

**AUDITED
FINANCIAL STATEMENTS**

ROSWELL PARK ALLIANCE FOUNDATION, INC.

MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Roswell Park Alliance Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roswell Park Alliance Foundation, Inc., (the Foundation), which comprise the statement of financial position as of March 31, 2024, the related statements of activities and changes in net assets, cash flows and functional expenses 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 the Foundation as of March 31, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 the Foundation'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 the Foundation'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.

Report on Summarized Comparative Information

We have previously audited Roswell Park Alliance Foundation, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Freed Maxick CPAs, P.C.

Buffalo, New York
August 13, 2024

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2024 (with Summarized Financial Information as of March 31, 2023)

| | Without Donor Restrictions | With Donor Restrictions | 2024 Total | 2023 Total |
|------------------------------------------|-------------------------------|----------------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 9,260,291 | \$ - | \$ 9,260,291 | \$ 14,553,889 |
| Restricted cash | - | 7,470,240 | 7,470,240 | 8,870,765 |
| Pledges receivable, net | 438,959 | 4,068,300 | 4,507,259 | 4,354,817 |
| Bequests receivable, net | 1,062,823 | 3,573,387 | 4,636,210 | 2,842,675 |
| Inventory | 235,135 | - | 235,135 | 221,928 |
| Prepaid expenses | 600 | - | 600 | 590 |
| Employee retention credits receivable | - | - | - | 228,947 |
| Due from related parties | 1,004,207 | - | 1,004,207 | 994,601 |
| Total current assets | 12,002,015 | 15,111,927 | 27,113,942 | 32,068,212 |
| Pledges receivable, net | 2,080 | 3,686,999 | 3,689,079 | 5,606,468 |
| Bequests receivable, net | - | 77,584 | 77,584 | 114,114 |
| Investments, at fair value | 34,065,695 | 94,147,311 | 128,213,006 | 110,512,397 |
| Split-interest agreements | - | 446,237 | 446,237 | 411,406 |
| Other assets | 477,170 | - | 477,170 | 456,953 |
| Due from related parties | 559,040 | - | 559,040 | 559,040 |
| Total assets | <u>\$ 47,106,000</u> | <u>\$ 113,470,058</u> | <u>\$ 160,576,058</u> | <u>\$ 149,728,590</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 598,624 | \$ - | \$ 598,624 | \$ 588,422 |
| Grants payable to related parties | 24,265,600 | - | 24,265,600 | 24,815,249 |
| Due to related parties | 1,599,970 | - | 1,599,970 | 981,161 |
| Total current liabilities | 26,464,194 | - | 26,464,194 | 26,384,832 |
| Annuities payable | - | 640,227 | 640,227 | 668,525 |
| Total liabilities | 26,464,194 | 640,227 | 27,104,421 | 27,053,357 |
| Net assets: | | | | |
| Without donor restrictions | 20,641,806 | - | 20,641,806 | 17,257,196 |
| With donor restrictions | - | 112,829,831 | 112,829,831 | 105,418,037 |
| Total net assets | <u>20,641,806</u> | <u>112,829,831</u> | <u>133,471,637</u> | <u>122,675,233</u> |
| Total liabilities and net assets | <u>\$ 47,106,000</u> | <u>\$ 113,470,058</u> | <u>\$ 160,576,058</u> | <u>\$ 149,728,590</u> |

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended March 31, 2024 (with Summarized Financial Information For the Year Ended March 31, 2023)

| | Without Donor Restrictions | With Donor Restrictions | 2024 Total | 2023 Total |
|---------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------|-----------------------|-----------------------|
| Revenue and support: | | | | |
| Contributions | \$ 14,155,263 | \$ 10,952,836 | \$ 25,108,099 | \$ 30,548,184 |
| In-kind contributions | 421,994 | - | 421,994 | 305,722 |
| Gift shop receipts | 689,194 | - | 689,194 | 629,802 |
| Investment income | 1,026,229 | 974,234 | 2,000,463 | 1,606,350 |
| Net assets released from restrictions | 14,743,717 | (14,743,717) | - | - |
| Total revenue and support | 31,036,397 | (2,816,647) | 28,219,750 | 33,090,058 |
| Distributions and expenses: | | | | |
| Program: | | | | |
| Grants to benefit Roswell Park Cancer Institute Corporation | 24,311,991 | - | 24,311,991 | 24,608,247 |
| Supporting services: | | | | |
| Management and general | 1,811,152 | - | 1,811,152 | 1,639,134 |
| Fundraising | 5,834,957 | - | 5,834,957 | 5,389,855 |
| Gift shop | 616,847 | - | 616,847 | 529,281 |
| Total distributions and expenses | 32,574,947 | - | 32,574,947 | 32,166,517 |
| (Deficiency) excess of revenue and support over distributions and expenses | (1,538,550) | (2,816,647) | (4,355,197) | 923,541 |
| Net realized and unrealized gains (losses) on investments | 4,923,160 | 10,241,036 | 15,164,196 | (9,554,816) |
| Actuarial losses on annuity obligations and change in value of split-interest agreements | - | (12,595) | (12,595) | (138,906) |
| Change in net assets | 3,384,610 | 7,411,794 | 10,796,404 | (8,770,181) |
| Net assets, beginning of year | 17,257,196 | 105,418,037 | 122,675,233 | 131,445,414 |
| Net assets, end of year | \$ 20,641,806 | \$ 112,829,831 | \$ 133,471,637 | \$ 122,675,233 |

