



## **Financial Statements**

*For the Year Ended December 31, 2022*

*(With Summarized Financial Information for the Year Ended December 31, 2021)*



**and**  
**Report Thereon**



**RADIATION ONCOLOGY INSTITUTE**

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**For the Year Ended December 31, 2022**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the  
**Radiation Oncology Institute**

***Opinion***

We have audited the financial statements of Radiation Oncology Institute (ROI), an affiliate of the American Society for Radiation Oncology, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ROI as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 ROI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 ROI's ability to continue as a going concern within one year after the date that the financial statements are 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 ROI'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 ROI'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.

### **Other Matter**

#### ***Report on Summarized Comparative Information***

We have previously audited ROI's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
July 20, 2023

**RADIATION ONCOLOGY INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**  
**(With Summarized Financial Information as of December 31, 2021)**

	2022	2021
<b>ASSETS</b>		
Cash	\$ 63,702	\$ 176,370
Due from ASTRO	-	62,590
Accounts and other receivables	28,725	5,730
Pledges receivable, net	218,861	217,194
Prepaid expenses	5,360	5,531
Investments	15,107,505	17,023,486
<b>TOTAL ASSETS</b>	<b>\$ 15,424,153</b>	<b>\$ 17,490,901</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 14,879	\$ 5,490
Research grant payable	48,961	-
Due to ASTRO	49,174	-
<b>TOTAL LIABILITIES</b>	<b>113,014</b>	<b>5,490</b>
<b>Net Assets</b>		
Without donor restrictions	2,653,378	3,093,784
With donor restrictions	12,657,761	14,391,627
<b>TOTAL NET ASSETS</b>	<b>15,311,139</b>	<b>17,485,411</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,424,153</b>	<b>\$ 17,490,901</b>

The accompanying notes are an integral part of these financial statements.

**RADIATION ONCOLOGY INSTITUTE**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2022**

**(With Summarized Financial Information for the Year Ended December 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>OPERATING REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 238,340	\$ 118,911	\$ 357,251	\$ 422,102
Endowment appropriations	-	180,193	180,193	182,272
In-kind contributions	-	-	-	30,555
Net assets released from restrictions:				
Released from time restrictions	404,343	(404,343)	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>642,683</b>	<b>(105,239)</b>	<b>537,444</b>	<b>634,929</b>
<b>OPERATING EXPENSES</b>				
Program Services:				
Toxicity Management Project	211,771	-	211,771	91,327
Value Radiation Therapy and Other Programs	189,361	-	189,361	146,168
Understanding and Awareness Project	113,882	-	113,882	6,556
Safety and Quality Project	7,476	-	7,476	1,362
Total Program Services	522,490	-	522,490	245,413
Supporting Services:				
Fundraising and development	285,123	-	285,123	309,142
Management and general	157,332	-	157,332	139,079
Total Supporting Services	442,455	-	442,455	448,221
<b>TOTAL OPERATING EXPENSES</b>	<b>964,945</b>	<b>-</b>	<b>964,945</b>	<b>693,634</b>
Change in net assets from operations	(322,262)	(105,239)	(427,501)	(58,705)
Nonoperating activities:				
Investment income (loss), net	(118,144)	(1,448,434)	(1,566,578)	1,620,930
Endowment appropriations	-	(180,193)	(180,193)	(182,272)
Total Nonoperating Activities	(118,144)	(1,628,627)	(1,746,771)	1,438,658
<b>CHANGE IN NET ASSETS</b>	<b>(440,406)</b>	<b>(1,733,866)</b>	<b>(2,174,272)</b>	<b>1,379,953</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,093,784</b>	<b>14,391,627</b>	<b>17,485,411</b>	<b>16,105,458</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,653,378</b>	<b>\$ 12,657,761</b>	<b>\$ 15,311,139</b>	<b>\$ 17,485,411</b>

The accompanying notes are an integral part of these financial statements.

