



CANCER CARE, INC.

Consolidated Financial Statements and Schedules

June 30, 2023 and 2022

(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.:

Opinion

We have audited the consolidated financial statements of Cancer Care, Inc. (the Organization), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis of Matter

As discussed in Note 1(l) to the consolidated financial statements, in 2023, the Organization adopted new accounting guidance, Accounting Standards Codification (ASC) 842: *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was 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 to 5 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

New York, New York
January 29, 2024

CANCER CARE, INC.

Consolidated Balance Sheets

June 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 1,422,792	6,825,763
Short-term investments (note 2)	69,848,534	78,296,425
Grants and contributions receivable	10,901,308	7,884,600
Prepaid expenses and other assets	1,077,178	1,969,370
Long-term investments (note 2)	13,187,708	12,053,416
Right-of-use assets, net – operating (note 7)	2,491,258	—
Right-of-use assets – finance (note 7)	201,399	—
Property and equipment, net (note 4)	2,219,150	1,660,706
Total assets	<u>\$ 101,349,327</u>	<u>108,690,280</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,660,934	5,400,458
Deferred revenue	604,249	1,662,806
Co-payment assistance obligations (note 5)	18,520,787	24,248,137
Operating lease obligation	3,064,119	—
Finance lease obligation	201,399	—
Deferred rent	—	812,159
Accrued postretirement benefit cost (note 6)	96,296	108,585
Annuities payable	106,455	129,613
Total liabilities	<u>27,254,239</u>	<u>32,361,758</u>
Commitments (note 7)		
Net assets:		
Without donor restrictions:		
Board-designated (notes 2 and 8)	13,071,634	11,244,110
Undesignated	8,596,907	7,404,008
Total without donor restrictions	21,668,541	18,648,118
With donor restrictions (note 8)	52,426,547	57,680,404
Total net assets	<u>74,095,088</u>	<u>76,328,522</u>
Total liabilities and net assets	<u>\$ 101,349,327</u>	<u>108,690,280</u>

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statements of Activities

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Change in net assets without donor restrictions:		
Contributions and revenue:		
Contributions:		
Foundations and corporations	\$ 4,567,643	3,640,084
Special events, net	1,359,802	1,353,311
Donated goods and services (note 1(e))	1,428,717	1,623,911
Legacies and bequests	1,148,141	743,706
Direct marketing	219,377	253,809
Contributions from individuals	1,153,925	1,186,679
Sponsorships and cause-related marketing	38,217	10,000
United Way, federal, and state campaigns	18,811	20,524
Thrift shop sales, net	—	508
Total contributions	<u>9,934,633</u>	<u>8,832,532</u>
Revenue:		
Investment return on short-term investments (note 2)	2,575,861	(320,991)
Fee for service	10,000	—
Payroll Protection Program loan forgiveness (note 11)	—	1,861,575
Other income (note 7)	1,258,449	1,234,532
Total revenue	<u>3,844,310</u>	<u>2,775,116</u>
Total contributions and revenue before net assets released from donor restrictions	<u>13,778,943</u>	<u>11,607,648</u>
Net assets released from donor restrictions:		
Satisfaction of time and purpose program restrictions – foundations and corporations	90,799,803	91,392,526
Satisfaction of time and purpose program restrictions – individuals	30,000	174,906
Total net assets released from donor restrictions	<u>90,829,803</u>	<u>91,567,432</u>
Total contributions and revenues	<u>104,608,746</u>	<u>103,175,080</u>
Expenses (note 9):		
Program services:		
Counseling and support	5,475,841	5,684,941
Financial assistance	3,353,346	2,128,201
Co-payment assistance	82,268,909	82,884,574
Education	2,145,411	2,108,472
Information, awareness, and policy	3,738,877	3,683,853
Total program services	<u>96,982,384</u>	<u>96,490,041</u>
Supporting services:		
Fundraising	3,721,934	3,554,243
Management and general	2,018,221	2,016,993
Total supporting services	<u>5,740,155</u>	<u>5,571,236</u>
Total expenses	<u>102,722,539</u>	<u>102,061,277</u>
Increase in net assets without donor restrictions before investment return on long-term investments	1,886,207	1,113,803
Investment return on long-term investments, net (note 2)	1,134,216	(1,535,108)
Increase (decrease) in net assets without donor restrictions	<u>3,020,423</u>	<u>(421,305)</u>
Change in net assets with donor restrictions:		
Contributions from foundations and corporations	85,549,446	94,053,273
Contributions from individuals	26,500	100,853
Net assets released from donor restrictions – foundations and corporations	(90,799,803)	(91,392,526)
Net assets released from donor restrictions – individuals	(30,000)	(174,906)
(Decrease) increase in net assets with donor restrictions	<u>(5,253,857)</u>	<u>2,586,694</u>
(Decrease) increase in net assets	(2,233,434)	2,165,389
Net assets at beginning of year	<u>76,328,522</u>	<u>74,163,133</u>
Net assets at end of year	\$ <u>74,095,088</u>	\$ <u>76,328,522</u>