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended March 31,

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 10,796,404 | \$ (8,770,181) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 14,975 | 12,900 |
| Provision for bad debt | 24,611 | 32,115 |
| Actuarial (gains) losses and change in value of split-interest agreements | (34,831) | 99,117 |
| Actuarial losses on annuity obligations | 47,426 | 39,789 |
| Net realized and unrealized (gains) losses on investments | (15,164,196) | 9,554,816 |
| Decrease (increase) in assets: | | |
| Pledges receivable | 1,740,336 | 1,370,660 |
| Bequests receivable | (1,757,005) | (2,723,101) |
| Prepaid expenses | (10) | 9,724 |
| Inventory | (13,207) | (48,953) |
| Employee retention credits receivable | 228,947 | 4,398 |
| Other assets | (18,692) | (45,118) |
| Due from related parties | (9,606) | (52,764) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | 10,202 | 38,012 |
| Grants payable to related parties | (549,649) | (871,625) |
| Due to related parties | 618,809 | (54,592) |
| Annuities payable | (75,724) | (75,724) |
| Net cash used in operating activities | <u>(4,141,210)</u> | <u>(1,480,527)</u> |
| Cash flows from investing activities: | | |
| Purchases of equipment | (16,500) | (43,530) |
| Purchases of investments | (7,891,875) | (17,369,592) |
| Proceeds from sales of investments | 5,471,884 | 12,564,126 |
| Net cash used in investing activities | <u>(2,436,491)</u> | <u>(4,848,996)</u> |
| Net decrease in cash, cash equivalents and restricted cash | (6,577,701) | (6,329,523) |
| Cash, cash equivalents and restricted cash - beginning of year | <u>24,326,410</u> | <u>30,655,933</u> |
| Cash, cash equivalents and restricted cash - end of year | <u><u>\$ 17,748,709</u></u> | <u><u>\$ 24,326,410</u></u> |

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2024

| | Program Services | Management and General | Fundraising | Gift Shop | Total |
|-------------------------------------|-----------------------------|-----------------------------------|---------------------|-------------------|----------------------|
| Grants to benefit RPCIC | \$ 24,311,991 | \$ - | \$ - | \$ - | \$ 24,311,991 |
| Advertising and promotion | - | - | 164,279 | - | 164,279 |
| Bank fees | - | 280,202 | - | 15,227 | 295,429 |
| Conferences, conventions & meetings | - | 6,480 | - | - | 6,480 |
| Depreciation | - | 10,519 | - | 4,456 | 14,975 |
| Dues and subscriptions | - | 9,055 | 60 | 775 | 9,890 |
| Events | - | - | 2,204,523 | - | 2,204,523 |
| Fringe benefits | - | 115,530 | 312,321 | 22,718 | 450,569 |
| Information technology | - | 230,842 | 83,931 | 2,220 | 316,993 |
| Insurance | - | 23,796 | 55,972 | 1,171 | 80,939 |
| Mailhouse fees | - | - | 36,993 | - | 36,993 |
| Merchandise | - | - | 32,367 | 436,972 | 469,339 |
| Miscellaneous | - | 19,273 | 60,906 | 200 | 80,379 |
| Payroll taxes | - | 57,315 | 146,530 | 9,278 | 213,123 |
| Postage and shipping | - | 4,108 | 55,343 | - | 59,451 |
| Printing and publications | - | - | 278,575 | - | 278,575 |
| Professional fees | - | 266,729 | 355,716 | - | 622,445 |
| Provision for bad debt | - | 21,016 | - | 3,595 | 24,611 |
| Salaries and wages | - | 738,111 | 1,971,717 | 110,770 | 2,820,598 |
| Supplies | - | 3,850 | 35,563 | 9,465 | 48,878 |
| Travel and mileage | - | 24,326 | 40,161 | - | 64,487 |
| Totals | <u>\$ 24,311,991</u> | <u>\$ 1,811,152</u> | <u>\$ 5,834,957</u> | <u>\$ 616,847</u> | <u>\$ 32,574,947</u> |

