

**This document is dated as of June 11, 2019**

SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS. Certain of the discussions included in the following document may include certain “forward-looking statements” which involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. Actual actions or results may differ materially from those discussed below. Specific factors that might cause such differences include competition from other healthcare facilities in the service area of Dana-Farber Cancer Institute, federal and state regulations of healthcare providers, and reimbursement policies of the state and federal governments and managed care organizations. In particular, statements preceded by, followed by or that include the words “believes,” “estimates,” “expects,” “anticipates,” “plans,” “intends,” “scheduled” or other similar expressions are or may constitute forward-looking statements.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES\***  
**Second Quarter Ended March 31, 2019**

**Laurie H. Glimcher M.D., President and Chief Executive Officer**  
**James G. Terwilliger, Executive Vice President and Chief Operating Officer**  
**Michael L. Reney, Senior Vice President and Chief Financial Officer**

**\*Dana-Farber Cancer Institute, Inc. is the parent corporation of Dana-Farber, Inc., Dana-Farber Trust, Inc. and Dana-Farber Cancer Care Network, Inc. Results for the quarter ended March 31, 2019 are presented on a condensed, consolidated basis.**  
**The Obligated Group is Dana-Farber Cancer Institute, Inc. and Dana-Farber, Inc.**

## **SPECIAL NOTE CONCERNING ADOPTION OF NEW ACCOUNTING STANDARDS**

On October 1, 2018, Dana-Farber Cancer Institute, Inc. ("DFCI") adopted ASC 606, Revenues from Contracts with Customers, ASU 2016-14, Not for profit Entities (Topic 958): Presentation of Financial Statements and ASU 2018-08, Not-for-profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (collectively the "GAAP Changes"). Consistent with transition guidance in the GAAP Changes, DFCI's balance sheets for periods prior October 1, 2018 have not been retrospectively adjusted to reflect these changes. The comparative results for the second fiscal quarters ending March 31, 2019 and March 31, 2018 presented in this Quarterly Report reflect the GAAP Changes. In addition, in order to provide users of this Quarterly Report with further information to understand the effect of the GAAP Changes, DFCI is providing a management-prepared (unaudited) presentation of the fiscal year ended September 30, 2018 reflecting the GAAP Changes. See "Adoption of New Accounting Standards" herein.

### **Dana-Farber Cancer Institute, Inc. and Subsidiaries Management's Discussion and Analysis of Financial Condition and Operating Results**

Second Quarter Ended March 31, 2019

---

For the first six months of fiscal year ("FY") 2019, Dana-Farber Cancer Institute, Inc. (DFCI) recorded total operating revenue of \$958.6 million, an increase of \$109.5 million, or 12.9 percent, over the same period in FY 2018. Total patient service revenue grew by \$72.7 million, or 13.0 percent over the same period in FY 2018. Management attributes this increase largely to growth in patient volume as well as pharmacy revenue. Research revenues have increased by \$31.4 million, or 17.8 percent, over the same period in FY 2018. Management attributes this growth to increases in funding from commercial agreements, clinical trials, and nongovernment grants, and increases in the use of restricted gifts. Unrestricted gifts increased by \$6.3 million, or 11.4 percent over the same period in FY 2018. Management attributes this increase to growth in proceeds from the Pan Mass Challenge and various other events. Operating expenses increased to \$938.9 million, an increase of \$114.9 million, or 13.9 percent. Total patient service expenses increased by \$58.2 million or 13.3 percent from the same period in FY 2018, primarily due to patient volume and pharmacy revenue growth. Total research expenses increased by \$30.6 million or 13.8 percent from the same period in FY 2018 due to increased spending on commercial agreements, clinical trials, non-government grants and gift funds. Total general and administrative expenses increased by \$25.9 million or 15.7 percent from the same period in FY 2018, due primarily to increases in consulting expenses related to a significant management initiative that is nearing completion and

legal expenses related to a successful patent defense lawsuit (See “Subsequent Events”). These expenses are not expected to reoccur beyond FY 2019.

Investment returns for the first six months of FY 2019 were \$4.1 million or a return of 0.9% as compared to \$19.2 million or a return of 4.4% through the first six months of FY 2018. Investment returns include investment income and realized and unrealized gains or losses. Recent improvement in the financial markets resulted in the positive return of 0.9 percent through the end of the second quarter, in comparison to the policy benchmark of (0.7) percent. DFCI's interest rate swap agreements decreased in value by \$10.8 million as compared to an increase of \$6.1 million over the same period in FY 2018 primarily as a result of fluctuating Libor rates. The gain on sale relates to DFCI's share of the proceeds related to BCD Hospital Energy Collaborative, LLC's (BCD), assignment of its rights to acquire the Medical Area Total Energy Plan to an unrelated entity of \$23.8 million, \$22.5 million of the total proceeds was received in March 2018.

As a result of the operating results and market conditions noted above, for the first six months of FY 2019, DFCI recorded an excess of revenues over expenses of \$15.6 million, compared to \$70.7 million for the first six months of FY 2018. Income from operations was \$19.7 million, compared to \$25.0 million for the first six months of FY 2018.

DFCI's total assets increased \$229.4 million, or 8.6 percent, to \$2.9 billion compared to the second quarter in FY 2018. Management attributes this increase primarily to growth in cash and investments and total net assets. Compared with the second quarter of FY 2018, net assets without donor restrictions increased \$118.0 million, or 15.2 percent, to \$894.2 million, primarily due to positive operating results. Net assets with donor restrictions increased \$43.6 million or 5.0% to \$908.3 million primarily due to strong fund-raising revenue. Total net assets were impacted by the “Adoption of the New Accounting Standards” described below.

