

**This document is dated as of September 10, 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\*** **Third Quarter Ended June 30, 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 June 30, 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 third fiscal quarters ending June 30, 2019 and June 30, 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 Consolidated Statement of Operations and Changes in Net Assets 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**

Third Quarter Ended June 30, 2019

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For the first nine months of fiscal year ("FY") 2019, Dana-Farber Cancer Institute, Inc. (DFCI) recorded total operating revenue of \$1.44 billion, an increase of \$167.0 million, or 13.1 percent, over the same period in FY 2018. Total patient service revenue grew by \$112.2 million, or 13.1 percent over the same period in FY 2018. Management attributes this increase to growth in patient volume as well as pharmacy revenue. Research revenues have increased by \$43.3 million, or 16.2 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 \$7.0 million, or 11.6 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 \$1.42 billion, an increase of \$166.6 million, or 13.3 percent. Total patient service expenses increased by \$88.2 million or 13.2 percent from the same period in FY 2018, primarily due to patient volume and pharmacy growth. Total research expenses increased by \$41.7 million or 12.4 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 \$36.7 million or 14.8 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 correction of inventorship patent lawsuit (See "Other").

Investment returns for the first nine months of FY 2019 were \$21.8 million or a return of 4.4% as compared to \$24.6 million or a return of 6.2% through the first nine months of FY 2018. Investment returns include investment income and realized and unrealized gains or losses. Continued improvement in the financial markets resulted in the positive return of 4.4 percent through the end of the third quarter, in comparison to the Institute's policy benchmark of 2.7 percent. DFCI's interest rate swap agreements decreased in value by \$17.9 million as compared to an increase of \$8.8 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 from the assignment by BCD Hospital Energy Collaborative, LLC to an unrelated entity of its rights to acquire the Medical Area Total Energy Plant. Of the total proceeds of \$23.8 million due to Dana-Farber, \$22.5 million was received in March 2018.

As a result of the operating results and market conditions noted above, for the first nine months of FY 2019, DFCI recorded an excess of revenues over expenses of \$36.1 million, compared to \$73.6 million for the first nine months of FY 2018. Income from operations was \$21.2 million, compared to \$20.8 million for the first nine months of FY 2018.

DFCI's total assets increased \$242.9 million, or 8.8 percent, to \$2.99 billion compared to the third quarter in FY 2018. Management attributes this increase primarily to growth in cash and investments due to positive operating results, improvement in market conditions and the receipt of \$34.0 million in royalty monetization proceeds. Compared with the third quarter of FY 2018, net assets without donor restrictions increased \$135.5 million, or 17.4 percent, to \$914.6 million, primarily due to positive operating results. Net assets with donor restrictions increased \$73.7 million or 8.5 percent to \$944.7 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 \$151.8 million, or 10.5 percent, compared to the third quarter in FY 2018. Days cash on hand increased by 15 days to 255 days compared to the third 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 \$33.5 million, or 29.5 percent compared to the third quarter of 2018 primarily due to increases in patient volume and revenue growth. Days in accounts receivable increased to 40 days as compared to 36 days in the third 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 \$10.7 million, or 11.9 percent, from the third 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 \$17.7 million, or 31.7 percent, compared to the third quarter of FY 2018 as a result of new pledges.

Research advances decreased by \$19.5 million, or 17.1 percent, compared to the third 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 \$56.5 million, or 29.3 percent, compared to the third 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.

#### **Inventorship Patent Lawsuit**

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 21, 2019, the Institute filed a second lawsuit against the defendants in the above-mentioned suit seeking equitable relief and damages to account for the defendants' unjust enrichment and unfair competition in exploiting patents co-owned by the Institute while holding themselves out to the Institute's potential licensees as the exclusive owners of the patents.

### **Subsequent Events**

On September 3, 2019, Dana-Farber Cancer Institute, Inc. and Dana-Farber, Inc. issued, through the Massachusetts Development Finance Agency, the \$51,130,000 Massachusetts Development Finance Agency Revenue Bonds, Dana-Farber Cancer Institute Issue, Series O (2019) (the "Series O Bonds"). The proceeds of the Series O Bonds, along with certain trustee-held funds, were used to refund the \$71,025,000 outstanding principal amount of the Massachusetts Health and Educational Authority Revenue Bonds, Dana-Farber Cancer Institute issue, Series K (2008) (the "Series K Bonds"), which Series K Bonds were defeased and paid, on the date of issuance of the Series O Bonds.