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2023

| | Program Services | Management and General | Fundraising | Gift Shop | Total |
|-------------------------------------|-----------------------------|-----------------------------------|---------------------|-------------------|----------------------|
| Grants to benefit RPCIC | \$ 24,608,247 | \$ - | \$ - | \$ - | \$ 24,608,247 |
| Advertising and promotion | - | - | 176,985 | - | 176,985 |
| Bank fees | - | 246,079 | - | 14,628 | 260,707 |
| Conferences, conventions & meetings | - | 4,276 | - | - | 4,276 |
| Depreciation | - | 8,416 | - | 4,484 | 12,900 |
| Dues and subscriptions | - | 7,765 | - | 750 | 8,515 |
| Events | - | - | 1,916,078 | - | 1,916,078 |
| Fringe benefits | - | 91,438 | 266,423 | 19,361 | 377,222 |
| Information technology | - | 212,507 | 53,754 | 2,259 | 268,520 |
| Insurance | - | 24,389 | 49,622 | 1,149 | 75,160 |
| Mailhouse fees | - | - | 50,016 | - | 50,016 |
| Merchandise | - | - | 23,708 | 365,527 | 389,235 |
| Miscellaneous | - | 13,810 | 88,030 | 644 | 102,484 |
| Payroll taxes | - | 48,941 | 139,702 | 8,480 | 197,123 |
| Postage and shipping | - | 3,473 | 111,650 | - | 115,123 |
| Printing and publications | - | - | 264,695 | - | 264,695 |
| Professional fees | - | 242,420 | 322,232 | - | 564,652 |
| Provision for bad debt | - | 31,984 | - | 131 | 32,115 |
| Salaries and wages | - | 681,184 | 1,817,405 | 102,643 | 2,601,232 |
| Supplies | - | 5,692 | 46,080 | 9,225 | 60,997 |
| Travel and mileage | - | 16,760 | 63,475 | - | 80,235 |
| Totals | <u>\$ 24,608,247</u> | <u>\$ 1,639,134</u> | <u>\$ 5,389,855</u> | <u>\$ 529,281</u> | <u>\$ 32,166,517</u> |

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Roswell Park Alliance Foundation, Inc. (the "Foundation") is a not-for-profit corporation organized to receive and administer gifts and bequests made on behalf of Roswell Park Cancer Institute Corporation d/b/a Roswell Park Comprehensive Cancer Center ("RPCIC" or the "Institute") located in Buffalo, New York. The Institute utilizes these gifts and bequests in scientific and medical research, for the delivery of medical care to individuals suffering from cancer, and for charitable activities related thereto.

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting. The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates: The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and support, expenses and distributions during the reporting period. Actual results could differ from those estimates. Significant estimates made by the Foundation include, but are not limited to, reserves for uncollectible pledges, actuarial valuations on annuities, present value calculations on certain long-term pledges, and fair value of investments.

Presentation of Prior-Year Balances: The statements of financial position and statements of activities and changes in net assets include prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such prior-year summarized information should be read in conjunction with the Foundation's audited financial statements for the year ended March 31, 2023, from which the summarized information was derived.

Net Asset Classifications: The Foundation records net assets and their related activity based on the restrictions placed on the use of the net assets, if any, by donors. Net assets without donor restrictions are those assets the Foundation has available to achieve its institutional purposes. Net assets with donor restrictions are those assets for which a time or purpose restriction has been placed by the donor or those assets upon which a permanent restriction has been placed by a donor. When the restrictions have been satisfied, those net assets are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restriction.

Risks and Uncertainties: Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Foundation.

Cash, Cash Equivalents and Restricted Cash: For purposes of the statements of cash flows, the Foundation considers all highly liquid investments, generally with original maturities of three months or less, to be cash equivalents. The Foundation maintains funds on deposit in excess of amounts insured by Federal Depository Insurance limits. Management believes the financial institutions holding the Foundation's deposits are financially sound and pose minimal risk. Restricted cash includes assets set aside for time or purpose restrictions. Restricted cash consists of cash and cash equivalents. As such, they are deemed to be Level 1 securities as defined by accounting guidance.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The reconciliation of cash, cash equivalents and restricted cash within the statements of financial position that comprise the amount reported on the statements of cash flows at March 31, 2024 and 2023 is as follows:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 9,260,291 | \$ 14,553,889 |
| Restricted cash | 7,470,240 | 8,870,765 |
| Cash and cash equivalents in investments | <u>1,018,178</u> | <u>901,756</u> |
| | <u>\$ 17,748,709</u> | <u>\$ 24,326,410</u> |

Pledges Receivable: Pledges receivable represent unconditional promises to give. Those pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are to be collected in future years are recorded at fair value, which is measured as the present value of expected future cash flows. The discounts on those amounts are computed using risk-adjusted discount rates applicable to the date on which the promise is received. Amortization of the discount is included in contribution revenue. An allowance for uncollectible pledges receivable is recorded as deemed necessary by management based on specific facts and circumstances and historical collection patterns. Allowance for uncollectible pledges amounted to \$47,979 at March 31, 2024 (\$30,563 - 2023).

Bequests Receivable: Bequests receivable represent amounts due to the Foundation as the result of the Foundation being named in a will or estate. The receivable and corresponding contribution revenue are recorded upon death of the individual, when the amount due to the Foundation is determinable and legally enforceable.

Inventory: Inventories consist primarily of resale items for the Foundation's gift shop, which are recorded at the lower of cost or net realizable value.

Employee Retention Credits Receivable: In response to the COVID-19 coronavirus, the federal government issued the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in March 2020. Under the provisions of the CARES Act, the Foundation was eligible for refundable employee retention credits ("ERC") subject to certain criteria. As of March 31, 2023, a total of \$228,947 of the ERC had not yet been received and is included in the accompanying statements of financial position. As of March 31, 2024, the entire amount of the ERC has been received.