Cash and investments increased by \$134.4 million, or 9.5 percent, compared to the second quarter in FY 2018. Days cash on hand increased by 13 days to 245 days compared to the second quarter of FY 2018. Management attributes this increase to strong operating performance, positive investment returns and cash from royalty monetizations.

Net patient accounts receivable increased by \$39.8 million, or 39.3 percent compared to the second quarter of 2018 primarily due to increases in patient volume. Days in accounts receivable increased to 41 days as compared to 33 days in the second quarter of FY 2018 due to growth in international receivables which typically have a longer than average collection period, as well as growth in current receivables (less than 90 days).

Prepaid expenses and other current assets increased by \$22.5 million, or 29.9 percent, from the second quarter of FY 2018 as a result of an increase in prepayments related to pharmacy inventories and certain non-patient receivables.

Contributions receivable (current and long-term) increased by \$12.6 million, or 2.8 percent, compared to the second quarter of FY 2018 as a result of new pledges.

Amounts due to third-party payors increased by \$25.6 million, or 76.3 percent compared to the second quarter of FY 2018 primarily due to settlements with certain payors as well as changes in estimates.

Research advances decreased by \$9.9 million, or 9.4 percent, in the second quarter of FY 2018 due to typical research activity and the change in the accounting treatment for royalty revenues related to the adoption of ASC 606, (see “Adoption of New Accounting Standards”).

Other liabilities increased \$45.8 million, or 27.2 percent, compared to the second quarter of FY 2018 as a result of deferred revenue associated with royalty monetizations and a decrease in the interest rate swap valuation.

#### **Other:**

#### **Adoption of New Accounting Standards**

On October 1<sup>st</sup>, 2018 the Institute adopted ASC 606, *Revenues from Contracts with Customers*. The cumulative effect of applying the new standard resulted in an increase to the opening balances of unrestricted net assets of \$60.5 million and a corresponding reduction to research advances and temporarily restricted net assets of \$30.4 million and \$30.1 million, respectively, on the Institute’s consolidated balance sheet. In accordance with the new standard transition guidance, the FY18 consolidated balance sheet was not retrospectively adjusted to reflect these changes.

On October 1<sup>st</sup>, 2018 the Institute adopted ASU 2016-14, *Not-for-profit entities (Topic 958): Presentation of Financial Statements*, resulting in a change in the presentation of the Institute’s consolidated statement of operations and changes in net assets. The change resulted in a functional classification of revenues and expenses including depreciation and interest. For comparative purposes, the FY18 consolidated statement of operations and changes in net assets has been presented in accordance with the new guidance.

On October 1<sup>st</sup>, 2018 the Institute adopted ASU 2018-08, *Not-for-profit entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The application of the new standard resulted in the recognition of \$14.8 million in contribution revenue within temporarily restricted net assets on the consolidated statement of changes in net assets and a corresponding reduction to research advances on the consolidated balance sheet on October 1, 2018. In accordance with the new standard, the FY18 consolidated statement of changes in net assets and balance sheet were not retrospectively adjusted to reflect these changes.

## **Subsequent Events**

On May 17th the Institute prevailed in a correction of inventorship patent suit involving a series of patents currently embodied in several of the newest cancer immunotherapy drugs, including Opdivo and Keytruda, which treat melanoma and lung cancer, among others. The U.S. District Court in Massachusetts ruled that a Dana-Farber Cancer Institute scientist and another scientist are co-inventors on 6 patents previously issued to a Japanese researcher and Japanese drug company and later licensed to Bristol-Myers Squibb (Opdivo). The Institute plans to pursue licensing the technology to companies seeking to develop PD-1 and PD-L1 antibody therapeutics for a wide range of cancers.

On June 3, 2019, the Institute was served with a Class Action Complaint, Request for a Preliminary Injunction, and M.G.L. Chapter 93A demand letter, in a lawsuit filed in Massachusetts Superior Court alleging “systematic privacy violations” by the Institute as well as by co-defendants Massachusetts General Hospital, Brigham and Women’s Hospital, and Partners HealthCare System. The complaint alleges that each of the hospitals is tracking personally identifying information of patients and potential patients visiting its website and sharing this data with third parties in violation of assorted Massachusetts laws for (i) interception of wire and oral communications; (ii) invasion of privacy; and (iii) breach of fiduciary duty. While it is premature to assess the materiality of this lawsuit at this early stage, the case notably fails to allege any breach of protected health information of patients. The Institute expects to pursue a number of strong defenses and intends to vigorously defend the case. Regardless of merit, the Institute takes all privacy concerns with the utmost seriousness and is appropriately evaluating its practices. The Institute is insured for the costs of this litigation and for any losses up to \$10 million per claim, subject to a \$250,000 retention, with excess coverage of \$5 million per claim.

