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**This document is dated as of June 11, 2021**

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. Dana-Farber Cancer Institute expressly disclaims any obligation or undertaking to issue any updates or revisions to those forward-looking statements if or when there are events, conditions or circumstances on which such statements are based occur.

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

### **DANA-FARBER CANCER INSTITUTE, INC. AND SUBSIDIARIES\* Second Quarter Ended March 31, 2021**

**Laurie H. Glimcher M.D., President and Chief Executive Officer**  
**William C. Hahn M.D. Ph.D., Executive Vice President and Chief Operating Officer**  
**Michael L. Reney, Executive Vice President and Chief Finance & Business  
Strategy Officer**

\*Dana-Farber Cancer Institute, Inc. is the parent corporation of Dana-Farber, Inc., Dana-Farber Trust, Inc., Dana-Farber Cancer Care Network, Inc. and Dana-Farber Global Oncology, LLC. Results for the quarter ended March 31, 2021 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, 2019, Dana-Farber Cancer Institute, Inc. (“DFCI”) adopted ASC 842, *Leases*, using the modified retrospective basis. ASC 842 supersedes nearly all existing lease accounting guidance under GAAP issued by the Financial Accounting Standards Board (“FASB”) including ASC 840, *Leases*. 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, 2021**

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### **COVID-19 Pandemic**

During the COVID-19 pandemic, the Institute has remained operational and has continued to care for patients. Although the ultimate impact to the Institute is uncertain and subject to change due to the evolving nature of the COVID-19 global outbreak, the Institute’s patient volumes and revenues have been negatively impacted due to the effects of the pandemic.

In April 2020, the Institute received (i) approximately \$133.0 million in Medicare accelerated payments, which are required to be repaid twenty-nine months from the date of receipt, at which time remaining unpaid amounts are subject to interest of 4%; and (ii) approximately \$23.8 million in funding from the Provider Relief Fund General Distribution made pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which is not subject to repayment so long as the Institute meets certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related expenses. The Institute received an additional \$22.8 million in CARES Act Relief funding in December 2020. The CARES Act Relief funding received by the Institute in fiscal year 2020 and fiscal year 2021 is subject to future audits and potential adjustment in future periods. The U.S. Department of Health and Human Services continues to update its reporting requirements, and it is reasonably possible that final amounts of recognized CARES Act Relief funding to the Institute may be adjusted in future reporting periods to comply with applicable regulations, guidance or directives by the federal government.

In May 2020, the Institute entered into a new \$60.0 million line of credit, on which it has not drawn down as of March 31, 2021. The CARES Act also provided for deferred payment of the employer portion of social security taxes through December 31, 2020,

with 50% of the deferred amount due December 31, 2021 and the remaining due December 31, 2022. As of March 31, 2021, the Institute has deferred \$19.8 million, (\$10.0 million is in current liabilities while the remaining \$9.8 million is in other long-term liabilities).

## **Management Discussion and Analysis of Financial Condition and Operating Results**

For the first six months of fiscal year (“FY”) 2021, DFCI recorded a consolidated excess of revenues over expenses of \$195.5 million, compared to a (deficit) of revenues over expenses of (\$33.9) million for the first six months of FY 2020. Income from operations was \$41.3 million, compared to \$26.4 million for the first six months of FY 2020.

Total operating revenue for the first six months of FY 2021 was \$1.1 billion, an increase of \$81.1 million, or 8.0 percent, over the same period in FY 2020. Total patient service revenue was \$735.7 million, an increase of \$56.2 million, or 8.3 percent as compared to the same period in FY 2020. Management attributes this increase to growth in pharmacy revenue and a payment in December from the Embassy of Kuwait resulting in the release of a reserve for potentially uncollectible patient accounts originally established in FY20. Direct research revenues related to grants, contracts and gifts increased by \$7.5 million, or 3.7 percent, over the same period in FY 2020. Management attributes this increase to growth in spending on federal grants and gift funds. Indirect research revenues increased by \$3.3 million, or 6.3 percent, over the same period in FY 2020 due to the favorable trends in expenditures related to grants, contracts and gifts. Unrestricted gifts decreased by approximately \$4.8 million from the same period in FY 2020, or 7.8 percent. Management attributes this decrease to the impact of the pandemic on fund-raising events. Other operating revenue increased by \$18.9 million from the same period in FY 2020, or 112.5 percent, due primarily to relief funding of \$22.8 million from the CARES Act. Operating expenses increased by \$66.1 million, or 6.7 percent over FY 2020 to \$1.0 billion. Total patient service expenses increased by \$53.8 million, or 10.0 percent from the same period in FY 2020, due primarily to pharmacy expenses and increases in staffing and related compensation expenses. Total research expenses increased by \$3.1 million, or 1.3 percent from the same period in FY 2020 due to increased spending on federal grants and gifts. Total general and administrative expenses increased by \$9.2 million, or 4.6 percent, from the same period in FY 2020, due primarily to increases in staffing and related compensation expenses.

Investment returns, including investment income and realized and unrealized gains or losses, amounted to \$137.2 million, or a return of 19.6 percent for the first six months of FY 2021 compared to unfavorable returns in the amount of \$46.2 million, or a return of (6.3) percent for the same period in the prior year which coincided with the early stages of the pandemic. DFCI’s swap liability decreased by \$17.7 million as compared to an

increase of \$11.1 million for the same period in FY 2020 primarily due to increasing LIBOR rates. This also impacted swap-related interest expense favorably.

DFCI's total assets increased by \$834 million, or 23.9 percent, compared to the same period in FY 2020, to \$4.3 billion. This increase is primarily driven by higher levels of cash and investments.