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.
Consolidated Statement of Functional Expenses
Year ended June 30, 2023

	Program services					Supporting services				Total
	Counseling and support	Financial assistance	Co-payment assistance	Education	Information, awareness, and policy	Subtotal	Fundraising	Management and general	Subtotal	
Salaries	\$ 2,638,686	515,242	1,370,067	348,967	1,418,518	6,291,480	1,876,445	1,046,403	2,922,848	9,214,328
Employee health and retirement benefits	870,785	150,616	419,196	108,813	217,638	1,767,048	470,487	197,218	667,705	2,434,753
Payroll taxes	194,232	36,953	92,086	25,006	94,408	442,685	130,772	70,341	201,113	643,798
Total salaries and related expenses	3,703,703	702,811	1,881,349	482,786	1,730,564	8,501,213	2,477,704	1,313,962	3,791,666	12,292,879
Direct disbursements to patients and families	—	2,392,720	78,773,840	—	—	81,166,560	—	—	—	81,166,560
Donated goods and services	163,586	—	—	1,093,050	172,081	1,428,717	—	—	—	1,428,717
Contract services	77,747	32,576	1,052,922	174,819	1,343,921	2,681,985	442,983	291,207	734,190	3,416,175
Postage and shipping	23,932	11,317	61,616	3,535	14,514	114,914	33,697	(4,151)	29,546	144,460
Telephone and data	208,186	38,055	92,867	262,200	63,527	664,835	114,737	53,481	168,218	833,053
Occupancy	772,095	114,475	260,034	83,550	191,050	1,421,204	386,821	211,855	598,676	2,019,880
Supplies	35,701	6,036	15,313	4,313	30,504	91,867	20,663	8,014	28,677	120,544
Printing and publications	2,883	400	30,575	112	59,529	93,499	7,702	1,894	9,596	103,095
Equipment repairs and maintenance	60,220	9,514	31,505	6,842	16,156	124,237	32,858	13,571	46,429	170,666
Memberships and subscriptions	22,760	4,095	587	4,428	14,763	46,633	13,732	16,154	29,886	76,519
Staff and volunteer training and support	27,618	2,496	6,101	1,719	3,782	41,716	15,100	5,955	21,055	62,771
Travel and related costs	85,373	1,367	12,002	827	22,068	121,637	54,568	16,561	71,129	192,766
Marketing and promotion	1,857	67	5,400	45	4,323	11,692	7,032	16,392	23,424	35,116
Insurance	82,692	14,144	36,055	10,178	22,488	165,557	42,778	18,728	61,506	227,063
Miscellaneous	74,753	226	3,827	163	13,580	92,549	6,315	3,592	9,907	102,456
Total functional expenses before depreciation and amortization	5,343,106	3,330,299	82,263,993	2,128,567	3,702,850	96,768,815	3,656,690	1,967,215	5,623,905	102,392,720
Depreciation and amortization	132,735	23,047	4,916	16,844	36,027	213,569	65,244	51,006	116,250	329,819
Total expenses	\$ 5,475,841	3,353,346	82,268,909	2,145,411	3,738,877	96,982,384	3,721,934	2,018,221	5,740,155	102,722,539
Direct benefit costs of special events									394,617	394,617
									\$ 6,134,772	103,117,156

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.
Consolidated Statement of Functional Expenses
Year ended June 30, 2022

	Program services					Supporting services				Total
	Counseling and support	Financial assistance	Co-payment assistance	Education	Information, awareness, and policy	Subtotal	Fundraising	Management and general	Subtotal	
Salaries	\$ 2,591,936	517,892	1,244,575	333,694	1,337,933	6,026,030	1,919,266	1,059,577	2,978,843	9,004,873
Employee health and retirement benefits	882,144	134,262	385,887	97,676	215,028	1,714,997	387,573	172,916	560,489	2,275,486
Payroll taxes	191,866	36,301	83,944	23,893	85,842	421,846	133,249	67,859	201,108	622,954
Total salaries and related expenses	3,665,946	688,455	1,714,406	455,263	1,638,803	8,162,873	2,440,088	1,300,352	3,740,440	11,903,313
Direct disbursements to patients and families	—	1,164,148	79,840,234	—	—	81,004,382	350	—	350	81,004,732
Donated goods and services	153,916	—	—	1,225,350	244,644	1,623,910	—	—	—	1,623,910
Contract services	379,092	54,073	827,768	33,482	1,073,016	2,367,431	385,914	323,785	709,699	3,077,130
Postage and shipping	21,657	7,679	65,513	3,886	34,708	133,443	31,796	4,055	35,851	169,294
Telephone and data	230,446	37,539	81,865	260,520	65,985	676,355	106,904	52,741	159,645	836,000
Occupancy	792,851	115,482	235,449	84,796	200,568	1,429,146	356,437	180,350	536,787	1,965,933
Supplies	20,813	2,822	6,493	2,023	14,670	46,821	13,231	3,906	17,137	63,958
Printing and publications	2,095	151	33,077	790	255,032	291,145	5,176	704	5,880	297,025
Equipment repairs and maintenance	74,164	11,453	30,220	8,349	19,389	143,575	34,589	16,993	51,582	195,157
Memberships and subscriptions	22,108	4,317	587	5,067	20,440	52,519	16,544	15,825	32,369	84,888
Staff and volunteer training and support	22,559	1,308	2,872	1,415	2,146	30,300	10,358	6,073	16,431	46,731
Travel and related costs	32,368	828	15,910	562	13,981	63,649	34,450	14,184	48,634	112,283
Marketing and promotion	4,430	6,105	—	2,090	2,187	14,812	15,000	30,832	45,832	60,644
Insurance	76,156	11,738	27,638	8,535	20,012	144,079	33,610	15,312	48,922	193,001
Miscellaneous	53,342	123	32	99	41,716	95,312	10,714	4,704	15,418	110,730
Total functional expenses before depreciation and amortization	5,551,943	2,106,221	82,882,064	2,092,227	3,647,297	96,279,752	3,495,161	1,969,816	5,464,977	101,744,729
Depreciation and amortization	132,998	21,980	2,510	16,245	36,556	210,289	59,082	47,177	106,259	316,548
Total expenses	\$ 5,684,941	2,128,201	82,884,574	2,108,472	3,683,853	96,490,041	3,554,243	2,016,993	5,571,236	102,061,277
Direct benefit costs of special events									281,424	281,424
									\$ 5,852,660	102,342,701