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

	As Of June 30		As Of September 30	
(Dollars in thousands)	2019	2018	2018	2017
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 206,756	\$ 198,422	\$ 196,040	\$ 125,379
Patient accounts receivable, net	146,711	113,254	114,134	99,996
Contributions receivable, current portion	8,016	6,986	21,870	14,969
Royalty receivable	2,771	-	5,440	-
Assets whose use is limited, current portion	2,959	3,311	6,018	9,033
Research receivables	29,127	31,284	35,966	34,712
Prepaid expenses and other current assets	100,701	90,000	99,806	61,324
<b>Total Current Assets</b>	<b>497,041</b>	<b>443,257</b>	<b>479,274</b>	<b>345,413</b>
Investments	1,393,972	1,250,538	1,315,668	1,174,119
Assets whose use is limited by indenture agreement or other, less current portion	12,994	12,827	12,868	12,762
Property, plant and equipment, net	960,842	946,088	956,643	965,591
Contributions receivable, less current portion	65,275	48,646	41,269	29,504
Other assets	63,702	49,586	55,581	48,997
<b>TOTAL ASSETS</b>	<b>\$ 2,993,826</b>	<b>\$ 2,750,942</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	\$ 131,006	\$ 122,426	\$ 135,725	\$ 142,827
Amounts due to third party payors	58,831	63,403	53,458	42,716
Research advances ( <b>Note 1</b> )	94,832	114,339	125,586	95,979
Current portion of long-term debt	4,779	4,541	5,741	5,422
<b>Total Current Liabilities</b>	<b>289,448</b>	<b>304,709</b>	<b>320,510</b>	<b>286,944</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	596,088	603,646	601,665	608,731
Other liabilities	248,918	192,425	213,580	172,076
<b>Total Liabilities</b>	<b>1,134,454</b>	<b>1,100,780</b>	<b>1,135,755</b>	<b>1,067,751</b>
<b>Net Assets</b>				
Net assets without donor restriction ( <b>Note 1</b> )	914,647	779,102	817,039	702,810
Net assets with donor restriction ( <b>Note 1</b> )	944,725	871,060	908,509	805,825
<b>Total Net Assets</b>	<b>1,859,372</b>	<b>1,650,162</b>	<b>1,725,548</b>	<b>1,508,635</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,993,826</b>	<b>\$ 2,750,942</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 June 30		Nine Months Ended June 30		Year Ended September 30
(Dollars in thousands)	2019	2018	2019	2018	2018
<b>Operating revenues:</b>					
Patient service revenues:					
Net patient service revenues	\$ 337,207	\$ 297,639	967,158	854,925	\$ 1,166,614
Research revenues:					
Direct grants and contracts	61,686	53,166	177,262	161,601	219,742
Gift related research revenue	41,043	37,655	132,544	104,922	148,954
Direct research revenues	102,729	90,821	309,806	266,523	368,696
Indirect grants/contracts/gifts	26,366	22,269	72,177	66,142	89,271
Unrestricted gifts	6,838	6,076	67,834	60,810	77,711
Other operating revenues	8,072	6,888	22,885	24,433	31,094
Total revenues	481,212	423,693	1,439,860	1,272,833	1,733,386
<b>Operating expenses: (Note 1)</b>					
Patient service:					
Direct patient care	235,014	205,693	681,291	595,945	820,990
Fringe	11,631	11,366	34,552	31,936	41,389
Depreciation and amortization	12,490	11,919	36,739	36,554	44,854
Interest	1,113	1,273	3,508	3,423	4,787
Total patient service expense	260,248	230,251	756,090	667,858	912,020
Research:					
Direct research/restricted gifts	102,728	90,821	309,806	266,523	368,696
Institute supported research	7,843	8,849	22,440	25,474	33,361
Fringe	1,191	1,211	3,587	3,422	4,559
Depreciation and amortization	9,617	9,942	29,395	29,397	35,803
Interest	4,170	3,713	12,461	11,219	108
Total research expense	125,549	114,536	377,689	336,035	442,527
General and administrative:					
General and administrative	84,567	73,879	256,734	221,777	301,341
Fringe	7,214	6,668	21,435	18,947	25,356
Depreciation and amortization	2,068	2,554	6,560	7,298	8,700
Interest	48	43	147	120	15,585
Total general and administrative	93,897	83,144	284,876	248,142	350,982
Total expenses	479,694	427,930	1,418,655	1,252,035	1,705,529
Operating income (loss)	1,518	(4,237)	21,205	20,798	27,857
Investment income, net	17,721	5,378	21,811	24,628	47,250
Royalty income net of expenses (Note 1)	9,168	-	13,488	-	-
Interest rate swap agreement					
Net interest paid	(812)	(941)	(2,454)	(3,070)	(3,973)
Change in fair value	(7,157)	2,718	(17,994)	8,809	11,797
Total interest rate swap agreement	(7,969)	1,778	(20,448)	5,739	7,824
Gain on sale	-	-	-	22,489	23,802
<b>EXCESS OF REVENUES OVER EXPENSES</b>	20,438	2,919	36,055	73,654	106,733
<b>Other changes in net assets:</b>					
Net unrealized (loss) on endowment	(2,249)	1	(4,498)	(1)	-
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	-	6,807	2,639	2,639
Increase in unrestricted net assets	20,437	2,920	97,609	76,292	114,229
Increase in temporarily restricted net assets (Note 2)	36,275	3,553	31,345	55,013	90,396
Increase in permanently restricted net assets	178	2,795	4,869	10,221	12,288
<b>Increase in Net Assets</b>	56,890	9,268	133,823	141,526	216,913
<b>Net Assets at Beginning of Period</b>	1,802,480	1,640,893	1,725,548	1,508,635	1,508,635
<b>NET ASSETS AT END OF PERIOD</b>	\$ 1,859,370	\$ 1,650,161	\$ 1,859,371	\$ 1,650,161	\$ 1,725,548