Compared with the same period in FY 2020, net assets without donor restriction increased by \$283.7 million, or 31.9 percent, to \$1.2 billion, reflecting positive operating results and strong investment returns. Net assets with donor restriction increased by \$506.7 million, or 54.6 percent, to \$1.4 billion, primarily due to positive philanthropy results and investment returns.

Cash increased by \$227.4 million, or 171.3 percent, compared to the second quarter in FY 2020. Management attributes this increase to two separate payments of \$23.8 million and \$22.8 million in relief funding from the CARES Act, \$133 million of advanced Medicare payments (included with accounts payable and accrued expenses), \$20.0 million from the Embassy of Kuwait for past-due patient accounts and approximately \$204 million in other significant gifts and pledge payments. These increases were offset by approximately \$116.0 million related to capital spending, prepaid expenses and repayment of the Institute's outstanding \$60.0 million line of credit.

Investments increased by \$650.0 million, or 47.0 percent, compared to the second quarter in FY 2020. Management attributes this increase to favorable investment returns.

Net patient accounts receivable decreased by \$24.2 million, or 15.5 percent, to \$131.8 million compared to the second quarter of FY 2020 due to strong cash collections and a reduction in the reserve established in FY 2020 for past-due patient accounts from the Embassy of Kuwait. Days in accounts receivable decreased to 33 days as compared to 42 days in the second quarter of FY 2020.

Contributions receivable, (current and long-term) decreased by \$7.2 million, or 8.1 percent, compared to the second quarter of FY 2020 as a result of pledge payments.

Research receivables increased by \$10.7 million, or 19.4 percent, compared to the second quarter of FY 2020 primarily due to the timing of receipts related to government contracts and clinical trials.

Prepaid expenses and other current assets increased by \$32.4 million, or 26.6 percent, from the second quarter of FY 2020 due to an increase in pharmacy inventories, general inventories related to personal protective equipment (PPE) due to the COVID-19 pandemic, and the opening of a new satellites in Merrimack Valley and Chestnut Hill.

Property, plant and equipment decreased by \$25.4 million, or 2.4 percent, compared to the second quarter of FY 2020, as depreciation outpaced capital additions.

Other long-term assets decreased by \$13.3 million, or 16.8 percent, compared to the second quarter of FY 2020 due primarily to amortization of prepaid expenses related to royalty monetization payments received from pharmaceutical companies as a result of licensing arrangements.

Accounts payable and accrued expenses increased by \$149.4 million, or 80.5 percent, compared to the second quarter of FY 2020 primarily as a result of Medicare accelerated payments of \$133.0 million related to the COVID-19 pandemic that the Institute will begin to repay in April 2021, increases in COVID-19 related deferrals of employer social security tax of \$10.0 million representing fifty percent of the total balance due on December 31, 2021, an increase in capital accruals related to a new satellite at Chestnut Hill, the acquisition of certain drugs in anticipation of future potential shortages and increases in expenses associated with certain affiliates.

Amounts due to third-party payers increased by \$14.8 million, or 35.2 percent, compared to the second quarter of FY 2020 due primarily to the establishment of current year liabilities offset by payment of certain prior year settlements.

Research advances have increased by \$15.7 million, or 12.6 percent, compared to the second quarter of FY 2020 due primarily to cash received for clinical trials, non-government grants and commercial agreements.

Long-term debt less current portion decreased by \$73.7 million, or 11.4 percent, compared to the second quarter of FY 2020 due primarily to the Institute fully repaying its \$60 million line of credit in June 2020 that it drew down in March 2020 as a result of the pandemic.

Other liabilities decreased by \$51.9 million, or 22.0 percent, compared to the second quarter as a result of amortization of deferred revenue related to royalty monetizations and improvement in the interest rate swap liability position.

**Other:**

**Adoption of New Accounting Standards**

On October 1, 2019, the Institute adopted ASC 842, *Leases*. ASC 842 requires that lessees recognize right-of-use assets and lease liabilities calculated based on the present value of lease payments for all lease agreements with terms that are greater than twelve months. The distinction in ASC 842 between finance leases and operating leases determines how the leases are measured and presented in the consolidated statement of operations and consolidated statement of cash flows. Additional qualitative and quantitative disclosures are also required.

The Institute adopted the following practical expedients and elected the following accounting policies related to this standard:

- Elected not to reassess prior conclusions related to the identification, classification, and accounting for indirect costs for leases that commenced prior to October 1, 2019;
- Elected the short-term lease accounting policy allowing lessees not to recognize right-of-use assets and liabilities for leases with a term of twelve months or less; and
- Elected not to separate lease and non-lease components for certain equipment lease asset categories.

For operating leases, the Institute calculated right-of-use assets and lease liabilities based on the present value of the remaining lease payments as of the date of adoption using the inherent borrowing rate as of that date. There were no changes to DFCI's capital lease portfolio, where leases are now titled "finance leases" under ASC 842 and assets acquired under capital leases continue to be classified as a component of property, plant and equipment, net and long-term debt, current and long-term. As of October 1, 2019, total right-of-use assets related to finance leases amounted to \$26.3 million and related finance lease liabilities, current and long-term, aggregated \$29.6 million. As of March 31, 2021, total right-of-use assets related to finance leases liabilities, current and long-term, aggregated \$23.0 million.

The adoption of ASC 842 resulted in recording a non-cash transition adjustment to operating lease right-of-use assets and operating lease liabilities of approximately \$428.0 million. Additionally, a deferred rent balance of \$12.5 million was re-characterized and is included in operating lease liabilities. As of March 31, 2021, operating lease right-of-use assets amounted to \$395.4 million and related operating lease liabilities totaled \$415.7 million. The adoption of ASC 842 did not materially impact DFCI's results of operations or liquidity.