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (2,233,434)	2,165,389
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	329,819	316,548
Reduction in the carrying amount of the ROU operating lease asset	1,152,601	—
Reduction in the carrying amount of the ROU finance lease asset	106,684	—
Forgiveness of Payroll Protection Program refundable advance (note 11)	—	(1,861,575)
Realized and unrealized (gains) losses on investments	(2,172,701)	2,445,206
Changes in operating assets and liabilities:		
Increase in (release of) restricted cash	2,500	(22,293)
Grants and contributions receivable	(3,016,708)	2,877,042
Prepaid expenses and other assets	892,192	(247,953)
Accounts payable and accrued liabilities	(739,524)	816,062
Deferred revenue	(1,058,557)	(178,631)
Co-payment assistance obligations	(5,727,350)	2,966,103
Operating lease liability	(1,391,899)	—
Deferred rent	—	(210,798)
Accrued postretirement benefit cost	(12,289)	(14,313)
Annuities payable	(23,158)	(33,939)
Net cash (used in) provided by operating activities	(13,891,824)	9,016,848
Cash flows from investing activities:		
Proceeds from sales of investments	92,291,071	3,621,743
Purchases of investments	(82,804,771)	(11,403,751)
Purchase of property and equipment	(888,263)	(721,527)
Net cash provided by (used in) investing activities	8,598,037	(8,503,535)
Cash flows from financing activity:		
Finance lease liability	(106,684)	—
Net cash used in financing activity	(106,684)	—
Net (decrease) increase in cash and cash equivalents	(5,400,471)	513,313
Cash, cash equivalents, and restricted cash at beginning of year (note 1(f))	6,841,641	6,328,328
Cash, cash equivalents, and restricted cash at end of year	\$ 1,441,170	6,841,641
Reconciling amounts reported within the consolidated balance sheets:		
Cash and cash equivalents	\$ 1,422,792	6,825,763
Restricted cash included in prepaid expenses and other assets	18,378	15,878
Total cash, cash equivalents, and restricted cash	\$ 1,441,170	6,841,641
Supplemental disclosures of noncash flow information:		
Noncash financing activity – Forgiveness of Payroll Protection Program refundable advance	\$ —	1,861,575
ROU asset obtained in exchange for operating lease liabilities upon adoption of ASU 842	4,456,018	—
ROU asset obtained in exchange for finance lease liabilities upon adoption of ASU 842	308,083	—
Deferred rent liability included in operating lease right-of-use assets upon adoption of ASU 842	(812,159)	—
Operating lease obligations incurred at adoption of ASU 842	4,456,018	—
Finance lease obligations incurred at adoption of ASU 842	308,083	—

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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 master's-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, 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 co-payment 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 counselling services are offered by professional oncology social workers. The Organization's professional resource navigators and oncology social workers provide cancer-focused guidance services including practical information about treatment, resources in the community, and helping patients improve communication with their medical team and loved ones.

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

Co-payment assistance (Co-Pay Foundation) – Provides financial assistance to individuals with cancer in the form of co-payment 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.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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, 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 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 position. No provision for income taxes was required for fiscal year 2023 or 2022.

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. A portion of net assets with donor restrictions consist of endowment funds.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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. Estimates made in the preparation of the consolidated financial statements include co-payment assistance obligations and functional expense allocations. Actual results could differ from those estimates.

(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 or published prices per share in active markets for identical assets or liabilities

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

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

(d) Contributions

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.

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 co-pay 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. Donor-restricted contributions that are received within the same reporting period in which the restrictions are satisfied are recognized as net assets without donor restrictions.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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.