Investments: All investments are reported at fair value in the statements of financial position. Investments in marketable securities are recorded at fair value based on exchange or third-party quoted market prices. Fair values for certain investments held in alternative structures, such as venture capital/private equities and hedge funds, are estimated using current information obtained from the general partner or investment manager for the respective funds. These estimated fair values may differ significantly from the values that would have been used had a readily and regularly available market for these securities existed. Investment income, including interest and dividend income, is recognized when it is earned. Realized and unrealized gains and losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by donor stipulation or by law.

Split-Interest Agreements: The Foundation is a beneficiary of various trust agreements. The Foundation's beneficial interest is measured on the date of donation at the present value of the expected future cash flows and is reported as an increase to net assets with donor restrictions. The following assumptions were utilized in the present value calculations: Mortality Table – PRI-2012 Mortality Table for annuitants with projected mortality improvements, consistent with what is outlined in IRC regulation 1.430(h)(3)-1 for 2024 funding valuations and Mortality Table – RP-2000 Mortality Table for Male and Female annuitants with projected mortality improvement using scale AA, specifically as outlined in IRC regulation 1.430(h)(3)-1 for 2023 valuations. The static mortality tables are projected from the base table from 2000 through 2024 with further projection to reflect the approximate expected duration of liabilities, namely seven years for annuitants; discount rate was 5.25% for the years ending March 31, 2024 and 2023; long-term rate of return on assets

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

was 5.50% - 7.0% for the years ending March 31, 2024 and 2023. Actuarial gains (losses) and changes in the value of split-interest agreements amounted to \$34,831 and (\$99,117) for the years ended March 31, 2024 and 2023, respectively. For the year ended March 31, 2024 and 2023, there were no split-interest agreements settled and paid to the Foundation.

Other Assets: Other assets include balances of capital assets, cash surrender value of life insurance, accrued interest on debt investments, and receivables from employees for purchases made at the Foundation's gift shop.

Annuities Payable: Annuities are gifts made by donors in which the donor receives an annual interest payment for life. Annuities payable are an actuarially determined liability for the present value of the interest payment. The gift is recorded as of the date of receipt and is reported as an increase to net assets with donor restrictions. The amount in excess of the present value of the liability is recorded as a contribution in the year the gift is received. The annuities are discounted at rates ranging from 5.25% to 6.25% for the years ended March 31, 2024 and 2023. Actuarial losses on annuities amounted to \$47,426 and \$39,789 for the years ended March 31, 2024 and 2023, respectively.

Contribution Revenue Recognition: The Foundation's revenue is principally derived from contributions from foundations and other private institutions and individuals. These contributions consist of cash and investments with readily determinable fair values, and in-kind gifts.

All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase to net assets with donor restrictions on the statements of activities and changes in net assets. When a restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

In-kind gifts and donations other than cash are recorded at fair value on the date of donation. For the years ended March 31, 2024 and 2023, in-kind gifts amounted to \$421,994 and \$305,722, respectively (See Note 10).

Functional Allocation of Expenses: Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for overall support and direction of the Foundation. Fundraising expenses consist of the cost of personnel, printing, postage and all direct and indirect costs incurred in the solicitation of contributions. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. Additionally, advertising and promotion costs are expensed as incurred and amounted to \$164,279 and \$176,985 for the years ended March 31, 2024 and 2023, respectively.

Income Taxes: The Foundation is a not-for-profit organization exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The Foundation has considered the recognition requirements for uncertain income tax positions. The Foundation believes that its income tax filing positions would be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial condition.

Subsequent Events: The Foundation evaluated its March 31, 2024 financial statements for subsequent events through August 13, 2024, which is the date these financial statements were available to be issued.

Reclassifications: Certain reclassifications have been made to amounts in the 2023 financial statements to conform to the 2024 presentation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board ("FASB") issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Foundation adopted Topic 842 on April 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period consolidated financial statements, however total leases were not deemed material to the financial statements.

In September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets*. This ASU changes the presentation and disclosure requirements for not-for-profit entities to increase transparency about contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on the Foundation's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. This ASU is to be applied retrospectively to annual periods beginning after June 15, 2021. The Foundation has updated disclosures as necessary (See Note 10).

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of March 31 are:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------------------------------------------------|----------------------|----------------------|
| Financial assets: | | |
| Cash, cash equivalents and restricted cash | \$ 16,730,531 | \$ 23,424,654 |
| Pledges receivable, net | 8,196,338 | 9,961,285 |
| Bequests receivable, net | 4,713,794 | 2,956,789 |
| Due from related parties | 1,563,247 | 1,553,641 |
| Investments | 128,213,006 | 110,512,397 |
| Split-interest agreements | 446,237 | 411,406 |
| Other financial assets | <u>349,101</u> | <u>559,356</u> |
| Total financial assets | 160,212,254 | 149,379,528 |
| Less amounts not available to be used within one year: | | |
| Total financial assets with donor restrictions | 113,470,058 | 106,086,562 |
| Pledges receivable without donor restrictions, net | 2,080 | 2,020 |
| Due from related parties | 559,040 | 559,040 |
| Other financial assets | <u>349,101</u> | <u>330,409</u> |
| Total amounts not available to be used within one year | 114,380,279 | 106,978,031 |
| Financial assets available to meet general expenditures within one year | \$ <u>45,831,975</u> | \$ <u>42,401,497</u> |

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY (CONTINUED)

The table above reflects the Foundation's financial assets as of March 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. The assets with donor restrictions consist of assets restricted by donors for time or purpose, as well as donor-restricted endowments. Income from these donor-restricted endowments is restricted for specific purposes. The principal of donor-restricted endowment funds are not available for general expenditure.