**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 \$30,048

ASU 2018-08: YTD increase of \$12,231

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

<b>Asset Allocation Summary</b>	<b>As Of June 30</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	\$ 9,325	\$ 1,247	\$ 7,721	\$ 1,630
U.S. Government Securities	97,780	93,065	92,860	81,689
U.S. Equity Securities	91,659	80,604	80,377	94,769
U.S. Equity Mutual Funds	167,395	149,674	161,398	136,531
International Equity Securities	42,818	41,932	41,301	81,508
International Equity Mutual Funds	277,305	271,595	278,592	194,805
Alternative Investments*	707,690	612,421	653,419	583,187
<b>Total</b>	<b>\$1,393,972</b>	<b>\$ 1,250,538</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 June 30</b>		<b>As Of September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
Dana-Farber Portfolio	4.4%	6.2%	10.0%	12.6%
Investment Committee Custom Benchmark*	2.7%	5.0%	8.0%	11.4%
S&P 500	2.5%	9.5%	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>June 30</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	\$ 70,834	\$ 75,123	\$ 75,087	\$ 79,198
Series L Bonds	184,091	184,057	184,066	184,033
Series M Bonds	50,359	50,306	50,319	50,266
Series N Bonds	274,654	276,211	275,826	277,342
South Shore lease obligation	13,841	14,752	14,529	15,393
Milford lease obligation	7,090	7,738	7,579	7,921
<b>Total Long-Term Debt</b>	<b>600,869</b>	<b>608,187</b>	<b>607,406</b>	<b>614,153</b>
<b>Unrestricted Net Assets</b>	<b>949,913</b>	<b>807,245</b>	<b>846,458</b>	<b>725,850</b>
<b>Total Capitalization</b>	<b>\$ 1,550,782</b>	<b>\$ 1,415,432</b>	<b>\$ 1,453,864</b>	<b>\$ 1,340,003</b>
<b>Total Long-Term Debt as a Percent of Total Capitalization</b>	<b>38.7%</b>	<b>43.0%</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 June 30</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>	\$ 1,225,920	\$ 1,009,152	\$ 1,075,895	\$ 879,509
Average Daily Expenses <sup>2</sup>	4,805	4,202	4,311	3,897
<b>Days Cash On-Hand</b>	<b>255</b>	<b>240</b>	<b>250</b>	<b>226</b>