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

	2023			2022		
	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	\$ 1,505,000	9,102,464	10,459,864	1,347,628	6,126,749	7,309,377
Percentage of grants and contributions receivable	84 %	100 %	96 %	77 %	100 %	93 %
For the year ended June 30:						
Contributions as defined above	\$ 14,982,581	80,527,998	95,510,579	15,234,311	87,752,347	102,986,658
Contributions from the five largest donors	2,884,149	77,623,000	78,863,714	4,266,667	78,185,000	79,423,833
Percentage of contributions	19 %	96 %	83 %	28 %	89 %	77 %

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 \$805,367 (\$875,000 net of present value discount of \$69,633) is due in installments from fiscal years 2025 to 2029. The remaining balance is expected to be collected in fiscal year 2024.

(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.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

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

	<u>2023</u>	<u>2022</u>
Medical and oncology publication advertising	\$ 53,987	130,651
Professional speakers on Connect Education Workshops	1,093,050	1,225,350
Social work student interns	163,586	153,916
Google ad words	118,094	113,994
	<u>\$ 1,428,717</u>	<u>1,623,911</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.

(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. The Organization considers the \$18,378 security deposit for leases as restricted cash, which is recorded in prepaid expenses and other assets.

(g) Investments and Investment Income

Investments are reported at fair value based on quoted or published 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, Equipment, and Internal Use Software

Property, equipment, and internal use software 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.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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 in long-term investments 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 2023 and 2022 was 4.2% and 3.6%, respectively. State-mandated insurance reserves related to these agreements are maintained at required levels.

(j) Co-payment 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 24 and 26 funds with patient-liability balances for the fiscal years ended June 30, 2023 and 2022, 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.

The Co-Pay Foundation records a co-payment 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) 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.

(l) Recently Adopted Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, on a modified retrospective basis effective July 1, 2022. The update required the recognition of right-of-use (ROU) lease assets and liabilities on the consolidated balance sheet and the disclosure of qualitative and quantitative information about leasing arrangements. The Organization elected the effective date method to adopt this standard. All leases that existed at the effective date were recognized and measured using a modified retrospective approach without restating prior comparative periods. The adoption of the new standard resulted in the Organization recognizing a ROU asset, net – operating of \$3,643,859, a ROU asset – finance of \$308,083, operating lease obligations of \$4,456,018 and finance

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

lease obligations of \$308,083, at July 1, 2022. The difference between the ROU asset and lease liability at July 1, 2022 is primarily related to existing deferred rent and prepaid rent balances, which are required to be netted against the right-of-use asset.

(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, 2023 and 2022. There were no Level 2 or Level 3 assets as of June 30, 2023 or 2022.

	2023	2022
	Level 1	
Financial assets:		
Short-term investments:		
Certificates of deposit	\$ 4,837,979	537,783
Money market funds	4,406,305	168,552
Corporate and municipal bonds	60,604,250	77,590,090
Total short-term investments	\$ 69,848,534	78,296,425
Long-term investments:		
Cash equivalents	\$ 142,421	171,464
Fixed-income funds:		
Government domestic	3,174,662	1,989,113
Corporate domestic	2,102,740	3,236,187
Equity funds:		
Domestic	5,323,460	4,478,646
International	2,444,425	2,178,006
Total long-term investments	\$ 13,187,708	12,053,416

The board of trustees designated \$13,071,634 and \$11,244,110 of long-term investments as of June 30, 2023 and 2022, respectively, as a quasi-endowment to provide for the long-term financial stability of the Organization. The quasi-endowment calculation is 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:

	2023	2022
Interest and dividends, net of expenses	\$ 1,655,154	966,165
Realized and unrealized gains (losses) on investments	2,054,923	(2,822,264)
	\$ 3,710,077	(1,856,099)

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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 co-payment assistance—as those expenses are funded by restricted donations dependent on patient demand. The following represents the financial assets and liquidity resources available within one year for general expenditures as of June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,422,792	6,825,763
Short-term investments	69,848,534	78,296,425
Grants and contributions receivable	10,901,308	7,884,600
Long-term investments	<u>13,187,708</u>	<u>12,053,416</u>
Total financial assets available within one year	<u>95,360,342</u>	<u>105,060,204</u>
Less:		
Financial assets not available within one year:		
Grants and contributions receivable	—	—
Endowment, net of present value discount	(450,061)	(436,952)
Financial assets restricted to direct disbursements to patients and families	<u>(70,590,075)</u>	<u>(82,061,881)</u>
Total financial assets not available within one year	(71,040,136)	(82,498,833)
Amounts unavailable to management without board approval	<u>(13,071,634)</u>	<u>(11,244,110)</u>
Total amounts unavailable for general expenditures	<u>(84,111,770)</u>	<u>(93,742,943)</u>
Total amount of financial assets available to management for general expenditure within one year	<u>\$ 11,248,572</u>	<u>11,317,261</u>