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

	As Of March 31		As Of September 30	
(Dollars in thousands)	2019	2018	2018	2017
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 189,261	\$ 173,354	\$ 196,040	\$ 125,379
Patient accounts receivable, net	140,951	101,149	114,134	99,996
Contributions receivable, current portion	8,083	5,333	21,870	14,969
Royalty receivable	2,771	-	5,440	-
Assets whose use is limited, current portion	3,448	5,196	6,018	9,033
Research receivables	41,626	35,025	35,966	34,712
Prepaid expenses and other current assets	97,385	74,924	99,806	61,324
<b>Total Current Assets</b>	<b>483,525</b>	<b>394,981</b>	<b>479,274</b>	<b>345,413</b>
Investments	1,356,169	1,237,675	1,315,668	1,174,119
Assets whose use is limited by indenture agreement or other, less current portion	12,953	12,789	12,868	12,762
Property, plant and equipment, net	949,050	946,837	956,643	965,591
Contributions receivable, less current portion	49,017	39,184	41,269	29,504
Other assets	59,444	49,297	55,581	48,997
<b>TOTAL ASSETS</b>	<b>\$ 2,910,158</b>	<b>\$ 2,680,763</b>	<b>\$ 2,861,303</b>	<b>\$ 2,576,386</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 137,160	\$ 123,579	\$ 135,725	\$ 142,827
Amounts due to third party payors	59,159	33,558	53,458	42,716
Research advances ( <b>Note 1</b> )	95,364	105,304	125,586	95,979
Current portion of long-term debt	5,177	4,915	5,741	5,422
<b>Total Current Liabilities</b>	<b>296,860</b>	<b>267,356</b>	<b>320,510</b>	<b>286,944</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	596,491	603,993	601,665	608,731
Other liabilities	214,326	168,521	213,580	172,076
<b>Total Liabilities</b>	<b>1,107,677</b>	<b>1,039,870</b>	<b>1,135,755</b>	<b>1,067,751</b>
<b>Net Assets</b>				
Net assets without donor restriction ( <b>Note 1</b> )	894,208	776,183	817,039	702,810
Net assets with donor restriction ( <b>Note 1</b> )	908,273	864,710	908,509	805,825
<b>Total Net Assets</b>	<b>1,802,481</b>	<b>1,640,893</b>	<b>1,725,548</b>	<b>1,508,635</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,910,158</b>	<b>\$ 2,680,763</b>	<b>\$ 2,861,303</b>	<b>\$ 2,576,386</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.4.

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidated Statement of Operations and Changes in Net Assets**

	Quarter Ended March 31		Six Months Ended March 31		Year Ended September 30
	2019	2018	2019	2018	2018
(Dollars in thousands)					
Operating revenues:					
Patient service revenues:					
Net patient service revenues	\$ 315,528	\$ 280,846	629,951	557,286	\$ 1,166,614
Research revenues:					
Direct grants and contracts	60,777	55,905	115,576	108,435	219,742
Gift related research revenue	53,293	35,652	91,501	67,267	148,954
Direct research revenues	114,070	91,557	207,077	175,702	368,696
Indirect grants/contracts/gifts	24,309	20,905	45,811	43,873	89,271
Unrestricted endowment spending guideline	192	189	383	378	756
Unrestricted gifts	9,052	7,089	60,996	54,734	77,711
Other operating revenues	8,315	11,594	14,430	17,167	30,338
Total revenues	471,466	412,180	958,648	849,140	1,733,386
Operating expenses: (Note 1)					
Patient service:					
Direct patient care	224,430	197,731	446,277	390,252	820,990
Fringe	12,495	11,344	22,921	20,570	41,389
Depreciation and amortization	12,071	12,341	24,249	24,635	44,854
Interest	1,150	1,171	2,395	2,150	4,787
Total patient service expense	250,146	222,587	495,842	437,607	912,020
Research:					
Direct research/restricted gifts	114,071	91,555	207,077	175,701	368,696
Institute supported research	6,747	7,777	14,597	16,625	33,361
Fringe	1,304	1,240	2,396	2,211	4,559
Depreciation and amortization	9,983	9,703	19,779	19,455	35,803
Interest	8,204	7,480	8,291	7,506	108
Total research expense	140,309	117,755	252,140	221,498	442,527
General and administrative:					
General and administrative	87,985	75,066	172,167	147,899	301,341
Fringe	7,916	6,877	14,221	12,279	25,356
Depreciation and amortization	2,205	2,374	4,492	4,744	8,700
Interest	(3,974)	(3,694)	99	77	15,585
Total general and administrative	94,132	80,623	190,979	164,999	350,982
Total expenses	484,587	420,964	938,961	824,104	1,705,529
Operating (loss) income	(13,119)	(8,784)	19,687	25,036	27,857
Investment income, net	35,715	5,677	4,089	19,249	47,250
Royalty income net of expenses (Note 1)	751	-	4,320	-	-
Interest rate swap agreement					
Net interest paid	(799)	(1,023)	(1,642)	(2,129)	(3,973)
Change in fair value	(5,723)	6,260	(10,837)	6,091	11,797
Total interest rate swap agreement	(6,522)	5,238	(12,479)	3,962	7,824
Gain on sale	-	22,489	-	22,489	23,802
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>16,825</b>	<b>24,620</b>	<b>15,617</b>	<b>70,736</b>	<b>106,733</b>
Other changes in net assets:					
Net unrealized (loss) on endowment	(2,242)	(2)	(2,249)	(2)	-
Cumulative effect of changes in accounting principle (Note 1)	-	-	59,244	-	-
Net assets released from restriction for capital	-	-	-	-	2,252
Pension adjustment	-	-	-	-	2,605
Other	2,249	(400)	4,558	2,639	2,639
Increase in unrestricted net assets	16,831	24,218	77,170	73,373	114,229
Increase / (decrease) in temporarily restricted net assets (Note 2)	44,814	14,821	(4,927)	51,458	90,396
Increase in permanently restricted net assets	1,760	1,584	4,691	7,427	12,288
<b>Increase in Net Assets</b>	<b>63,405</b>	<b>40,623</b>	<b>76,934</b>	<b>132,258</b>	<b>216,913</b>
<b>Net Assets at Beginning of Period</b>	<b>1,739,077</b>	<b>1,600,270</b>	<b>1,725,549</b>	<b>1,508,635</b>	<b>1,508,635</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,802,482</b>	<b>\$ 1,640,893</b>	<b>\$ 1,802,482</b>	<b>\$ 1,640,893</b>	<b>\$ 1,725,548</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.4.