<sup>1</sup> These amounts are composed of 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> These amounts are composed of 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 June 30</b>		<b>Year Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
Income Available for Debt Service	184,103	181,500	185,772	106,457
Actual Historical Annual Debt Service	30,868	29,128	29,835	39,515
<b>Actual Historical Debt Service Coverage Ratio</b>	<b>5.96</b>	<b>6.23</b>	<b>6.23</b>	<b>2.69</b>
Income Available for Debt Service	184,103	181,500	185,772	106,457
Pro Forma Maximum Annual Debt Service <sup>1</sup>	37,474	36,694	36,977	35,711
<b>Pro Forma Maximum Debt Service Coverage Ratio</b>	<b>4.91</b>	<b>4.95</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 trends in operating performance in fiscal year 2018, including a non-recurring gain on sale related to the assignment by BCD Hospital Energy Collaborative, LLC to an unrelated entity of its rights to acquire the Medical Area Total Energy Plant. Of the total proceeds of \$23.8 million due to DFCl, \$22.5 million was received in March 2018. While operating performance remained consistent during fiscal year 2019, the change in the debt service coverage ratios from March 30, 2018 to March 30, 2019 relates to the non-recurring gain recorded in fiscal year 2018.

<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 the 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 2.90% and 2.17% for June 30, 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 5.70% and 5.03% for June 30, 2019 and 2018, respectively.

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

	Quarter Ended June 30		Nine Months Ended June 30		Year Ended September 30	
	2019	2018	2019	2018	2018	2017
<b>OUTPATIENT STATISTICS</b>						
MD Clinic visits <sup>(1)</sup>	93,019	90,762	266,961	259,927	346,805	328,591
Infusion visits <sup>(1)</sup>	47,891	45,491	139,481	130,464	176,630	165,792
<b>ANCILLARY STATISTICS</b>						
(units of service)						
Laboratories	378,364	352,652	1,074,844	987,555	1,336,544	1,246,171
Blood Bank	19,920	17,755	58,127	51,643	70,367	67,889
Pharmacy <sup>(1)(2)</sup>	154,055,265	118,105,530	396,302,211	338,813,366	463,717,720	378,567,492
PET Scans	1,523	1,365	4,322	3,883	5,445	3,871
Diagnostic Radiology	4,934	4,798	14,159	14,183	18,731	18,412
Ultrasound	198	380	855	1,129	1,494	1,406
Nuclear Medicine	713	632	2,031	1,934	2,587	2,725
MRI	2,239	2,366	6,150	5,838	7,449	7,813
CT Scans	8,937	8,216	24,945	23,873	32,233	30,245
Radiation Therapy	10,003	9,974	31,242	29,891	40,190	38,358
Respiratory Therapy/EKG (Treatments)	6,212	6,007	18,168	17,351	23,277	21,263
<b>INPATIENT STATISTICS</b>						
Licensed Beds	30	30	30	30	30	30
Total Admissions	406	316	1,187	929	1,304	1,044
ALOS	6.17	8.66	6.52	8.38	7.98	9.85
Total Patient Days	2,561	2,735	7,774	7,849	10,434	10,288
Occupancy Rate	94.1%	99.1%	95.1%	95.9%	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 June 30</b>				
<b>Percentage Gross Revenues</b>	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	44%	32%	43%	43%
Medicare	44%	32%	43%	43%
Medicaid	9%	3%	7%	8%
Other	31%	36%	27%	26%
Blue Cross	15%	28%	22%	22%
Self-Pay	1%	1%	1%	1%
Total	100%	100%	100%	100%

