



**CANCER CARE, INC.**

Consolidated Financial Statements and Schedules

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Trustees  
Cancer Care, Inc.:

We have audited the accompanying consolidated financial statements of Cancer Care, Inc., which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 Cancer Care, Inc. as of June 30, 2020 and 2019, and changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 1(m) to the consolidated financial statements, for the year ended June 30, 2020, Cancer Care, Inc. adopted Accounting Standards Update No. (ASU) 2016-18, *Statement of Cash Flows: Restricted Cash*, ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

*Other Matters*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the accompanying schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the 2020 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 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 consolidated financial statements or to the 2020 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 2020 consolidated financial statements as a whole.

*KPMG LLP*

December 8, 2020

**CANCER CARE, INC.**

## Consolidated Balance Sheets

June 30, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 5,558,828	3,710,230
Short-term investments (note 2)	60,442,000	58,802,054
Grants and contributions receivable	19,036,812	21,835,111
Prepaid expenses and other assets	1,581,975	1,837,552
Long-term investments (note 2)	10,517,824	10,240,975
Property and equipment, net (note 4)	1,533,919	1,715,005
Total assets	<u>\$ 98,671,358</u>	<u>98,140,927</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,591,562	3,652,321
Deferred revenue	1,209,921	34,250
Copayment assistance obligations (note 5)	12,617,430	25,285,363
Payroll Protection Program refundable advance (note 11)	1,861,575	—
Deferred rent (note 7)	1,213,178	1,405,231
Accrued postretirement benefit cost (note 6)	135,397	152,967
Annuities payable	128,444	118,235
Total liabilities	<u>20,757,507</u>	<u>30,648,367</u>
Commitments (note 7)		
Net assets:		
Without donor restrictions:		
Board-designated (notes 2 and 8)	10,684,945	10,151,480
Undesignated	6,530,512	5,641,984
Total without donor restrictions	<u>17,215,457</u>	<u>15,793,464</u>
With donor restrictions (note 8)	<u>60,698,394</u>	<u>51,699,096</u>
Total net assets	<u>77,913,851</u>	<u>67,492,560</u>
Total liabilities and net assets	<u>\$ 98,671,358</u>	<u>98,140,927</u>

See accompanying notes to consolidated financial statements.

**CANCER CARE, INC.**

Consolidated Statements of Activities

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions:		
Contributions and revenue:		
Contributions:		
Foundations and corporations	\$ 5,001,093	4,556,533
Special events, net	1,094,046	1,383,471
Donated goods and services (note 1(e))	2,252,892	3,156,712
Legacies and bequests	1,062,118	2,791,884
Direct marketing	283,480	315,988
Contributions from individuals	645,031	708,471
Sponsorships and cause-related marketing	181,834	194,003
United Way, federal, and state campaigns	33,319	49,150
Thrift shop sales, net	(121,965)	150,028
Total contributions	<u>10,431,848</u>	<u>13,306,240</u>
Revenue:		
Investment return on short-term investments (note 2)	1,306,591	1,176,129
Fee for service	62,091	—
Other income (note 7)	1,168,722	1,079,376
Total revenue	<u>2,537,404</u>	<u>2,255,505</u>
Total contributions and revenue before net assets released from donor restrictions	<u>12,969,252</u>	<u>15,561,745</u>
Net assets released from donor restrictions:		
Satisfaction of program restrictions – foundations and corporations	57,179,834	47,231,406
Satisfaction of program restrictions – individuals	279,599	217,600
Total net assets released from donor restrictions	<u>57,459,433</u>	<u>47,449,006</u>
Total contributions and revenues	<u>70,428,685</u>	<u>63,010,751</u>
Expenses (note 9):		
Program services:		
Counseling and support	4,948,577	5,110,966
Financial assistance	4,572,721	3,571,617
Copayment assistance	48,021,324	39,411,430
Education	2,147,403	2,152,256
Information, awareness, and policy	4,702,393	5,683,136
Total program services	<u>64,392,418</u>	<u>55,929,405</u>
Supporting services:		
Fundraising	2,920,238	2,821,032
Management and general	1,970,885	1,925,420
Total supporting services	<u>4,891,123</u>	<u>4,746,452</u>
Total expenses	<u>69,283,541</u>	<u>60,675,857</u>
Increase in net assets without donor restrictions before investment return on long-term investments	1,145,144	2,334,894
Investment return on long-term investments, net (note 2)	276,849	421,219
Increase in net assets without donor restrictions	<u>1,421,993</u>	<u>2,756,113</u>
Change in net assets with donor restrictions:		
Contributions from foundations and corporations	66,396,150	84,473,363
Contributions from individuals	62,581	6,825
Net assets released from donor restrictions – foundations and corporations	(57,179,834)	(47,231,406)
Net assets released from donor restrictions – individuals	(279,599)	(217,600)
Increase in net assets with donor restrictions	<u>8,999,298</u>	<u>37,031,182</u>
Increase in net assets	10,421,291	39,787,295
Net assets at beginning of year	<u>67,492,560</u>	<u>27,705,265</u>
Net assets at end of year	\$ <u><u>77,913,851</u></u>	<u><u>67,492,560</u></u>

See accompanying notes to consolidated financial statements.

