BAKER NEWMAN NOYES

Dempsey Centers for Quality Cancer Care and Subsidiary

Consolidated Financial Statements and Supplementary Information

For the Years Ended June 30, 2024 and 2023
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, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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 within a period of one year after the date the financial statements are issued or available to be issued.

Board of Directors
Dempsey Centers for Quality Cancer Care and Subsidiary

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
October 24, 2024

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
Cash and cash equivalents	$ 840,731	$ 823,576
Contributions receivable	881,832	249,448
Prepaid expenses and other assets	79,444	136,223
Investments and donor restricted funds	4,377,857	5,040,403
Property and equipment:		
Land	442,775	442,775
Buildings	731,982	731,982
Leasehold improvements	604,596	604,596
Computers, printing equipment and website	236,988	232,996
Furniture, fixtures and equipment	101,021	98,631
Construction in process	84,326	19,093
	2,201,688	2,130,073
Accumulated depreciation	(1,008,888)	(904,462)
Total property and equipment	1,192,800	1,225,611
Right-of-use assets	212,554	–
Total assets	$ 7,585,218	$ 7,475,261

LIABILITIES AND NET ASSETS

	2024	2023
Accounts payable	$ 59,228	$ 69,530
Accrued expenses and other liabilities	284,759	472,111
Lease obligations	212,554	–
Total liabilities	556,541	541,641
Net assets:		
Without donor restrictions	4,978,254	5,522,725
With donor restrictions	2,050,423	1,410,895
Total net assets	7,028,677	6,933,620
Total liabilities and net assets	$ 7,585,218	$ 7,475,261

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Grants	$ 19,000	$ 280,000	$ 299,000	$ 7,500	$ 244,100	$ 251,600
Donations and contributions	1,065,029	26,991	1,092,020	715,093	14,000	729,093
In-kind contributions	216,495	–	216,495	109,366	–	109,366
Fundraisers	2,016,610	3,540	2,020,150	2,006,167	–	2,006,167
Fundraising event sponsorship	292,493	440,000	732,493	618,497	–	618,497
Merchandise	51,093	–	51,093	48,777	–	48,777
Net assets released from restriction	275,022	(275,022)	–	249,941	(249,941)	–
Total revenue	3,935,742	475,509	4,411,251	3,755,341	8,159	3,763,500
Expenses:						
Program	4,069,017	–	4,069,017	5,028,450	–	5,028,450
Management and general	464,611	–	464,611	307,975	–	307,975
Fundraising	624,038	–	624,038	533,773	–	533,773
Total expenses	5,157,666	–	5,157,666	5,870,198	–	5,870,198
Net operating (loss) income	(1,221,924)	475,509	(746,415)	(2,114,857)	8,159	(2,106,698)
Nonoperating income:						
Net realized and unrealized gain on investments	620,539	142,641	763,180	418,634	16,305	434,939
Investment income, net	56,914	21,378	78,292	77,557	12,482	90,039
Total nonoperating income	677,453	164,019	841,472	496,191	28,787	524,978
Change in net assets	(544,471)	639,528	95,057	(1,618,666)	36,946	(1,581,720)
Net assets, beginning of year	5,522,725	1,410,895	6,933,620	7,141,391	1,373,949	8,515,340
Net assets, end of year	$ 4,978,254	$ 2,050,423	$ 7,028,677	$ 5,522,725	$ 1,410,895	$ 6,933,620

