Dempsey Centers for Quality Cancer Care and Subsidiary

Consolidated Financial Statements
and Supplementary Information

For the Years Ended June 30, 2023 and 2022
With Independent Auditors' Report

Baker Newman & Noyes LLC
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DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Dempsey Centers for Quality Cancer Care and Subsidiary

Opinion

We have audited the consolidated financial statements of Dempsey Centers for Quality Cancer Care and Subsidiary (Dempsey Center), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Dempsey Center as of June 30, 2023 and 2022, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dempsey Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dempsey Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dempsey Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Baker Newman + Noyes LLC

Portland, Maine
November 6, 2023

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 823,576	$ 536,514
Contributions receivable	249,448	247,768
Prepaid expenses and other assets	136,223	69,804
Investments and donor restricted funds	5,040,403	6,648,198
Property and equipment:		
Land	442,775	442,775
Buildings	731,982	717,402
Leasehold improvements	604,596	597,838
Computers, printing equipment and website	232,996	226,863
Furniture, fixtures and equipment	98,631	90,208
Construction in process	19,093	–
	2,130,073	2,075,086
Accumulated depreciation	(904,462)	(809,412)
Total property and equipment	1,225,611	1,265,674
Total assets	$7,475,261	$ 8,767,958

LIABILITIES AND NET ASSETS

	2023	2022
Accounts payable	$ 69,530	$ 60,540
Accrued expenses and other liabilities	472,111	192,078
Total liabilities	541,641	252,618
Net assets:		
Without donor restrictions	5,522,725	7,141,391
With donor restrictions	1,410,895	1,373,949
Total net assets	6,933,620	8,515,340
Total liabilities and net assets	$7,475,261	$ 8,767,958

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Grants	$ 7,500	$ 244,100	$ 251,600	$ 61,500	$ 129,000	$ 190,500
Donations and contributions	715,093	14,000	729,093	1,259,932	500	1,260,432
In-kind contributions	109,366	–	109,366	136,763	–	136,763
Fundraisers	2,006,167	–	2,006,167	1,798,873	–	1,798,873
Fundraising event sponsorship	618,497	–	618,497	791,074	–	791,074
Merchandise	48,777	–	48,777	21,218	–	21,218
Net assets released from restriction	249,941	(249,941)	–	447,137	(447,137)	–
Total revenue	3,755,341	8,159	3,763,500	4,516,497	(317,637)	4,198,860
Expenses:						
Program	5,028,450	–	5,028,450	3,623,531	–	3,623,531
Management and general	307,975	–	307,975	379,264	–	379,264
Fundraising	533,773	–	533,773	424,550	–	424,550
Total expenses	5,870,198	–	5,870,198	4,427,345	–	4,427,345
Net operating (loss) income	(2,114,857)	8,159	(2,106,698)	89,152	(317,637)	(228,485)
Nonoperating income:						
Net realized and unrealized gain (loss) on investments	418,634	16,305	434,939	(1,217,322)	(195,772)	(1,413,094)
Investment income, net	77,557	12,482	90,039	124,627	21,678	146,305
Total nonoperating income (loss)	496,191	28,787	524,978	(1,092,695)	(174,094)	(1,266,789)
Change in net assets	(1,618,666)	36,946	(1,581,720)	(1,003,543)	(491,731)	(1,495,274)
Net assets released from restriction for property and equipment	–	–	–	48,602	(48,602)	–
Net assets, beginning of year	7,141,391	1,373,949	8,515,340	8,096,332	1,914,282	10,010,614
Net assets, end of year	$ 5,522,725	$1,410,895	$ 6,933,620	$7,141,391	$1,373,949	$ 8,515,340