<b>Nine Months Ended June 30</b>				
<b>Percentage Gross Revenues</b>	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	44%	36%	43%	42%
Medicare	44%	36%	43%	42%
Medicaid	7%	10%	7%	7%
Other	27%	31%	27%	28%
Blue Cross	21%	22%	22%	22%
Self-Pay	1%	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>
	35%	31%	43%	40%
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		Nine Months Ended		Year Ended	
	June 30		June 30		September 30	
	2019	2018	2019	2018	2018	2017
<b>Fundraising Contributions</b>						
Unrestricted contributions and bequests	\$ 6,838	\$ 6,076	\$ 67,834	\$ 60,810	\$ 77,711	\$ 75,227
Gifts for current use	776	\$ 921	6,330	5,874	8,375	8,098
Temporarily restricted	40,575	\$ 25,037	115,218	101,578	137,063	116,832
Permanently restricted	178	2,794	4,869	10,221	12,288	9,815
<b>Subtotal</b>	<b>48,367</b>	<b>34,828</b>	<b>194,251</b>	<b>178,483</b>	<b>235,437</b>	<b>209,972</b>
Non-government Grants	8,792	\$ 9,898	52,082	27,449	44,096	46,391
<b>Total Fundraising Contributions</b>	<b>\$ 57,159</b>	<b>\$ 44,726</b>	<b>\$ 246,333</b>	<b>\$ 205,932</b>	<b>\$ 279,533</b>	<b>\$ 256,363</b>
<b>Direct Fundraising Expenses</b>	<b>\$ 9,175</b>	<b>\$ 7,571</b>	<b>\$ 28,381</b>	<b>\$ 21,446</b>	<b>\$ 30,659</b>	<b>\$ 30,168</b>
<b>Direct Fundraising Expenses as Percent of Total Fundraising Contributions</b>	<b>16%</b>	<b>17%</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>12%</b>

**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 June 30, 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	\$ 206,716	\$ 40	-	\$ 206,756
Patient accounts receivable, net	142,811	3,900	-	146,711
Contributions receivable, current portion	8,016	-	-	8,016
Royalty receivable	2,771	-	-	2,771
Assets whose use is limited, current portion	2,959	-	-	2,959
Research receivables	29,127	-	-	29,127
Prepaid expenses and other current assets	140,547	1,278	(41,124)	100,701
<b>Total Current Assets</b>	<b>532,947</b>	<b>5,218</b>	<b>(41,124)</b>	<b>497,041</b>
Investments	1,393,972	-	-	1,393,972
Assets whose use is limited by indenture agreement or other, less current portion	12,994	-	-	12,994
Property, plant and equipment, net	960,218	624	-	960,842
Contributions receivable, less current portion	65,275	-	-	65,275
Other assets	63,702	-	-	63,702
<b>TOTAL ASSETS</b>	<b>\$ 3,029,108</b>	<b>\$ 5,842</b>	<b>\$ (41,124)</b>	<b>\$ 2,993,826</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	131,086	41,044	(41,124)	131,006
Amounts due to third party payors	58,831	-	-	58,831
Research advances ( <b>Note 1</b> )	94,832	-	-	94,832
Current portion of long-term debt	4,779	-	-	4,779
<b>Total Current Liabilities</b>	<b>289,528</b>	<b>41,044</b>	<b>(41,124)</b>	<b>289,448</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	596,088	-	-	596,088
Other liabilities	248,918	-	-	248,918
<b>Total Liabilities</b>	<b>845,006</b>	<b>-</b>	<b>-</b>	<b>845,006</b>
<b>Net Assets</b>				
Net assets without donor restriction ( <b>Note 1</b> )	949,913	(35,266)	-	914,647
Net assets with donor restriction ( <b>Note 1</b> )	944,661	64	-	944,725
<b>Total Net Assets</b>	<b>1,894,574</b>	<b>(35,202)</b>	<b>-</b>	<b>1,859,372</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,029,108</b>	<b>\$ 5,842</b>	<b>\$ (41,124)</b>	<b>\$ 2,993,826</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**

