



CANCER CARE, INC.

Consolidated Financial Statements and Schedules

June 30, 2014 and 2013

(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, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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, 2014 and 2013, and changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

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 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 2014 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2014 consolidated financial statements as a whole.

KPMG LLP

May 19, 2015

CANCER CARE, INC.
Consolidated Balance Sheets
June 30, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	\$ 3,487,350	1,608,673
Short-term investments (note 2)	22,457,550	23,680,042
Grants and contributions receivable	2,120,885	1,874,128
Prepaid expenses and other assets (note 3)	2,668,053	846,606
Long-term investments (note 2)	15,438,995	12,295,102
Property and equipment, net (note 3)	2,913,824	3,379,954
Total assets	\$ 49,086,657	43,684,505
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,206,302	1,201,065
Refundable advances	270,743	126,666
Co-payment assistance obligations (note 4)	5,267,562	11,909,927
Deferred rent (notes 3 and 6)	1,645,238	1,516,850
Accrued postretirement benefit cost (note 5)	228,093	251,790
Annuities payable	144,972	164,868
Total liabilities	9,762,910	15,171,166
Commitments (note 6)		
Net assets:		
Unrestricted:		
Board designated (notes 2 and 7)	11,775,799	10,296,853
Undesignated	8,771,654	8,648,885
Total unrestricted	20,547,453	18,945,738
Temporarily restricted (note 7)	18,776,294	9,567,601
Total net assets	39,323,747	28,513,339
Total liabilities and net assets	\$ 49,086,657	43,684,505

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statements of Activities

Years ended June 30, 2014 and 2013

	2014	2013
Change in unrestricted net assets:		
Contributions and revenues:		
Contributions:		
Foundations and corporations	\$ 2,989,438	3,093,849
Special events, net	1,724,539	1,657,672
Donated goods and services	2,677,075	2,700,607
Legacies and bequests	2,281,874	1,358,882
Direct marketing	364,827	416,616
Contributions from individuals	680,113	711,148
Sponsorships and cause-related marketing	436,477	424,839
United Way, federal and state campaigns	89,179	107,095
Thrift shop sales, net	277,496	204,076
Total contributions	11,521,018	10,674,784
Revenues:		
Interest and dividends	80,620	38,203
Other income	274,302	40,876
Total revenues	354,922	79,079
Total contributions and revenues before net assets released from restrictions	11,875,940	10,753,863
Net assets released from restrictions:		
Satisfaction of program restrictions – foundations and corporations	20,094,654	27,255,683
Satisfaction of program restrictions – individuals	30,000	88,600
Total net assets released from restrictions	20,124,654	27,344,283
Total contributions and revenues	32,000,594	38,098,146
Expenses (note 8):		
Program services:		
Counseling and support	4,857,955	4,834,605
Financial assistance	4,362,729	4,558,138
Co-payment assistance	14,084,401	20,861,162
Education	1,654,956	1,674,973
Information and publications	3,648,162	4,068,612
Total program services	28,608,203	35,997,490
Supporting services:		
Fund-raising	2,487,748	2,594,309
Management and general	950,822	885,435
Total supporting services	3,438,570	3,479,744
Total expenses	32,046,773	39,477,234
Decrease in unrestricted net assets before net appreciation on long-term investments	(46,179)	(1,379,088)
Net appreciation on long-term investments, net (note 2)	1,647,894	1,220,699
Increase (decrease) in unrestricted net assets	1,601,715	(158,389)
Change in temporarily restricted net assets:		
Contributions from foundations and corporations	29,333,347	26,926,397
Net assets released from restrictions – foundations and corporations	(20,094,654)	(27,255,683)
Net assets released from restrictions – individuals	(30,000)	(88,600)
Increase (decrease) in temporarily restricted net assets	9,208,693	(417,886)
Increase (decrease) in net assets	10,810,408	(576,275)
Net assets at beginning of year	28,513,339	29,089,614
Net assets at end of year	\$ 39,323,747	28,513,339