**CANCER CARE, INC.**  
Consolidated Statement of Functional Expenses  
Year ended June 30, 2020

	<b>Program services</b>					<b>Supporting services</b>				<b>Total</b>
	<b>Counseling and support</b>	<b>Financial assistance</b>	<b>Copayment assistance</b>	<b>Education</b>	<b>Information, awareness, and policy</b>	<b>Subtotal</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Subtotal</b>	
Salaries	\$ 2,523,660	481,394	916,587	297,664	1,391,359	5,610,664	1,608,337	1,011,941	2,620,278	8,230,942
Employee health and retirement benefits	655,638	129,902	282,906	82,644	215,749	1,366,839	284,293	153,331	437,624	1,804,463
Payroll taxes	180,573	32,470	61,860	20,778	91,007	386,688	105,313	64,081	169,394	556,082
Total salaries and related expenses	3,359,871	643,766	1,261,353	401,086	1,698,115	7,364,191	1,997,943	1,229,353	3,227,296	10,591,487
Direct disbursements to patients and families	10,100	3,689,735	45,025,402	—	—	48,725,237	—	—	—	48,725,237
Donated goods and services	115,920	—	—	1,067,550	1,069,422	2,252,892	—	—	—	2,252,892
Contract services	164,573	4,088	1,308,041	28,719	1,193,384	2,698,805	298,269	347,340	645,609	3,344,414
Postage and shipping	16,223	13,672	28,585	106,831	42,018	207,329	43,908	3,725	47,633	254,962
Telephone and data	193,064	34,001	68,867	271,988	65,102	633,022	79,486	48,403	127,889	760,911
Occupancy	675,460	115,964	195,504	75,720	207,866	1,270,514	264,042	177,240	441,282	1,711,796
Supplies	39,487	8,100	15,316	5,574	17,959	86,436	21,955	12,417	34,372	120,808
Printing and publications	8,884	1,258	14,831	136,794	262,925	424,692	10,258	3,362	13,620	438,312
Equipment repairs and maintenance	67,090	11,503	21,016	7,644	20,513	127,766	33,206	22,996	56,202	183,968
Memberships and subscriptions	7,841	992	1,147	681	8,990	19,651	13,059	9,170	22,229	41,880
Staff and volunteer training and support	22,963	2,481	5,760	1,558	17,469	50,231	27,931	17,704	45,635	95,866
Travel and related costs	28,337	3,241	19,559	13,982	17,906	83,025	27,223	12,569	39,792	122,817
Marketing and promotion	1,441	—	—	164	1,654	3,259	6,717	—	6,717	9,976
Interest and taxes	1,484	236	91	168	428	2,407	611	808	1,419	3,826
Insurance	55,346	10,555	19,749	6,786	18,291	110,727	23,284	13,206	36,490	147,217
Miscellaneous	61,528	7,895	34,847	5,525	17,932	127,727	19,211	20,980	40,191	167,918
Total functional expenses before depreciation and amortization	4,829,612	4,547,487	48,020,068	2,130,770	4,659,974	64,187,911	2,867,103	1,919,273	4,786,376	68,974,287
Depreciation and amortization	118,965	25,234	1,256	16,633	42,419	204,507	53,135	51,612	104,747	309,254
Total expenses	\$ 4,948,577	4,572,721	48,021,324	2,147,403	4,702,393	64,392,418	2,920,238	1,970,885	4,891,123	69,283,541
Direct benefit costs of special events									32,893	32,893
Direct cost of thrift shop									692,850	692,850
									\$ 5,616,866	70,009,284

See accompanying notes to consolidated financial statements.

**CANCER CARE, INC.**  
Consolidated Statement of Functional Expenses  
Year ended June 30, 2019

	<b>Program services</b>					<b>Supporting services</b>				<b>Total</b>
	<b>Counseling and support</b>	<b>Financial assistance</b>	<b>Copayment assistance</b>	<b>Education</b>	<b>Information, awareness, and policy</b>	<b>Subtotal</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Subtotal</b>	
Salaries	\$ 2,546,815	456,274	901,539	297,163	1,115,062	5,316,853	1,555,691	935,723	2,491,414	7,808,267
Employee health and retirement benefits	679,500	126,014	265,978	82,066	198,684	1,352,242	253,892	149,482	403,374	1,755,616
Payroll taxes	180,332	30,962	57,962	20,899	68,719	358,874	110,090	60,056	170,146	529,020
Total salaries and related expenses	3,406,647	613,250	1,225,479	400,128	1,382,465	7,027,969	1,919,673	1,145,261	3,064,934	10,092,903
Direct disbursements to patients and families	1,384	2,712,746	36,981,931	—	651	39,696,712	—	—	—	39,696,712
Donated goods and services	86,670	—	—	942,300	2,127,742	3,156,712	—	—	—	3,156,712
Contract services	142,690	4,970	783,765	27,228	1,499,455	2,458,108	300,054	369,200	669,254	3,127,362
Postage and shipping	16,784	16,188	27,196	164,903	58,285	283,356	49,788	3,369	53,157	336,513
Telephone and data	193,178	28,782	61,344	265,646	49,946	598,896	63,632	40,643	104,275	703,171
Occupancy	732,401	121,613	199,565	80,300	193,872	1,327,751	247,257	210,070	457,327	1,785,078
Supplies	39,291	8,279	14,305	6,158	16,148	84,181	17,450	10,814	28,264	112,445
Printing and publications	15,017	2,242	24,426	222,669	192,871	457,225	19,188	7,332	26,520	483,745
Equipment repairs and maintenance	44,110	5,928	10,225	4,095	11,255	75,613	31,234	17,306	48,540	124,153
Memberships and subscriptions	6,449	781	1,559	345	11,112	20,246	7,110	5,627	12,737	32,983
Staff and volunteer training and support	23,178	2,350	11,529	1,544	4,390	42,991	17,824	9,694	27,518	70,509
Travel and related costs	92,295	2,113	30,824	720	32,528	158,480	35,163	8,579	43,742	202,222
Marketing and promotion	93	—	—	—	21,539	21,632	11,768	—	11,768	33,400
Interest and taxes	1,229	184	146	127	355	2,041	425	566	991	3,032
Insurance	62,933	10,088	18,949	6,582	16,678	115,230	20,668	12,536	33,204	148,434
Miscellaneous	80,081	11,155	20,187	8,927	17,329	137,679	21,935	17,275	39,210	176,889
Total functional expenses before depreciation and amortization	4,944,430	3,540,669	39,411,430	2,131,672	5,636,621	55,664,822	2,763,169	1,858,272	4,621,441	60,286,263
Depreciation and amortization	166,536	30,948	—	20,584	46,515	264,583	57,863	67,148	125,011	389,594
Total expenses	\$ 5,110,966	3,571,617	39,411,430	2,152,256	5,683,136	55,929,405	2,821,032	1,925,420	4,746,452	60,675,857
Direct benefit costs of special events									371,778	371,778
Direct cost of thrift shop									632,534	632,534
									\$ 5,750,764	61,680,169

See accompanying notes to consolidated financial statements.