**Note 2:** Includes the cumulative effect of the GAAP Changes on Temporarily Restricted Net Assets

ASC 606: YTD decrease of \$30,045

ASU 2018-08: YTD increase of \$13,889

**DANA-FARBER CANCER INSTITUTE, INC.**

<b>Asset Allocation Summary</b>	<b>As Of March 31</b>		<b>As Of September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
(Dollars in Thousands)				
U.S. Government Money Market Fund	\$ 18,623	\$ 7,063	\$ 7,721	\$ 1,630
U.S. Government Securities	95,663	92,747	92,860	81,689
U.S. Equity Securities	82,621	78,339	80,377	94,769
U.S. Equity Mutual Funds	159,048	144,826	161,398	136,531
International Equity Securities	42,269	45,481	41,301	81,508
International Equity Mutual Funds	268,799	273,911	278,592	194,805
Alternative Investments*	689,146	595,308	653,419	583,187
<b>Total</b>	<b>\$1,356,169</b>	<b>\$ 1,237,675</b>	<b>\$ 1,315,668</b>	<b>\$ 1,174,119</b>

\* Alternative investments include investments in private equity funds, partnerships, limited liability companies and other funds, which generally have reduced liquidity.

<b>Investment Performance Summary</b>	<b>As Of March 31</b>		<b>As Of September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
Dana-Farber Portfolio	0.9%	4.4%	10.0%	12.6%
Investment Committee Custom Benchmark*	-0.7%	4.0%	8.0%	11.4%
S&P 500	-1.7%	5.8%	17.9%	18.6%

\* The custom benchmark is a weighted index return developed for the Institute at the request of the Investment Committee assuming Committee-determined target percentages in the different asset classes (e.g., U.S. equity, non-U.S. equity, fixed income, etc.) and the index return used for each asset class is a broad market benchmark selected by the Committee, (e.g. S&P 500 for U.S. Equities). The exact composition of the custom benchmark shifts over time as the Committee revises the target allocation percentages and selects different benchmarks for each asset class. It was adjusted in January 2016 and December 2018.



**DANA-FARBER CANCER INSTITUTE, INC.**  
**Capitalization for the Obligated Group**

	<b>As Of</b>		<b>As Of</b>	
	<b>March 31</b>		<b>September 30</b>	
(Dollars in Thousands)	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
<b>Long-Term Debt</b>				
Series K Bonds	\$ 70,862	\$ 75,159	\$ 75,087	\$ 79,198
Series L Bonds	184,083	184,050	184,066	184,033
Series M Bonds	50,346	50,293	50,319	50,266
Series N Bonds	275,048	276,591	275,826	277,342
South Shore lease obligation	14,074	14,970	14,529	15,393
Milford lease obligation	7,255	7,845	7,579	7,921
<b>Total Long-Term Debt</b>	<b>601,668</b>	<b>608,908</b>	<b>607,406</b>	<b>614,153</b>
<b>Unrestricted Net Assets</b>	<b>927,617</b>	<b>802,367</b>	<b>846,458</b>	<b>725,850</b>
<b>Total Capitalization</b>	<b>\$ 1,529,285</b>	<b>\$ 1,411,275</b>	<b>\$ 1,453,864</b>	<b>\$ 1,340,003</b>
<b>Total Long-Term Debt as a Percent of Total Capitalization</b>	<b>39.3%</b>	<b>43.1%</b>	<b>41.8%</b>	<b>45.8%</b>

# **DANA-FARBER CANCER INSTITUTE, INC.**

<b>Days Cash on Hand for the Obligated Group</b> (Dollars in Thousands)	<b>As Of March 31</b>		<b>As Of September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
Total Unrestricted Cash Position <sup>1</sup>	\$ 1,170,393	\$ 960,351	\$ 1,075,895	\$ 879,509
Average Daily Expenses <sup>2</sup>	4,775	4,145	4,311	3,897
<b>Days Cash On-Hand</b>	<b>245</b>	<b>232</b>	<b>250</b>	<b>226</b>

<sup>1</sup> Unrestricted cash equivalents and marketable securities plus an amount equal to 200% of the donor restricted research funds that have been released from restriction and used for operating expenses during the relevant calculation period, plus temporarily restricted cash and marketable securities that are available for current use but excluding certain items permitted to be excluded under the Master Trust Indenture.

<sup>2</sup> Total operating expenses less extraordinary items, infrequently occurring items or unusual items and the cumulative effect of changes in accounting principles, depreciation and amortization and other non-cash charges divided by the number of days in the period.

<b>Actual and Maximum Debt Service for the Obligated Group</b> (Dollars in Thousands)	<b>Four Quarters Ended March 31</b>		<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
Income Available for Debt Service	164,243	146,040	185,772	106,457
Actual Historical Annual Debt Service	30,674	32,534	29,835	39,515
<b>Actual Historical Debt Service Coverage Ratio</b>	<b>5.35</b>	<b>4.49</b>	<b>6.23</b>	<b>2.69</b>
Income Available for Debt Service	164,243	146,040	185,772	106,457
Pro Forma Maximum Annual Debt Service <sup>1</sup>	37,397	36,464	36,977	35,711
<b>Pro Forma Maximum Debt Service Coverage Ratio</b>	<b>4.39</b>	<b>4.01</b>	<b>5.02</b>	<b>2.98</b>

The improvement in the debt service coverage ratios from September 30, 2017 to September 30, 2018 relates to growth in income available for debt service due to positive operating results for fiscal year ended September 30, 2018.