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2014

	Program services					Supporting services				
	Counseling and support	Financial assistance	Co-payment assistance	Education	Information and publications	Subtotal	Fund-raising	Management and general	Subtotal	Total
Salaries	\$ 2,446,728	403,784	1,031,516	298,734	607,494	4,788,256	1,102,618	408,102	1,510,720	6,298,976
Employee health and retirement benefits	429,563	89,219	251,448	55,768	108,109	934,107	166,709	57,664	224,373	1,158,480
Payroll taxes	173,007	28,367	69,608	21,125	40,314	332,421	78,232	21,670	99,902	432,323
Total salaries and related expenses	3,049,298	521,370	1,352,572	375,627	755,917	6,054,784	1,347,559	487,436	1,834,995	7,889,779
Direct disbursements to patients and families	55,488	3,477,190	11,481,815	—	650	15,015,143	—	—	—	15,015,143
Donated goods and services	117,131	—	—	684,700	1,875,243	2,677,074	—	—	—	2,677,074
Contract services	123,076	93,224	711,513	18,861	394,355	1,341,029	365,194	204,471	569,665	1,910,694
Postage and shipping	26,439	34,286	21,211	105,883	54,104	241,923	144,089	2,825	146,914	388,837
Telephone	135,859	9,396	39,360	190,846	14,567	390,028	21,573	10,925	32,498	422,526
Occupancy	775,797	124,435	318,989	81,913	194,154	1,495,288	284,958	135,549	420,507	1,915,795
Supplies	30,558	6,835	18,437	4,386	13,399	73,615	14,958	5,834	20,792	94,407
Printing and publications	12,085	3,718	21,613	128,864	200,498	366,778	40,153	1,005	41,158	407,936
Equipment repairs and maintenance	53,349	7,969	20,805	6,023	9,598	97,744	49,558	13,873	63,431	161,175
Memberships and subscriptions	8,047	464	—	2,702	4,409	15,622	10,168	1,361	11,529	27,151
Staff and volunteer training and support	43,887	11,381	6,338	10,844	11,825	84,275	27,964	22,905	50,869	135,144
Travel and related costs	66,966	7,255	29,163	3,002	27,275	133,661	25,860	2,276	28,136	161,797
Marketing and promotion	1,007	—	2,842	—	9,959	13,808	19,595	88	19,683	33,491
Interest and taxes	381	50	9	36	76	552	164	151	315	867
Insurance	43,488	9,044	27,838	5,650	10,759	96,779	17,052	5,345	22,397	119,176
Miscellaneous	56,678	9,914	24,408	6,662	12,881	110,543	21,805	10,443	32,248	142,791
Total functional expenses before depreciation and amortization	4,599,534	4,316,531	14,076,913	1,625,999	3,589,669	28,208,646	2,390,650	904,487	3,295,137	31,503,783
Depreciation and amortization	258,421	46,198	7,488	28,957	58,493	399,557	97,098	46,335	143,433	542,990
Total expenses	\$ 4,857,955	4,362,729	14,084,401	1,654,956	3,648,162	28,608,203	2,487,748	950,822	3,438,570	32,046,773
Direct benefit costs of special events									368,416	368,416
Direct cost of thrift shop									569,815	569,815
									\$ 4,376,801	32,985,004

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statement of Functional Expenses

Year ended June 30, 2013

	Program services					Supporting services				
	Counseling and support	Financial assistance	Co-payment assistance	Education	Information and publications	Subtotal	Fund-raising	Management and general	Subtotal	Total
Salaries	\$ 2,409,353	449,551	1,185,197	298,363	675,799	5,018,263	1,220,906	466,957	1,687,863	6,706,126
Employee health and retirement benefits	450,011	97,941	171,827	52,422	122,697	894,898	195,137	46,715	241,852	1,136,750
Payroll taxes	171,614	30,511	129,628	20,263	49,068	401,084	87,386	24,048	111,434	512,518
Total salaries and related expenses	3,030,978	578,003	1,486,652	371,048	847,564	6,314,245	1,503,429	537,720	2,041,149	8,355,394
Direct disbursements to patients and families	53,534	3,631,182	18,637,432	—	—	22,322,148	—	—	—	22,322,148
Donated goods and services	114,781	—	—	768,000	1,817,826	2,700,607	—	—	—	2,700,607
Contract services	83,746	84,235	165,707	11,023	707,449	1,052,160	319,264	173,934	493,198	1,545,358
Postage and shipping	25,183	49,358	64,669	98,921	72,469	310,600	114,551	3,326	117,877	428,477
Telephone	112,273	7,598	40,530	172,281	12,726	345,408	18,167	10,578	28,745	374,153
Occupancy	920,767	114,942	306,411	63,012	180,650	1,585,782	253,693	78,734	332,427	1,918,209
Supplies	31,879	7,357	19,353	4,053	14,774	77,416	17,956	5,246	23,202	100,618
Printing and publications	10,362	4,175	20,428	139,973	215,034	389,972	51,891	3,182	55,073	445,045
Equipment repairs and maintenance	46,818	6,978	26,767	3,921	10,190	94,674	53,396	12,373	65,769	160,443
Memberships and subscriptions	6,869	567	712	2,208	25,961	36,317	5,559	1,597	7,156	43,473
Staff and volunteer training and support	9,244	1,392	748	944	30,201	42,529	59,080	3,285	62,365	104,894
Travel and related costs	27,335	2,826	36,857	2,751	27,960	97,729	31,903	4,748	36,651	134,380
Marketing and promotion	1,502	—	260	—	3,593	5,355	22,199	—	22,199	27,554
Interest and taxes	225	21	—	13	84	343	168	74	242	585
Insurance	40,446	8,856	22,481	4,732	11,172	87,687	17,483	5,475	22,958	110,645
Miscellaneous	82,386	8,661	22,766	4,848	24,194	142,855	20,276	6,158	26,434	169,289
Total functional expenses before depreciation and amortization	4,598,328	4,506,151	20,851,773	1,647,728	4,001,847	35,605,827	2,489,015	846,430	3,335,445	38,941,272
Depreciation and amortization	236,277	51,987	9,389	27,245	66,765	391,663	105,294	39,005	144,299	535,962
Total expenses	\$ 4,834,605	4,558,138	20,861,162	1,674,973	4,068,612	35,997,490	2,594,309	885,435	3,479,744	39,477,234
Direct benefit costs of special events									342,605	342,605
Direct cost of thrift shop									558,485	558,485
									\$ 4,380,834	40,378,324