**CANCER CARE, INC.**

Consolidated Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Increase in net assets	\$ 10,421,291	39,787,295
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	309,254	389,594
Realized and unrealized loss (gains) on investments	94,601	(453,280)
Changes in operating assets and liabilities:		
Grants and contributions receivable	2,798,299	(18,627,492)
Prepaid expenses and other assets	255,577	629,374
Accounts payable and accrued liabilities	(60,759)	1,396,255
Deferred revenue	1,175,671	(20,015)
Copayment assistance obligations	(12,667,933)	1,786,934
Deferred rent	(192,053)	(133,403)
Accrued postretirement benefit cost	(17,570)	(7,726)
Annuities payable	10,209	(4,160)
Net cash provided by operating activities	2,126,587	24,743,376
Cash flows from investing activities:		
Proceeds from sales of investments	62,622,635	48,011,823
Purchases of investments	(64,634,031)	(71,735,468)
Purchase of property and equipment	(128,168)	(126,335)
Net cash used in investing activities	(2,139,564)	(23,849,980)
Cash flows from financing activity:		
Proceeds from Payroll Protection Program refundable advance (note 11)	1,861,575	—
Net cash provided by financing activity	1,861,575	—
Net increase in cash and cash equivalents	1,848,598	893,396
Cash, cash equivalents, and restricted cash at beginning of year (note 1(m))	3,753,401	2,860,005
Cash, cash equivalents, and restricted cash at end of year	\$ 5,601,999	3,753,401
Reconciling amounts reported within the consolidated balance sheets:		
Cash and cash equivalents	\$ 5,558,828	3,710,230
Restricted cash included in prepaid expenses and other assets	43,171	43,171
Total cash, cash equivalents, and restricted cash	\$ 5,601,999	3,753,401

See accompanying notes to consolidated financial statements.



## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

#### (1) Organization and Summary of Significant Accounting Policies

##### *Organization*

Cancer Care, Inc. (Cancer Care) is a national not-for-profit voluntary health organization that provides free professional support services to anyone affected by cancer: people with cancer, caregivers, children, loved ones, and the bereaved. Cancer Care's programs – including counseling, education, financial assistance, and practical help – are provided by masters-prepared oncology social workers and are completely free of charge. Founded in 1944, Cancer Care provides individual and group counseling in three modalities: face to face, over the telephone, and online. Individuals affected by cancer and their loved ones seek information and resources from its comprehensive website, its Connect Education Workshops via the telephone, or podcast in addition to a comprehensive selection of print publications.

On July 23, 2007, Cancer Care incorporated the Cancer Care Co-Payment Assistance Foundation, Inc. (the Co-Pay Foundation) as a Type B corporation, as defined in Section 201 of the Not-for-Profit Corporation Law in the State of New York. The primary function of the Co-Pay Foundation is to provide financial assistance to individuals with cancer in the form of copayment assistance for both prescribed treatment and supporting medications, premium assistance, or other direct financial assistance in order to ensure access to care, treatment, and prescribed medications.

The accompanying consolidated financial statements include the financial position and changes in net assets of Cancer Care and the Co-Pay Foundation (collectively, the Organization).

The Organization has five main program areas:

*Counseling and support* – Provides group and individual counseling in three different ways: face to face, over the telephone, or online; all support services are offered by professional oncology social workers

*Financial assistance* – Offers assistance by providing funds for treatment-related costs, such as pain medication, transportation, home care, and childcare

*Copayment assistance (Co-Pay Foundation)* – Provides financial assistance to individuals with cancer in the form of copayment assistance for both prescribed treatment and supporting medications, premium assistance, or other direct financial assistance in order to ensure access to care, treatment, and prescribed medications

*Education* – Connect Education Workshops provide cancer patients and caregivers with the opportunity to listen to, and ask questions from, top cancer experts from around the country on a variety of cancer-related topics in a telephone conference format. Connect Education Workshops are archived on the Organization's website as well.

*Information, awareness, and policy* – Offers practical help, including education materials, disease-specific awareness campaigns and information, and referrals to other sources of help; the Organization's website, [www.cancercare.org](http://www.cancercare.org), is a comprehensive resource where visitors can communicate with a social worker, join a support group, listen to an archived Connect Education Workshop, and learn about topics ranging from managing careers to talking to your families during a time of crisis. The Organization's policy function monitors, researches, and reports on healthcare issues that affect cancer patients, caregivers, and their families.

## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Cancer Care is a Section 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) and has been classified as a publicly supported organization as defined in Section 509(a)(1) of the Code. In addition, Cancer Care has been classified as nonprofit in character for state and local income tax purposes.

The Co-Pay Foundation is a Section 501(c)(3) organization exempt from federal income taxes under Section 501(a) of the Code and has been classified as a Type I supporting organization to Cancer Care. In addition, the Co-Pay Foundation has been classified as nonprofit in character for state and local income tax purposes.

Accordingly, the Organization is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The Organization recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Organization has no uncertain tax positions. No provision for income taxes was required for fiscal year 2020 or 2019 except amounts for federal unrelated business income tax on employees' pretax transit benefits as required under the Tax and Jobs Act of 2017.

#### *Summary of Significant Accounting Policies*

The Organization's significant accounting policies are as follows:

##### **(a) Basis of Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. All intercompany transactions have been eliminated in consolidation. Net assets and the changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions. As reflected in the accompanying consolidated balance sheets, the Organization's board of trustees has designated a portion of the net assets without donor restrictions of the Organization for long-term investment purposes.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time.

##### **(b) Accounting Estimates**

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenue and expenses recognized during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include the net realizable value of grants and contributions receivable, copayment assistance obligations, and functional expense allocations. Actual results could differ from those estimates.

## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

#### **(c) 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. Accounting Standards Codification Topic 820, *Fair Value Measurement*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices or published values per share in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity.

#### **(d) Contributions**

Contributions, including unconditional promises to give (pledges), are recognized as revenue upon receipt and are considered to be without donor restrictions unless they are received with donor stipulations that limit their use to a future period through either purpose or time restrictions. Contributions with donor stipulations that limit their use to a future period or activity are recognized in net assets with donor restrictions until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled. Contributions restricted to patient or copay assistance, including pledges, are recognized in net assets with donor restrictions until grants are awarded to patients.

Upon the expiration of donor stipulations, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

A contribution, gift, or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient promises to give are not recognized until they become unconditional, that is when the barriers in the agreement are overcome.

Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting amounts not expected to be received within one year at a risk-adjusted rate commensurate with the duration of the donor's payment plan. In subsequent periods, the discount rate is unchanged, and the allowance for uncollectible contributions is reassessed and adjusted if necessary. Amortization of the discounts is recorded as additional contribution revenue.