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(4) Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 1,839,713	1,839,713
Telephone equipment	216,869	210,817
Leasehold improvements	3,634,391	3,634,514
Computer equipment	443,539	359,071
Software for internal use	1,479,642	681,776
	<u>7,614,154</u>	<u>6,725,891</u>
Less accumulated depreciation and amortization	<u>5,395,004</u>	<u>5,065,185</u>
	<u>\$ 2,219,150</u>	<u>1,660,706</u>

(5) Co-payment Assistance Obligations

Co-payment assistance obligations represent the unpaid portion of co-payment 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. Co-payment 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 co-payment assistance program is funded by contributions with donor restrictions, simultaneously for each award transaction, co-payment assistance obligations are recorded and a corresponding amount of revenue is released from net assets with donor restrictions to net assets without donor restrictions. Co-payment 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 \$458,186 and \$473,004 to the defined-contribution plan during the years ended June 30, 2023 and 2022, respectively.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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>2023</u>	<u>2022</u>
Accrued postretirement benefit cost recognized in the Organization's consolidated balance sheets	\$ 96,296	108,585
Benefits cost	6,289	7,113
Benefits paid	6,000	7,200

(7) Leases

As discussed in note 1(l) the Organization adopted ASU 2016-02, *Leases (Topic 842)*, on a modified retrospective basis effective July 1, 2022; accordingly, the comparative information as of June 30, 2022 has not been adjusted and continue to be reported under the previous lease standard. Under the new lease standard, ROU assets and operating lease liabilities that arise from all leases are required to be recognized on the balance sheet for leases. Previously, only capital leases, which are now referred to as finance leases, were recorded on the balance sheets.

The Organization rents space under noncancelable operating leases for its headquarters, regional offices, and a thrift shop.

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 commenced on July 1, 2010 and will expire on June 30, 2025. Of the approximately \$3.1 million total annual minimum rental commitments as of June 30, 2023, approximately \$2.7 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. Amounts are recorded annually in other income on the consolidated statements of activities. The remaining net sublet income is \$2.5 million for the year ending June 30, 2024 and \$1.2 million for the year ending June 30, 2025.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents the components of the ROU assets and liabilities related to leases and their classification in the consolidated balance sheet at June 30, 2023:

Components of lease balance	Classification in consolidated balance sheet		
Assets:			
Operating lease assets	ROU asset, net – operating	\$	2,491,258
Finance lease assets	ROU asset – finance		201,399
Total leased assets		\$	2,692,657
Liabilities:			
Operating lease liabilities	Operating lease obligation	\$	3,064,119
Finance lease liabilities	Finance lease obligation		201,399
Total lease liabilities		\$	3,265,518

The weighted average lease terms and discount rates for operating and finance leases at June 30, 2023 are presented in the following table:

Weighted average remaining lease term (years):		
Operating leases		2.1 years
Finance leases		2.2 years
Operating leases		2.82 %
Finance leases		2.82 %

Cash flow and other information related to leases is included in the following table for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	1,391,899
Financing cash flows from finance leases		106,684
ROU assets obtained in exchange for lease obligations:		
Operating leases		3,643,859
Finance leases		308,083

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Future maturities of lease liabilities at June 30, 2023 are presented in the following table:

	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2024	\$ 1,528,988	109,617	1,638,605
2025	1,456,527	56,723	1,513,250
2026	78,604	29,899	108,503
2027 and thereafter	—	5,160	5,160
Total lease payments	<u>\$ 3,064,119</u>	<u>201,399</u>	<u>3,265,518</u>

The ROU assets represent the Organization's right to use the underlying assets for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization elected to utilize the risk-free-rate-of-return for all operating and finance leases to determine the present value of lease payments.

(8) Net Assets

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

	<u>2023</u>	<u>2022</u>
Co-payment assistance	\$ 47,763,180	52,081,616
Patient assistance	1,996,535	3,086,214
Other program support	1,706,771	1,478,122
Time restricted	510,000	597,500
Endowment	450,061	436,952
	<u>\$ 52,426,547</u>	<u>57,680,404</u>

The Organization has one donor-restricted endowment funds. Additionally, the Organization has a board-designated quasi-endowment fund established to provide for the long-term stability of the Organization.

As of June 30, 2023 and 2022, 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, 2023 and 2022

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

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 11,244,110	11,766,882
Net appreciation (depreciation) in fair value of investments	1,058,110	(1,434,865)
Designations	<u>769,414</u>	<u>912,093</u>
Endowment net assets, end of year	<u>\$ 13,071,634</u>	<u>11,244,110</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 2023 and 2022, the Organization incurred joint costs of \$155,608 and \$296,574, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$36,340 and \$71,951, respectively, was allocated to information and publications expenses and \$119,268 and \$224,623 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 complement the mission of Cancer Care. Through a grant to its supported organization of \$3.5 million in 2023 and \$3.0 million in 2022, the Co-Pay Foundation receives a comprehensive array of patient support services for individuals who apply for or receive co-payment assistance. Such services include individual and group counseling in person, over the telephone, or online; 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 amounts are eliminated in consolidation.