**RADIATION ONCOLOGY INSTITUTE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**  
**(With Summarized Financial Information for the Year Ended December 31, 2021)**

	Program Services				Supporting Services			2022 Total	2021 Total	
	Toxicity Management Project	Value Radiation Therapy and Other Programs	Understanding and Awareness Project	Safety and Quality Project	Total Program Services	Fundraising and Development	Management and General			Total Supporting Services
Research awards	\$ 187,207	\$ 116,229	\$ 97,463	\$ 5,000	\$ 405,899	\$ -	\$ -	\$ -	\$ 405,899	\$ 160,666
Salaries	16,959	41,872	12,187	1,202	72,220	164,465	97,540	262,005	334,225	296,632
Occupancy	4,958	13,022	3,332	374	21,686	41,041	24,117	65,158	86,844	83,853
Professional services	900	1,800	900	900	4,500	32,434	50	32,484	36,984	25,090
Audit and accounting services	-	-	-	-	-	-	15,392	15,392	15,392	12,805
Miscellaneous	1,648	707	-	-	2,355	7,052	4,838	11,890	14,245	5,741
Dues and publications	99	220	-	-	319	11,052	451	11,503	11,822	9,255
Food and beverage	-	1,877	-	-	1,877	7,509	1,077	8,586	10,463	9,912
Contributions	-	10,000	-	-	10,000	-	-	-	10,000	10,000
Rental-Furniture and equipment	-	1,951	-	-	1,951	7,802	-	7,802	9,753	11,444
Bank fees	-	-	-	-	-	-	9,483	9,483	9,483	9,608
Write-off of uncollectible pledges	-	-	-	-	-	7,375	-	7,375	7,375	-
Lodging	-	969	-	-	969	949	2,131	3,080	4,049	2,902
Printing and copying	-	-	-	-	-	3,012	-	3,012	3,012	11,119
Airline travel	-	528	-	-	528	548	1,923	2,471	2,999	384
Audiovisual services	-	116	-	-	116	1,191	-	1,191	1,307	9,861
Postage and delivery	-	70	-	-	70	693	330	1,023	1,093	3,807
Gift In-Kind expense	-	-	-	-	-	-	-	-	-	30,555
<b>TOTAL EXPENSES</b>	<b>\$ 211,771</b>	<b>\$ 189,361</b>	<b>\$ 113,882</b>	<b>\$ 7,476</b>	<b>\$ 522,490</b>	<b>\$ 285,123</b>	<b>\$ 157,332</b>	<b>\$ 442,455</b>	<b>\$ 964,945</b>	<b>\$ 693,634</b>

The accompanying notes are an integral part of these financial statements.

**RADIATION ONCOLOGY INSTITUTE**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2022**

**(With Summarized Financial Information for the Year Ended December 31, 2021)**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,174,272)	\$ 1,379,953
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized losses (gains) on investments	1,847,378	(1,373,426)
Amortization of discount on pledges receivable	271	(1,705)
Contributions restricted to endowment	(21,583)	(12,685)
Write-off of uncollectible pledges	7,375	-
Changes in assets and liabilities:		
Due from ASTRO	62,590	(31,431)
Accounts and other receivables	(22,995)	27,980
Pledges receivable	(9,313)	60,088
Prepaid expenses	171	(450)
Accounts payable and accrued expenses	9,389	4,853
Research grant payable	48,961	-
Due to ASTRO	49,174	-
	<u>(202,854)</u>	<u>53,177</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(328,863)	(17,592,476)
Proceeds from sales of investments	228,531	17,674,348
	<u>(100,332)</u>	<u>81,872</u>
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted to endowment	21,583	12,685
	<u>21,583</u>	<u>12,685</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET (DECREASE) INCREASE IN CASH</b>	(281,603)	147,734
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>453,382</u>	<u>305,648</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 171,779</u>	<u>\$ 453,382</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash	\$ 63,702	\$ 176,370
Cash and cash equivalents included in investments	108,077	277,012
	<u>\$ 171,779</u>	<u>\$ 453,382</u>

The accompanying notes are an integral part of these financial statements.



# RADIATION ONCOLOGY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

The Radiation Oncology Institute (ROI), formerly the American Society for Therapeutic Radiology and Oncology Education and Development Fund, was established to develop innovative ways of enhancing the profile of radiation oncology in the world cancer community and to help prepare the specialty for the future. ROI is an affiliate of the American Society for Radiation Oncology (ASTRO) and is included in ASTRO's consolidated financial statements. ROI's operations are primarily supported through contributions made by individuals and investment income from its endowment.