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 10,810,408	(576,275)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	542,990	535,962
Realized and unrealized gains on investments	(1,468,490)	(522,692)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(246,757)	532,404
Prepaid expenses and other assets	(1,821,447)	263,746
Accounts payable and accrued liabilities	1,005,237	52,062
Refundable advances	144,077	(9,822)
Co-payment assistance obligations	(6,642,365)	(7,406,607)
Deferred rent	128,388	(81,353)
Accrued postretirement benefit cost	(23,697)	(24,341)
Annuities payable	(19,896)	(8,693)
Net cash provided by (used in) operating activities	2,408,448	(7,245,609)
Cash flows from investing activities:		
Proceeds from sales of investments	35,651,660	50,067,815
Purchases of investments	(36,104,571)	(42,248,614)
Purchase of property and equipment	(76,860)	(44,698)
Net cash (used in) provided by investing activities	(529,771)	7,774,503
Net increase in cash and cash equivalents	1,878,677	528,894
Cash and cash equivalents at beginning of year	1,608,673	1,079,779
Cash and cash equivalents at end of year	\$ 3,487,350	1,608,673

See accompanying notes to consolidated financial statements.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(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 Web site, 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. (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, on 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, homecare, 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, of top cancer experts from around the country on a variety of cancer-related topics in a telephone conference format.

Information and publications – offer practical help, including education materials and information, and referrals to other sources of help. The Organization's Web site, 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.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

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. No provision for income taxes was required for fiscal 2014 or 2013.

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:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. As reflected in the accompanying consolidated statements of financial position, the Organization's board of trustees has designated a portion of the unrestricted net assets of the Organization for long-term investment purposes.

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

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that stipulate that the corpus be maintained permanently by the Organization, but permit the Organization to expend part or all of the income derived therefrom. The Organization has no permanently restricted net assets.

(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 revenues and expenses recognized during the reporting period. Significant estimates made in the preparation of the consolidated financial statements include fair value of alternative investments (hedge funds), net realizable value of contributions receivable, co-payment assistance obligation assumptions, and functional expense allocations. Actual results could differ from those estimates.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(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 (ASC) No. 820, Fair Value Measurements, 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 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; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities or certain alternative investment, which can be redeemed at or near the balance sheet date (generally within 90 days).

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities or certain alternative investments, which cannot be redeemed at or near the balance sheet date.

Classification of investments within the fair value hierarchy is based on the Organization's ability to redeem its interest at or near the balance sheet date rather than on valuation inputs.

The carrying amount of the Organization's accounts payable approximates fair value at June 30, 2014 and 2013 because of the term and relatively short maturity of this financial instrument. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy. The applicable level in the fair value hierarchy for the Organization's grants and contributions receivable is discussed in note 1(d), annuities payable is discussed in note 1(h), and short-term investments and long-term investments is discussed in note 2.

(d) *Contributions*

Contributions, including unconditional promises to give (pledges), are recognized as revenue upon receipt and are considered to be unrestricted unless they are received with donor stipulations that limit their use through either purpose or time restrictions. Contributions with donor stipulations that limit their use are considered to be temporarily restricted until the donor restrictions expire, that is, when a time restriction ends or purpose restriction is fulfilled. Upon the expiration of donor stipulations, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

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. These inputs to the fair value estimate are considered Level 3 in the fair value hierarchy. In subsequent periods, the

CANCER CARE, INC.