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2023 and 2022

	2023									
	Community Engage-ment	Comple-mentary Therapy	Program Support Services	Coun-seling	Health and Wellness	Clayton's House	Total Programs	General and Admin-istrative	Fund-raising	Total
Personnel:										
Salaries and wages	$ 750,471	$172,099	$ 992,437	$ 800,391	$278,219	$ 52,209	$3,045,826	$248,304	$139,952	$3,434,082
Payroll benefits	13,624	79,423	66,003	80,502	87,903	–	327,455	28,736	42,334	398,525
Payroll taxes	54,754	13,439	73,301	64,221	21,112	4,142	230,969	18,041	10,721	259,731
Total personnel	818,849	264,961	1,131,741	945,114	387,234	56,351	3,604,250	295,081	193,007	4,092,338
Occupancy	15,324	76,045	63,263	77,078	84,164	–	315,874	5,649	4,103	325,626
Professional fees	174,520	57,680	150,315	20,132	36,170	5,213	444,030	892	125,859	570,781
General and administrative expenses:										
Advertising and promotion	47,294	(10)	37,596	(11)	(12)	568	85,425	(1)	32,572	117,996
Business licenses and permits	247	791	657	1,108	931	550	4,284	59	440	4,783
Conferences, conventions and meetings	888	188	229	190	208	–	1,703	14	889	2,606
Credit card and other service charges	171	998	830	1,012	1,105	–	4,116	75	85,063	89,254
Depreciation	2,722	15,868	13,187	16,083	17,562	42,259	107,681	1,178	560	109,419
Equipment rental	47,078	1,523	2,753	1,544	1,686	–	54,584	113	29,351	84,048
Finance charges	185	844	702	856	935	–	3,522	(36)	55	3,541
Insurance	1,983	3,636	3,022	3,686	4,024	–	16,351	2,645	975	19,971
Meals and entertainment	347	1,050	958	1,371	1,162	–	4,888	78	4,927	9,893
Office supplies	23,721	7,204	8,018	8,213	11,750	14,848	73,754	(491)	16,706	89,969
Other expenses	28,369	4,574	101,562	4,672	5,146	–	144,323	340	29,812	174,475
Postage and delivery	3,716	654	620	663	724	–	6,377	48	2,304	8,729
Repairs and maintenance	323	1,751	1,433	1,747	1,908	11,598	18,760	128	78	18,966
State and local taxes	1,535	45	37	45	49	–	1,711	3	954	2,668
Telecommunication	4,700	25,406	21,803	25,751	28,217	2,745	108,622	1,887	2,291	112,800
Travel expenses	3,950	1,853	2,535	2,376	2,233	–	12,947	131	3,741	16,819
Utilities	426	2,486	2,066	2,519	2,751	5,000	15,248	182	86	15,516
Total general and administrative expenses	167,655	68,861	198,008	71,825	80,379	77,568	664,296	6,353	210,804	881,453
	$1,176,348	$467,547	$1,543,327	$1,114,149	$587,947	$ 139,132	$5,028,450	$307,975	$533,773	$5,870,198

	2022									
	Community Engage-ment	Comple-mentary Therapy	Program Support Services	Coun-seling	Health and Wellness	Clayton's House	Total Programs	General and Admin-istrative	Fund-raising	Total
Personnel:										
Salaries and wages	$ 274,024	$116,931	$ 921,021	$ 368,816	$141,144	$ –	$1,821,936	$328,934	$108,423	$2,259,293
Payroll benefits	14,014	16,371	128,946	51,635	19,761	–	230,727	6,386	2,953	240,066
Payroll taxes	21,007	9,483	71,663	28,729	10,819	–	141,701	23,706	8,512	173,919
Total personnel	309,045	142,785	1,121,630	449,180	171,724	–	2,194,364	359,026	119,888	2,673,278
Occupancy	20,322	22,109	174,143	69,734	26,687	–	312,995	8,624	4,858	326,477
Professional fees	172,036	46,123	185,556	11,605	19,146	7,458	441,924	967	132,307	575,198
General and administrative expenses:										
Advertising and promotion	15,301	17	22,763	54	21	180	38,336	7	14,266	52,609
Business licenses and permits	481	18	143	57	22	4,747	5,468	7	364	5,839
Conferences, conventions and meetings	298	9	3,013	2,518	11	–	5,849	3	5,674	11,526
Credit card and other service charges	106	124	978	392	150	–	1,750	48	87,147	88,945
Depreciation	10,767	12,578	75,152	39,673	15,183	23,922	177,275	4,906	2,269	184,450
Equipment rental	22,051	388	3,779	1,225	469	–	27,912	151	15,234	43,297
Finance charges	160	86	677	271	104	–	1,298	34	29	1,361
Insurance	2,262	1,235	9,728	3,895	1,491	–	18,611	482	974	20,067
Meals and entertainment	1,056	122	988	384	147	744	3,441	47	9,407	12,895
Office supplies	20,873	3,125	24,213	7,848	5,546	4,366	65,971	2,464	11,977	80,412
Other expenses	27,654	1,658	131,557	5,230	2,121	17,732	185,952	(1,023)	11,209	196,138
Postage and delivery	3,210	327	2,645	1,050	395	–	7,627	127	4,862	12,616
Repairs and maintenance	243	284	2,234	895	342	1,720	5,718	111	51	5,880
State and local taxes	–	–	–	–	–	–	–	–	–	–
Telecommunication	7,100	7,819	64,469	24,663	9,438	1,200	114,689	3,050	1,763	119,502
Travel expenses	925	56	1,530	176	67	149	2,903	22	2,173	5,098
Utilities	463	541	4,258	1,705	652	3,829	11,448	211	98	11,757
Total general and administrative expenses	112,950	28,387	348,127	90,036	36,159	58,589	674,248	10,647	167,497	852,392
	$ 614,353	$239,404	$1,829,456	$ 620,555	$253,716	$ 66,047	$3,623,531	$379,264	$424,550	$4,427,345