(11) Payroll Protection Program Refundable Advance

On March 11, 2020, the World Health Organization designated COVID-19 as a 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. Any portion of the loan that is not forgiven will be assessed at a 1% interest rate payable over a five-year period. The Organization applied for complete forgiveness in accordance with the provisions for loan forgiveness in July 2021 and the application for forgiveness was approved in September 2021.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(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, 2023 through January 29, 2024, 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.

CANCER CARE, INC.

Consolidating Schedule – Balance Sheet Information

June 30, 2023

Assets	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Cash and cash equivalents	\$ 830,088	592,704	—	1,422,792
Short-term investments	4,837,979	65,010,555	—	69,848,534
Intercompany receivable	930,268	—	(930,268)	—
Grants and contributions receivable	1,798,844	9,102,464	—	10,901,308
Prepaid expenses and other assets	865,733	211,445	—	1,077,178
Long-term investments	13,187,708	—	—	13,187,708
Right-of-use assets, net – operating	2,491,258	—	—	2,491,258
Right-of-use assets – finance	201,399	—	—	201,399
Property and equipment, net	732,991	1,486,159	—	2,219,150
Total assets	\$ 25,876,268	76,403,327	(930,268)	101,349,327
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,568,749	3,092,185	—	4,660,934
Intercompany payable	—	930,268	(930,268)	—
Deferred revenue	604,249	—	—	604,249
Co-payment assistance obligations	—	18,520,787	—	18,520,787
Operating lease obligation	3,064,119	—	—	3,064,119
Finance lease obligation	201,399	—	—	201,399
Accrued postretirement benefit cost	96,296	—	—	96,296
Annuities payable	106,455	—	—	106,455
Total liabilities	5,641,267	22,543,240	(930,268)	27,254,239
Commitments				
Net assets:				
Without donor restrictions:				
Board-designated	13,071,634	—	—	13,071,634
Undesignated	2,500,000	6,096,907	—	8,596,907
Total without donor restrictions	15,571,634	6,096,907	—	21,668,541
With donor restrictions	4,663,367	47,763,180	—	52,426,547
Total net assets	20,235,001	53,860,087	—	74,095,088
Total liabilities and net assets	\$ 25,876,268	76,403,327	(930,268)	101,349,327

See accompanying independent auditors' report.

CANCER CARE, INC.

Consolidating Schedule – Statement of Activities Information

Year ended June 30, 2023

	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	\$ 4,567,643	—	—	4,567,643
Special events, net	1,359,802	—	—	1,359,802
Donated goods and services	1,428,717	—	—	1,428,717
Legacies and bequests	979,174	168,967	—	1,148,141
Direct marketing	219,377	—	—	219,377
Contributions from individuals	1,132,894	21,031	—	1,153,925
Sponsorships and cause-related marketing	38,217	—	—	38,217
United Way, federal, and state campaigns	18,811	—	—	18,811
Total contributions	<u>9,744,635</u>	<u>189,998</u>	<u>—</u>	<u>9,934,633</u>
Revenue:				
Investment return on short-term investments	52,651	2,523,210	—	2,575,861
Fee for service	10,000	—	—	10,000
Support from related organization (note 10)	3,500,000	—	(3,500,000)	—
Other income	1,116,901	141,548	—	1,258,449
Total revenue	<u>4,679,552</u>	<u>2,664,758</u>	<u>(3,500,000)</u>	<u>3,844,310</u>
Total contributions and revenue before net assets released from donor restrictions	<u>14,424,187</u>	<u>2,854,756</u>	<u>(3,500,000)</u>	<u>13,778,943</u>
Net assets released from donor restrictions:				
Satisfaction of time and purpose program restrictions – foundations and corporations	6,143,367	84,656,436	—	90,799,803
Satisfaction of time and purpose program restrictions – individuals	30,000	—	—	30,000
Total net assets released from donor restrictions	<u>6,173,367</u>	<u>84,656,436</u>	<u>—</u>	<u>90,829,803</u>
Total contributions and revenues	<u>20,597,554</u>	<u>87,511,192</u>	<u>(3,500,000)</u>	<u>104,608,746</u>
Expenses:				
Program services:				
Counseling and support	5,475,841	—	—	5,475,841
Financial assistance	3,353,346	—	—	3,353,346
Co-payment assistance	—	85,768,909	(3,500,000)	82,268,909
Education	2,145,411	—	—	2,145,411
Information, awareness, and policy	3,674,646	64,231	—	3,738,877
Total program services	<u>14,649,244</u>	<u>85,833,140</u>	<u>(3,500,000)</u>	<u>96,982,384</u>
Supporting services:				
Fundraising	3,404,141	317,793	—	3,721,934
Management and general	1,850,861	167,360	—	2,018,221
Total supporting services	<u>5,255,002</u>	<u>485,153</u>	<u>—</u>	<u>5,740,155</u>
Total expenses	<u>19,904,246</u>	<u>86,318,293</u>	<u>(3,500,000)</u>	<u>102,722,539</u>
Increase in net assets without donor restrictions before investment return on long-term investments	693,308	1,192,899	—	1,886,207
Investment return on long-term investments, net	1,134,216	—	—	1,134,216
Increase in net assets without donor restrictions	<u>1,827,524</u>	<u>1,192,899</u>	<u>—</u>	<u>3,020,423</u>
Change in net assets with donor restrictions:				
Contributions from foundations and corporations	5,211,446	80,338,000	—	85,549,446
Contributions from individuals	26,500	—	—	26,500
Net assets released from donor restrictions – foundations and corporations	(6,143,367)	(84,656,436)	—	(90,799,803)
Net assets released from donor restrictions – individuals	(30,000)	—	—	(30,000)
Decrease in net assets with donor restrictions	<u>(935,421)</u>	<u>(4,318,436)</u>	<u>—</u>	<u>(5,253,857)</u>
Increase (decrease) in net assets	892,103	(3,125,537)	—	(2,233,434)
Net assets at beginning of year	19,342,898	56,985,624	—	76,328,522
Net assets at end of year	<u>\$ 20,235,001</u>	<u>53,860,087</u>	<u>—</u>	<u>74,095,088</u>