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits and money market funds and all highly liquid investments with initial maturities of three months or less. Cash and cash equivalents that are held as part of the investment portfolio are reported within investments.

#### **Accounts and Other Receivables**

ROI uses the allowance method to record potentially uncollectible accounts receivable. No allowance was recorded as of December 31, 2022, as management believes all accounts receivable to be fully collectible.

#### **Pledges Receivable**

Unconditional promises to give (pledges receivable) that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts on those amounts are computed using a market rate commensurate with the risks identified. Amortization of the discounts is included in contributions revenue in the accompanying statement of activities.

#### **Investments**

Investments are recorded in the accompanying financial statements at their fair value. 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. The alternative investment funds invest with hedge fund managers who enter into short/long transactions, option contracts, future contracts, forward contracts and swap contracts. As part of their risk management and control procedures, these funds may hold derivatives and certain other financial instruments to hedge or manage risks associated with foreign currency fluctuations, interest rate changes, commodity price fluctuations and equity market movements. These investments are recorded in the accompanying financial statements at their estimated fair value, as provided by the external investment managers, using net asset value (NAV) or its equivalent, as a practical expedient as permitted under accounting principles generally accepted in the United States (GAAP). Because of the inherent uncertainty of valuation for these alternative investments or their underlying investments, values for these investments may differ from values that would have been used had a ready market for the investments existed.

## RADIATION ONCOLOGY INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Investments (continued)**

Purchases and sales are reflected on a trade date basis. The cost of investments sold is determined using the average cost method. Net realized and unrealized gains and losses on investments are reflected in the statement of activities as increases or decreases in net assets with or without donor restrictions. Dividends and interest are reflected as revenue when earned.

##### **Fair Value Measurement**

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As permitted under the accounting standard on fair value measurement, ROI has elected to use NAV or its equivalent to estimate the fair value of its alternative investment funds. As of December 31, 2022, only ROI's investments as described in Note 4 of these financial statements were measured at fair value on a recurring basis.

##### **Net Assets**

Net assets without donor restrictions represent the portion of expendable funds that are available for support of ROI's operations. Board designated net assets represent amounts set aside by ROI's Board of Trustees for scientific research awards. Net assets with donor restrictions represent amounts specifically restricted by donors for various programs or future periods as well as amounts required to be maintained in perpetuity and related earnings available for appropriation.

##### **Research Grants Payable**

Unconditional research grants are recognized as expenses in the period in which the grants are approved. Amounts awarded, but unpaid, as of the end of the fiscal year are accrued as research grants payable in the accompanying financial statement. Future installments which are payable upon satisfaction of certain performance criteria are deemed conditional and not recognized until the performance criteria are satisfied and the future installment is approved. Research grant payable as of December 31, 2022 as recognized in the accompanying statement of financial position is payable within one year.

**RADIATION ONCOLOGY INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition**

All unconditional contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional contributions are recognized as revenue at the earlier of when they are received or when they are unconditionally pledged. ROI reports in-kind gifts as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of ROI are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Indirect costs, which include administrative salaries and benefits, occupancy, professional services and other office expenses are allocated based on salaries in the accompanying financial statements.

**Estimates**

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

**Measurement of Operations**

Operating revenue and support and expenses generally reflect those revenues and expenses that management can influence, including annual authorized operating support from the endowment based on the spending formula established by ROI's Board of Trustees. Non-operating activities include investment income (loss), net of management fees and the distribution of operating support from the endowment.

**Recently Adopted Accounting Pronouncement**

Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. ROI adopted ASU 2020-07 retrospectively on January 1, 2022. The adoption of the standard did not result in a material change to the financial statements.

**RADIATION ONCOLOGY INSTITUTE**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2022**

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2. Transactions with ASTRO

ROI is a consolidated affiliate of ASTRO due to effective control and economic interest. ASTRO provides office space and certain management and program functions for ROI under a written memorandum of understanding between the two entities whereby ASTRO annually allocates to ROI its share of salary and overhead costs. During the year ended December 31, 2022, ROI was allocated \$421,068 in salaries and overhead from ASTRO.