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (1,581,720)	$ (1,495,274)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	109,419	184,450
Net realized and unrealized (gains) losses on investments	(434,939)	1,413,094
Restricted grants and contributions	(258,100)	(129,500)
(Increase) decrease in prepaid expenses and other assets	(66,419)	56,578
Increase in accounts payable	8,990	10,138
Increase in other liabilities	280,033	84,962
Net cash (used) provided by operating activities	(1,942,736)	124,448
Cash flows from investing activities:		
Purchases of property and equipment	(69,356)	(204,639)
Purchases of investments	(111,979)	(1,785,443)
Sales of investments	2,154,713	269,408
Net cash provided (used) by investing activities	1,973,378	(1,720,674)
Cash flows from financing activities:		
Proceeds from restricted grants and contributions	256,420	338,456
Net cash provided by financing activities	256,420	338,456
Net increase (decrease) in cash	287,062	(1,257,770)
Cash at beginning of year	536,514	1,794,284
Cash at end of year	$ 823,576	$ 536,514

See accompanying notes.

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The Dempsey Centers for Quality Cancer Care (Dempsey Center), is an independent not-for-profit organization incorporated on April 27, 2017. Prior to receiving favorable Internal Revenue Service determination as a public charity in 2017, Dempsey Center operated as a program of Central Maine Healthcare, since its founding in 2008.

The Dempsey Center is committed to making life better for people managing the impact of cancer. The Dempsey Center provides programming in person at both their Lewiston and South Portland locations as well as virtually at their third center – *Dempsey Connects*. Through the provision of a wide range of evidence-informed services known to ease the side effects of cancer, the Dempsey Center works with youth and adult cancer patients, survivors and caregivers, regardless of where medical treatment is being received. Programs and services include complementary therapies like oncology massage and acupuncture, individual and family counseling, nutrition education, movement and fitness classes, support groups and cancer resource navigation. Dempsey Center services provide people with cancer-related knowledge, skills and tools in individual and group settings. All Dempsey Center services are provided at no cost to users of those services.

Clayton's House LLC (Clayton's House), a for-profit entity, was organized on December 2, 2019 as a Maine limited liability company, with Dempsey Center as its sole member. Clayton's House owns property to be used solely for temporary lodging for individuals who are cancer patients receiving cancer-related health care services or treatment from a Maine oncology program and/or their caregivers.

The Dempsey Center and Clayton's House are collectively referred to as the Organization in these consolidated financial statements.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions represent expendable resources that are available for operations at management's discretion.

Net assets with donor restrictions are those subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The accompanying financial statements include the accounts of Dempsey Center and its wholly-owned subsidiary, Clayton's House. Significant intercompany balances and transactions have been eliminated from the consolidated financial statements.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes all unrestricted highly liquid investments with an initial maturity of three months or less, except for those cash equivalents that are held as part of the investment portfolio.

Contributions Receivable

Contributions receivable represent promises to give by donors in connection with the Organization's annual support appeals that have not been collected as well as long-term giving. Contributions receivable are due from individuals, corporations and foundations. All contributions receivable are expected to be collected in the next one to two years. An allowance for contributions receivable is provided as necessary by management based on a review of the underlying contributions. The Organization has not experienced any losses and has determined that no allowance for contributions receivable is necessary at June 30, 2023 or 2022. Amounts would be charged off against an established allowance when deemed necessary.