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Grants and contributions receivable, and contributions, excluding net assets released from restriction but including contributions with donor restrictions, are as follows:

	2020			2019		
	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Consolidated	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Consolidated
As of June 30:						
Grants and contributions receivable from the five largest donors	\$ 1,024,355	17,493,523	18,410,378	4,428,937	17,035,000	21,463,937
Percentage of grants and contributions receivable	66 %	100 %	97 %	92 %	100 %	98 %
For the year ended June 30:						
Contributions as defined above	\$ 15,359,746	61,539,833	76,890,579	19,800,160	78,039,513	97,839,673
Contributions from the five largest donors	4,713,093	54,633,899	56,585,807	6,172,921	65,225,000	66,638,081
Percentage of contributions	31 %	89 %	73 %	31 %	84 %	68 %

The Organization has received conditional promises to give in the form of bequests, currently of indeterminable value, that have not been reflected in the accompanying consolidated financial statements because the conditions on which they depend have not been substantially met.

Grants and contributions receivable of approximately \$160,725 is due after one year, and the remaining balance is expected to be collected in 2021.

**(e) Contributed Goods and Services**

Contributed services are recognized as revenue and expense if the services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue or expenses and are not reported in the accompanying consolidated financial statements.

Contributed goods and services consist of the following for the years ended June 30:

	2020	2019
Medical and oncology publication advertising	\$ 964,107	2,060,858
Professional speakers on Connect Education Workshops	1,067,550	942,300
Social work student interns	115,920	86,669
Google ad words	105,315	66,885
	<u>\$ 2,252,892</u>	<u>3,156,712</u>

Contributions of clothing and merchandise are valued at the estimated fair value at the date of receipt and recognized as revenue when received and expensed from inventory when used.

## **CANCER CARE, INC.**

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

#### **(f) Cash and Cash Equivalents**

For the purpose of the consolidated statements of cash flows, the Organization considers highly liquid investments purchased with an original maturity of three months or less, other than those held in the long- and short-term investment portfolio, to be cash equivalents.

#### **(g) Investments and Investment Income**

Investments are reported at fair value based on quoted market prices. Income earned from net of investment management fees, including realized and unrealized gains and losses, is recorded in the net asset classes based on donor restrictions or the absence thereof. Return on investments held for long-term purposes is included in nonoperating activities in the consolidated statements of activities.

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

#### **(h) Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from five to seven years. Amortization of leasehold improvements is calculated on the straight-line basis over the lesser of the estimated useful life of the asset or the remaining term of the lease.

#### **(i) Gift Annuity Agreements**

The Organization is the beneficiary of a number of charitable gift annuity agreements with donors. The Organization controls the donated assets and shares the income generated from those assets with the donor or donor's designee until such time as stated in the agreement (usually, upon death of the donor or donor's designee). The Organization records the assets related to these agreements on its consolidated balance sheets at fair value. At the time of gift, and adjusted annually, the Organization records contribution income and a liability for amounts payable to annuitants using an actuarial calculation. The discount rate used in fiscal years 2020 and 2019 was 0.6% and 2.8%, respectively. State-mandated insurance reserves related to these agreements are maintained at required levels.

#### **(j) Copayment Assistance Liability**

The Co-Pay Foundation requires that all prospective grant recipients complete an application, and such applications are processed in order of receipt on a first-come, first-served basis, to the extent funding is available. The Co-Pay Foundation has established objective criteria for determining eligibility for assistance based upon an applicant's medical condition and financial need. The Co-Pay Foundation currently has 23 and 20 funds with patient liability balances for the fiscal years ended June 30, 2020 and 2019, respectively, classified by disease state. The medical criteria to determine a disease-state fund is based upon a particular diagnosis or subset of a diagnosis determined by the Co-Pay Foundation's board of trustees. The financial need criteria are based on certain national standards of indigence. Grants are awarded on a first-come, first-served based on an assessment of applicants' individual need for up to one year, after which a recipient may reapply.

## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The Co-Pay Foundation records a copayment assistance obligation for patients currently awarded funds as the estimated amount of payments that are expected to be made based on historical experience by disease state.

#### **(k) Deferred Rent**

Rent expense is recorded on a straight-line basis over the term of the lease, with the difference between the straight-line expense and rent payments reported as either prepaid rent or as deferred rent liability. The lease term provided for tenant free-rent period and tenant improvement allowances. Free rent and tenant improvement allowances are accounted for on a straight-line basis over the life of the lease and are recorded as deferred rent in the consolidated balance sheets.

#### **(l) Functional Expense Allocations**

Salaries and payroll taxes are charged directly to the assigned primary functional area for each position. Employee benefits and overhead costs such as rent, utilities, and equipment costs, are allocated either by head count or square footage utilized determined by the percentage of staff in each functional area.

Expenses for certain senior managers and supporting functions that are not specifically attributable to either program, fundraising or management and general are allocated based on an estimate of annual percentage of effort between functional areas.

#### **(m) Recently Adopted Accounting Pronouncement**

The Organization adopted Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows: Restricted Cash*, in fiscal year 2020. The main provision of this guidance requires entities to include cash and cash equivalents that have restrictions on withdrawal or use in total cash and cash equivalents on the consolidated statement of cash flows. The Organization adopted ASU No. 2016-18 in 2020 and reclassified the 2019 consolidated statement of cash flows. Changes in operating assets and liabilities-prepaid expenses and other assets on the 2019 consolidated statements of cash flow was \$616,946 and is restated to be \$629,374 to reflect the adoption of the ASU No. 2016-18.

The Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, in 2020. The Organization has elected to adopt this standard on a modified prospective basis for both contributions received and contributions made in fiscal year 2020. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. As a result of the adoption of this ASU, the Organization recorded approximately \$739,000 conditional contribution in deferred revenue for the year ended June 30, 2020.

## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The Organization adopted ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires the service cost component of net periodic benefit cost for pension and other postretirement benefits be presented in operating expenses (together with other employee compensation costs) and are included as a component part of employee benefit expense in the consolidated statement of activities. The application of this guidance did not have a material impact on the consolidated financial statements.

#### **(n) New Accounting Pronouncements Not Yet Adopted**

The Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 provides guidance based on the principle that revenue is recognized at the amount expected to be collected, which the entity expects to be entitled in exchange for the transfer of goods or services. The guidance can be adopted either retrospectively or with cumulative-effect adjustment as of the date of adoption. The Organization plans to adopt ASU No. 2014-09 for the year ending June 30, 2021. The Organization is continuing to evaluate the impact of adopting this guidance on its financial statements.

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The Organization is currently evaluating the impact of this ASU and expects to apply it using the modified retrospective approach for the year ending June 30, 2023.

The FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's program and other activities. The Organization is currently evaluating the impact of this ASU and expects to apply it retrospectively for the year ending June 30, 2022.

#### **(o) Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

**(2) Investments**

Short-term investments principally represent the unexpended proceeds from certain donor-restricted grants. The following tables present the fair value hierarchy for the Organization's short-term investments and long-term investments measured at fair value as of June 30, 2020 and 2019. There were no Level 2 or Level 3 assets as of June 30, 2020 or 2019.

	<b>2020</b>	<b>2019</b>
	<b>Level 1</b>	
Financial assets:		
Short-term investments:		
Certificates of deposit	\$ 2,288,150	282,149
Money market funds	8,760,560	13,022,582
Corporate and municipal bonds	49,393,290	45,497,323
Total short-term investments	\$ 60,442,000	58,802,054
Long-term investments:		
Cash equivalents	\$ 2,697,746	2,155,335
Fixed-income funds:		
Government domestic	449,347	416,154
Corporate domestic	1,914,648	1,851,573
Equity funds:		
Domestic	3,520,530	3,754,814
International	1,935,553	2,063,099
Total long-term investments	\$ 10,517,824	10,240,975

The board of trustees designated \$10,517,824 of long-term investments and \$167,121 of short-term investments, and \$10,151,480 of the long-term investment portfolio as of June 30, 2020 and 2019, respectively, as a quasi-endowment to provide for the long-term financial stability of the Organization. As of June 30, 2020 and 2019, the quasi-endowment calculation was not attributed to a specific portion of long-term investments but rather a specific portion of net assets without donor restrictions (note 8).

The net return on short-term and long-term investments and interest-bearing cash and cash equivalents for the years ended June 30 consist of the following:

	<b>2020</b>	<b>2019</b>
Interest and dividends	\$ 1,678,041	1,144,068
Realized and unrealized (loss) gains on investments	(94,601)	453,280
	\$ 1,583,440	1,597,348



**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

**(3) Liquidity and Availability of Resources**

The Organization defines general expenditures as operating expenses, excluding direct disbursements to patients and families – both general financial assistance and copayment assistance – as those expenses are funded by donors. The following represents the financial assets and liquidity resources available within one year for general expenditures as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,558,828	3,710,230
Short-term investments	60,442,000	58,802,054
Grants and contributions receivable	19,036,812	21,835,111
Long-term investments	<u>10,517,824</u>	<u>10,240,975</u>
Total financial assets available within one year	<u>95,555,464</u>	<u>94,588,370</u>
Less:		
Financial assets not available within one year:		
Donor-restricted net assets	—	(761,320)
Grants and contributions receivable	(160,725)	(349,244)
Financial assets restricted to direct disbursements to patients and families	<u>(71,750,292)</u>	<u>(74,705,816)</u>
Total financial assets not available within one year	<u>(71,911,017)</u>	<u>(75,816,380)</u>
Amounts unavailable to management without board approval	<u>(10,684,945)</u>	<u>(10,151,480)</u>
Total amounts unavailable for general expenditures	<u>(82,595,962)</u>	<u>(85,967,860)</u>
Total amount of financial assets available to management for general expenditure within one year	<u>\$ 12,959,502</u>	<u>8,620,510</u>

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

**(4) Property and Equipment**

Property and equipment, net consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 1,843,893	1,816,882
Telephone equipment	574,969	562,816
Leasehold improvements	3,798,430	3,793,684
Computer equipment	308,974	224,716
	<u>6,526,266</u>	<u>6,398,098</u>
Less accumulated depreciation and amortization	4,992,347	4,683,093
	<u>\$ 1,533,919</u>	<u>1,715,005</u>

**(5) Copayment Assistance Obligations**

Copayment assistance obligations represent the unpaid portion of copayment assistance grants to patients. The initial 12-month grant for each patient award is calculated based on the then expected average cumulative claims that will be paid out per patient in the patient's respective disease state fund. The obligation is adjusted throughout the life of the award based upon actual payment experience. Copayment assistance obligations will be satisfied at varying dates, which are generally no later than 15 months from each active patient's respective award date and, collectively, no later than 15 months from the balance sheet date.

Because the copayment assistance program is funded by contributions with donor restrictions, simultaneously for each award transaction, copayment assistance obligations are recorded and a corresponding amount of revenue is released from net assets with donor restrictions to net assets without donor restrictions. Copayment assistance obligations are reduced as claims are paid. At the close of the 15-month account activity cycle for each patient, which includes a three-month open claim period after the 12-month grant cycle has ended, any amounts that represent the difference between adjusted expected average claims and actual claims are adjusted against net assets with donor restrictions.

**(6) Pension and Postretirement Healthcare Benefit Plans**

**(a) Defined-Contribution Plan**

The Organization sponsors a defined-contribution plan covering substantially all employees who meet certain age and length-of-service requirements. The plan provides for annual contributions to be made by the Organization at its discretion. The Organization contributed \$319,929 and \$327,191 to the defined-contribution plan during the years ended June 30, 2020 and 2019, respectively.

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

**(b) Postretirement Healthcare Benefit Plan**

The Organization also sponsors a defined-benefit postretirement healthcare benefit plan for certain employees. The plan was amended on December 31, 2003. Pursuant to the amendment, benefits will no longer be offered to employees who retire after December 31, 2003. The healthcare benefits are provided through insurance companies. The plan is contributory and contains cost-sharing features, such as coinsurance. In addition, for approximately half of the participants, there is a \$1,200 annual limit on the benefits payable to a retiree.

The following table presents information with respect to the obligation as of and for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Accrued postretirement benefit cost recognized in the Organization's consolidated balance sheets	\$ 135,397	152,967
Benefits cost	2,985	5,771
Benefits paid	14,209	13,497

**(7) Commitments**

The Organization rents space under noncancelable operating leases for its headquarters, regional offices, and a thrift shop. The Organization's headquarters and certain of its regional office leases include a rent-free period. Rental expense is recognized on the straight-line basis, rather than in accordance with base payment schedules for purposes of recognizing a constant annual rental expense. The difference between straight lining the rental charge and actual payments is reflected as deferred rent in the accompanying consolidated balance sheets.