See accompanying independent auditors' report.

CANCER CARE, INC.

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

Year ended June 30, 2023

	Counseling and support	Financial assistance	Education	Information, awareness, and policy	Subtotal	Fundraising	Management and general	Subtotal	Total
Salaries	\$ 2,638,686	515,242	348,967	1,378,059	4,880,954	1,682,511	945,964	2,628,475	7,509,429
Employee health and retirement benefits	870,785	150,616	108,813	208,113	1,338,327	441,247	179,897	621,144	1,959,471
Payroll taxes	194,232	36,953	25,006	91,882	348,073	120,604	64,098	184,702	532,775
Total salaries and related expenses	3,703,703	702,811	482,786	1,678,054	6,567,354	2,244,362	1,189,959	3,434,321	10,001,675
Direct disbursements to patients and families	—	2,392,720	—	—	2,392,720	—	—	—	2,392,720
Donated goods and services	163,586	—	1,093,050	172,081	1,428,717	—	—	—	1,428,717
Contract services	77,747	32,576	174,819	1,343,906	1,629,048	406,699	267,834	674,533	2,303,581
Postage and shipping	23,932	11,317	3,535	14,265	53,049	33,003	(4,567)	28,436	81,485
Telephone and data	208,186	38,055	262,200	61,050	569,491	107,279	49,342	156,621	726,112
Occupancy	772,095	114,475	83,550	184,269	1,154,389	368,337	200,102	568,439	1,722,828
Supplies	35,701	6,036	4,313	30,091	76,141	19,539	7,324	26,863	103,004
Printing and publications	2,883	400	112	59,518	62,913	4,950	1,876	6,826	69,739
Equipment repairs and maintenance	60,220	9,514	6,842	15,503	92,079	30,912	12,480	43,392	135,471
Memberships and subscriptions	22,760	4,095	4,428	14,763	46,046	13,340	16,154	29,494	75,540
Staff and volunteer training and support	27,618	2,496	1,719	3,618	35,451	14,630	5,682	20,312	55,763
Travel and related costs	85,373	1,367	827	22,081	109,648	46,271	16,583	62,854	172,502
Marketing and promotion	1,857	67	45	4,323	6,292	3,432	16,392	19,824	26,116
Insurance	82,692	14,144	10,178	21,517	128,531	40,137	17,102	57,239	185,770
Miscellaneous	74,753	226	163	13,580	88,722	6,304	3,592	9,896	98,618
Total functional expenses before depreciation and amortization	5,343,106	3,330,299	2,128,567	3,638,619	14,440,591	3,339,195	1,799,855	5,139,050	19,579,641
Depreciation and amortization	132,735	23,047	16,844	36,027	208,653	64,946	51,006	115,952	324,605
Total expenses	\$ 5,475,841	3,353,346	2,145,411	3,674,646	14,649,244	3,404,141	1,850,861	5,255,002	19,904,246
Direct benefit costs of special events								394,617	394,617
								\$ 5,649,619	20,298,863

See accompanying independent auditors' report.

CANCER CARE, INC.