Notes to Consolidated Financial Statements

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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.

Pledges from four donors accounted for approximately 61% and 64% of grants and contributions receivable as of June 30, 2014 and 2013, respectively.

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.

(e) *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.

(f) *Investments and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices. Investments in hedge funds are reported at net asset value as a practical expedient as provided by the hedge fund manager, which is reviewed by management for reasonableness. Income earned from investments, 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.

(g) *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.

(h) *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 statements of financial position 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 2014 and 2013 was 2.20% and 1.20%.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

As the estimated fair value involves unobservable inputs, it is considered to be Level 3 in the fair value hierarchy. State-mandated insurance reserves related to these agreements are maintained at required levels.

(i) *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 four and seven funds open at June 30, 2014 and 2013, 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 based on an assessment of applicants' individual need for up to one year, after which a recipient may reapply.

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.

(j) *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 revenues or expenses and are not reported in the accompanying consolidated financial statements.

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.

(k) *Functional Expense Allocations*

Functional expenses that are not specifically attributable to program and supporting services are allocated by management based on various allocation factors.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(2) Investments

Short-term investments principally represent the unexpended proceeds from certain temporarily restricted grants. The following tables present the cost and fair value hierarchy for the Organization's short-term investments and long-term investments measured at fair value or net asset value as a practical expedient as of June 30, 2014 and 2013. There were no Level 3 assets as of June 30, 2014 and 2013.

	2014			
	<u>Cost</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Financial assets:				
Short-term investments:				
Certificates of deposit	\$ 15,550,387	15,550,387	15,550,387	—
Money market funds	662,255	662,255	662,255	—
U.S. government funds	6,244,908	6,244,908	6,244,908	—
	<u>\$ 22,457,550</u>	<u>22,457,550</u>	<u>22,457,550</u>	<u>—</u>
Long-term investments:				
Cash and cash equivalents	\$ 2,717,368	2,717,368	2,717,368	—
Fixed income funds				
– government	529,046	529,044	—	529,044
Fixed income funds				
– corporate	2,497,984	2,506,816	2,506,816	—
Equity funds:				
Domestic	3,561,968	4,303,018	4,303,018	—
International	3,405,902	4,276,858	4,276,858	—
Hedge funds	850,000	1,105,891	—	1,105,891
	<u>\$ 13,562,268</u>	<u>15,438,995</u>	<u>13,804,060</u>	<u>1,634,935</u>

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

	2013			
	<u>Cost</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Financial assets:				
Short-term investments:				
Certificates of deposit	\$ 19,470,891	19,470,891	19,470,891	
Money market funds	662,755	662,755	662,755	
U.S. government funds	3,546,396	3,546,396	3,546,396	
	<u>\$ 23,680,042</u>	<u>23,680,042</u>	<u>23,680,042</u>	<u>—</u>
Long-term investments:				
Cash and cash equivalents	\$ 832,594	832,594	832,594	
Fixed income funds				
– government	582,921	572,726		572,726
Fixed income funds				
– corporate	2,177,352	2,187,660	2,187,660	
Equity funds:				
Domestic	3,333,406	3,855,933	3,855,933	
International	3,402,349	3,787,456	3,787,456	
Hedge funds	850,000	1,058,733	—	1,058,733
	<u>\$ 11,178,622</u>	<u>12,295,102</u>	<u>10,663,643</u>	<u>1,631,459</u>

Investments classified as Level 2 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Organization's interest therein, its classification in Levels 2 or 3 is based on the Organization's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term (generally within 90 days), the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Information with respect to the strategies and redemption provisions of hedge funds is as follows:

Absolute return offshore fund \$370,251 as of June 30, 2014 and \$354,742 as of June 30, 2013 – objective is to achieve superior risk-adjusted returns with low volatility and low correlation to both the equity and fixed income markets by investing in a diversified group of pooled investments vehicles. The fund may invest in investment vehicles domiciled both within and outside of the United States. The fund is redeemable quarterly with a 60-day notice period.

Total return offshore fund \$735,640 as of June 30, 2014 and \$703,991 as of June 30, 2013 – objective is to maximize risk-adjusted returns and achieve low correlation to the equity markets by investing in a diversified group of pooled investment vehicles. The fund may invest in investment vehicles domiciled both within and outside of the United States. The fund is redeemable quarterly with a 60-day notice period.

There were no unfunded commitments as of June 30, 2014.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

The board of trustees designated \$11,775,799 and \$10,296,853 of the investment portfolio as of June 30, 2014 and 2013, respectively, as a quasi-endowment to provide for the long-term financial stability of the Organization. As of June 30, 2014 and 2013 the quasi-endowment calculation was not attributed to a specific portion of long-term investments but rather a specific portion of unrestricted net assets (see note 7).