### **Class Action Complaint**

In June 2019, the Institute was named as a defendant in a class action lawsuit in Massachusetts Superior Court alleging data privacy violations by the Institute, along with other hospital co-defendants. The amended complaint alleges that each of the hospitals is improperly tracking and sharing information of patients visiting their websites and disclosing it to third parties in violation of Massachusetts laws for (i) interception of wire and oral communications; (ii) invasion of privacy; (iii) consumer protection; and (iv) breach of fiduciary duty. In November 2020, the Institute prevailed on the plaintiffs' request for a preliminary injunction, which was denied. The Institute also succeeded in dismissing the plaintiff's consumer protection claim at the motion to dismiss stage, though plaintiffs' other claims remain, and the plaintiffs have since amended their complaint to add a negligence claim. Although the complaint is framed as a class action, the two pseudonymous individuals who brought the case have not yet filed a motion to have the case adjudicated as a class action, and the Court has not

recognized their right to proceed in that collective manner. While it is premature to assess the materiality of this lawsuit at this stage, the Institute is pursuing 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. The Institute is insured for the costs of this litigation and for any losses up to \$10 million per claim 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	
	2021	2020	2020	2019
(Dollars in thousands)				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 360,161	\$ 132,737	\$ 187,884	\$ 165,479
Patient accounts receivable, net	131,833	156,023	137,868	149,290
Contributions receivable, current portion	16,649	18,258	39,117	34,275
Royalty receivable	3,514	3,430	3,082	3,132
Assets whose use is limited, current portion	726	726	726	721
Research receivables	65,756	55,081	62,604	55,163
Prepaid expenses and other current assets	154,296	121,901	133,270	105,031
<b>Total Current Assets</b>	<b>732,935</b>	<b>488,156</b>	<b>564,551</b>	<b>513,091</b>
Investments	2,032,537	1,382,557	1,688,960	1,409,737
Assets whose use is limited by indenture agreement or other, less current portion	4,429	4,428	4,429	4,426
Right of use assets, net - operating leases ( <b>Note 1</b> )	395,375	411,806	408,111	-
Property, plant and equipment, net	1,023,510	1,048,941	1,046,157	1,013,563
Contributions receivable, less current portion	64,929	70,512	77,855	63,858
Other assets	65,918	79,260	74,116	84,565
<b>TOTAL ASSETS</b>	<b>\$ 4,319,633</b>	<b>\$ 3,485,660</b>	<b>\$ 3,864,179</b>	<b>\$ 3,089,240</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 335,072	\$ 185,670	\$ 328,655	\$ 160,409
Amounts due to third party payors	56,984	42,140	57,904	49,158
Operating lease liabilities ( <b>Note 1</b> )	45,259	42,576	43,091	-
Research advances	140,542	124,814	127,047	119,683
Current portion of long-term debt	5,348	4,979	5,940	6,102
<b>Total Current Liabilities</b>	<b>583,205</b>	<b>400,179</b>	<b>562,637</b>	<b>335,352</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	571,729	645,409	577,725	591,231
Operating lease liabilities, less current portion ( <b>Note 1</b> )	370,449	384,384	382,318	-
Other liabilities	184,480	236,371	228,157	256,452
<b>Total Liabilities</b>	<b>1,709,863</b>	<b>1,666,343</b>	<b>1,750,837</b>	<b>1,183,035</b>
<b>Net Assets</b>				
Net assets without donor restriction	1,174,219	890,485	978,673	930,472
Net assets with donor restriction	1,435,551	928,832	1,134,669	975,733
<b>Total Net Assets</b>	<b>2,609,770</b>	<b>1,819,317</b>	<b>2,113,342</b>	<b>1,906,205</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,319,633</b>	<b>\$ 3,485,660</b>	<b>\$ 3,864,179</b>	<b>\$ 3,089,240</b>

**Note 1:** See "Adoption of New Accounting Standards" on p.5.



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

(Dollars in thousands)	Quarter Ended		Six Months Ended		Year Ended
	March 31		March 31		September 30
	2021	2020	2021	2020	2020
<b>Operating Revenues:</b>					
Net patient service revenues	\$ 362,019	\$ 339,357	\$ 735,661	\$ 679,438	\$ 1,305,019
<b>Research revenues</b>					
Direct grants and contracts	65,389	68,500	135,072	131,816	265,163
Gift related research revenue	35,332	35,038	72,658	68,422	140,847
Direct research revenues	100,721	103,538	207,730	200,238	406,010
Indirect grants/contracts/gifts	27,675	26,869	54,936	51,667	101,532
Unrestricted contributions and bequests	10,534	7,349	56,571	61,367	83,427
Other operating revenues	6,814	8,494	35,674	16,788	60,306
Total operating revenues	507,763	485,607	1,090,572	1,009,498	1,956,294
<b>Operating expenses:</b>					
<b>Patient service</b>					
Direct patient care	284,806	257,550	566,582	511,891	1,036,448
Depreciation and amortization	12,965	12,619	25,527	25,172	47,693
Interest	313	732	405	1,619	1,941
Total patient service expense	298,084	270,901	592,514	538,682	1,086,082
<b>Research</b>					
Direct research/restricted gifts	100,721	103,538	207,731	200,238	406,010
Institute supported research	6,225	8,641	13,044	16,676	32,103
Depreciation and amortization	8,820	9,322	17,959	18,772	34,782
Interest	3,387	3,380	6,800	6,773	13,526
Total research expense	119,153	124,881	245,534	242,459	486,421
<b>General and administrative</b>					
General and administrative	104,230	101,714	206,444	197,225	391,602
Depreciation and amortization	2,268	2,366	4,620	4,667	8,890
Interest	84	63	172	102	684
Total general and administrative expense	106,582	104,143	211,236	201,994	401,176
Total expenses	523,819	499,925	1,049,284	983,135	1,973,679
Operating (loss)/income	(16,056)	(14,318)	41,288	26,363	(17,385)
Investment income, net	76,362	(74,060)	137,202	(46,187)	77,327
Pension cost, excluding service cost	-	-	-	-	(186)
Royalty income net of expenses	(6,209)	(11,126)	2,208	(979)	5,866
Interest rate swap agreement					
Net interest paid	(1,416)	(1,059)	(2,818)	(2,035)	(4,765)
Change in fair value	14,661	(17,563)	17,666	(11,065)	(11,701)
Total interest rate swap agreement	13,245	(18,622)	14,848	(13,100)	(16,466)
<b>EXCESS / (DEFICIT) OF REVENUE OVER EXPENSES</b>	67,342	(118,126)	195,546	(33,903)	49,156
<b>Other changes in net assets:</b>					
Net unrealized (loss) on endowment	-	(970)	-	(970)	-
Net assets released from restriction for capital	-	397	-	397	4,865
Pension adjustment	-	-	-	-	(249)
Other	11,472	(5,572)	-	(5,573)	(5,571)
Increase/(decrease) in net assets without donor restrictions	78,814	(124,271)	195,546	(40,049)	48,201
Increase/(decrease) in net assets with donor restrictions	109,218	(126,817)	300,882	(46,839)	158,936
<b>Increase/(decrease) in Net Assets</b>	188,032	(251,088)	496,428	(86,888)	207,137
<b>Net Assets at Beginning of Period</b>	2,421,738	2,070,405	2,113,342	1,906,205	1,906,205
<b>NET ASSETS AT END OF PERIOD</b>	\$ 2,609,770	\$ 1,819,317	\$ 2,609,770	\$ 1,819,317	\$ 2,113,342