Investments

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in revenue and other income without donor restrictions unless restricted by donor or law. In addition, investment returns from donor restricted net assets are classified as donor restricted until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

1. Summary of Significant Accounting Policies (Continued)

Investment and Spending Policies

GAAP provides guidance on classifying the net assets associated with board designated and donor-restricted endowment funds held by organizations that are subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. UPMIFA was adopted by the State of Maine in 2009. The Organization makes the following disclosures related to this guidance and adoption of UPMIFA:

> The Organization has adopted an investment policy, approved by the Board of Directors, which seeks to maximize the long-term total return of financial assets consistent with the current and future funding needs of the Organization.
>
> Accordingly, the Organization's ability to achieve these returns will depend upon the ability to accept reasonable risk, recognizing that some degree of volatility in market value is necessary to achieve long-term capital appreciation and maintain spending growth.
>
> The Organization has adopted a spending policy, approved by the Board of Directors, which allows for distributions of up to 4.5% of the market value of the endowment funds on an annual basis, calculated on a three year rolling average. Distributions from the unrestricted investment general fund may be made at any time at the discretion of the Organization's Finance Committee.

The Board of Directors interpreted UPMIFA as requiring the preservation of the fair value of the endowed gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Property and Equipment

The Organization has an approved capitalization policy whereby property and equipment will be recorded at cost and depreciation is to be computed over the estimated useful life in conformity with GAAP. Repairs and maintenance are expensed as incurred and major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

1. Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

The Organization records various types of in-kind support including professional services, tangible assets and the use of tangible assets. Contributed professional services are recognized if the services received, (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contribution of tangible assets or the use thereof is recognized when promised or received, whichever is earlier. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or in the case of long-term assets, over the period benefited. Additionally, the Organization receives a significant amount of contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

The Organization's consolidated financial statements include the following in-kind contributions revenue and support, and associated expense for the fiscal years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Professional services	$ 1,145	$ 17,625
Legal services	4,384	7,952
Advertising and promotion	63,200	103,200
Supplies	40,637	7,986
	$109,366	$136,763

In-kind contributions are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principle market considering their condition and utility for use at the time the goods are contributed by the donor. In-kind contributions are not sold and goods are only distributed for program use.

Public Support and Revenue Recognition

The Organization receives much of its support from fundraising events, and individual and corporate donations. The most significant fundraising event is the Dempsey Challenge, held annually in the fall.

Unconditional promises to give cash and other assets to the Organization are reported at their fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at their fair value at the date the gift is actually received or the conditions are met. Gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

1. Summary of Significant Accounting Policies (Continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Income Taxes and Accounting for Uncertain Tax Position

Dempsey Center is exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position.

Dempsey Center has evaluated the position taken on its filed tax returns. Dempsey Center has not taken, nor does it expect to take any uncertain tax positions in any income tax return.

Clayton's House taxable income or loss flows through to its sole member, Dempsey Center. Accordingly, no provision has been made for income taxes in the accompanying financial statements. Management has determined that Clayton's House has not taken, nor does it expect to take, any uncertain tax positions in any income tax return.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services, fundraising and management and general, based upon square footage and on employees' time and effort. The Dempsey Challenge provides participants and the community with knowledge and accessibility to the services offered by Dempsey Center, therefore, certain costs associated with the Dempsey Challenge are considered joint program costs. For the year end June 30, 2023, joint costs of $1,066,532 have been allocated between fundraising, in the amount of $495,001, and community engagement program costs, in the amount of $571,531. For the year end June 30, 2022, joint costs of $724,183 have been allocated between fundraising, in the amount of $278,086, and community engagement program costs, in the amount of $446,097.

Advertising

The Organization expenses all advertising, including printing, costs when incurred.

1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

Accounting Standards Codification (ASC) 842 became effective for the Organization on July 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The Organization elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, of which there were none. In addition, the Organization elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the Organization's consolidated financial statements.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through November 6, 2023, which is the date the financial statements were available to be issued.