Net Appreciation on Long-Term Investments, Net

The return on investments and interest-bearing cash and cash equivalents for the years ended June 30, 2014 and 2013 consist of the following:

	2014	2013
Interest and dividends, net of expenses of \$77,255 and \$78,699, respectively	\$ 179,404	182,389
Unrealized gains on investments	760,249	522,692
Realized gains on investments	708,241	515,618
	\$ 1,647,894	1,220,699

(3) Property and Equipment

Property and equipment, net, consisted of the following at June 30, 2014 and 2013:

	2014	2013
Furniture and fixtures	\$ 1,812,132	1,924,314
Telephone equipment	540,220	538,856
Leasehold improvements	3,356,650	3,293,118
Computer equipment	422,389	412,372
	6,131,391	6,168,660
Less accumulated depreciation and amortization	3,217,567	2,788,706
	\$ 2,913,824	3,379,954

On May 12, 2010, the Organization signed a renegotiated and extended lease for its New York headquarters which included a reduction in its base rent and an internal move to house its staff in contiguous space through June 30, 2025. Construction and partial renovation on the Organization's existing offices commenced in the fall of 2010 and was principally completed for occupancy on August 31, 2011. During 2011, the Organization received \$1,232,793 in landlord credits which included \$658,985 in aggregate construction work credits and two free rent periods totaling \$573,808. As of June 30, 2014, \$361,275 of the construction work credits remains in prepaid expenses and other assets to be paid in 2014 per the terms of the lease and the free rent periods are being amortized on a straight-line basis over the term of the lease.

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(4) Co-Payment Assistance Obligations

Co-payment assistance obligations represent the cumulative unpaid portion of co-payment assistance grants to patients. The initial grant for each patient award is calculated based on the then expected average cumulative claims per patient in the patient's respective disease state fund. Simultaneously for each award transaction, co-payment assistance obligations are increased and a corresponding amount of revenue is released from temporarily restricted net assets to unrestricted net assets.

Grants awarded in a past annual funding cycle may have a different expected average than the current funding cycle. In addition, expected obligation averages may be adjusted mid-cycle based on payment experience and adjustments to co-payment assistance obligations retroactively applied to the full grouping of grants made in a particular calendar year funding cycle. The co-payment assistance obligations are reduced as claims are adjudicated and paid. At the end of a particular calendar year funding cycle, generally 15 months after the end of a respective calendar year funding cycle, any amounts which represent the difference between the expected, or adjusted expected average claims, and actual claims would be adjusted against the temporarily restricted fund balance.

(5) 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 \$229,000 and \$186,870 to the defined contribution plan during the years ended June 30, 2014 and 2013, respectively.

(b) Postretirement Healthcare Benefit Plan

The Organization also sponsors a defined benefit postretirement healthcare benefit plan for certain employees hired prior to January 1, 1990. 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Accrued postretirement benefit cost recognized in the organization's consolidated balance sheets	\$ 228,093	251,790
Benefits cost	8,030	8,545
Employer contribution	27,700	32,886
Benefits paid	33,121	39,003

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(6) 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 a 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, 2014 are as follows:

	<u>Amount</u>
Year ending June 30:	
2015	\$ 1,664,260
2016	1,559,055
2017	1,578,873
2018	1,595,111
2019	1,613,913
Thereafter	<u>8,780,381</u>
	<u>\$ 16,791,593</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 commenced on July 1, 2010 and will expire on June 30, 2025. Of the approximately \$16.8 million total annual minimum rental commitments as of June 30, 2014, approximately \$14.3 relates to the national office headquarters lease.

(7) Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Co-payment assistance	\$ 13,395,803	4,314,223
Patient assistance	4,144,758	3,772,805
Other program support	1,163,733	1,342,073
Time restricted	<u>72,000</u>	<u>138,500</u>
	<u>\$ 18,776,294</u>	<u>9,567,601</u>

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

CANCER CARE, INC.

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

A board-designated quasi-endowment fund has been established for Cancer Care only. As of June 30, 2014 and 2013, the level of undesignated unrestricted net assets for Cancer Care has been set by the board at \$2,500,000 and the remaining unrestricted net assets are board-designated as the quasi-endowment.