Additionally, ASTRO has conditionally pledged to annually match cash payments on ROI's outstanding pledges receivable (see Note 3). For the year ended December 31, 2022, ASTRO provided matching pledge payments of \$21,583.

As a result of the above transactions, as of December 31, 2022, ROI owed ASTRO \$49,174.

3. Pledges Receivable

As of December 31, 2022, contributions receivable were expected to be collected as follows:

Receivable in less than one year	\$ 102,503
Receivable in one to five years	<u>120,539</u>
Total Unconditional Pledges Receivable	223,042
Less: Unamortized discount (1.96%)	<u>(4,181)</u>
Pledges Receivable, Net	<u>\$ 218,861</u>

All pledges are considered fully collectible and are restricted either to ROI's endowment or for general use by ROI in future periods. ASTRO has agreed to match endowment pledge payments on a one-for-one basis, contingent on the payments meeting the matching threshold, until the total reaches \$3,000,000. As of December 31, 2022, the remaining conditional pledge was \$30,732. The amount is not included in the accompanying statement of financial position due to the conditional nature of the pledge.

## RADIATION ONCOLOGY INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

#### 4. Investments and Fair Value Measurement

The following table summarizes ROI's investments measured at fair value on a recurring basis as of December 31, 2022, aggregated by the fair value hierarchy level with which those measurements were made:

	Fair Value	Level 1	Level 2	Level 3
Investments:				
Mutual funds:				
Equity	\$ 9,007,686	\$ 9,007,686	\$ -	\$ -
Fixed income	2,205,237	2,205,237	-	-
Balanced	948,740	948,740	-	-
Total Investments in the Fair Value Hierarchy	12,161,663	\$ 12,161,663	\$ -	\$ -
Alternative investments	2,837,765			
Cash and cash equivalents	108,077			
Total Investments	\$ 15,107,505			

Mutual funds are valued daily at the last sales price in national markets, or, if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy. Alternative investments consist of investments in real estate fund and hedge funds made through domestic or offshore mutual funds, fund of funds and limited partnerships that may invest in a wide variety of assets globally, including equity and debt. Fair value is determined based on the fund's NAV or its equivalent, as provided by the fund's management using a variety of methodologies, relevant to the particular investment portfolio that combine primary market data available from national securities exchanges for underlying securities that are actively traded, as well as other factors.

These investments are measured at NAV or its equivalent, as a practical expedient, and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The table below details ROI's ability to redeem investment funds valued at NAV or its equivalent as of December 31, 2022:

	Fair Value	Number of Funds	Unfunded Commitments	Redemption Frequency, if Currently Eligible	Redemption Notice Period
Multi-manager hedge funds	\$ 113,493	1	\$ -	Quarterly	Up to 120 days
Private equity	1,449,533	1	-	Quarterly	With Notice
Real estate funds	1,274,740	2	-	Monthly to quarterly	Up to 90 days
	\$ 2,837,765		\$ -		

## RADIATION ONCOLOGY INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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#### 5. Portfolio Loan Account

ROI's investment account also had a provision which allows ROI to borrow against specified collateral investment accounts at an annual interest rate of the Secured Overnight Financing Rate plus 1.5%. There were no borrowings or repayments on this account during the year ending December 31, 2022 and the account was closed in February 2023.

#### 6. Net Assets

##### **Net Assets Without Donor Restrictions**

ROI's net assets without donor restrictions are composed of undesignated amounts and board-designated funds. As of December 31, 2022, ROI's net assets without donor restrictions were as follows:

Undesignated	\$ 2,428,055
Board-designated	<u>225,323</u>
Total Net Assets Without Donor Restrictions	<u>\$ 2,653,378</u>

The board-designated net assets were instituted to provide funding for various scientific research awards.