2. Investments and Donor Restricted Funds

Investments and donor restricted funds consist of the following as of June 30:

	2023	2022
Money market funds	$ 367,856	$ 54,927
U.S. Government Agency	91,422	115,273
Marketable equity securities	2,521,691	2,829,081
Corporate bonds	791,229	1,034,853
Municipal bonds	21,160	–
Certificates of deposit	–	134,671
Exchange traded funds	1,224,035	1,380,306
Mutual funds:		
Equity	23,010	1,011,278
Bond	–	26,467
Other	–	61,342
	$5,040,403	$6,648,198

3. Fair Value Measurements

As defined in GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets traded in active exchange markets, such as the New York Stock Exchange. Level 1 includes cash and cash equivalents as well as mutual funds, marketable equity securities, money market and exchange traded funds, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services and other sources for identical or similar assets.

Level 3 – Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are reported at fair value.

The following table provides information on the assets carried at fair value as of June 30:

	Level 1	Level 2	Level 3	Total
2023:				
Money market	$ 367,856	$ –	$ –	$ 367,856
U.S. Government Agency	–	91,422	–	91,422
Marketable equity securities	2,521,691	–	–	2,521,691
Corporate bonds	–	791,229	–	791,229
Municipal bonds	–	21,160	–	21,160
Exchange traded funds	1,224,035	–	–	1,224,035
Mutual funds:				
Equity	23,010	–	–	23,010
	$4,136,592	$ 903,811	$ –	$5,040,403

3. Fair Value Measurements (Continued)

	Level 1	Level 2	Level 3	Total
2022:				
Money market	$ 54,927	$ –	$ –	$ 54,927
U.S. Government Agency	–	115,273	–	115,273
Marketable equity securities	2,829,081	–	–	2,829,081
Corporate bonds	–	1,034,853	–	1,034,853
Certificates of deposit	–	134,671	–	134,671
Exchange traded funds	1,380,306	–	–	1,380,306
Mutual funds:				
Equity	1,011,278	–	–	1,011,278
Bond	26,467	–	–	26,467
Other	61,342	–	–	61,342
	$5,363,401	$1,284,797	$ –	$6,648,198

4. Net Assets

Net assets without donor restrictions are available for the following purposes at June 30:

	2023	2022
Undesignated	$5,028,768	$5,017,755
Designated by board	493,957	2,123,636
	$5,522,725	$7,141,391

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

	2023	2022
Purpose restriction:		
Appreciation on endowment	$ 46,586	$ 17,799
Program services	142,022	133,863
Perpetual in nature	1,222,287	1,222,287
Total net assets with donor restrictions	$1,410,895	$1,373,949

4. Net Assets (Continued)

The changes in the Organization's endowment funds by net asset category are as follows for the years ended June 30:

	Board Designated	Purpose Restriction	Perpetual in Nature	Total
Changed in endowment net assets:				
Endowment net assets, July 1, 2021	$ 1,921,239	$ 191,893	$1,222,287	$ 3,335,419
Depreciation	(1,191,849)	(119,794)	–	(1,311,643)
Transfers of investments	1,578,634	–	–	1,578,634
Appropriated for expenditure	(184,388)	(54,300)	–	(238,688)
Endowment net assets, June 30, 2022	2,123,636	17,799	1,222,287	3,363,722
Appreciation	519,411	28,787	–	548,198
Appropriated for expenditure	(2,149,090)	–	–	(2,149,090)
Endowment net assets, June 30, 2023	$ 493,957	$ 46,586	$1,222,287	$ 1,762,830

5. Concentration of Credit Risk

The Organization occasionally maintains significant cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2023, the Organization has not experienced any losses from deposit concentrations.

6. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date, consist of the following at June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	$ 823,576
Contributions receivable – due within one year	230,959
Investments and donor restricted funds	5,040,403
	6,094,938
Less amounts not available to be used within one year:	
Donor restricted funds	(1,222,287)
Financial assets available to meet general expenditures within one year	$ 4,872,651

6. Liquidity and Availability (Continued)

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization's governing board has designated a portion of its unrestricted resources for endowment and other purposes. Those assets are included with investments in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

7. Commitments

The Organization is party to two operating building leases in Lewiston and South Portland, Maine under a month-to-month and short-term agreement, respectively. Additionally, the Organization leases certain office equipment under short-term operating leases. Rent expense was approximately $410,000 and $370,000 for the years ended June 30, 2023 and 2022, respectively.