The following represents the Organization's board-designated endowment funds and the changes in designated endowment funds for the year ended June 30, 2014:

	<u>2014</u>	<u>2013</u>
Endowment net assets, beginning of year	\$ 10,296,853	11,337,832
Net appreciation in fair value of investments	1,367,060	1,077,268
Contribution (designations)	<u>111,866</u>	<u>(2,118,247)</u>
End of year	<u>\$ 11,775,779</u>	<u>10,296,853</u>

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

(8) Allocation of Joint Costs Information

In 2014 and 2013, the Organization incurred joint costs of \$327,760 and \$297,834, respectively, for informational materials and activities that included fund-raising appeals. Of those costs, \$47,421 and \$78,651, respectively, was allocated to information and publications expenses and \$280,339 and \$219,183, respectively, was allocated to fund-raising expenses.

(9) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Organization evaluated subsequent events through May 19, 2015, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.

CANCER CARE, INC.

Consolidating Schedule – Balance Sheet

June 30, 2014

Assets	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Cash and cash equivalents	\$ 2,916,015	571,335	—	3,487,350
Short-term investments	943,905	21,513,645	—	22,457,550
Intercompany receivable	531,106	—	(531,106)	—
Grants and contributions receivable	2,120,885	—	—	2,120,885
Prepaid expenses and other assets	1,040,334	1,627,719	—	2,668,053
Investments	12,423,413	3,015,582	—	15,438,995
Property and equipment, net	2,907,537	6,287	—	2,913,824
Total assets	<u>\$ 22,883,195</u>	<u>26,734,568</u>	<u>(531,106)</u>	<u>49,086,657</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued liabilities	\$ 937,859	1,268,443	—	2,206,302
Intercompany payable	—	531,106	(531,106)	—
Refundable advances	270,743	—	—	270,743
Co-payment assistance obligations	—	5,267,562	—	5,267,562
Deferred rent	1,645,238	—	—	1,645,238
Accrued postretirement benefit cost	228,093	—	—	228,093
Annuities payable	144,972	—	—	144,972
Total liabilities	<u>3,226,905</u>	<u>7,067,111</u>	<u>(531,106)</u>	<u>9,762,910</u>
Commitments				
Net assets:				
Unrestricted:				
Board designated	11,775,799	—	—	11,775,799
Undesignated	2,500,000	6,271,654	—	8,771,654
Total unrestricted	<u>14,275,799</u>	<u>6,271,654</u>	<u>—</u>	<u>20,547,453</u>
Temporarily restricted	5,380,491	13,395,803	—	18,776,294
Total net assets	<u>19,656,290</u>	<u>19,667,457</u>	<u>—</u>	<u>39,323,747</u>
Total liabilities and net assets	<u>\$ 22,883,195</u>	<u>26,734,568</u>	<u>(531,106)</u>	<u>49,086,657</u>

See accompanying independent auditors' report.

CANCER CARE, INC.

Consolidating Schedule – Statement of Activities Information

Year ended June 30, 2014

	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Change in unrestricted net assets:				
Contributions and revenues:				
Contributions:				
Foundations and corporations	\$ 2,989,438	—	—	2,989,438
Special events, net	1,724,539	—	—	1,724,539
Donated goods and services	2,677,075	—	—	2,677,075
Legacies and bequests	2,281,874	—	—	2,281,874
Direct marketing	364,827	—	—	364,827
Contributions from individuals	666,958	13,155	—	680,113
Sponsorships and cause-related marketing	436,477	—	—	436,477
United Way, federal and state campaigns	89,179	—	—	89,179
Thrift shop sales, net	277,496	—	—	277,496
Total contributions	<u>11,507,863</u>	<u>13,155</u>	<u>—</u>	<u>11,521,018</u>
Revenues:				
Interest and dividends	6,979	73,641	—	80,620
Other income	483,973	11,999	(221,670)	274,302
Total revenues	<u>490,952</u>	<u>85,640</u>	<u>(221,670)</u>	<u>354,922</u>
Total contributions and revenues before net assets released from restrictions	<u>11,998,815</u>	<u>98,795</u>	<u>(221,670)</u>	<u>11,875,940</u>
Net assets released from restrictions:				
Satisfaction of program restrictions – foundations and corporations	5,712,185	14,382,469	—	20,094,654
Satisfaction of program restrictions – individuals	30,000	—	—	30,000
Total net assets released from restrictions	<u>5,742,185</u>	<u>14,382,469</u>	<u>—</u>	<u>20,124,654</u>
Total contributions and revenues	<u>17,741,000</u>	<u>14,481,264</u>	<u>(221,670)</u>	<u>32,000,594</u>
Expenses:				
Program services:				
Counseling and support	4,857,955	122,475	(122,475)	4,857,955
Financial assistance	4,362,729	—	—	4,362,729
Co-payment assistance	—	14,183,596	(99,195)	14,084,401
Education	1,654,956	—	—	1,654,956
Information and publications	3,633,657	14,505	—	3,648,162
Total program services	<u>14,509,297</u>	<u>14,320,576</u>	<u>(221,670)</u>	<u>28,608,203</u>
Supporting services:				
Fund-raising	2,469,475	18,273	—	2,487,748
Management and general	915,593	35,229	—	950,822
Total supporting services	<u>3,385,068</u>	<u>53,502</u>	<u>—</u>	<u>3,438,570</u>
Total expenses	<u>17,894,365</u>	<u>14,374,078</u>	<u>(221,670)</u>	<u>32,046,773</u>
Increase (decrease) in unrestricted net assets before net appreciation on long-term investments	<u>(153,365)</u>	<u>107,186</u>	<u>—</u>	<u>(46,179)</u>
Net appreciation on long-term investments	1,632,312	15,582	—	1,647,894
Increase in unrestricted net assets	<u>1,478,947</u>	<u>122,768</u>	<u>—</u>	<u>1,601,715</u>
Change in temporarily restricted net assets:				
Contributions from foundations and corporations	5,869,297	23,464,050	—	29,333,347
Net assets released from restrictions – foundations and corporations	(5,712,185)	(14,382,469)	—	(20,094,654)
Net assets released from restrictions – individuals	(30,000)	—	—	(30,000)
Increase in temporarily restricted net assets	<u>127,112</u>	<u>9,081,581</u>	<u>—</u>	<u>9,208,693</u>
Increase in net assets	<u>1,606,059</u>	<u>9,204,349</u>	<u>—</u>	<u>10,810,408</u>
Net assets at beginning of year	18,050,231	10,463,108	—	28,513,339
Net assets at end of year	<u>\$ 19,656,290</u>	<u>19,667,457</u>	<u>—</u>	<u>39,323,747</u>