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

<b>Asset Allocation Summary</b>	<b>As of March 31</b>		<b>As of September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
(Dollars in Thousands)				
U.S. Government Money Market Fund	\$ 31,069	\$ 4,211	\$ 47,007	\$ 1,106
U.S. Government Securities	124,010	112,351	115,230	98,700
U.S. Equity Securities	124,607	88,619	94,979	91,841
U.S. Equity Mutual Funds	202,945	146,506	186,230	170,369
International Equity Securities	8,551	39,409	20,927	41,390
International Equity Mutual Funds	398,616	224,669	282,109	270,886
Hedge Funds and Private Equity Funds*	1,142,739	766,792	942,478	735,445
<b>Total</b>	<b>\$ 2,032,537</b>	<b>\$ 1,382,557</b>	<b>\$ 1,688,960</b>	<b>\$ 1,409,737</b>

\*Hedge funds and private equity funds, previously reported as alternative investments, consist of investments in limited partnerships and limited liability companies.

<b>Investment Performance Summary</b>	<b>As of March 31</b>		<b>As of September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
Dana-Farber Portfolio	19.6%	-6.3%	10.5%	5.9%
Investment Committee Custom Benchmark*	16.4%	-6.2%	8.9%	3.4%
S&P 500	19.1%	-12.3%	15.1%	4.3%

\* 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 December 2019.

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

	<b>As of March 31</b>		<b>As of September 30</b>	
(Dollars in Thousands)	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
<b>Long-Term Debt</b>				
Series L Bonds	\$ 184,143	\$ 184,116	\$ 184,132	\$ 184,099
Series M Bonds	50,452	50,399	50,426	50,373
Series N Bonds	271,789	273,448	272,626	274,255
Series O Bonds	47,741	53,450	52,717	58,968
JPMorgan Line of Credit <sup>1</sup>	60,000	60,000	60,000	60,000
South Shore lease obligation	17,073	22,392	17,528	22,715
Milford lease obligation	5,878	6,583	6,234	6,923
<b>Total Long-Term Debt</b>	<u>637,077</u>	<u>650,388</u>	<u>643,663</u>	<u>657,333</u>
<b>Net assets without donor restriction</b> <sup>2</sup>	1,218,097	930,722	1,018,579	968,783
<b>Total Capitalization</b>	<u>\$ 1,855,174</u>	<u>\$ 1,581,110</u>	<u>\$ 1,662,242</u>	<u>\$ 1,626,116</u>
<b>Total Long-Term Debt as a Percent of Total Capitalization</b>	34.3%	41.1%	38.7%	40.4%

<sup>1</sup> Includes the undrawn \$60 million line of credit with a two-year term, which due to its maturity of more than one year constitutes long-term indebtedness pursuant to the Master Trust Indenture.

<sup>2</sup> Net assets without donor restrictions only represents the Obligated Group which includes Dana-Farber Cancer Institute, Inc. and Dana-Farber, Inc.

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

<b>Days Cash on Hand for the Obligated Group</b> (Dollars in Thousands)	<b>As of</b>		<b>As of</b>	
	<b>March 31</b>		<b>September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
Total Unrestricted Cash Position <sup>1</sup>	\$ 1,519,073	\$ 1,111,165	\$ 1,277,184	\$ 1,212,863
Average Daily Expenses <sup>2</sup>	5,448	5,037	5,067	4,912
<b>Days Cash On-Hand</b>	<b>279</b>	<b>221</b>	<b>252</b>	<b>247</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>Quarter Ended</b>		<b>Year Ended</b>	
	<b>March 31</b>		<b>September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
Income Available for Debt Service	141,167	191,681	108,648	197,087
Actual Historical Annual Debt Service	25,875	28,557	26,599	30,016
<b>Actual Historical Debt Service Coverage Ratio</b>	<b>5.46</b>	<b>6.71</b>	<b>4.08</b>	<b>6.57</b>
Income Available for Debt Service	141,167	191,681	108,648	197,087
Pro Forma Maximum Annual Debt Service <sup>1</sup>	36,241	97,566	36,554	36,080
<b>Pro Forma Maximum Debt Service Coverage Ratio</b>	<b>3.90</b>	<b>1.96</b>	<b>2.97</b>	<b>5.46</b>

The decrease in the debt service coverage ratios from September 30, 2019 to September 30, 2020 relates to decreases in income available for debt service due to the impact of the COVID-19 pandemic.