**Nine Months Ended June 30, 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	938,545	28,613	-	967,158
Research revenues:				
Direct grants and contracts	177,262	-	-	177,262
Gift related research revenue	132,509	35	-	132,544
Direct research revenues	309,771	35	-	309,806
Indirect grants/contracts/gifts	72,177	-	-	72,177
Unrestricted gifts	67,834	-	-	67,834
Other operating revenues	22,885	-	-	22,885
Total revenues	1,411,212	28,648	-	1,439,860
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	649,410	31,881	-	681,291
Fringe	33,227	1,325	-	34,552
Depreciation and amortization	36,739	-	-	36,739
Interest	3,508	-	-	3,508
Total patient service expense	722,884	33,206	-	756,090
Research:				
Direct research/restricted gifts	309,771	35	-	309,806
Institute supported research	22,440	-	-	22,440
Fringe	3,587	-	-	3,587
Depreciation and amortization	29,395	-	-	29,395
Interest	12,461	-	-	12,461
Total research expense	377,654	35	-	377,689
General and administrative:				
General and administrative	255,879	855	-	256,734
Fringe	21,302	133	-	21,435
Depreciation and amortization	6,294	266	-	6,560
Interest	147	-	-	147
Total general and administrative	283,622	1,254	-	284,876
Total expenses	1,384,160	34,495	-	1,418,655
Operating income (loss)	27,052	(5,847)	-	21,205
Investment income, net	21,811	-	-	21,811
Royalty income net of expenses <b>(Note 1)</b>	13,488	-	-	13,488
Interest rate swap agreement				
Net interest paid	(2,454)	-	-	(2,454)
Change in fair value	(17,994)	-	-	(17,994)
Total interest rate swap agreement	(20,448)	-	-	(20,448)
Gain on sale	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>41,903</b>	<b>(5,847)</b>	<b>-</b>	<b>36,055</b>
<b>Other changes in net assets:</b>				
Net unrealized (loss) on endowment	(4,498)	-	-	(4,498)
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	6,807	-	-	6,807
Increase in unrestricted net assets	103,456	(5,847)	-	97,609
Increase in temporarily restricted net assets <b>(Note 2)</b>	31,377	(32)	-	31,345
Increase in permanently restricted net assets	4,869	-	-	4,869
<b>Increase in Net Assets</b>	<b>139,702</b>	<b>(5,879)</b>	<b>-</b>	<b>133,823</b>
<b>Net Assets at Beginning of Period</b>	<b>1,754,871</b>	<b>(29,323)</b>	<b>-</b>	<b>1,725,548</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,894,573</b>	<b>\$ (35,202)</b>	<b>\$ -</b>	<b>\$ 1,859,371</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 \$30,048  
 ASU 2018-08: YTD increase of \$12,231



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

**Quarter Ended June 30, 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	326,288	10,919	-	337,207
Research revenues:				
Direct grants and contracts	61,686	-	-	61,686
Gift related research revenue	41,034	9	-	41,043
Direct research revenues	102,720	9	-	102,729
Indirect grants/contracts/gifts	26,366	-	-	26,366
Unrestricted gifts	6,838	-	-	6,838
Other operating revenues	8,072	-	-	8,072
Total revenues	470,284	10,928	-	481,212
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	223,012	12,002	-	235,014
Fringe	11,195	436	-	11,631
Depreciation and amortization	12,490	-	-	12,490
Interest	1,113	-	-	1,113
Total patient service expense	247,810	12,438	-	260,248
Research:				
Direct research/restricted gifts	102,719	9	-	102,728
Institute supported research	7,843	-	-	7,843
Fringe	1,191	-	-	1,191
Depreciation and amortization	9,617	-	-	9,617
Interest	4,170	-	-	4,170
Total research expense	125,540	9	-	125,549
General and administrative:				
General and administrative	84,302	265	-	84,567
Fringe	7,174	40	-	7,214
Depreciation and amortization	2,035	33	-	2,068
Interest	48	-	-	48
Total general and administrative	93,559	338	-	93,897
Total expenses	466,909	12,785	-	479,694
Operating gain	3,375	(1,857)	-	1,518
Investment income, net	17,721	-	-	17,721
Royalty income net of expenses <b>(Note 1)</b>	9,168	-	-	9,168
Interest rate swap agreement				
Net interest paid	(812)	-	-	(812)
Change in fair value	(7,157)	-	-	(7,157)
Total interest rate swap agreement	(7,969)	-	-	(7,969)
Gain on sale	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>22,295</b>	<b>(1,857)</b>	<b>-</b>	<b>20,438</b>
<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>	-	-	-	-
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	2,249	-	-	2,249
Increase in unrestricted net assets	22,295	(1,857)	-	20,438
Increase / decrease in temporarily restricted net assets <b>(Note 2)</b>	36,283	(10)	-	36,273
Increase in permanently restricted net assets	178	-	-	178
<b>Increase in Net Assets</b>	<b>58,756</b>	<b>(1,867)</b>	<b>-</b>	<b>56,890</b>
<b>Net Assets at Beginning of Period</b>	<b>1,835,817</b>	<b>(33,336)</b>	<b>-</b>	<b>1,802,481</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 1,894,573</b>	<b>\$ (35,203)</b>	<b>\$ -</b>	<b>\$ 1,859,370</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 \$30,048  
 ASU 2018-08: YTD increase of \$12,231