See accompanying independent auditors' report.

CANCER CARE, INC.

Schedule of Functional Expenses – Cancer Care, Inc.

Year ended June 30, 2014

	Counseling and support	Financial assistance	Education	Information and publications	Subtotal	Fund- raising	Management and general	Subtotal	Total
Salaries	\$ 2,446,728	403,784	298,734	597,176	3,746,422	1,089,614	385,177	1,474,791	5,221,213
Employee health and retirement benefits	429,563	89,219	55,768	106,673	681,223	165,528	55,677	221,205	902,428
Payroll taxes	173,007	28,367	21,125	39,726	262,225	77,697	20,419	98,116	360,341
Total salaries and related expenses	3,049,298	521,370	375,627	743,575	4,689,870	1,332,839	461,273	1,794,112	6,483,982
Direct disbursements to patients and families	55,488	3,477,190	—	650	3,533,328	—	—	—	3,533,328
Donated goods and services	117,131	—	684,700	1,875,243	2,677,074	—	—	—	2,677,074
Contract services	123,076	93,224	18,861	394,341	629,502	363,533	199,097	562,630	1,192,132
Postage and shipping	26,439	34,286	105,883	54,093	220,701	144,080	2,809	146,889	367,590
Telephone	135,859	9,396	190,846	14,437	350,538	21,466	10,729	32,195	382,733
Occupancy	775,797	124,435	81,913	192,607	1,174,752	283,569	133,120	416,689	1,591,441
Supplies	30,558	6,835	4,386	13,303	55,082	14,879	5,688	20,567	75,649
Printing and publications	12,085	3,718	128,864	200,474	345,141	40,133	909	41,042	386,183
Equipment repairs and maintenance	53,349	7,969	6,023	9,535	76,876	49,507	13,778	63,285	140,161
Memberships and subscriptions	8,047	464	2,702	4,409	15,622	10,168	1,361	11,529	27,151
Staff and volunteer training and support	43,887	11,381	10,844	11,816	77,928	27,957	22,801	50,758	128,686
Travel and related costs	66,966	7,255	3,002	27,270	104,493	25,856	2,071	27,927	132,420
Marketing and promotion	1,007	—	—	9,959	10,966	19,595	88	19,683	30,649
Interest and taxes	381	50	36	76	543	164	151	315	858
Insurance	43,488	9,044	5,650	10,613	68,795	16,932	5,124	22,056	90,851
Miscellaneous	56,678	9,914	6,662	12,763	86,017	21,699	10,259	31,958	117,975
Total functional expenses before depreciation and amortization	4,599,534	4,316,531	1,625,999	3,575,164	14,117,228	2,372,377	869,258	3,241,635	17,358,863
Depreciation and amortization	258,421	46,198	28,957	58,493	392,069	97,098	46,335	143,433	535,502
Total expenses	\$ 4,857,955	4,362,729	1,654,956	3,633,657	14,509,297	2,469,475	915,593	3,385,068	17,894,365
Direct benefit costs of special events								368,416	368,416
Direct cost of thrift shop								569,815	569,815
							\$	4,323,299	18,832,596

See accompanying independent auditors' report.