The increase in the Maximum Debt Service Coverage ratio from quarter ended March 31, 2020 to quarter ended March 31, 2021 is due primarily to the Institute fully repaying its \$60 million line of credit in June 2020 that it drew down in March 2020 as a result of the pandemic.

<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 1.95% and 2.98% for September 30, 2020 and 2019 and 1.62% and 2.73% for March 31, 2021 and March 31, 2020, respectively. The Assumed Rate used to calculate debt service for the variable rate finance lease that expires in 2033 is 5.54% for September 30, 2019 and 5.07% for March 31, 2020. The lease was remeasured in 2020 and converted to a 3.2% fixed rate finance lease.

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

	Quarter Ended		Six Months Ended		Year Ended	
	March 31		March 31		September 30	
	2021	2020	2021	2020	2020	2019
<b>OUTPATIENT STATISTICS</b>						
MD Clinic visits <sup>(1)</sup>	89,429	82,257	176,161	173,566	313,358	359,519
Infusion visits <sup>(1)</sup>	44,697	45,442	89,515	93,499	174,239	187,664
<b>ANCILLARY STATISTICS</b>						
(units of service)						
Laboratories	340,455	349,733	678,505	716,430	1,313,462	1,441,521
Blood Bank	19,481	18,344	40,876	37,523	72,803	78,807
Pharmacy <sup>(1)(2)</sup>	\$ 162,753,730	\$ 143,938,493	\$ 328,007,019	\$ 286,726,903	\$ 579,481,883	\$ 533,230,825
PET Scans	1,526	1,481	3,061	2,995	5,769	5,798
Diagnostic Radiology	5,084	4,171	10,460	9,037	17,636	18,923
Ultrasound	472	330	877	677	1,345	1,178
Nuclear Medicine	548	670	1,162	1,335	2,388	2,743
MRI	2,496	2,062	4,773	4,167	8,126	8,304
CT Scans	8,597	8,041	16,915	16,135	31,791	33,153
Radiation Therapy	9,649	9,888	18,956	19,615	38,386	41,951
Respiratory Therapy/EKG (Treatments)	5,473	6,029	10,353	12,506	19,722	24,590
<b>INPATIENT STATISTICS</b>						
Licensed Beds	30	30	30	30	30	30
Total Admissions	363	329	743	721	1,421	1,568
ALOS	6.36	7.51	6.42	6.91	6.61	6.54
Total Patient Days	2,478	2,440	4,934	5,021	9,370	10,255
Occupancy Rate	91.1%	89.5%	90.6%	91.5%	85.5%	93.9%

**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>Inpatient</b>		<b>Outpatient</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Percentage Gross Revenues</b>				
Medicare	44%	41%	46%	44%
Medicaid	14%	7%	7%	7%
Other	22%	33%	24%	26%
Blue Cross	19%	19%	22%	22%
Self-Pay	1%	0%	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	<b>Six Months Ended March 31</b>			
	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Percentage Gross Revenues</b>				
Medicare	44%	45%	46%	44%
Medicaid	13%	8%	7%	7%
Other	21%	26%	22%	26%
Blue Cross	22%	21%	24%	22%
Self-Pay	0%	0%	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	<b>Year Ended September 30</b>			
	<b>Inpatient</b>		<b>Outpatient</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Percentage Gross Revenues</b>				
Medicare	46%	45%	45%	43%
Medicaid	9%	6%	7%	7%
Other	23%	28%	25%	27%
Blue Cross	21%	20%	22%	22%
Self-Pay	1%	1%	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

(Dollars in thousands)	Quarter Ended		Six Months Ended		Year Ended	
	March 31		March 31		September 30	
	2021	2020	2021	2020	2020	2019
<b>Philanthropy</b>						
Unrestricted Gifts	\$ 10,534	\$ 7,349	\$ 56,571	\$ 61,367	\$ 83,427	\$ 82,696
Restricted Gifts	53,369	35,513	183,674	110,685	208,722	259,716
	<hr/>					
<b>Total Philanthropy</b>	<b>\$ 63,903</b>	<b>\$ 42,862</b>	<b>\$ 240,245</b>	<b>\$ 172,052</b>	<b>\$ 292,149</b>	<b>\$ 342,412</b>
	<hr/>					
<b>Related Direct Expenses</b>	<b>\$ 10,586</b>	<b>\$ 10,053</b>	<b>\$ 19,116</b>	<b>\$ 19,126</b>	<b>\$ 38,071</b>	<b>\$ 40,535</b>
	<hr/>					
<b>Direct Fundraising Expenses as of % Philanthropy</b>	17%	23%	8%	11%	13%	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, 2021

(Dollars in thousands)