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2024 and 2023

	2024									
	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	$ 216,037	$179,145	$1,324,505	$ 526,270	$171,518	$ 42,336	$2,459,811	$326,648	$100,420	$2,886,879
Payroll benefits	26,169	56,581	46,802	57,280	62,402	–	249,234	59,602	10,217	319,053
Payroll taxes	16,626	42,229	34,931	42,751	46,574	2,905	186,016	25,569	7,625	219,210
Total personnel	258,832	277,955	1,406,238	626,301	280,494	45,241	2,895,061	411,819	118,262	3,425,142
Occupancy	23,694	76,548	63,467	77,748	84,423	–	325,880	5,664	9,218	340,762
Professional fees	154,402	41,118	79,812	15,737	10,802	2,472	304,343	38,270	113,395	456,008
General and administrative expenses:										
Advertising and promotion	30,600	14	15,199	14	15	–	45,842	1	19,914	65,757
Business licenses and permits	669	173	143	176	191	–	1,352	13	404	1,769
Conferences, conventions and meetings	8,891	1,315	1,088	3,351	1,450	–	16,095	97	5,535	21,727
Credit card and other service charges	2	13	11	13	14	–	53	1	100,653	100,707
Depreciation	2,488	14,396	11,908	14,574	15,877	43,608	102,851	1,067	507	104,425
Equipment rental	35,742	1,991	1,651	1,712	1,865	–	42,961	125	22,158	65,244
Finance charges	537	1,577	1,305	1,597	1,740	–	6,756	117	168	7,041
Insurance	3,476	3,593	2,972	3,637	3,962	–	17,640	266	1,906	19,812
Meals and entertainment	154	415	1,638	471	457	–	3,135	31	21,169	24,335
Office supplies	18,348	4,557	5,687	2,932	4,096	5,689	41,309	895	14,017	56,221
Other expenses	24,355	6,208	36,250	6,285	6,847	600	80,545	460	187,571	268,576
Postage and delivery	2,093	547	538	554	603	–	4,335	41	2,269	6,645
Repairs and maintenance	323	1,871	1,548	1,894	2,063	9,447	17,146	139	66	17,351
State and local taxes	1,820	–	–	–	–	–	1,820	–	1,316	3,136
Telecommunication	6,171	31,250	29,305	31,636	34,465	2,020	134,847	3,800	1,622	140,269
Travel expenses	4,099	995	3,630	2,300	1,914	90	13,028	42	3,808	16,878
Utilities	384	2,220	1,837	2,248	2,449	4,880	14,018	1,763	80	15,861
Total general and administrative expenses	140,152	71,135	114,710	73,394	78,008	66,334	543,733	8,858	383,163	935,754
	$ 577,080	$466,756	$1,664,227	$ 793,180	$453,727	$ 114,047	$4,069,017	$464,611	$624,038	$5,157,666

	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

See accompanying notes.

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 95,057	$ (1,581,720)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	104,425	109,419
Net realized and unrealized gains on investments	(762,918)	(434,939)
Restricted grants and contributions	(750,531)	(258,100)
(Decrease) increase in cash resulting from a change in:		
Prepaid expenses and other assets	56,779	(66,419)
Accounts payable	(10,302)	8,990
Accrued expenses and other liabilities	(187,352)	280,033
Net cash used by operating activities	(1,454,842)	(1,942,736)
Cash flows from investing activities:		
Purchases of property and equipment	(71,614)	(69,356)
Purchases of investments	(125,038)	(111,979)
Sales of investments	1,550,502	2,154,713
Net cash provided by investing activities	1,353,850	1,973,378
Cash flows from financing activities:		
Proceeds from restricted grants and contributions	118,147	256,420
Net cash provided by financing activities	118,147	256,420
Net increase in cash	17,155	287,062
Cash at beginning of year	823,576	536,514
Cash at end of year	$ 840,731	$ 823,576
Noncash activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 218,333	$ –

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 a 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, $663,000 is due withing the next year. 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, 2024 or 2023. 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, 2024 and 2023 were as follows:

	2024	2023
Professional services	$ 7,438	$ 1,145
Legal services	12,331	4,384
Advertising and promotion	133,880	63,200
Supplies	57,551	40,637
Rental	5,295	–
	$216,495	$109,366

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 the Dempsey Center, therefore, certain costs associated with the Dempsey Challenge are considered joint program costs. For the year end June 30, 2024, joint costs of $894,116 have been allocated between fundraising, in the amount of $413,995, and community engagement program costs, in the amount of $480,121. 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.

Advertising

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

1. Summary of Significant Accounting Policies (Continued)

Leases

At the inception of an arrangement, the Organization determines whether the arrangement is, or contains, a lease based on the unique facts and circumstances present in the arrangement. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The Organization determines if the contract conveys the right to control the use of an identified asset for a period of time. The Organization assesses throughout the period of use whether the Organization has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Leases with a term greater than one year are recognized on the statement of financial position as right-of-use assets and lease obligations, as applicable.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Organization elected to utilize the risk-free rate as the discount rate.

Operating lease expense is recognized on a straight-line basis over the lease.

The lease may require the Organization to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as nonlease components. Such adjustments to rental payments and variable nonlease components are treated as variable lease payments and recognized in the period in which the obligation for these payments was incurred. Variable lease components and variable nonlease components are not measured as part of the right-of-use asset and liability. Only when lease components and their associated nonlease components are fixed are they accounted for as a single lease component and are recognized as part of a right-of-use asset and liability. Total contract consideration is allocated to the combined fixed lease and nonlease component. This policy election applies consistently to all asset classes under lease agreements.