The improvement in the debt service coverage ratios from March 31, 2018 to March 31, 2019 relates to growth in income available for debt service due to positive operating results.

<sup>1</sup> Maximum Annual Debt Service represents the highest total debt service on all long-term indebtedness, which is projected to occur in the fiscal year ending September 30, 2027. The debt service requirement for \$150,000 of long-term indebtedness that is covered by interest rate swap agreements is calculated in accordance with the terms of Master Trust Indenture. The Assumed Rate used to calculate debt service for the Series L variable rate bonds is 2.43% and 1.62% for September 30, 2018 and 2017 and 2.79% and 1.93% for March 31, 2019 and 2018, respectively. The Assumed Rate used to calculate debt service for the variable rate capital lease that expires in 2030 is 5.35% and 3.49% for September 30, 2018 and 2017 and 5.69% and 4.84% for March 31, 2019 and 2018, respectively.

**DANA-FARBER CANCER INSTITUTE, INC.**  
**Operational Statistics for the Obligated Group**

	Quarter Ended March 31		Six Months Ended March 31		Year Ended September 30	
	2019	2018	2019	2018	2018	2017
<b>OUTPATIENT STATISTICS</b>						
MD Clinic visits <sup>(1)</sup>	85,818	83,655	173,942	169,019	346,805	328,591
Infusion visits <sup>(1)</sup>	45,780	42,575	91,590	84,937	176,630	165,792
<b>ANCILLARY STATISTICS</b>						
(units of service)						
Laboratories	352,401	311,187	696,480	634,903	1,336,544	1,246,171
Blood Bank	18,397	16,502	38,207	33,888	70,367	67,889
Pharmacy <sup>(1)(2)</sup>	115,027,001	113,507,587	242,246,946	220,707,837	463,717,720	378,567,492
PET Scans	1,378	1,349	2,799	2,519	5,445	3,871
Diagnostic Radiology	4,527	4,544	9,225	9,385	18,731	18,412
Ultrasound	313	386	657	749	1,494	1,406
Nuclear Medicine	689	637	1,318	1,302	2,587	2,725
MRI	1,658	2,050	3,911	3,472	7,449	7,813
CT Scans	7,905	7,865	16,008	15,657	32,233	30,245
Radiation Therapy	10,151	9,389	21,239	19,917	40,190	38,358
Respiratory Therapy/EKG (Treatments)	5,890	6,251	11,956	11,344	23,277	21,263
<b>INPATIENT STATISTICS</b>						
Licensed Beds	30	30	30	30	30	30
Total Admissions	371	292	781	613	1,304	1,044
ALOS	7.12	8.76	6.70	8.40	7.98	9.85
Total Patient Days	2,569	2,558	5,213	5,151	10,434	10,288
Occupancy Rate	95.4%	94.7%	95.6%	94.3%	95.4%	93.7%

**Source: Institute Records**

<sup>1</sup> Includes results of Dana Farber Cancer Care Network

<sup>2</sup> Cost of drugs administered

**DANA-FARBER CANCER INSTITUTE, INC.**  
**Operational Statistics for the Obligated Group**

<b>Quarter Ended March 31</b>				
<b>Percentage Gross Revenues</b>	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Medicare	51%	44%	42%	42%
Medicaid	5%	11%	7%	7%
Other	28%	28%	28%	28%
Blue Cross	17%	16%	22%	22%
Self-Pay	-1%	1%	1%	1%
Total	100%	100%	100%	100%

<b>Six Months Ended March 31</b>				
<b>Percentage Gross Revenues</b>	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Medicare	44%	37%	42%	42%
Medicaid	6%	14%	7%	7%
Other	26%	28%	27%	28%
Blue Cross	24%	20%	23%	22%
Self-Pay	0%	1%	1%	1%
Total	100%	100%	100%	100%

<b>Year Ended September 30</b>				
<b>Percentage Gross Revenues</b>	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Medicare	35%	31%	43%	40%
Medicaid	10%	9%	7%	7%
Other	33%	36%	27%	28%
Blue Cross	22%	23%	22%	23%
Self-Pay	0%	1%	1%	2%
Total	100%	100%	100%	100%

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Fund-Raising Contributions**

(Dollars in thousands)	Quarter Ended March 31		Six Months Ended March 31		Year Ended September 30	
	2019	2018	2019	2018	2018	2017
<b>Fundraising Contributions</b>						
Unrestricted contributions and bequests	\$ 9,051	\$ 7,089	\$ 60,996	\$ 54,734	\$ 77,711	\$ 75,227
Gifts for current use	561	(95)	5,580	4,953	8,375	8,098
Temporarily restricted	17,602	\$ 36,168	74,619	76,518	137,063	116,832
Permanently restricted	1,761	1,583	4,692	7,427	12,288	9,815
<b>Subtotal</b>	28,975	44,745	145,887	143,632	235,437	209,972
Non-government Grants	28,395	\$ 8,557	43,291	18,821	44,096	46,391
<b>Total Fundraising Contributions</b>	<b>\$ 57,370</b>	<b>\$ 53,302</b>	<b>\$ 189,178</b>	<b>\$ 162,453</b>	<b>\$ 279,533</b>	<b>\$ 256,363</b>
<b>Direct Fundraising Expenses</b>	<b>\$ 10,297</b>	<b>\$ 7,230</b>	<b>\$ 19,206</b>	<b>\$ 16,567</b>	<b>\$ 30,659</b>	<b>\$ 30,168</b>
<b>Direct Fundraising Expenses as Percent of Total Fundraising Contributions</b>	18%	14%	10%	10%	11%	12%

**Notes**

Unrestricted contributions and restricted contributions, used on a current basis, are recorded as operating revenues. Other restricted contributions are recorded as additions to temporarily restricted or permanently restricted assets. Contributions include those received and pledged. Contributions pledged are reported at net present value.