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Dana-Farber Global Oncology	Eliminations and Reclassifications	Consolidated
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 356,528	\$ 234	\$ 3,399	\$ -	\$ 360,161
Patient accounts receivable, net	131,279	554	-	-	131,833
Contributions receivable, current portion	16,649	-	-	-	16,649
Royalty receivable	3,514	-	-	-	3,514
Assets whose use is limited, current portion	726	-	-	-	726
Research receivables	65,756	-	-	-	65,756
Prepaid expenses and other current assets	200,707	453	108	(46,972)	154,296
<b>Total Current Assets</b>	<b>775,159</b>	<b>1,241</b>	<b>3,507</b>	<b>(46,972)</b>	<b>732,935</b>
Investments	2,032,537	-	-	-	2,032,537
Assets whose use is limited by indenture agreement or other, less current portion	4,429	-	-	-	4,429
Right of use assets, net - operating leases ( <b>Note 1</b> )	395,375	-	-	-	395,375
Property, plant and equipment, net	1,023,462	48	-	-	1,023,510
Contributions receivable, less current portion	64,929	-	-	-	64,929
Other assets	65,918	-	-	-	65,918
<b>TOTAL ASSETS</b>	<b>\$ 4,361,809</b>	<b>\$ 1,289</b>	<b>\$ 3,507</b>	<b>\$ (46,972)</b>	<b>\$ 4,319,633</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 333,444	\$ 46,443	\$ 2,157	\$ (46,972)	\$ 335,072
Amounts due to third party payors	56,984	-	-	-	56,984
Operating lease liabilities, current portion ( <b>Note 1</b> )	45,259	-	-	-	45,259
Research advances	140,542	-	-	-	140,542
Current portion of long-term debt	5,348	-	-	-	5,348
<b>Total Current Liabilities</b>	<b>581,577</b>	<b>46,443</b>	<b>2,157</b>	<b>(46,972)</b>	<b>583,205</b>
<b>Other Liabilities</b>					
Long-term debt, less current portion	571,729	-	-	-	571,729
Operating lease liabilities, less current portion ( <b>Note 1</b> )	370,449	-	-	-	370,449
Other liabilities	184,480	-	-	-	184,480
<b>Total Liabilities</b>	<b>1,708,235</b>	<b>46,443</b>	<b>2,157</b>	<b>(46,972)</b>	<b>1,709,863</b>
<b>Net Assets</b>					
Net assets without donor restriction	1,218,098	(45,229)	1,350	-	1,174,219
Net assets with donor restriction	1,435,476	75	-	-	1,435,551
<b>Total Net Assets</b>	<b>2,653,574</b>	<b>(45,154)</b>	<b>1,350</b>	<b>-</b>	<b>2,609,770</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,361,809</b>	<b>\$ 1,289</b>	<b>\$ 3,507</b>	<b>\$ (46,972)</b>	<b>\$ 4,319,633</b>

**Note 1:** See "Adoption of New Accounting Standards" on p. 5.

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

**Six Months Ended March 31, 2021**

(Dollars in thousands)	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Dana-Farber Global Oncology	Eliminations and Reclassifications	Consolidated
<b>Operating Revenues:</b>					
Net patient service revenues	\$ 728,729	\$ 6,932	\$ -	\$ -	\$ 735,661
<b>Research revenues</b>					
Direct grants and contracts	135,072	-	-	-	135,072
Gift related research revenue	72,657	1	-	-	72,658
Direct research revenues	207,729	1	-	-	207,730
Indirect grants/contracts/gifts	54,936	-	-	-	54,936
Unrestricted contributions and bequests	56,571	-	-	-	56,571
Other operating revenues	36,855	(731)	(450)	-	35,674
Total operating revenues	1,084,820	6,202	(450)	-	1,090,572
<b>Operating expenses:</b>					
<b>Patient service</b>					
Direct patient care	557,453	9,129	-	-	566,582
Depreciation and amortization	25,527	-	-	-	25,527
Interest	405	-	-	-	405
Total patient service expense	583,385	9,129	-	-	592,514
<b>Research</b>					
Direct research/restricted gifts	207,730	1	-	-	207,731
Institute supported research	13,044	-	-	-	13,044
Depreciation and amortization	17,959	-	-	-	17,959
Interest	6,800	-	-	-	6,800
Total research expense	245,533	1	-	-	245,534
<b>General and administrative</b>					
General and administrative	205,913	254	277	-	206,444
Depreciation and amortization	4,557	63	-	-	4,620
Interest	172	-	-	-	172
Total general and administrative expense	210,642	317	277	-	211,236
<b>Total Expenses</b>	1,039,560	9,447	277	-	1,049,284
Operating income/(loss)	45,260	(3,245)	(727)	-	41,288
Investment income, net	137,202	-	-	-	137,202
Net periodic pension cost, excluding service cost	-	-	-	-	-
Royalty income net of expenses	2,208	-	-	-	2,208
Interest rate swap agreement					
Net interest paid	(2,818)	-	-	-	(2,818)
Change in fair value	17,666	-	-	-	17,666
Total interest rate swap agreement	14,848	-	-	-	14,848
<b>EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES</b>	199,518	(3,245)	(727)	-	195,546
<b>Other changes in net assets:</b>					
Net unrealized (loss) on endowment	-	-	-	-	-
Net assets released from restriction for capital	-	-	-	-	-
Pension adjustment	-	-	-	-	-
Other	-	-	-	-	-
Increase/(decrease) in net assets without donor restrictions	199,518	(3,245)	(727)	-	195,546
Increase in net assets with donor restrictions	300,880	2	-	-	300,882
<b>Increase/(decrease) in Net Assets</b>	500,398	(3,243)	(727)	-	496,428
<b>Net Assets at Beginning of Period</b>	2,153,174	(41,909)	2,077	-	2,113,342
<b>NET ASSETS AT END OF PERIOD</b>	\$ 2,653,572	\$ (45,152)	\$ 1,350	\$ -	\$ 2,609,770