The Organization assesses at the commencement of a lease any options to extend or terminate the lease agreement, and will include in the lease term any extensions or renewals which it determines it is reasonably certain to exercise. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

The Organization's lease agreement does not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

The Organization does not have any sublease agreements.

1. Summary of Significant Accounting Policies (Continued)

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 October 24, 2024, 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:

	2024	2023
Money market funds	$ 82,889	$ 367,856
U.S. Government Agency	206,147	91,422
Marketable equity securities	1,831,109	2,521,691
Corporate bonds	764,652	791,229
Municipal bonds	–	21,160
Exchange traded funds	1,493,060	1,224,035
Mutual funds:		
Equity	–	23,010
	$4,377,857	$5,040,403

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.

3. Fair Value Measurements (Continued)

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
2024:				
Money market funds	$ 82,889	$ –	$ –	$ 82,889
U.S. Government Agency	–	206,147	–	206,147
Marketable equity securities	1,831,109	–	–	1,831,109
Corporate bonds	–	764,652	–	764,652
Exchange traded funds	1,493,060	–	–	1,493,060
	$3,407,058	$ 970,799	$ –	$4,377,857
2023:				
Money market funds	$ 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

4. Net Assets

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

	2024	2023
Undesignated	$4,844,521	$5,028,768
Designated by board	133,733	493,957
	$4,978,254	$5,522,725

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

	2024	2023
Purpose restriction:		
Appreciation on endowment	$ 210,605	$ 46,586
Program services	617,531	142,022
Perpetual in nature	1,222,287	1,222,287
Total net assets with donor restrictions	$2,050,423	$1,410,895

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, 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
Appreciation	663,776	164,019	–	827,795
Appropriated for expenditure	(1,024,000)	–	–	(1,024,000)
Endowment net assets, June 30, 2024	$ 133,733	$210,605	$1,222,287	$ 1,566,625

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, 2024, 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, 2024:

Financial assets at year end:	
Cash and cash equivalents	$ 840,731
Contributions receivable – due within one year	663,000
Investments and donor restricted funds	4,377,857
	5,881,588
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	$ 4,659,301

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. Leases

The Organization is party to two operating building leases in Lewiston and South Portland, Maine under a month-to-month and long-term agreement, respectively. Additionally, the Organization leases certain office equipment under both short-term and long-term operating leases.

Lease Term and Discount Rate

The weighted-average lease terms and discount rates for long-term operating leases are as follows for the year ended June 30, 2024:

Weighted-average remaining lease term	2.97 years
Weighted-average discount rate	5%

Lease Cost

Operating lease costs and rent expense recorded in operating expenses on the accompanying statements of activities and changes in net assets was $406,008 and $410,000 for the years ended June 30, 2024 and 2023, respectively, which includes lease expense related to short-term and other immaterial leases.

7. Leases (Continued)

Commitments related to noncancellable operating lease obligations for each of the next three years after June 30, 2024 are as follows:

2025	$ 77,631
2026	75,297
2027	74,740
Total minimum future lease payments	227,668
Less imputed interest	(15,114)
Total lease obligations	$212,554

In 2023, the Organization entered into a triple net ten-year lease agreement for a building in Westbrook, Maine which was under construction in 2024; lease payments began upon completion of the building in July 2024 when the lease commenced. 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.

8. Commitments

In connection with the construction of the building, the Organization entered into a $112,500 letter of credit agreement with TD Bank which expires in July 2025. 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 two short-term Certificates of Deposit totaling $132,500.

Other Commitments

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

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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, 2024 and 2023, 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
October 24, 2024

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024				2023			
	Dempsey Center	Clayton's House	Eliminations	Total	Dempsey Center	Clayton's House	Eliminations	Total
Cash and cash equivalents	$ 840,631	$ 100	$ –	$ 840,731	$ 823,576	$ –	$ –	$ 823,576
Contributions receivable	881,832	–	–	881,832	249,448	–	–	249,448
Prepaid expenses and other assets	76,797	2,647	–	79,444	134,294	1,929	–	136,223
Investments	4,377,857	–	–	4,377,857	5,040,403	–	–	5,040,403
Due from Clayton's House	452,970	–	(452,970)	–	366,092	–	(366,092)	–
Due from Dempsey Center	–	455,645	(455,645)	–	–	396,025	(396,025)	–
Property and equipment:								
Land	–	442,775	–	442,775	–	442,775	–	442,775
Buildings	4,565	727,417	–	731,982	4,565	727,417	–	731,982
Leasehold improvements	604,596	–	–	604,596	604,596	–	–	604,596
Computers, printing equipment and website	233,479	3,509	–	236,988	232,099	897	–	232,996
Furniture, fixtures and equipment	86,872	14,149	–	101,021	86,872	11,759	–	98,631
Construction in process	84,326	–	–	84,326	19,093	–	–	19,093
	1,013,838	1,187,850	–	2,201,688	947,225	1,182,848	–	2,130,073
Accumulated depreciation	(854,921)	(153,967)	–	(1,008,888)	(794,103)	(110,359)	–	(904,462)
Total property and equipment	158,917	1,033,883	–	1,192,800	153,122	1,072,489	–	1,225,611
Right-of-use assets	212,554	–	–	212,554	–	–	–	–
Investment in Clayton's House	1,009,146	–	(1,009,146)	–	1,072,688	–	(1,072,688)	–
Total assets	$8,010,704	$1,492,275	$(1,917,761)	$ 7,585,218	$7,839,623	$1,470,443	$(1,834,805)	$7,475,261