The annual minimum rental commitments as of June 30, 2020 are as follows:

	<u>Amount</u>
Year ending June 30:	
2021	\$ 1,637,778
2022	1,577,848
2023	1,565,553
2024	1,572,511
2025	1,546,826
Thereafter	<u>78,604</u>
	<u>\$ 7,979,120</u>

Under the terms of the lease agreement for its headquarters, an irrevocable letter of credit in the amount of \$274,492 has been established with a financial institution in lieu of a security deposit. On May 12, 2010, the Organization entered into a lease agreement for its national headquarters in order to consolidate its tenancy into two consecutive floors and to secure its occupancy for the next 15 years. The lease

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

commenced on July 1, 2010 and will expire on June 30, 2025. Of the approximately \$8.0 million total annual minimum rental commitments as of June 30, 2020, approximately \$6.9 million relates to the national office headquarters lease.

The Organization entered into a lease agreement to sublet one-half of its national office headquarters space commencing partially on September 1, 2017 and at full occupancy on March 1, 2018 through June 30, 2025. Cumulative rental income, net of broker's commission, free-rent periods, work credits, and expected profit sharing to the Organization's landlord, is expected to be approximately \$6.1 million over the 94-month term of the lease. The remaining net sublet income is as follows:

	<u>Amount</u>
Year ending June 30:	
2021	\$ 818,532
2022	904,721
2023	961,632
2024	988,467
2025	<u>1,015,909</u>
	<u>\$ 4,689,261</u>

**(8) Net Assets**

Net assets with donor restrictions at June 30 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Copayment assistance	\$ 56,154,827	44,696,598
Patient assistance	2,635,071	4,039,999
Other program support	1,338,496	2,668,749
Time restricted	<u>570,000</u>	<u>293,750</u>
	<u>\$ 60,698,394</u>	<u>51,699,096</u>

The Organization has no donor-restricted endowment funds. The Organization's endowment consists of one board-designated endowment fund established for Cancer Care only to provide for the long-term stability of the Organization.

As of June 30, 2020 and 2019, the level of undesignated net assets without donor restrictions for Cancer Care has been set by the board at \$2,500,000 and the remaining net assets without donor restrictions are board-designated as endowment.

## CANCER CARE, INC.

### Notes to Consolidated Financial Statements

June 30, 2020 and 2019

The following represents the Organization's board-designated endowment funds and the changes in designated endowment funds for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 10,151,480	8,093,600
Net appreciation in fair value of investments	274,440	347,169
Designations (releases)	<u>259,025</u>	<u>1,710,711</u>
Endowment net assets, end of year	<u>\$ 10,684,945</u>	<u>10,151,480</u>

The Organization's investment objective is the highest total return consistent with prudent investment management and the preservation of capital.

#### (9) Allocation of Joint Costs Information

In 2020 and 2019, the Organization incurred joint costs of \$218,744 and \$216,576, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$168,346 and \$53,381, respectively, was allocated to information and publications expenses and \$50,398 and \$163,195 was allocated to fundraising expenses, respectively.

#### (10) Grant to Cancer Care

As a Type I supporting organization, the Co-Pay Foundation exists to support and compliment the mission of Cancer Care. Through a grant to its supported organization of \$2.0 million in 2020 and \$2.2 million in 2019, the Co-Pay Foundation receives a comprehensive array of patient support services for individuals who apply for or receive copayment assistance. Such services include individual and group counselling – in-person, over the telephone or on-line, access to transportation and other financial assistance, education, and information. These services are an integral part of supportive care to patients in order to address the physical, practical, and emotional needs, as well as the financial burdens, that accompany a cancer diagnosis. Such amount is eliminated in consolidation.

#### (11) Payroll Protection Program Refundable Advance

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In April 2020, the Organization received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Payroll Protection Program. Funding through this program consists of loans that are designed to provide a direct incentive for small business to keep their workers on payroll. These loans will be forgiven if certain criteria are met and the funds are used for eligible expenses.

The Organization applied for and received a Payroll Protection Program Loan in April 2020 in the amount of \$1,861,575. The Organization intends to apply by December 31, 2020 for complete forgiveness in accordance with the provisions for loan forgiveness. Any portion of the loan that is not forgiven will be assessed at a 1% interest rate payable over a five-year period. The loan is recorded in the consolidated balance sheet in Payroll Protection Program refundable advance as of June 30, 2020.

**CANCER CARE, INC.**

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

**(12) Subsequent Events**

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events after the consolidated balance sheet date of June 30, 2020 through December 8, 2020, which was the date the consolidated financial statements were available to be issued, and determined that there were no additional matters that are required to be disclosed besides what is noted below:

As a result of the COVID-19 pandemic, economic uncertainties have arisen, which may negatively affect the balance sheet, results of operations, and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**CANCER CARE, INC.**

## Consolidating Schedule – Balance Sheet Information

June 30, 2020

<b>Assets</b>	<b>Cancer Care, Inc.</b>	<b>Cancer Care Co-Payment Assistance Foundation, Inc.</b>	<b>Elimination entries</b>	<b>Total</b>
Cash and cash equivalents	\$ 4,874,604	684,224	—	5,558,828
Short-term investments	2,964,647	57,477,353	—	60,442,000
Intercompany receivable	776,184	—	(776,184)	—
Grants and contributions receivable	1,543,289	17,493,523	—	19,036,812
Prepaid expenses and other assets	1,460,782	121,193	—	1,581,975
Long-term Investments	10,517,824	—	—	10,517,824
Property and equipment, net	1,516,975	16,944	—	1,533,919
Total assets	<u>\$ 23,654,305</u>	<u>75,793,237</u>	<u>(776,184)</u>	<u>98,671,358</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,377,278	2,214,284	—	3,591,562
Intercompany payable	—	776,184	(776,184)	—
Deferred revenue	1,209,921	—	—	1,209,921
Copayment assistance obligations	—	12,617,430	—	12,617,430
Payroll Protection Program refundable advance	1,861,575	—	—	1,861,575
Deferred rent	1,213,178	—	—	1,213,178
Accrued postretirement benefit cost	135,397	—	—	135,397
Annuities payable	128,444	—	—	128,444
Total liabilities	<u>5,925,793</u>	<u>15,607,898</u>	<u>(776,184)</u>	<u>20,757,507</u>
Commitments				
Net assets:				
Without donor restrictions:				
Board-designated	10,684,945	—	—	10,684,945
Undesignated	2,500,000	4,030,512	—	6,530,512
Total without donor restrictions	13,184,945	4,030,512	—	17,215,457
With donor restrictions	4,543,567	56,154,827	—	60,698,394
Total net assets	<u>17,728,512</u>	<u>60,185,339</u>	<u>—</u>	<u>77,913,851</u>
Total liabilities and net assets	<u>\$ 23,654,305</u>	<u>75,793,237</u>	<u>(776,184)</u>	<u>98,671,358</u>

See accompanying independent auditors' report.