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

**As Of June 30, 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	\$ 198,057	\$ 365		\$ 198,422
Patient accounts receivable, net	110,853	2,401		113,254
Contributions receivable, current portion	6,986	-		6,986
Royalty receivable	-	-		-
Assets whose use is limited, current portion	3,311	-		3,311
Research receivables	31,284	-		31,284
Prepaid expenses and other current assets	119,122	1,628	(30,750)	90,000
<b>Total Current Assets</b>	<b>469,613</b>	<b>4,394</b>	<b>(30,750)</b>	<b>443,257</b>
Investments	1,250,538	-		1,250,538
Assets whose use is limited by indenture agreement or other, less current portion	12,827	-		12,827
Property, plant and equipment, net	945,033	1,055		946,088
Contributions receivable, less current portion	48,646	-		48,646
Other assets	49,586	-		49,586
<b>TOTAL ASSETS</b>	<b>\$ 2,776,243</b>	<b>\$ 5,449</b>	<b>\$ (30,750)</b>	<b>\$ 2,750,942</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 119,705	\$ 33,471	\$ (30,750)	\$ 122,426
Amounts due to third party payors	63,403	-		63,403
Research advances	114,339	-		114,339
Current portion of long-term debt	4,541	-		4,541
<b>Total Current Liabilities</b>	<b>301,988</b>	<b>33,471</b>	<b>(30,750)</b>	<b>304,709</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	603,646	-		603,646
Other liabilities	192,425	-		192,425
<b>Total Liabilities</b>	<b>1,098,059</b>	<b>33,471</b>	<b>(30,750)</b>	<b>1,100,780</b>
<b>Net Assets</b>				
Net assets without donor restriction	807,245	(28,143)		779,102
Net assets with donor restriction	870,939	121		871,060
<b>Total Net Assets</b>	<b>1,678,184</b>	<b>(28,022)</b>	<b>-</b>	<b>1,650,162</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,776,243</b>	<b>\$ 5,449</b>	<b>\$ (30,750)</b>	<b>\$ 2,750,942</b>

