| Program service receivable   | 467,672               | 453,782               |
| Investments, at fair value   | 137,105,474           | 35,983,248            |
|  | 216,404,333           | 169,089,137           |
| Less amounts unavailable for general expenditure within one year due to: |                       |                       |
| Investments with maturity dates exceeding one year                       | (4,777,461)           | (4,298,452)           |
|  | <u>\$ 211,626,872</u> | <u>\$ 164,790,685</u> |

At December 31, 2023 and 2022, \$118,222,441 and \$85,506,682, respectively, of net assets with donor restrictions are restricted for the primary program of the Organization and are considered available for general expenditure.

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4. INVESTMENTS AND INVESTMENT INCOME, NET

Investments consisted of the following:

|                                 | <u>2023</u>           | <u>2022</u>          |
|---------------------------------|-----------------------|----------------------|
| Cash equivalents                | \$ 99,659,100         | \$ 1,105,462         |
| Corporate bonds                 | 29,100,708            | 27,339,465           |
| Government and agency bonds     | 324,998               | -                    |
| International bonds             | 2,770,235             | 2,051,579            |
| Mortgage and asset backed bonds | 395,227               | 705,095              |
| Other fixed income bonds        | 4,105,012             | 4,548,503            |
| Accrued interest                | <u>750,194</u>        | <u>233,144</u>       |
|                                 | <u>\$ 137,105,474</u> | <u>\$ 35,983,248</u> |

Investment income, net consisted of the following:

|  | <u>2023</u>         | <u>2022</u>       |
|--|---------------------|-------------------|
| Interest and dividends                           | \$ 4,927,584        | \$ 484,707        |
| Net realized and unrealized gains on investments | 1,290,651           | 49,646            |
| Investment fees                                  | <u>(98,680)</u>     | <u>(96,619)</u>   |
|  | <u>\$ 6,119,555</u> | <u>\$ 437,734</u> |

5. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

|                                 | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u> | <u>Fair Value</u>     |
|---------------------------------|----------------------|----------------------|----------------|-----------------------|
| Money market mutual funds       | \$ 99,659,100        | \$ -                 | \$ -           | \$ 99,659,100         |
| Corporate bonds                 | -                    | 29,100,708           | -              | 29,100,708            |
| Government and agency bonds     | -                    | 324,998              | -              | 324,998               |
| International bonds             | -                    | 2,770,235            | -              | 2,770,235             |
| Mortgage and asset backed bonds | -                    | 395,227              | -              | 395,227               |
| Other fixed income bonds        | <u>-</u>             | <u>4,105,012</u>     | <u>-</u>       | <u>4,105,012</u>      |
|                                 | <u>\$ 99,659,100</u> | <u>\$ 36,696,180</u> | <u>\$ -</u>    | <u>\$ 136,355,280</u> |

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5. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

|                                 | <u>Level 1</u>      | <u>Level 2</u>       | <u>Level 3</u> | <u>Fair Value</u>    |
|---------------------------------|---------------------|----------------------|----------------|----------------------|
| Money market mutual funds       | \$ 1,105,462        | \$ -                 | \$ -           | \$ 1,105,462         |
| Corporate bonds                 | -                   | 27,339,465           | -              | 27,339,465           |
| International bonds             | -                   | 2,051,579            | -              | 2,051,579            |
| Mortgage and asset backed bonds | -                   | 705,095              | -              | 705,095              |
| Other fixed income bonds        | -                   | <u>4,548,503</u>     | -              | <u>4,548,503</u>     |
|                                 | <u>\$ 1,105,462</u> | <u>\$ 34,644,642</u> | <u>\$ -</u>    | <u>\$ 35,750,104</u> |

6. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| Software  | \$ 63,910,943       | \$ 63,418,482       |
| Furniture and equipment                         | 576,450             | 673,662             |
| Leasehold improvements                          | <u>107,659</u>      | <u>107,659</u>      |
|   | 64,595,052          | 64,199,803          |
| Less: accumulated depreciation and amortization | <u>(61,886,763)</u> | <u>(62,085,624)</u> |
|   | <u>\$ 2,708,289</u> | <u>\$ 2,114,179</u> |

Depreciation and amortization expense for the years ending December 31, 2023 and 2022, was \$129,696 and \$126,810, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$118,222,441 and \$85,506,682 were available for assistance expenses for diseases as specified by the donor at December 31, 2023 and 2022, respectively.

Net assets released from restriction during the year totaled \$399,840,236 and \$355,545,203 during the years ended December 31, 2023 and 2022, respectively. Net assets were released from donor restrictions by incurring assistance expenses to satisfy the restricted purposes specified by donors.

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8. COMMITMENTS AND CONTINGENCIES

The Organization maintains operating leases for postage and mailing equipment, and office space, that expire in 2029 and 2028, respectively. At December 31, 2023, the operating lease right-of-use ("ROU") assets and operating lease liabilities were \$1,797,122 and \$2,004,633 respectively.

Additional information related to leases is as follows:

|  |    |         |
|--|----|---------|
| Amortization of operating lease ROU assets | \$ | 290,385 |
|--|----|---------|

Other information:

|   |    |            |
|---|----|------------|
| Cash paid for amounts in the measurement of operating lease liabilities | \$ | 324,173    |
| Weighted average remaining lease term                                   |    | 5.81 years |
| Weighted average discount rate  |    | 1.58 %     |

The future maturities of the operating lease liabilities are as follows:

Year ending December 31,

|                              |    |                            |
|------------------------------|----|----------------------------|
| 2024                         | \$ | 336,090                    |
| 2025                         |    | 347,324                    |
| 2026                         |    | 357,999                    |
| 2027                         |    | 368,674                    |
| 2028                         |    | 374,341                    |
| Thereafter                   |    | <u>317,277</u>             |
|                              |    | 2,101,705                  |
| Less: present value discount |    | <u>(97,072)</u>            |
|                              |    | <u><u>\$ 2,004,633</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, 2023 or 2022.

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, 2023 or 2022.

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8. COMMITMENTS AND CONTINGENCIES (continued)

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. The Organization implemented and complied with all the corporate integrity obligations. The three-year period ended on December 31, 2022.

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.

9. ALLOCATION OF JOINT COSTS

For the years ended December 31, 2023 and 2022, 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 joint costs, which are not specifically attributable to particular components of the activities. Joint costs totaled \$921,207 and \$741,583 for the years ended December 31, 2023 and 2022, respectively, and are included with conferences expenses on the accompanying statements of functional expenses.

Joint costs were allocated as follows:

|                        | 2023       | 2022       |
|------------------------|------------|------------|
| Fundraising            | \$ 64,485  | \$ 51,910  |
| Program services       | 331,634    | 266,970    |
| Management and general | 525,088    | 422,703    |
|                        | \$ 921,207 | \$ 741,583 |

10. CONCENTRATIONS

For the year ended December 31, 2023, one donor contributed approximately 94% of total contributions. For the year ended December 31, 2022, one donor contributed approximately 93% of total contributions. Contributions receivable as of December 31, 2023 were outstanding from four donors. Contributions receivable as of December 31, 2022, were outstanding from one donor. The contributions receivable for both years were fully collected subsequent to year end.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2024, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.