Excess cash is invested in accordance with the board-approved investment policy. In the event of an immediate need to liquidate financial assets in order to settle financial liabilities, the governing board may draw upon the investment portfolio to satisfy these needs. As of March 31, 2024, there were investments, at fair value amounting to \$34,065,695 without donor restrictions included on the statements of financial position (\$26,049,447 - 2023). Due diligence is performed before any withdrawal to ensure the Foundation has enough funds to cover the current balance of donor restricted net assets.

The Foundation has a goal to maintain net assets without donor restrictions on hand to meet 12 months of management and general, and fundraising expenses, which are, on average, approximately \$7,338,000 and \$6,485,000 for the years ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Foundation has committed to pay \$24,265,600 in grants to a related party and are included on the statements of financial position (\$24,815,249 - 2023).

NOTE 3. FAIR VALUE MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level I) and the lowest priority to unobservable inputs (level III). The three levels of the fair value hierarchy under FASB Accounting Standards Codification ("ASC") 820 are described as follows:

Level I: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level II: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level II input must be observable for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2024 and 2023.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENT (CONTINUED)

Cash and Cash Equivalents: The carrying amounts reported in the statements of financial position approximate their fair value in investments.

Debt Investments: Valued at the principal amount of the promissory note receivable, with accrued interest receivable included in other assets in the statements of financial position.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Foundation at year-end.

Exchange-Traded Funds: Valued at the net asset value ("NAV") of shares held by the Foundation at year-end.

Separately-Managed Accounts: Valued based on the sum of the share value of each publicly-listed investment holding held in the Foundation's account at year-end.

The following tables present information about assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2024 and 2023 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

| At March 31, 2024 | Quoted Prices in Active Markets Level I | Significant Other Observable Inputs Level II | Significant Unobservable Inputs Level III | Total |
|----------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|-----------------------|
| Investments at fair value: | | | | |
| Cash and cash equivalents | \$ 1,018,178 | \$ - | \$ - | \$ 1,018,178 |
| Debt investment | - | - | 1,200,000 | 1,200,000 |
| Mutual funds: | | | | |
| Equity | 20,674,832 | - | - | 20,674,832 |
| Fixed income | 13,730,669 | - | - | 13,730,669 |
| Exchange-traded funds | 3,716,373 | - | - | 3,716,373 |
| Separately-managed accounts | 3,075,407 | - | - | 3,075,407 |
| Subtotal | \$ 42,215,459 | \$ - | \$ 1,200,000 | \$ 43,415,459 |
| Investments measured at net asset value: | | | | |
| Other collective vehicles | | | | \$ 51,065,444 |
| Hedge funds | | | | 3,345,167 |
| Private debt | | | | 5,767,619 |
| Private equity | | | | 18,312,017 |
| Real assets | | | | 6,307,300 |
| Total investments measured at net asset value | | | | 84,797,547 |
| Total investments | | | | \$ 128,213,006 |

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENT (CONTINUED)

| At March 31, 2023 | Quoted Prices in Active Markets Level I | Significant Other Observable Inputs Level II | Significant Unobservable Inputs Level III | Total |
|------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------|----------------------------------------------------|-----------------------|
| Investments at fair value: | | | | |
| Cash and cash equivalents | \$ 901,756 | \$ - | \$ - | \$ 901,756 |
| Mutual funds: | | | | |
| Equity | 14,609,800 | - | - | 14,609,800 |
| Fixed income | 13,118,399 | - | - | 13,118,399 |
| Exchange-traded funds | 7,331,102 | - | - | 7,331,102 |
| Separately-managed accounts | 2,479,025 | - | - | 2,479,025 |
| Subtotal | \$ 38,440,082 | \$ - | \$ - | \$ 38,440,082 |
| Investments measured at net asset value: | | | | |
| Other collective vehicles | | | | \$ 38,941,197 |
| Hedge funds | | | | 6,915,044 |
| Private debt | | | | 3,460,526 |
| Private equity | | | | 16,444,740 |
| Real assets | | | | 6,310,808 |
| Total investments measured at net asset value | | | | 72,072,315 |
| Total investments | | | | \$ 110,512,397 |

Certain investments that are measured at fair value using the net asset value per share practical expedient 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 on the statements of financial position.