Dempsey Center has also entered into various agreements related to event management consulting, software usage, and licensing. Commitments extend for varying periods.

In 2023, Dempsey Center entered into a triple net ten-year lease agreement for a building in Westbrook, Maine to be constructed in 2024; lease payments will begin upon completion of the building. Under the terms of the lease, the Organization is responsible for a portion of the construction costs (tenant costs) to bring the structure to use. The terms of the lease also provide for $1,500,000 of the tenant costs to be covered by the landlord and an additional $1,000,000 in tenant costs can be deferred in the form of future increases in rent, subject to certain requirements.

In connection with the construction of the building, the Organization entered into a letter of credit agreement with TD Bank. The Organization formalized a pledge agreement with TD Bank as security for all amounts due in respect to the letter of credit. The pledge agreement is collateralized by a $112,500 one-year Certificate of Deposit.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Dempsey Centers for Quality Cancer Care and Subsidiary

We have audited the consolidated financial statements of Dempsey Centers for Quality Cancer Care and Subsidiary as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman + Noyes LLC

Portland, Maine
November 6, 2023

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023				2022			
	Dempsey Center	Clayton's House	Eliminations	Total	Dempsey Center	Clayton's House	Eliminations	Total
Cash and cash equivalents	$ 823,576	$ –	$ –	$ 823,576	$ 536,514	$ –	$ –	$ 536,514
Contributions receivable	249,448	–	–	249,448	227,768	20,000	–	247,768
Prepaid expenses and other assets	134,294	1,929	–	136,223	67,875	1,929	–	69,804
Investments	5,040,403	–	–	5,040,403	6,648,198	–	–	6,648,198
Due from Clayton's House	366,092	–	(366,092)	–	233,958	–	(233,958)	–
Due from Dempsey Center	–	396,025	(396,025)	–	–	324,615	(324,615)	–
Property and equipment:								
Land	–	442,775	–	442,775	–	442,775	–	442,775
Buildings	4,565	727,417	–	731,982	4,565	712,837	–	717,402
Leasehold improvements	604,596	–	–	604,596	597,838	–	–	597,838
Computers, printing equipment and website	232,099	897	–	232,996	225,966	897	–	226,863
Furniture, fixtures and equipment	86,872	11,759	–	98,631	82,538	7,670	–	90,208
Construction in process	19,093	–	–	19,093	–	–	–	–
	947,225	1,182,848	–	2,130,073	910,907	1,164,179	–	2,075,086
Accumulated depreciation	(794,103)	(110,359)	–	(904,462)	(741,312)	(68,100)	–	(809,412)
Total property and equipment	153,122	1,072,489	–	1,225,611	169,595	1,096,079	–	1,265,674
Investment in Clayton's House	1,072,688	–	(1,072,688)	–	1,177,649	–	(1,177,649)	–
Total assets	$7,839,623	$1,470,443	$(1,834,805)	$7,475,261	$9,061,557	$1,442,623	$(1,736,222)	$8,767,958

LIABILITIES, NET ASSETS AND MEMBER'S EQUITY

	2023				2022			
	Dempsey Center	Clayton's House	Eliminations	Total	Dempsey Center	Clayton's House	Eliminations	Total
Accounts payable	$ 67,946	$ 1,584	$ –	$ 69,530	$ 59,672	$ 868	$ –	$ 60,540
Accrued expenses and other liabilities	471,990	121	–	472,111	191,888	190	–	192,078
Due to Clayton's House	366,067	–	(366,067)	–	294,657	–	(294,657)	–
Due to Dempsey Center	–	396,050	(396,050)	–	–	263,916	(263,916)	–
Total liabilities	906,003	397,755	(762,117)	541,641	546,217	264,974	(558,573)	252,618
Net assets:								
Without donor restrictions	5,522,725	–	–	5,522,725	7,141,391	–	–	7,141,391
With donor restrictions	1,410,895	–	–	1,410,895	1,373,949	–	–	1,373,949
Total net assets	6,933,620	–	–	6,933,620	8,515,340	–	–	8,515,340
Member's equity	–	1,072,688	(1,072,688)	–	–	1,177,649	(1,177,649)	–
Total liabilities, net assets and member's equity	$7,839,623	$1,470,443	$(1,834,805)	$7,475,261	$9,061,557	$1,442,623	$(1,736,222)	$8,767,958