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

Year ended June 30, 2023

	Co-payment assistance	Information and awareness	Subtotal	Fundraising	Management and general	Subtotal	Total
Salaries	\$ 1,370,067	40,459	1,410,526	193,934	100,439	294,373	1,704,899
Employee health and retirement benefits	419,196	9,525	428,721	29,240	17,321	46,561	475,282
Payroll taxes	92,086	2,526	94,612	10,168	6,243	16,411	111,023
Total salaries and related expenses	1,881,349	52,510	1,933,859	233,342	124,003	357,345	2,291,204
Direct disbursements to patients	78,773,840	—	78,773,840	—	—	—	78,773,840
Grant to Cancer Care (note 10)	3,500,000	—	3,500,000	—	—	—	3,500,000
Contract services	1,052,922	15	1,052,937	36,284	23,373	59,657	1,112,594
Postage and shipping	61,616	249	61,865	694	416	1,110	62,975
Telephone and data	92,867	2,477	95,344	7,458	4,139	11,597	106,941
Occupancy	260,034	6,781	266,815	18,484	11,753	30,237	297,052
Supplies	15,313	413	15,726	1,124	690	1,814	17,540
Printing and publications	30,575	11	30,586	2,752	18	2,770	33,356
Equipment repairs and maintenance	31,505	653	32,158	1,946	1,091	3,037	35,195
Memberships and subscriptions	587	—	587	392	—	392	979
Staff and volunteer training and support	6,101	164	6,265	470	273	743	7,008
Travel and related costs	12,002	(13)	11,989	8,297	(22)	8,275	20,264
Marketing and promotion	5,400	—	5,400	3,600	—	3,600	9,000
Insurance	36,055	971	37,026	2,641	1,626	4,267	41,293
Miscellaneous	3,827	—	3,827	11	—	11	3,838
Total functional expenses before depreciation	85,763,993	64,231	85,828,224	317,495	167,360	484,855	86,313,079
Depreciation	4,916	—	4,916	298	—	298	5,214
Total expenses	<u>\$ 85,768,909</u>	<u>64,231</u>	<u>85,833,140</u>	<u>317,793</u>	<u>167,360</u>	<u>485,153</u>	<u>86,318,293</u>

See accompanying independent auditors' report.

CANCER CARE, INC.

Consolidating Schedule – Statement of Cash Flows Information

Year ended June 30, 2023

	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Cash flows from operating activities:				
Increase (decrease) in net assets	\$ 892,103	(3,125,537)	—	(2,233,434)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:				
Depreciation and amortization	324,605	5,214	—	329,819
Reduction in the carrying amount of the ROU operating lease asset	1,152,601	—	—	1,152,601
Reduction in the carrying amount of the ROU finance lease asset	106,684	—	—	106,684
Realized and unrealized gains on investments	(923,634)	(1,249,067)	—	(2,172,701)
Changes in operating assets and liabilities:				
Increase in restricted cash	2,500	—	—	2,500
Intercompany receivable	(626,552)	—	626,552	—
Grants and contributions receivable	(40,993)	(2,975,715)	—	(3,016,708)
Prepaid expenses and other assets	734,084	158,108	—	892,192
Accounts payable and accrued liabilities	(276,743)	(462,781)	—	(739,524)
Intercompany payable	—	626,552	(626,552)	—
Deferred revenue	(1,058,557)	—	—	(1,058,557)
Co-payment assistance obligations	—	(5,727,350)	—	(5,727,350)
Operating lease liability	(1,391,899)	—	—	(1,391,899)
Accrued postretirement benefit cost	(12,289)	—	—	(12,289)
Annuities payable	(23,158)	—	—	(23,158)
Net cash used in operating activities	<u>(1,141,248)</u>	<u>(12,750,576)</u>	<u>—</u>	<u>(13,891,824)</u>
Cash flows from investing activities:				
Proceeds from sales of investments	2,524,169	89,766,902	—	92,291,071
Purchases of investments	(7,035,023)	(75,769,748)	—	(82,804,771)
Purchase of property and equipment	(90,396)	(797,867)	—	(888,263)
Net cash (used in) provided by investing activities	<u>(4,601,250)</u>	<u>13,199,287</u>	<u>—</u>	<u>8,598,037</u>
Cash flows from financing activity:				
Finance lease liability	(106,684)	—	—	(106,684)
Net cash used in financing activity	<u>(106,684)</u>	<u>—</u>	<u>—</u>	<u>(106,684)</u>
Net (decrease) increase in cash and cash equivalents	(5,849,182)	448,711	—	(5,400,471)
Cash, cash equivalents, and restricted cash at beginning of year (note 1(f))	6,697,648	143,993	—	6,841,641
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 848,466</u>	<u>592,704</u>	<u>—</u>	<u>1,441,170</u>
Reconciling amounts reported within the consolidated balance sheets:				
Cash and cash equivalents	\$ 830,088	592,704	—	1,422,792
Restricted cash included in prepaid expenses and other assets	18,378	—	—	18,378
Total cash, cash equivalents, and restricted cash	<u>\$ 848,466</u>	<u>592,704</u>	<u>—</u>	<u>1,441,170</u>
Supplemental disclosures of cash flow information:				
ROU asset obtained in exchange for operating lease liabilities upon adoption of ASU 842	\$ 4,456,018	—	—	4,456,018
ROU asset obtained in exchange for finance lease liabilities upon adoption of ASU 842	308,083	—	—	308,083
Deferred rent liability included in operating lease right-of-use assets upon adoption of ASU 842	(812,159)	—	—	(812,159)
Operating lease obligations incurred at adoption of ASU 842	4,456,018	—	—	4,456,018
Finance lease obligations incurred at adoption of ASU 842	308,083	—	—	308,083

See accompanying notes to consolidated financial statements.