The following information pertains to those alternative investments recorded at net asset value in accordance with US GAAP relating to such investments.

| | 3/31/2024 Fair Value | 3/31/2023 Fair Value | Unfunded Commitment | Redemption Frequency (If Currently Eligible) | Redemption Notice Period | Investment Strategies of the Investees |
|---------------------------|----------------------------|----------------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------------|
| Other collective vehicles | \$ 51,065,444 | \$ 38,941,197 | Not applicable | Daily, weekly or monthly subscriptions and redemptions | 3, 7 or 30 days written notice | (a) |
| Hedge funds | 3,345,167 | 6,915,044 | Not applicable | Quarterly subscriptions and redemptions for certain funds, shares are redeemable for certain funds on December 31, 2025 | 30 or 180 days written notice | (b) |

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. FAIR VALUE MEASUREMENT (CONTINUED)

| | <u>3/31/2024</u> <u>Fair Value</u> | <u>3/31/2023</u> <u>Fair Value</u> | <u>Unfunded</u> <u>Commitment</u> | <u>Redemption</u> <u>Frequency</u> <u>(If Currently</u> <u>Eligible)</u> | <u>Redemption</u> <u>Notice</u> <u>Period</u> | <u>Investment</u> <u>Strategies</u> <u>of the</u> <u>Investees</u> |
|----------------|---------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------------------------|
| Private debt | \$ 5,767,619 | \$ 3,460,526 | \$ 4,035,495 | Not currently eligible | Not currently eligible | (c) |
| Private equity | 18,312,017 | 16,444,740 | \$ 12,472,595 | Not currently eligible | Not currently eligible | (d) |
| Real assets | <u>6,307,300</u> | <u>6,310,808</u> | \$ 3,391,819 | Not currently eligible | Not currently eligible | (e) |
| Total | <u>\$84,797,547</u> | <u>\$ 72,072,315</u> | | | | |

- (a) This category includes multi-investor collective vehicles that invest primarily in publicly traded securities that are neither mutual funds, exchange-traded funds nor hedge funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as provided by the fund managers.
- (b) This category includes multi-investor collective vehicles in more complex structures that tend to have one or more of the following characteristics: shorting, leverage, liquid or semi-liquid holdings, extensive derivative holdings and quarterly or greater liquidity. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as provided by the fund managers.
- (c) This category includes investments in private debt funds following credit opportunities, direct lending or distressed debt strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as provided by the fund managers.
- (d) This category includes investments in private equity funds following buyout, growth equity, secondaries, special situations, or venture capital strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as provided by the fund managers.
- (e) This category includes investments in real assets funds following debt, energy, fund of funds, non-core, or opportunistic strategies. The fair values of the investments in this category have been estimated using the net asset value per share of the investments as provided by the fund managers.

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable consist primarily of promises to give to the Foundation. As of March 31, 2024 and 2023, pledges receivable are:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------------|---------------------|---------------------|
| Amounts due: | | |
| In less than one year | \$ 4,820,320 | \$ 4,586,715 |
| One to five years | 3,642,071 | 5,107,804 |
| Six to ten years | 1,100,000 | 1,801,970 |
| More than ten years | <u>150,000</u> | <u>150,000</u> |
| | 9,712,391 | 11,646,489 |
| Less: Unamortized discount | 1,468,074 | 1,654,641 |
| Less: Allowance for doubtful pledges | <u>47,979</u> | <u>30,563</u> |
| Present value of pledges receivable | <u>\$ 8,196,338</u> | <u>\$ 9,961,285</u> |

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed at a rate of 5% at March 31, 2024 and 2023.

NOTE 5. NET ASSETS

Net assets without donor restrictions consist primarily of cash and investments which include realized and unrealized gains and losses. These net assets are available for use in the general fulfillment of the Foundation's mission.

Net assets with donor restrictions represent contributions which are restricted by the donor for the conduct of specified cancer research, specific projects or departments at the Institute, for various construction projects on the RPCIC campus, or time, or donor-restricted endowments maintained in perpetuity as investment principal. Investment earnings and gains and losses restricted by the donor are classified based strictly on donor intent. Net assets with donor restrictions amounted to \$112,829,831 at March 31, 2024 (\$105,418,037 - 2023). Proceeds from these contributions are included in the statements of financial position under the captions of restricted cash, pledges receivable, bequests receivable, investments and split interest agreements.

NOTE 6. RETIREMENT PLAN

The Foundation provides retirement benefits for all eligible employees through a contributory 403(b) defined contribution plan. Contribution expense was \$128,813 and \$116,252 for the years ended March 31, 2024 and 2023, respectively.

NOTE 7. ENDOWMENTS

The Foundation's endowment consists of 160 individual donor restricted funds established for a variety of cancer research and treatment related purposes. All of the Foundation's endowments are donor restricted. The Foundation has interpreted the New York State Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor instructions to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The Foundation has as its long-term investment objectives 1) to create a stream of investment returns which appropriately considers the present and future cash needs of the Foundation and 2) to maintain the purchasing power of the portfolio. The restricted net asset spending policy is to adhere to donor restrictions.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Foundation to retain as a fund of perpetual duration. For the year ended March 31, 2024, there were no donor restricted perpetual endowment funds that had a value that was less than the amount of the original gift. For the year ended March 31, 2023, there were nine donor restricted perpetual endowment funds that had a value that was less than the amount of the original gift, resulting in a deficiency amounting to \$60,727.

The Foundation has adopted investment and spending policies for endowment assets that attempt to preserve the real purchasing power of the asset principal and provide a stable source of perpetual financial support to the Fund beneficiaries in accordance with the Foundation's Spending Policy. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to emphasize total return. The Foundation expects its endowment funds, over time, to provide an average rate of return that equals or exceeds increases in the Consumer Price Index ("CPI") plus five percent. Actual returns in any given year may vary from this amount.