## Supplementary Information

See Annual Report filings for comparative annual consolidating financial statements contained in the Supplementary Information section of Audited Financial Statements.

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Balance Sheet**

As of March 31, 2019

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
(Dollars in thousands)				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 189,183	\$ 78	-	\$ 189,261
Patient accounts receivable, net	137,988	2,963	-	140,951
Contributions receivable, current portion	8,083	-	-	8,083
Royalty receivable	2,771	-	-	2,771
Assets whose use is limited, current portion	3,448	-	-	3,448
Research receivables	41,626	-	-	41,626
Prepaid expenses and other current assets	134,562	493	(37,670)	97,385
<b>Total Current Assets</b>	<b>517,661</b>	<b>3,534</b>	<b>(37,670)</b>	<b>483,525</b>
Investments	1,356,169	-	-	1,356,169
Assets whose use is limited by indenture agreement or other, less current portion	12,953	-	-	12,953
Property, plant and equipment, net	948,330	720	-	949,050
Contributions receivable, less current portion	49,017	-	-	49,017
Other assets	59,444	-	-	59,444
<b>TOTAL ASSETS</b>	<b>\$ 2,943,574</b>	<b>\$ 4,254</b>	<b>\$ (37,670)</b>	<b>\$ 2,910,158</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	137,239	37,591	(37,670)	137,160
Amounts due to third party payors	59,159	-	-	59,159
Research advances ( <b>Note 1</b> )	95,364	-	-	95,364
Current portion of long-term debt	5,177	-	-	5,177
<b>Total Current Liabilities</b>	<b>296,939</b>	<b>37,591</b>	<b>(37,670)</b>	<b>296,860</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	596,491	-	-	596,491
Other liabilities	214,326	-	-	214,326
<b>Total Liabilities</b>	<b>810,817</b>	<b>-</b>	<b>-</b>	<b>810,817</b>
<b>Net Assets</b>				
Net assets without donor restriction ( <b>Note 1</b> )	927,617	(33,409)	-	894,208
Net assets with donor restriction ( <b>Note 1</b> )	908,201	72	-	908,273
<b>Total Net Assets</b>	<b>1,835,818</b>	<b>(33,337)</b>	<b>-</b>	<b>1,802,481</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,943,574</b>	<b>\$ 4,254</b>	<b>\$ (37,670)</b>	<b>\$ 2,910,158</b>
	-	-	-	-

**Note 1:** See "Adoption of New Accounting Standards" on p. 4.

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Statement of Operations and Changes in Net Assets**

**Six Months Ended March 31, 2019**

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
(Dollars in thousands)				
Operating revenues:				
Patient service revenues:				
Net patient service revenues	612,257	17,694	-	629,951
Research revenues:				
Direct grants and contracts	115,576	-	-	115,576
Gift related research revenue	91,475	26	-	91,501
Direct research revenues	207,051	26	-	207,077
Indirect grants/contracts/gifts	45,811	-	-	45,811
Unrestricted endowment spending guideline	383	-	-	383
Unrestricted gifts	60,996	-	-	60,996
Other operating revenues	14,430	-	-	14,430
Total revenues	940,928	17,720	-	958,648
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	426,398	19,879	-	446,277
Fringe	22,032	889	-	22,921
Depreciation and amortization	24,249	-	-	24,249
Interest	2,395	-	-	2,395
Total patient service expense	475,074	20,768	-	495,842
Research:				
Direct research/restricted gifts	207,052	26	-	207,077
Institute supported research	14,597	-	-	14,597
Fringe	2,396	-	-	2,396
Depreciation and amortization	19,779	-	-	19,779
Interest	8,291	-	-	8,291
Total research expense	252,115	26	-	252,140
General and administrative:				
General and administrative	171,577	590	-	172,167
Fringe	14,128	93	-	14,221
Depreciation and amortization	4,259	233	-	4,492
Interest	99	-	-	99
Total general and administrative	190,063	916	-	190,979
Total expenses	917,252	21,710	-	938,961
Operating income (loss)	23,676	(3,990)	-	19,687
Investment income, net	4,089	-	-	4,089
Royalty income net of expenses <b>(Note 1)</b>	4,320	-	-	4,320
Interest rate swap agreement				
Net interest paid	(1,642)	-	-	(1,642)
Change in fair value	(10,837)	-	-	(10,837)
Total interest rate swap agreement	(12,479)	-	-	(12,479)
Gain on sale	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	19,606	(3,990)	-	15,617
<b>Other changes in net assets:</b>				
Net unrealized (loss) on endowment	(2,249)	-	-	(2,249)
Cumulative effect of changes in accounting principle <b>(Note 1)</b>	59,244	-	-	59,244
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	4,558	-	-	4,558
Increase in unrestricted net assets	81,159	(3,990)	-	77,170
Decrease in temporarily restricted net assets <b>(Note 2)</b>	(4,905)	(22)	-	(4,927)
Increase in permanently restricted net assets	4,691	-	-	4,691
<b>Increase in Net Assets</b>	80,945	(4,012)	-	76,934
<b>Net Assets at Beginning of Period</b>	1,754,873	(29,324)	-	1,725,549
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,835,818</b>	<b>\$ (33,336)</b>	<b>\$ -</b>	<b>\$ 1,802,482</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.4.