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

**Nine Months Ended June 30, 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	828,058	26,867	-	854,925
Research revenues:				
Direct grants and contracts	161,601	-	-	161,601
Gift related research revenue	104,893	29	-	104,922
Direct research revenues	266,494	29	-	266,523
Indirect grants/contracts/gifts	66,142	-	-	66,142
Unrestricted gifts	60,810	-	-	60,810
Other operating revenues	24,433	-	-	24,433
Total revenues	1,245,937	26,896	-	1,272,833
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	566,687	29,258	-	595,945
Fringe	30,581	1,355	-	31,936
Depreciation and amortization	36,554	-	-	36,554
Interest	3,423	-	-	3,423
Total patient service expense	637,245	30,613	-	667,858
Research:				
Direct research/restricted gifts	266,494	29	-	266,523
Institute supported research	25,474	-	-	25,474
Fringe	3,422	-	-	3,422
Depreciation and amortization	29,397	-	-	29,397
Interest	11,219	-	-	11,219
Total research expense	336,006	29	-	336,035
General and administrative				
General and administrative	220,902	875	-	221,777
Fringe	18,819	128	-	18,947
Depreciation and amortization	6,944	354	-	7,298
Interest	120	-	-	120
Total general and administrative	246,785	1,357	-	248,142
Total expenses	1,220,036	31,999	-	1,252,035
Operating income/(loss)	25,901	(5,103)	-	20,798
Investment income, net	24,628	-	-	24,628
Royalty income net of expenses <b>(Note 1)</b>	-	-	-	-
Interest rate swap agreement				
Net interest paid	(3,070)	-	-	(3,070)
Change in fair value	8,809	-	-	8,809
Total interest rate swap agreement	5,739	-	-	5,739
Gain on sale	22,489	-	-	22,489
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>78,757</b>	<b>(5,103)</b>	<b>-</b>	<b>73,654</b>
Other changes in net assets:				
Net unrealized (loss) on endowment	(1)	-	-	(1)
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	81,395	(5,103)	-	76,292
Increase in temporarily restricted net assets	55,037	(24)	-	55,013
Increase in permanently restricted net assets	10,221	-	-	10,221
<b>Increase in Net Assets</b>	<b>146,653</b>	<b>(5,127)</b>	<b>-</b>	<b>141,526</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>\$ 1,678,183</b>	<b>\$ (28,022)</b>	<b>\$ -</b>	<b>\$ 1,650,161</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 June 30, 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	288,815	8,824	-	297,639
Research revenues:				
Direct grants and contracts	53,166	-	-	53,166
Gift related research revenue	37,641	14	-	37,655
Direct research revenues	90,807	14	-	90,821
Indirect grants/contracts/gifts	22,269	-	-	22,269
Unrestricted gifts	6,076	-	-	6,076
Other operating revenues	6,888	-	-	6,888
Total revenues	414,855	8,838	-	423,693
Operating expenses: <b>(Note 1)</b>				
Patient service:				
Direct patient care	195,837	9,856	-	205,693
Fringe	10,905	461	-	11,366
Depreciation and amortization	11,919	-	-	11,919
Interest	1,273	-	-	1,273
Total patient service expense	219,934	10,317	-	230,251
Research:				
Direct research/restricted gifts	90,808	14	-	90,821
Institute supported research	8,849	-	-	8,849
Fringe	1,211	-	-	1,211
Depreciation and amortization	9,942	-	-	9,942
Interest	3,713	-	-	3,713
Total research expense	114,523	14	-	114,536
General and administrative:				
General and administrative	73,573	305	-	73,878
Fringe	6,624	44	-	6,668
Depreciation and amortization	2,437	117	-	2,554
Interest	43	-	-	43
Total general and administrative	82,677	466	-	83,143
Total expenses	417,134	10,797	-	427,930
Operating (loss)	(2,279)	(1,959)	-	(4,237)
Investment income, net	5,379	-	-	5,379
Royalty income net of expenses <b>(Note 1)</b>	-	-	-	-
Interest rate swap agreement				
Net interest paid	(941)	-	-	(941)
Change in fair value	2,718	-	-	2,718
Total interest rate swap agreement	1,777	-	-	1,777
Gain on sale	-	-	-	-
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	4,877	(1,959)	-	2,919
Other changes in net assets:				
Net unrealized (loss) on endowment	1	-	-	1
Cumulative effect of changes in accounting principle <b>(Note 1)</b>	-	-	-	-
Net assets released from restriction for capital	-	-	-	-
Pension adjustment	-	-	-	-
Other	-	-	-	-
Increase in unrestricted net assets	4,878	(1,959)	-	2,920
Increase in temporarily restricted net assets	3,568	(13)	-	3,555
Increase in permanently restricted net assets	2,794	-	-	2,794
<b>Increase in Net Assets</b>	11,240	(1,972)	-	9,269
<b>Net Assets at Beginning of Period</b>	1,666,943	(26,050)	-	1,640,893
<b>NET ASSETS AT END OF PERIOD</b>	\$ 1,678,183	\$ (28,022)	\$ -	\$ 1,650,161

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