LIABILITIES, NET ASSETS AND MEMBER'S EQUITY

	2024				2023			
	Dempsey Center	Clayton's House	Eliminations	Total	Dempsey Center	Clayton's House	Eliminations	Total
Accounts payable	$ 59,028	$ 200	$ –	$ 59,228	$ 67,946	$ 1,584	$ –	$ 69,530
Accrued expenses and other liabilities	284,759	–	–	284,759	471,990	121	–	472,111
Due to Clayton's House	425,686	–	(425,686)	–	366,067	–	(366,067)	–
Due to Dempsey Center	–	482,929	(482,929)	–	–	396,050	(396,050)	–
Lease obligations	212,554	–	–	212,554	–	–	–	–
Total liabilities	982,027	483,129	(908,615)	556,541	906,003	397,755	(762,117)	541,641
Net assets:								
Without donor restrictions	4,978,254	–	–	4,978,254	5,522,725	–	–	5,522,725
With donor restrictions	2,050,423	–	–	2,050,423	1,410,895	–	–	1,410,895
Total net assets	7,028,677	–	–	7,028,677	6,933,620	–	–	6,933,620
Member's equity	–	1,009,146	(1,009,146)	–	–	1,072,688	(1,072,688)	–
Total liabilities, net assets and member's equity	$ 8,010,704	$ 1,492,275	$ (1,917,761)	$ 7,585,218	$ 7,839,623	$ 1,470,443	$ (1,834,805)	$ 7,475,261

DEMPSEY CENTERS FOR QUALITY CANCER CARE AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	Dempsey Center					
	Without Donor Restrictions	With Donor Restrictions	Total	Clayton's House	Eliminations	Consolidated Total
Revenue:						
Grants	$ 14,000	$ 280,000	$ 294,000	$ 5,000	$ –	$ 299,000
Donations and contributions	1,026,775	26,991	1,053,766	38,254	–	1,092,020
In-kind contributions	216,495	–	216,495	–	–	216,495
Fundraisers	2,009,359	3,540	2,012,899	7,251	–	2,020,150
Fundraising event sponsorship	292,493	440,000	732,493	–	–	732,493
Merchandise	51,093	–	51,093	–	–	51,093
Net assets released from restriction	275,022	(275,022)	–	–	–	–
Total revenue	3,885,237	475,509	4,360,746	50,505	–	4,411,251
Expenses:						
Program	3,954,970	–	3,954,970	114,047	–	4,069,017
Management and general	464,611	–	464,611	–	–	464,611
Fundraising	624,038	–	624,038	–	–	624,038
Total expenses	5,043,619	–	5,043,619	114,047	–	5,157,666
Net operating (loss) income	(1,158,382)	475,509	(682,873)	(63,542)	–	(746,415)
Nonoperating income (loss):						
Net realized and unrealized gain on investments	620,539	142,641	763,180	–	–	763,180
(Loss) income from investment in subsidiary	(63,542)	–	(63,542)	–	63,542	–
Investment income, net	56,914	21,378	78,292	–	–	78,292
Total nonoperating income (loss)	613,911	164,019	777,930	–	63,542	841,472
Change in net assets	(544,471)	639,528	95,057	(63,542)	63,542	95,057
Net assets/member's equity, beginning of year	5,522,725	1,410,895	6,933,620	1,072,688	(1,072,688)	6,933,620
Net assets/member's equity, end of year	$ 4,978,254	$ 2,050,423	$ 7,028,677	$ 1,009,146	$ (1,009,146)	$ 7,028,677

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	With Donor Restrictions	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