**Note 2:** Includes the cumulative effect of the GAAP Changes on Temporarily Restricted Net Assets

ASC 606: YTD decrease of \$30,045

ASU 2018-08: YTD increase of \$13,889



**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Statement of Operations and Changes in Net Assets**

**Quarter Ended March 31, 2019**

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
(Dollars in thousands)				
Operating revenues:				
Patient service revenues:				
Net patient service revenues	306,688	8,840	-	315,528
Research revenues:				
Direct grants and contracts	60,777	-	-	60,777
Gift related research revenue	53,282	12	-	53,293
Direct research revenues	114,059	12	-	114,070
Indirect grants/contracts/gifts	24,309	-	-	24,309
Unrestricted endowment spending guideline	192	-	-	192
Unrestricted gifts	9,052	-	-	9,052
Other operating revenues	8,315	-	-	8,315
Total revenues	462,615	8,852	-	471,466
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	214,371	10,059	-	224,430
Fringe	12,060	435	-	12,495
Depreciation and amortization	12,071	-	-	12,071
Interest	1,150	-	-	1,150
Total patient service expense	239,652	10,494	-	250,146
Research:				
Direct research/restricted gifts	114,060	12	-	114,071
Institute supported research	6,747	-	-	6,747
Fringe	1,304	-	-	1,304
Depreciation and amortization	9,983	-	-	9,983
Interest	8,204	-	-	8,204
Total research expense	140,298	12	-	140,309
General and administrative:				
General and administrative	87,708	277	-	87,985
Fringe	7,871	45	-	7,916
Depreciation and amortization	2,089	116	-	2,205
Interest	(3,974)	-	-	(3,974)
Total general and administrative	93,694	438	-	94,132
Total expenses	473,644	10,944	-	484,587
Operating (loss)	(11,029)	(2,092)	-	(13,121)
Investment income, net	35,715	-	-	35,715
Royalty income net of expenses <b>(Note 1)</b>	751	-	-	751
Interest rate swap agreement				
Net interest paid	(799)	-	-	(799)
Change in fair value	(5,723)	-	-	(5,723)
Total interest rate swap agreement	(6,522)	-	-	(6,522)
Gain on sale	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	18,915	(2,092)	-	16,823
<b>Other changes in net assets:</b>				
Net unrealized (loss) on endowment	(2,242)	-	-	(2,242)
Cumulative effect of changes in accounting principle <b>(Note 1)</b>	-	-	-	-
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	2,249	-	-	2,249
Increase in unrestricted net assets	18,922	(2,092)	-	16,831
Increase / decrease in temporarily restricted net assets <b>(Note 2)</b>	44,824	(10)	-	44,814
Increase in permanently restricted net assets	1,760	-	-	1,760
<b>Increase in Net Assets</b>	65,506	(2,102)	-	63,405
<b>Net Assets at Beginning of Period</b>	1,770,312	(31,234)	-	1,739,078
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,835,818</b>	<b>\$ (33,336)</b>	<b>\$ -</b>	<b>\$ 1,802,482</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.4.

**Note 2:** Includes the cumulative effect of the GAAP Changes on Temporarily Restricted Net Assets

ASC 606: YTD decrease of \$30,045

ASU 2018-08: YTD increase of \$13,889

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Balance Sheets**

**As Of March 31, 2018**

	<b>Obligated Group</b>	<b>Dana-Farber Cancer Care Network, Inc.</b>	<b>Eliminations and Reclassifications</b>	<b>Consolidated</b>
(Dollars in thousands)				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 173,023	\$ 331		\$ 173,354
Patient accounts receivable, net	98,841	2,308		101,149
Contributions receivable, current portion	5,333			5,333
Royalty receivable	-			-
Assets whose use is limited, current portion	5,196			5,196
Research receivables	35,025			35,025
Prepaid expenses and other current assets	103,853	1,428	(30,357)	74,924
<b>Total Current Assets</b>	<b>421,271</b>	<b>4,067</b>	<b>(30,357)</b>	<b>394,981</b>
Investments	1,237,675			1,237,675
Assets whose use is limited by indenture agreement or other, less current portion	12,789			12,789
Property, plant and equipment, net	945,670	1,167		946,837
Contributions receivable, less current portion	39,184			39,184
Other assets	49,297			49,297
<b>TOTAL ASSETS</b>	<b>\$ 2,705,886</b>	<b>\$ 5,234</b>	<b>\$ (30,357)</b>	<b>\$ 2,680,763</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 122,652	\$ 31,284	\$ (30,357)	\$ 123,579
Amounts due to third party payors	33,558			33,558
Research advances	105,304			105,304
Current portion of long-term debt	4,915			4,915
<b>Total Current Liabilities</b>	<b>266,429</b>	<b>31,284</b>	<b>(30,357)</b>	<b>267,356</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	603,993			603,993
Other liabilities	168,521			168,521
<b>Total Liabilities</b>	<b>1,038,943</b>	<b>31,284</b>	<b>(30,357)</b>	<b>1,039,870</b>
<b>Net Assets</b>				
Net assets without donor restriction	802,367	(26,184)		776,183
Net assets with donor restriction	864,576	134		864,710
<b>Total Net Assets</b>	<b>1,666,943</b>	<b>(26,050)</b>	<b>-</b>	<b>1,640,893</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,705,886</b>	<b>\$ 5,234</b>	<b>\$ (30,357)</b>	<b>\$ 2,680,763</b>

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Statement of Operations and Changes in Net Assets**