## CANCER CARE, INC.

## Consolidating Schedule – Statement of Activities Information

Year ended June 30, 2020

	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Change in net assets without donor restrictions:				
Contributions and revenue:				
Contributions:				
Foundations and corporations	\$ 4,999,906	1,187	—	5,001,093
Special events, net	1,094,046	—	—	1,094,046
Donated goods and services	2,252,893	—	—	2,252,893
Legacies and bequests	1,062,118	—	—	1,062,118
Direct marketing	283,480	—	—	283,480
Contributions from individuals	616,117	28,914	—	645,031
Sponsorships and cause-related marketing	181,834	—	—	181,834
United Way, federal, and state campaigns	33,318	—	—	33,318
Thrift shop sales, net	(121,965)	—	—	(121,965)
Total contributions	<u>10,401,747</u>	<u>30,101</u>	<u>—</u>	<u>10,431,848</u>
Revenue:				
Investment return on short-term investments	13,942	1,292,649	—	1,306,591
Fee for service	62,091	—	—	62,091
Support from related organization (note 10)	2,000,000	—	(2,000,000)	—
Other income	1,110,710	58,012	—	1,168,722
Total revenue	<u>3,186,743</u>	<u>1,350,661</u>	<u>(2,000,000)</u>	<u>2,537,404</u>
Total contributions and revenue before net assets released from donor restrictions	<u>13,588,490</u>	<u>1,380,762</u>	<u>(2,000,000)</u>	<u>12,969,252</u>
Net assets released from donor restrictions:				
Satisfaction of program restrictions – foundations and corporations	7,178,331	50,001,503	—	57,179,834
Satisfaction of program restrictions – individuals	229,599	50,000	—	279,599
Total net assets released from donor restrictions	<u>7,407,930</u>	<u>50,051,503</u>	<u>—</u>	<u>57,459,433</u>
Total contributions and revenues	<u>20,996,420</u>	<u>51,432,265</u>	<u>(2,000,000)</u>	<u>70,428,685</u>
Expenses:				
Program services:				
Counseling and support	4,925,179	23,398	—	4,948,577
Financial assistance	4,572,721	—	—	4,572,721
Copayment assistance	—	50,021,324	(2,000,000)	48,021,324
Education	2,147,403	—	—	2,147,403
Information, awareness, and policy	4,657,374	45,019	—	4,702,393
Total program services	<u>16,302,677</u>	<u>50,089,741</u>	<u>(2,000,000)</u>	<u>64,392,418</u>
Supporting services:				
Fundraising	2,690,200	230,038	—	2,920,238
Management and general	1,746,927	223,958	—	1,970,885
Total supporting services	<u>4,437,127</u>	<u>453,996</u>	<u>—</u>	<u>4,891,123</u>
Total expenses	<u>20,739,804</u>	<u>50,543,737</u>	<u>(2,000,000)</u>	<u>69,283,541</u>
Increase in net assets without donor restrictions before investment return on long-term investments	256,616	888,528	—	1,145,144
Investment return on long-term investments	276,849	—	—	276,849
Increase in net assets without donor restrictions	<u>533,465</u>	<u>888,528</u>	<u>—</u>	<u>1,421,993</u>
Change in net assets with donor restrictions:				
Contributions from foundations and corporations	4,937,418	61,458,732	—	66,396,150
Contributions from individuals	11,581	51,000	—	62,581
Net assets released from donor restrictions – foundations and corporations	(7,178,331)	(50,001,503)	—	(57,179,834)
Net assets released from donor restrictions – individuals	(229,599)	(50,000)	—	(279,599)
(Decrease) increase in net assets with donor restrictions	<u>(2,458,931)</u>	<u>11,458,229</u>	<u>—</u>	<u>8,999,298</u>
(Decrease) increase in net assets	(1,925,466)	12,346,757	—	10,421,291
Net assets at beginning of year	19,653,978	47,838,582	—	67,492,560
Net assets at end of year	<u>\$ 17,728,512</u>	<u>60,185,339</u>	<u>—</u>	<u>77,913,851</u>

See accompanying independent auditors' report.



## CANCER CARE, INC.

Consolidating Schedule – Functional Expenses Information – Cancer Care, Inc.

Year ended June 30, 2020

	<b>Counseling and support</b>	<b>Financial assistance</b>	<b>Education</b>	<b>Information, awareness, and policy</b>	<b>Subtotal</b>	<b>Fundraising</b>	<b>Management and general</b>	<b>Subtotal</b>	<b>Total</b>
Salaries	\$ 2,517,248	481,394	297,664	1,360,679	4,656,985	1,431,409	936,166	2,367,575	7,024,560
Employee health and retirement benefits	650,300	129,902	82,644	210,496	1,073,342	267,577	142,736	410,313	1,483,655
Payroll taxes	178,139	32,470	20,778	89,352	320,739	94,535	59,258	153,793	474,532
Total salaries and related expenses	3,345,687	643,766	401,086	1,660,527	6,051,066	1,793,521	1,138,160	2,931,681	8,982,747
Direct disbursements to patients and families	10,100	3,689,735	—	—	3,699,835	—	—	—	3,699,835
Donated goods and services	115,920	—	1,067,550	1,069,422	2,252,892	—	—	—	2,252,892
Contract services	164,508	4,088	28,719	1,193,332	1,390,647	298,093	235,456	533,549	1,924,196
Postage and shipping	16,176	13,672	106,831	41,980	178,659	43,780	3,648	47,428	226,087
Telephone and data	191,347	34,001	271,988	63,717	561,053	74,589	45,596	120,185	681,238
Occupancy	670,194	115,964	75,720	203,619	1,065,497	249,609	168,329	417,938	1,483,435
Supplies	39,086	8,100	5,574	17,635	70,395	20,865	11,743	32,608	103,003
Printing and publications	8,817	1,258	136,794	262,871	409,740	10,077	3,253	13,330	423,070
Equipment repairs and maintenance	66,645	11,503	7,644	20,154	105,946	31,796	22,266	54,062	160,008
Memberships and subscriptions	7,841	992	681	8,990	18,504	13,059	9,170	22,229	40,733
Staff and volunteer training and support	22,863	2,481	1,558	17,389	44,291	27,587	17,541	45,128	89,419
Travel and related costs	28,335	3,241	13,982	17,904	63,462	27,191	12,565	39,756	103,218
Marketing and promotion	1,441	—	164	1,654	3,259	6,717	—	6,717	9,976
Interest and taxes	1,484	236	168	428	2,316	610	805	1,415	3,731
Insurance	54,788	10,555	6,786	17,841	89,970	21,768	12,290	34,058	124,028
Miscellaneous	60,982	7,895	5,525	17,492	91,894	17,850	14,493	32,343	124,237
Total functional expenses before depreciation and amortization	4,806,214	4,547,487	2,130,770	4,614,955	16,099,426	2,637,112	1,695,315	4,332,427	20,431,853
Depreciation and amortization	118,965	25,234	16,633	42,419	203,251	53,088	51,612	104,700	307,951
Total expenses	\$ 4,925,179	4,572,721	2,147,403	4,657,374	16,302,677	2,690,200	1,746,927	4,437,127	20,739,804
Direct benefit costs of special events								32,893	32,893
Direct cost of thrift shop								692,850	692,850
								\$ 5,162,870	21,465,547