##### **Net Assets With Donor Restrictions**

As of December 31, 2022, net assets with donor restrictions were restricted as follows:

Subject to occurrence of passage of time – pledges	\$ 204,609
Subject to purpose restriction – research	326,367
Subject to ROI's spending policy and appropriation:	
Endowment funds restricted in perpetuity	10,176,541
Accumulated earnings on endowment funds	<u>1,950,244</u>
Total Net Assets With Donor Restrictions	<u>\$ 12,657,761</u>

#### 7. Endowment Fund

##### **Endowment Composition and Activity**

ROI's endowment net asset composition by fund type was as follows as of December 31, 2022:

Endowment funds restricted in perpetuity	\$ 10,176,541
Accumulated earnings on endowment funds	<u>1,950,244</u>
Total Endowment Net Assets With Donor Restrictions	<u>\$ 12,126,785</u>

## RADIATION ONCOLOGY INSTITUTE

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

#### 7. Endowment Fund (continued)

##### **Endowment Composition and Activity (continued)**

For the year ended December 31, 2022, the donor-restricted endowment funds had the following activity:

	<u>Original Gift Amount</u>	<u>Accumulated Earnings</u>	<u>Total</u>
Endowment fund, beginning of year	\$ 10,154,958	\$ 3,578,871	\$ 13,733,829
Investment losses, net	-	(1,448,434)	(1,448,434)
Contributions	21,583	-	21,583
Amounts appropriated for expenditure	<u>-</u>	<u>(180,193)</u>	<u>(180,193)</u>
Endowment Fund, End of Year	<u>\$ 10,176,541</u>	<u>\$ 1,950,244</u>	<u>\$ 12,126,785</u>

##### **Interpretation of Relevant Law**

ROI's management has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of original donor-restricted endowment gifts as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, ROI classifies as net assets with donor restrictions in perpetuity, the original value of cash gifts donated to permanent endowments. In accordance with UPMIFA, ROI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of ROI and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of ROI; and
- 7) The investment policies of ROI.

##### **Return Objectives and Risk Parameters**

ROI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the program supported by its endowment while seeking to maintain purchasing power of the endowment assets, maintain financial stability and provide cash as required.

##### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, ROI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

# RADIATION ONCOLOGY INSTITUTE

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022

### 7. Endowment Fund (continued)

#### **Spending Policy on Endowment Funds**

The level of spending allowable in any budget year must be up to 5% of the rolling three-year average value of the portfolio as of December 31 for the three years prior to the current budget year. The level of spending may exceed the maximum 5% guideline in circumstances deemed exceptional by ROI's Board of Trustees.

#### **Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). ROI has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of December 31, 2022.

### 8. Availability of Resources and Liquidity

ROI regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to preserve the principal and return on the investments of funds. The working capital and cash flows have seasonal variations during the year attributable to the cash receipts from contributions received during the year, as well as pledge payments received. ROI's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2022, are as follows:

Cash	\$ 63,702
Accounts and other receivables	28,725
Pledges receivable	218,861
Investments	<u>15,107,505</u>
Total Financial Assets Available	15,418,793
Less:	
Illiquid alternative investment accounts	(1,719,286)
Amounts unavailable for general expenditures within one year due to donors' restriction	(12,657,761)
Amounts unavailable to management without Board approval – Board-designated reserve for scientific awards	<u>(225,323)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 816,423</u>

ROI has various sources of liquidity at its disposal including cash and cash equivalents and investments which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of ROI throughout the year. This is done through monitoring and reviewing ROI's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of ROI's cash flow related to ROI's various funding sources and is therefore able to ensure that there is cash available to



## **RADIATION ONCOLOGY INSTITUTE**

### **NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2022**

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#### **8. Availability of Resources and Liquidity (continued)**

meet current liquidity needs. As part of ROI's liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and equity securities to support organizational initiatives. ROI can liquidate up to 5% of the long-term portfolio's 3-year average as of December 31 ending balances. If necessary, ROI has board-designated net assets that could be available for current operations with Board approval.

#### **9. Income Taxes**

ROI qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC) and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended December 31, 2022 as ROI had no net unrelated business income.

ROI performed an evaluation of uncertainty in income taxes for the year ended December 31, 2022, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2022, there are no audits for any tax periods pending or in progress. It is ROI's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2022, ROI had no accruals for interest and/or penalties.

#### **10. Reclassifications**

Certain 2021 amounts have been reclassified to conform to the 2022 financial statement presentation.

#### **11. Prior Year Summarized Financial Information**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with ROI's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

#### **12. Subsequent Events**

The financial statements have been evaluated by management for subsequent events requiring disclosure through July 20, 2023, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements, except as disclosed in Note 5.