**Six Months Ended March 31, 2018**

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
(Dollars in thousands)				
Operating revenues:				
Patient service revenues:				
Net patient service revenues	539,243	18,043	-	557,286
Research revenues:				
Direct grants and contracts	108,435	-	-	108,435
Gift related research revenue	67,252	15	-	67,267
Direct research revenues	175,687	15	-	175,702
Indirect grants/contracts/gifts	43,873	-	-	43,873
Unrestricted endowment spending guideline	378	-	-	378
Unrestricted gifts	54,734	-	-	54,734
Other operating revenues	17,167	-	-	17,167
Total revenues	831,082	18,058	-	849,140
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	370,850	19,402	-	390,252
Fringe	19,676	894	-	20,570
Depreciation and amortization	24,635	-	-	24,635
Interest	2,150	-	-	2,150
Total patient service expense	417,311	20,296	-	437,607
Research:				
Direct research/restricted gifts	175,686	15	-	175,701
Institute supported research	16,625	-	-	16,625
Fringe	2,211	-	-	2,211
Depreciation and amortization	19,455	-	-	19,455
Interest	7,506	-	-	7,506
Total research expense	221,483	15	-	221,498
General and administrative				
General and administrative	147,329	570	-	147,899
Fringe	12,195	84	-	12,279
Depreciation and amortization	4,507	237	-	4,744
Interest	77	-	-	77
Total general and administrative	164,108	891	-	164,999
Total expenses	802,902	21,202	-	824,104
Operating income/(loss)	28,180	(3,144)	-	25,036
Investment income, net	19,249	-	-	19,249
Royalty income net of expenses <b>(Note 1)</b>	-	-	-	-
Interest rate swap agreement				
Net interest paid	(2,129)	-	-	(2,129)
Change in fair value	6,091	-	-	6,091
Total interest rate swap agreement	3,962	-	-	3,962
Gain on sale	22,489	-	-	22,489
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>73,880</b>	<b>(3,144)</b>	<b>-</b>	<b>70,736</b>
<b>Other changes in net assets:</b>				
Net unrealized (loss) on endowment	(2)	-	-	(2)
Cumulative effect of changes in accounting principle <b>(Note 1)</b>	-	-	-	-
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	2,639	-	-	2,639
Increase in unrestricted net assets	76,517	(3,144)	-	73,373
Increase in temporarily restricted net assets	51,469	(11)	-	51,458
Increase in permanently restricted net assets	7,427	-	-	7,427
<b>Increase in Net Assets</b>	<b>135,413</b>	<b>(3,155)</b>	<b>-</b>	<b>132,258</b>
<b>Net Assets at Beginning of Period</b>	<b>1,531,530</b>	<b>(22,895)</b>	<b>-</b>	<b>1,508,635</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,666,943</b>	<b>\$ (26,050)</b>	<b>\$ -</b>	<b>\$ 1,640,893</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.4.

**DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES**  
**Consolidating Statement of Operations and Changes in Net Assets**

**Quarter Ended March 31, 2018**

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
(Dollars in thousands)				
Operating revenues:				
Patient service revenues:				
Net patient service revenues	271,844	9,002	-	280,846
Research revenues:				
Direct grants and contracts	55,905	-	-	55,905
Gift related research revenue	35,643	9	-	35,652
Direct research revenues	91,548	9	-	91,557
Indirect grants/contracts/gifts	20,905	-	-	20,905
Unrestricted endowment spending guideline	189	-	-	189
Unrestricted gifts	7,089	-	-	7,089
Other operating revenues	11,594	-	-	11,594
Total revenues	403,169	9,011	-	412,180
Operating expenses: (Note 1)				
Patient service:				
Direct patient care	188,102	9,629	-	197,731
Fringe	10,898	446	-	11,344
Depreciation and amortization	12,341	-	-	12,341
Interest	1,171	-	-	1,171
Total patient service expense	212,512	10,075	-	222,587
Research:				
Direct research/restricted gifts	91,547	9	-	91,555
Institute supported research	7,777	-	-	7,777
Fringe	1,240	-	-	1,240
Depreciation and amortization	9,703	-	-	9,703
Interest	7,480	-	-	7,480
Total research expense	117,747	9	-	117,755
General and administrative:				
General and administrative	74,800	264	-	75,064
Fringe	6,837	40	-	6,877
Depreciation and amortization	2,255	119	-	2,374
Interest	(3,694)	-	-	(3,694)
Total general and administrative	80,198	423	-	80,621
Total expenses	410,457	10,507	-	420,963
Operating (loss)	(7,288)	(1,496)	-	(8,783)
Investment income, net	5,679	-	-	5,679
Royalty income net of expenses (Note 1)	-	-	-	-
Interest rate swap agreement				
Net interest paid	(1,023)	-	-	(1,023)
Change in fair value	6,260	-	-	6,260
Total interest rate swap agreement	5,237	-	-	5,237
Gain on sale	22,489	-	-	22,489
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>26,117</b>	<b>(1,496)</b>	<b>-</b>	<b>24,622</b>
Other changes in net assets:				
Net unrealized (loss) on endowment	(2)	-	-	(2)
Cumulative effect of changes in accounting principle (Note 1)	-	-	-	-
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	(400)	-	-	(400)
Increase in unrestricted net assets	25,715	(1,496)	-	24,220
Increase in temporarily restricted net assets	14,829	(8)	-	14,821
Increase in permanently restricted net assets	1,583	-	-	1,583
<b>Increase in Net Assets</b>	<b>42,127</b>	<b>(1,504)</b>	<b>-</b>	<b>40,624</b>
<b>Net Assets at Beginning of Period</b>	<b>1,624,816</b>	<b>(24,546)</b>	<b>-</b>	<b>1,600,270</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,666,943</b>	<b>\$ (26,050)</b>	<b>\$ -</b>	<b>\$ 1,640,893</b>
	-	-	-	-

**Note 1:** See "Adoption of New Accounting Standards" on p.4.