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

Quarter Ended March 31, 2021

(Dollars in thousands)	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Dana-Farber Global Oncology	Eliminations and Reclassifications	Consolidated
Operating Revenues:					
Net patient service revenues	\$ 358,516	\$ 3,503	\$ -	\$ -	\$ 362,019
Research revenues					
Direct grants and contracts	65,389	-	-	-	65,389
Gift related research revenue	35,331	1	-	-	35,332
Direct research revenues	100,720	1	-	-	100,721
Indirect grants/contracts/gifts	27,675	-	-	-	27,675
Unrestricted contributions and bequests	10,534	-	-	-	10,534
Other operating revenues	6,625	-	189	-	6,814
Total operating revenues	504,070	3,504	189	-	507,763
Operating expenses:					
Patient service					
Direct patient care	280,521	4,285	-	-	284,806
Depreciation and amortization	12,965	-	-	-	12,965
Interest	313	-	-	-	313
Total patient service expense	293,799	4,285	-	-	298,084
Research					
Direct research/restricted gifts	100,720	1	-	-	100,721
Institute supported research	6,225	-	-	-	6,225
Depreciation and amortization	8,820	-	-	-	8,820
Interest	3,387	-	-	-	3,387
Total research expense	119,152	1	-	-	119,153
General and administrative					
General and administrative	104,024	60	146	-	104,230
Depreciation and amortization	2,236	32	-	-	2,268
Interest	84	-	-	-	84
Total general and administrative expense	106,344	92	146	-	106,582
Total Expenses	519,295	4,378	146	-	523,819
Operating (loss)/income	(15,225)	(874)	43	-	(16,056)
Investment income, net	76,362	-	-	-	76,362
Pension cost, excluding service cost	-	-	-	-	-
Royalty income net of expenses	(6,209)	-	-	-	(6,209)
Interest rate swap agreement					
Net interest paid	(1,416)	-	-	-	(1,416)
Change in fair value	14,661	-	-	-	14,661
Total interest rate swap agreement	13,245	-	-	-	13,245
<b>EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES</b>	<b>68,173</b>	<b>(874)</b>	<b>43</b>	<b>-</b>	<b>67,342</b>
<b>Other changes in net assets:</b>					
Net unrealized gain on endowment	-	-	-	-	-
Net assets released from restriction for capital	-	-	-	-	-
Pension adjustment	-	-	-	-	-
Other	11,472	-	-	-	11,472
Increase/(decrease) in net assets without donor restrictions	79,645	(874)	43	-	78,814
Increase/(decrease) in net assets with donor restrictions	109,219	(1)	-	-	109,218
<b>Increase/(decrease) in Net Assets</b>	<b>188,864</b>	<b>(875)</b>	<b>43</b>	<b>-</b>	<b>188,032</b>
<b>Net Assets at Beginning of Period</b>	<b>2,464,709</b>	<b>(44,279)</b>	<b>1,308</b>	<b>-</b>	<b>2,421,738</b>
<b>NET ASSETS AT END OF PERIOD</b>	<b>\$ 2,653,573</b>	<b>\$ (45,154)</b>	<b>\$ 1,351</b>	<b>\$ -</b>	<b>\$ 2,609,770</b>

Consolidating Balance Sheet

As of March 31, 2020

(Dollars in thousands)

	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Eliminations and Reclassifications	Consolidated
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 132,712	\$ 25	\$ -	\$ 132,737
Patient accounts receivable, net	154,994	1,029	-	156,023
Contributions receivable, current portion	18,258	-	-	18,258
Royalty receivable	3,430	-	-	3,430
Assets whose use is limited, current portion	726	-	-	726
Research receivables	55,081	-	-	55,081
Prepaid expenses and other current assets	162,964	467	(41,530)	121,901
<b>Total Current Assets</b>	<b>528,165</b>	<b>1,521</b>	<b>(41,530)</b>	<b>488,156</b>
Investments	1,382,557	-	-	1,382,557
Assets whose use is limited by indenture agreement or other, less current portion	4,428	-	-	4,428
Right of use assets, net - operating leases ( <b>Note 1</b> )	411,806	-	-	411,806
Property, plant and equipment, net	1,048,766	175	-	1,048,941
Contributions receivable, less current portion	70,512	-	-	70,512
Other assets	79,260	-	-	79,260
<b>TOTAL ASSETS</b>	<b>\$ 3,525,494</b>	<b>\$ 1,696</b>	<b>\$ (41,530)</b>	<b>\$ 3,485,660</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 185,277	\$ 41,923	\$ (41,530)	\$ 185,670
Amounts due to third party payors	42,140	-	-	42,140
Operating lease liabilities, current portion ( <b>Note 1</b> )	42,576	-	-	42,576
Research advances	124,814	-	-	124,814
Current portion of long-term debt	4,979	-	-	4,979
<b>Total Current Liabilities</b>	<b>399,786</b>	<b>41,923</b>	<b>(41,530)</b>	<b>400,179</b>
<b>Other Liabilities</b>				
Long-term debt, less current portion	645,409	-	-	645,409
Operating lease liabilities, less current portion ( <b>Note 1</b> )	384,384	-	-	384,384
Other Liabilities	236,371	-	-	236,371
<b>Total Liabilities</b>	<b>1,665,950</b>	<b>41,923</b>	<b>(41,530)</b>	<b>1,666,343</b>
<b>Net Assets</b>				
Net assets without donor restriction	930,722	(40,237)	-	890,485
Net assets with donor restriction	928,822	10	-	928,832
<b>Total Net Assets</b>	<b>1,859,544</b>	<b>(40,227)</b>	<b>-</b>	<b>1,819,317</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,525,494</b>	<b>\$ 1,696</b>	<b>\$ (41,530)</b>	<b>\$ 3,485,660</b>