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	Dempsey Center Without Donor Restrictions	Dempsey Center With Donor Restrictions	Dempsey Center Total	Clayton's House	Eliminations	Consolidated Total
Revenue:						
Grants	$ –	$ 244,100	$ 244,100	$ 7,500	$ –	$ 251,600
Donations and contributions	688,422	14,000	702,422	26,671	–	729,093
In-kind contributions	109,366	–	109,366	–	–	109,366
Fundraisers	2,006,167	–	2,006,167	–	–	2,006,167
Fundraising event sponsorship	618,497	–	618,497	–	–	618,497
Merchandise	48,777	–	48,777	–	–	48,777
Net assets released from restriction	249,941	(249,941)	–	–	–	–
Total revenue	3,721,170	8,159	3,729,329	34,171	–	3,763,500
Expenses:						
Program	4,889,318	–	4,889,318	139,132	–	5,028,450
Management and general	307,975	–	307,975	–	–	307,975
Fundraising	533,773	–	533,773	–	–	533,773
Total expenses	5,731,066	–	5,731,066	139,132	–	5,870,198
Net operating (loss) income	(2,009,896)	8,159	(2,001,737)	(104,961)	–	(2,106,698)
Nonoperating (loss) income:						
Net realized and unrealized gain on investments	418,634	16,305	434,939	–	–	434,939
(Loss) income from investment in subsidiary	(104,961)	–	(104,961)	–	104,961	–
Investment income, net	77,557	12,482	90,039	–	–	90,039
Total nonoperating (loss) income	391,230	28,787	420,017	–	104,961	524,978
Change in net assets	(1,618,666)	36,946	(1,581,720)	(104,961)	104,961	(1,581,720)
Net assets/member's equity, beginning of year	7,141,391	1,373,949	8,515,340	1,177,649	(1,177,649)	8,515,340
Net assets/member's equity, end of year	$ 5,522,725	$ 1,410,895	$ 6,933,620	$ 1,072,688	$ (1,072,688)	$ 6,933,620

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022

	Dempsey Center					
	Without Donor Restrictions	With Donor Restrictions	Total	Clayton's House	Eliminations	Consolidated Total
Revenue:						
Grants	$ 21,500	$ 129,000	$ 150,500	$ 40,000	$ –	$ 190,500
Donations and contributions	1,215,371	500	1,215,871	44,561	–	1,260,432
In-kind contributions	119,138	–	119,138	17,625	–	136,763
Fundraisers	1,798,873	–	1,798,873	–	–	1,798,873
Fundraising event sponsorship	791,074	–	791,074	–	–	791,074
Merchandise	21,218	–	21,218	–	–	21,218
Net assets released from restriction	447,137	(447,137)	–	–	–	–
Total revenue	4,414,311	(317,637)	4,096,674	102,186	–	4,198,860
Expenses:						
Program	3,557,484	–	3,557,484	66,047	–	3,623,531
Management and general	379,264	–	379,264	–	–	379,264
Fundraising	424,550	–	424,550	–	–	424,550
Total expenses	4,361,298	–	4,361,298	66,047	–	4,427,345
Net operating income (loss)	53,013	(317,637)	(264,624)	36,139	–	(228,485)
Nonoperating (loss) income:						
Net realized and unrealized (loss) on investments	(1,217,322)	(195,772)	(1,413,094)	–	–	(1,413,094)
Income from investment in subsidiary	36,139	–	36,139	–	(36,139)	–
Investment income, net	124,627	21,678	146,305	–	–	146,305
Total nonoperating (loss) income	(1,056,556)	(174,094)	(1,230,650)	–	(36,139)	(1,266,789)
Change in net assets	(1,003,543)	(491,731)	(1,495,274)	36,139	(36,139)	(1,495,274)
Release from property, plant and equipment	48,602	(48,602)	–	–	–	–
Net assets/member's equity, beginning of year	8,096,332	1,914,282	10,010,614	1,141,510	(1,141,510)	10,010,614
Net assets/member's equity, end of year	$ 7,141,391	$1,373,949	$ 8,515,340	$1,177,649	$(1,177,649)	$ 8,515,340