ROSWELL PARK ALLIANCE FOUNDATION, INC.**NOTES TO THE FINANCIAL STATEMENTS****NOTE 7. ENDOWMENTS (CONTINUED)**

Under the Foundation's spending policy, up to 5% may be utilized from restricted funds at the discretion of the investment committee of the board of directors. While this utilization is expected to be derived primarily from accumulated earnings, if deemed prudent by management and upon obtaining donor consent (as applicable), this amount may be utilized from restricted funds themselves. All endowments held by the Foundation are restricted by donors. All earnings on restricted endowment net assets are recorded as net assets with donor restrictions until such time as the funds are expended or appropriated for expenditure by the board of directors. Donor restricted pledges receivable and bequests receivable outstanding at March 31, 2024 amounted to \$920,532 and \$1,064,113, respectively, and are excluded from the endowment net asset schedule below as payment has not been rendered (\$868,833 and \$307,215 - 2023).

The following is a summary of changes in the Foundation's endowment net assets for the year ended March 31, 2024:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ - | \$ 73,893,420 | \$ 73,893,420 |
| Investment return: | | | |
| Investment income | - | 919,952 | 919,952 |
| Net realized and unrealized gain on endowment funds | - | <u>9,821,182</u> | <u>9,821,182</u> |
| Total investment return | - | 10,741,134 | 10,741,134 |
| Contributions | - | 1,216,826 | 1,216,826 |
| Appropriations for expenditure | - | <u>(2,802,975)</u> | <u>(2,802,975)</u> |
| Endowment net assets, end of year | \$ <u>-</u> | \$ <u>83,048,405</u> | \$ <u>83,048,405</u> |

The following is a summary of changes in the Foundation's endowment net assets for the year ended March 31, 2023:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|----------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------|
| Endowment net assets, beginning of year | \$ - | \$ 79,714,407 | \$ 79,714,407 |
| Investment return: | | | |
| Investment income | - | 892,204 | 892,204 |
| Net realized and unrealized (loss) on endowment funds | - | <u>(6,670,250)</u> | <u>(6,670,250)</u> |
| Total investment return | - | (5,778,046) | (5,778,046) |
| Contributions | - | 2,823,779 | 2,823,779 |
| Appropriations for expenditure | - | <u>(2,866,720)</u> | <u>(2,866,720)</u> |
| Endowment net assets, end of year | \$ <u>-</u> | \$ <u>73,893,420</u> | \$ <u>73,893,420</u> |

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS

The Foundation has invested in certain alternative-type investments consisting of holdings in certain private debt, equity funds and real assets funds, as further discussed in Note 3.

| <u>Commitment Date</u> | <u>Commitment Amount</u> | <u>Fund Type</u> | <u>Amount Invested</u> | <u>Remaining Commitment</u> |
|------------------------|--------------------------|------------------|------------------------|-----------------------------|
| Fiscal year 2008 | \$ 1,000,000 | Private Debt | \$ 970,000 | \$ 30,000 |
| Fiscal year 2014 | 1,500,000 | Private Debt | 1,110,434 | 389,566 |
| Fiscal year 2014 | 1,000,000 | Private Equity | 716,958 | 283,042 |
| Fiscal year 2015 | 1,000,000 | Real Assets | 645,663 | 354,337 |
| Fiscal year 2017 | 2,000,000 | Real Assets | 1,551,880 | 448,120 |
| Fiscal year 2017 | 2,000,000 | Private Equity | 1,703,979 | 296,021 |
| Fiscal year 2017 | 1,000,000 | Real Assets | 993,254 | 6,746 |
| Fiscal year 2017 | 2,000,000 | Private Equity | 1,698,912 | 301,088 |
| Fiscal year 2018 | 1,000,000 | Real Assets | 951,887 | 48,113 |
| Fiscal year 2018 | 1,000,000 | Private Equity | 901,296 | 98,704 |
| Fiscal year 2019 | 1,000,000 | Real Assets | 915,100 | 84,900 |
| Fiscal year 2020 | 1,000,000 | Private Equity | 967,649 | 32,351 |
| Fiscal year 2020 | 1,000,000 | Private Equity | 507,762 | 492,238 |
| Fiscal year 2020 | 1,158,670 | Real Assets | 481,552 | 677,118 |
| Fiscal year 2021 | 1,000,000 | Private Equity | 953,667 | 46,353 |
| Fiscal year 2022 | 3,000,000 | Private Equity | 2,250,000 | 750,000 |
| Fiscal year 2022 | 2,000,000 | Real Assets | 1,249,344 | 750,656 |
| Fiscal year 2022 | 2,000,000 | Private Debt | 1,610,723 | 389,277 |
| Fiscal year 2022 | 2,000,000 | Private Debt | 1,751,590 | 248,410 |
| Fiscal year 2022 | 1,892,646 | Private Equity | 1,020,023 | 872,623 |
| Fiscal year 2023 | 2,500,000 | Private Debt | 1,521,758 | 978,242 |
| Fiscal year 2023 | 107,354 | Private Equity | 39,223 | 68,131 |
| Fiscal year 2023 | 1,500,000 | Real Assets | 478,171 | 1,021,829 |
| Fiscal year 2023 | 2,698,500 | Private Equity | - | 2,698,500 |
| Fiscal year 2024 | 3,000,000 | Private Equity | 570,000 | 2,430,000 |
| Fiscal year 2024 | 2,500,000 | Private Equity | 396,456 | 2,103,544 |
| Fiscal year 2024 | 2,000,000 | Private Debt | - | 2,000,000 |
| Fiscal year 2024 | 2,000,000 | Private Equity | - | 2,000,000 |
| | <u>\$ 45,857,170</u> | | <u>\$ 25,957,261</u> | <u>\$ 19,899,909</u> |

The remainder of these commitments are expected to be funded out of the Foundation's other cash and cash equivalents and other investment holdings in the future.