See accompanying independent auditors' report.

## CANCER CARE, INC.

Consolidating Schedule – Functional Expenses Information – Cancer Care Co-Payment Assistance Foundation, Inc.

Year ended June 30, 2020

	<u>Counseling and support</u>	<u>Copayment assistance</u>	<u>Information and awareness</u>	<u>Subtotal</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Subtotal</u>	<u>Total</u>
Salaries	\$ 6,412	916,587	30,680	953,679	176,928	75,775	252,703	1,206,382
Employee health and retirement benefits	5,338	282,906	5,253	293,497	16,716	10,595	27,311	320,808
Payroll taxes	2,434	61,860	1,655	65,949	10,778	4,823	15,601	81,550
Total salaries and related expenses	14,184	1,261,353	37,588	1,313,125	204,422	91,193	295,615	1,608,740
Direct disbursements to patients	—	45,025,402	—	45,025,402	—	—	—	45,025,402
Grant to Cancer Care (note 10)	—	2,000,000	—	2,000,000	—	—	—	2,000,000
Contract services	65	1,308,041	52	1,308,158	176	111,884	112,060	1,420,218
Postage and shipping	47	28,585	38	28,670	128	77	205	28,875
Telephone and data	1,717	68,867	1,385	71,969	4,897	2,807	7,704	79,673
Occupancy	5,266	195,504	4,247	205,017	14,433	8,911	23,344	228,361
Supplies	401	15,316	324	16,041	1,090	674	1,764	17,805
Printing and publications	67	14,831	54	14,952	181	109	290	15,242
Equipment repairs and maintenance	445	21,016	359	21,820	1,410	730	2,140	23,960
Memberships and subscriptions	—	1,147	—	1,147	—	—	—	1,147
Staff and volunteer training and support	100	5,760	80	5,940	344	163	507	6,447
Travel and related costs	2	19,559	2	19,563	32	4	36	19,599
Interest and taxes	—	91	—	91	1	3	4	95
Insurance	558	19,749	450	20,757	1,516	916	2,432	23,189
Miscellaneous	546	34,847	440	35,833	1,361	6,487	7,848	43,681
Total functional expenses before depreciation	23,398	50,020,068	45,019	50,088,485	229,991	223,958	453,949	50,542,434
Depreciation	—	1,256	—	1,256	47	—	47	1,303
Total expenses	\$ 23,398	50,021,324	45,019	50,089,741	230,038	223,958	453,996	50,543,737

See accompanying independent auditors' report.

## CANCER CARE, INC.

## Consolidating Schedule – Statement of Cash Flows Information

Year ended June 30, 2020

	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Cash flows from operating activities:				
(Decrease) increase in net assets	\$ (1,925,466)	12,346,757	—	10,421,291
cash provided by (used in) operating activities:				
Depreciation and amortization	307,951	1,303	—	309,254
Realized and unrealized (gains) loss on investments	(142,496)	237,097	—	94,601
Changes in operating assets and liabilities:				
Intercompany receivable	(432,497)	—	432,497	—
Grants and contributions receivable	3,256,822	(458,523)	—	2,798,299
Prepaid expenses and other assets	329,400	(73,823)	—	255,577
Accounts payable and accrued liabilities	(100,591)	39,832	—	(60,759)
Intercompany payable	—	432,497	(432,497)	—
Deferred revenue	1,175,671	—	—	1,175,671
Copayment assistance obligations	—	(12,667,933)	—	(12,667,933)
Deferred rent	(192,053)	—	—	(192,053)
Accrued postretirement benefit cost	(17,570)	—	—	(17,570)
Annuities payable	10,209	—	—	10,209
Net cash provided by (used in) investing activities	<u>2,269,380</u>	<u>(142,793)</u>	<u>—</u>	<u>2,126,587</u>
Cash flows from investing activities:				
Proceeds from sales of investments	—	62,622,635	—	62,622,635
Purchases of investments	(2,147,114)	(62,486,917)	—	(64,634,031)
Purchase of property and equipment	(109,921)	(18,247)	—	(128,168)
Net cash (used in) provided by investing activities	<u>(2,257,035)</u>	<u>117,471</u>	<u>—</u>	<u>(2,139,564)</u>
Cash flows from financing activity:				
Proceeds from Payroll Protection Program refundable advance	<u>1,861,575</u>	<u>—</u>	<u>—</u>	<u>1,861,575</u>
Net cash provided by financing activity	<u>1,861,575</u>	<u>—</u>	<u>—</u>	<u>1,861,575</u>
Net increase (decrease) in cash and cash equivalents	1,873,920	(25,322)	—	1,848,598
Cash, cash equivalents, and restricted cash at beginning of year (note 1(m))	<u>3,043,855</u>	<u>709,546</u>	<u>—</u>	<u>3,753,401</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 4,917,775</u>	<u>684,224</u>	<u>—</u>	<u>5,601,999</u>
Reconciling amounts reported within the consolidated balance sheets:				
Cash and cash equivalents	\$ 4,874,604	684,224	—	5,558,828
Restricted cash included in prepaid expenses and other assets	43,171	—	—	43,171
Total cash, cash equivalents, and restricted cash	<u>\$ 4,917,775</u>	<u>684,224</u>	<u>—</u>	<u>5,601,999</u>

See accompanying notes to consolidated financial statements.