**Note 1:** See "Adoption of New Accounting Standards" on p. 5.

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

Six Months Ended March 31, 2020

(Dollars in thousands)	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Dana-Farber Global Oncology	Eliminations and Reclassifications	Consolidated
<b>Operating Revenues:</b>					
Net patient service revenues	\$ 663,482	\$ 15,956	\$ -	\$ -	\$ 679,438
Research revenues					
Direct grants and contracts	131,816	-	-	-	131,816
Gift related research revenue	68,418	4	-	-	68,422
Direct research revenues	200,234	4	-	-	200,238
Indirect grants/contracts/gifts	51,667	-	-	-	51,667
Unrestricted contributions and bequests	61,367	-	-	-	61,367
Other operating revenues	16,788	-	-	-	16,788
Total operating revenues	993,538	15,960	-	-	1,009,498
<b>Operating expenses:</b>					
Patient service					
Direct patient care	494,582	17,309	-	-	511,891
Depreciation and amortization	25,172	-	-	-	25,172
Interest	1,619	-	-	-	1,619
Total patient service expense	521,373	17,309	-	-	538,682
Research					
Direct research/restricted gifts	200,234	4	-	-	200,238
Institute supported research	16,676	-	-	-	16,676
Depreciation and amortization	18,772	-	-	-	18,772
Interest	6,773	-	-	-	6,773
Total research expense	242,455	4	-	-	242,459
General and administrative					
General and administrative	196,655	570	-	-	197,225
Depreciation and amortization	4,603	64	-	-	4,667
Interest	102	-	-	-	102
Total general and administrative expense	201,360	634	-	-	201,994
Total Expenses	965,188	17,947	-	-	983,135
Operating income/(loss)	28,350	(1,987)	-	-	26,363
Investment income, net	(46,187)	-	-	-	(46,187)
Net periodic pension cost, excluding service cost	-	-	-	-	-
Royalty income net of expenses	(979)	-	-	-	(979)
Interest rate swap agreement					
Net interest paid	(2,035)	-	-	-	(2,035)
Change in fair value	(11,065)	-	-	-	(11,065)
Total interest rate swap agreement	(13,100)	-	-	-	(13,100)
<b>DEFICIT OF REVENUES OVER EXPENSES</b>	(31,916)	(1,987)	-	-	(33,903)
<b>Other changes in net assets:</b>					
Net unrealized gain on endowment	(970)	-	-	-	(970)
Net assets released from restriction for capital	397	-	-	-	397
Pension adjustment	-	-	-	-	-
Other	(5,573)	-	-	-	(5,573)
(Decrease) in net assets without donor restrictions	(38,062)	(1,987)	-	-	(40,049)
(Decrease)/increase in net assets with donor restrictions	(46,849)	10	-	-	(46,839)
<b>Decrease in Net Assets</b>	(84,911)	(1,977)	-	-	(86,888)
<b>Net Assets at Beginning of Period</b>	1,944,455	(38,250)	-	-	1,906,205
<b>NET ASSETS AT END OF PERIOD</b>	\$ 1,859,544	\$ (40,227)	\$ -	\$ -	\$ 1,819,317

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

Quarter Ended March 31, 2020

(Dollars in thousands)	Obligated Group	Dana-Farber Cancer Care Network, Inc.	Dana-Farber Global Oncology	Eliminations and Reclassifications	Consolidated
<b>Operating Revenues:</b>					
Net patient service revenues	\$ 333,587	\$ 5,770	\$ -	\$ -	\$ 339,357
Research revenues					
Direct grants and contracts	68,500	-	-	-	68,500
Gift related research revenue	35,037	1	-	-	35,038
Direct research revenues	103,537	1	-	-	103,538
Indirect grants/contracts/gifts	26,869	-	-	-	26,869
Unrestricted contributions and bequests	7,349	-	-	-	7,349
Other operating revenues	8,494	-	-	-	8,494
Total operating revenues	479,836	5,771	-	-	485,607
<b>Operating expenses: (Note 1)</b>					
Patient service					
Direct patient care	250,914	6,636	-	-	257,550
Depreciation and amortization	12,619	-	-	-	12,619
Interest	732	-	-	-	732
Total patient service expense	264,265	6,636	-	-	270,901
Research					
Direct research/restricted gifts	103,537	1	-	-	103,538
Institute supported research	8,641	-	-	-	8,641
Depreciation and amortization	9,322	-	-	-	9,322
Interest	3,380	-	-	-	3,380
Total research expense	124,880	1	-	-	124,881
General and administrative					
General and administrative	101,441	273	-	-	101,714
Depreciation and amortization	2,334	32	-	-	2,366
Interest	63	-	-	-	63
Total general and administrative expense	103,838	305	-	-	104,143
Total Expenses	492,983	6,942	-	-	499,925
Operating Income/(Loss)	(13,147)	(1,171)	-	-	(14,318)
Investment income, net	(74,060)	-	-	-	(74,060)
Pension cost, excluding service cost	-	-	-	-	-
Royalty income net of expenses (Note 1)	(11,126)	-	-	-	(11,126)
Interest rate swap agreement					
Net interest paid	(1,059)	-	-	-	(1,059)
Change in fair value	(17,563)	-	-	-	(17,563)
Total interest rate swap agreement	(18,622)	-	-	-	(18,622)
<b>DEFICIT OF REVENUES OVER EXPENSES</b>	(116,955)	(1,171)	-	-	(118,126)
<b>Other changes in net assets:</b>					
Net unrealized (loss) on endowment	(970)	-	-	-	(970)
Net assets released from restriction for capital	397	-	-	-	397
Pension adjustment	-	-	-	-	-
Other	(5,572)	-	-	-	(5,572)
Increase/(decrease) in net assets without donor restrictions	(123,100)	(1,171)	-	-	(124,271)
Increase in net assets with donor restrictions (Note 2)	(126,817)	-	-	-	(126,817)
<b>Decrease in Net Assets</b>	(249,917)	(1,171)	-	-	(251,088)
<b>Net Assets at Beginning of Period</b>	2,109,461	(39,056)	-	-	2,070,405
<b>NET ASSETS AT END OF PERIOD</b>	\$ 1,859,544	\$ (40,227)	\$ -	\$ -	\$ 1,819,317

**Note 1:** See "Adoption of New Accounting Standards" on p.5.

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