CANCER CARE, INC.

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

Year ended June 30, 2014

	Co-Payment Assistance	Counseling and support	Information and publications	Subtotal	Fund- raising	Management and general	Subtotal	Total
Salaries	\$ 1,031,516	—	10,318	1,041,834	13,004	22,925	35,929	1,077,763
Employee health and retirement benefits	251,448	—	1,436	252,884	1,181	1,987	3,168	256,052
Payroll taxes	69,608	—	588	70,196	535	1,251	1,786	71,982
Total salaries and related expenses	1,352,572	—	12,342	1,364,914	14,720	26,163	40,883	1,405,797
Direct disbursements to patients and families	11,481,815	—	—	11,481,815	—	—	—	11,481,815
Donated goods and services	—	—	—	—	—	—	—	—
Contract services	711,513	—	14	711,527	1,661	5,374	7,035	718,562
Postage and shipping	21,211	—	11	21,222	9	16	25	21,247
Telephone	39,360	—	130	39,490	107	196	303	39,793
Occupancy	318,989	—	1,547	320,536	1,389	2,429	3,818	324,354
Supplies	18,437	—	96	18,533	79	146	225	18,758
Printing and publications	21,613	—	24	21,637	20	96	116	21,753
Equipment repairs and maintenance	120,000	—	63	120,063	51	95	146	120,209
Memberships and subscriptions	—	—	—	—	—	—	—	—
Staff and volunteer training and support	6,338	—	9	6,347	7	104	111	6,458
Travel and related costs	29,163	—	5	29,168	4	205	209	29,377
Marketing and promotion	2,842	—	—	2,842	—	—	—	2,842
Interest and taxes	9	—	—	9	—	—	—	9
Insurance	27,838	—	146	27,984	120	221	341	28,325
Miscellaneous	24,408	122,475	118	147,001	106	184	290	147,291
Total functional expenses before depreciation	14,176,108	122,475	14,505	14,313,088	18,273	35,229	53,502	14,366,590
Depreciation	7,488	—	—	7,488	—	—	—	7,488
Total expenses	\$ 14,183,596	122,475	14,505	14,320,576	18,273	35,229	53,502	14,374,078

See accompanying independent auditors' report.

CANCER CARE, INC.

Consolidating Schedule – Statement of Cash Flows Information

Year ended June 30, 2014

	Cancer Care, Inc.	Cancer Care Co-Payment Assistance Foundation, Inc.	Elimination entries	Total
Cash flows from operating activities:				
Increase in net assets	\$ 1,606,059	9,204,349	—	10,810,408
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation and amortization	535,502	7,488	—	542,990
Net appreciation on investments	(1,458,795)	(9,695)	—	(1,468,490)
Changes in operating assets and liabilities:				
Intercompany receivable	6,810	—	(6,810)	—
Grants and contributions receivable	(246,757)	—	—	(246,757)
Prepaid expenses and other assets	(193,728)	(1,627,719)	—	(1,821,447)
Accounts payable and accrued liabilities	(189,890)	1,195,127	—	1,005,237
Intercompany payable	—	(6,810)	6,810	—
Refundable advances	144,077	—	—	144,077
Co-payment assistance obligations	—	(6,642,365)	—	(6,642,365)
Deferred rent	128,388	—	—	128,388
Accrued postretirement benefit cost	(23,697)	—	—	(23,697)
Annuities payable	(19,896)	—	—	(19,896)
Net cash provided by operating activities	<u>288,073</u>	<u>2,120,375</u>	<u>—</u>	<u>2,408,448</u>
Cash flows from investing activities:				
Proceeds from sales of investments	5,702,949	29,948,711	—	35,651,660
Purchases of investments	(4,378,541)	(31,726,030)	—	(36,104,571)
Purchase of property and equipment	(76,860)	—	—	(76,860)
Net cash provided by (used in) investing activities	<u>1,247,548</u>	<u>(1,777,319)</u>	<u>—</u>	<u>(529,771)</u>
Net increase in cash and cash equivalents	1,535,621	343,056	—	1,878,677
Cash and cash equivalents at beginning of year	<u>1,380,394</u>	<u>228,279</u>	<u>—</u>	<u>1,608,673</u>
Cash and cash equivalents at end of year	<u>\$ 2,916,015</u>	<u>571,335</u>	<u>—</u>	<u>3,487,350</u>

See accompanying independent auditors' report.