NOTE 9. RELATED PARTY TRANSACTIONS

Transactions with Roswell Park Cancer Institute Corporation

As discussed in Note 1, the Foundation is organized to receive and administer gifts and bequests made on behalf of RPCIC. The Foundation provides grants to benefit RPCIC, which consist of monies expended or capital items donated for use in scientific and medical research, for the delivery of medical care to individuals suffering from cancer, for various construction projects undertaken by RPCIC and for charitable activities related thereto. As of March 31, 2024 and 2023 not all of the grants approved for distribution for those years were expended. Accordingly, a liability for grants payable has been reflected in the Foundation's statements of financial position for the remaining balance due to be paid as of March 31, 2024 and 2023. As of March 31, 2024 and 2023, the liability for grants payable amounted to \$24,265,600 and \$24,815,249, respectively. Additionally, at March 31, 2024 and 2023, a total of \$1,087,407 and \$354,314, respectively, was owed by the Foundation to RPCIC for projects financed by restricted contributions and certain operating costs incurred to be reimbursed by the Foundation pursuant to an agreement.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. RELATED PARTY TRANSACTIONS (CONTINUED)

At March 31, 2024 and 2023, RPCIC was indebted to the Foundation in the amount of \$1,004,207 and \$994,601, respectively, relating to the recovery of certain management and general expenses pursuant to an agreement between the Foundation and RPCIC. Furthermore, certain expenses are incurred by RPCIC on behalf of the Foundation and are not sought by RPCIC in the ordinary course of business. These expenses include certain items such as rent and maintenance, administrative support and other related services.

Transactions with Health Research, Inc.

Health Research, Inc. ("HRI") is a not-for-profit corporation chartered under the laws of NYS in 1953 primarily to administer gifts or grants in keeping with the research, prevention, and treatment purposes of the New York State Department of Health ("NYSDOH"). HRI administers projects conducted at RPCIC financed by grants and restricted contributions provided by the Foundation.

At March 31, 2024 and 2023, the Foundation was indebted to HRI in the amount of \$1,367,563 and \$1,326,615, respectively. Of the amount owed to HRI by the Foundation, at March 31, 2024 and 2023, \$855,000 and \$699,768, respectively, represents grant monies which are included in grants payable to related parties in the accompanying statements of financial position. At March 31, 2024 and 2023, the remaining \$512,563 and \$626,847, respectively, represents payment for projects financed by restricted contributions and certain management and general expenses pursuant to an agreement between the Foundation and HRI is included in due to related parties in the accompanying statements of financial position.

HRI is indebted to the Foundation in the amount of \$559,040 for the years ended March 31, 2024 and 2023. This amount represents a prepayment by the Foundation to HRI of grant and restricted contribution expenses incurred during the first month HRI administered projects financed by the Foundation. These funds are retained by HRI in the ordinary course of business in order to provide HRI with the necessary cash flow to administer the projects. These amounts are included in due from related parties in the accompanying statements of financial position.

NOTE 10. IN-KIND CONTRIBUTIONS

Contributed nonfinancial assets are received by the Foundation and are reflected as in-kind contributions and corresponding expenses in the accompanying statement of activities and changes in net assets. Contributed nonfinancial assets recognized within the statement of activities and changes in net assets for the year ended March 31, were as follows:

| | <u>2024</u> | <u>2023</u> |
|--------------------------------|-------------------|-------------------|
| Advertising | \$ - | \$ 30,300 |
| Art – works of art | 126,911 | 13,750 |
| Clothing and household goods | 54,318 | 8,195 |
| Collectibles, autographs, etc. | 1,683 | 230 |
| Drugs and medical supplies | 5,450 | 10,000 |
| Equipment and rentals | 22,536 | 47,242 |
| Food | 116,079 | 87,259 |
| Miscellaneous | 48,219 | 78,148 |
| Tickets and gift certificates | 25,867 | 23,711 |
| Toys | <u>20,931</u> | <u>6,887</u> |
| Total | <u>\$ 421,994</u> | <u>\$ 305,722</u> |

The Foundation recognized contributed nonfinancial assets within revenue, including advertising, art, books and publications, clothing and household goods, collectibles, drugs and medical supplies, equipment, food, tickets, toys, and other miscellaneous items. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. IN-KIND CONTRIBUTIONS (CONTINUED)

Contributed items were utilized across the Foundation's various programs and were used in line with their purpose, such as the Foundation's fundraising events. In valuing the goods and services received, the Foundation estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.