AUDITED
FINANCIAL STATEMENTS

ROSWELL PARK ALLIANCE FOUNDATION, INC.

MARCH 31, 2015

ROSWELL PARK ALLIANCE FOUNDATION, INC.

CONTENTS

FreedMaxick CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Roswell Park Alliance Foundation, Inc. which comprise the statement of financial position as of March 31, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roswell Park Alliance Foundation, Inc. as of March 31, 2015, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Roswell Park Alliance Foundation, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 17 – 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Freed Maxick CPAs, P.C.

Buffalo, New York
August 6, 2015

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
March 31, 2015 with Summarized Financial Information as of March 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 19,247,555	$ -	$ -	$ 19,247,555	$ 14,085,700
Restricted cash	-	3,915,541	1,061,055	4,976,596	$ 2,953,090
Pledges receivable, net	309,672	4,871,882	220,937	5,402,491	5,832,818
Bequests receivable	237,524	1,260	84,600	323,384	296,349
Inventory	72,540	-	-	72,540	71,509
Other receivable	7,613	5,874	-	13,487	20,064
Advance funded grant to RPCIC	-	-	-	-	5,027,243
Due from related parties	1,236,855	-	-	1,236,855	1,575,270
Total current assets	21,111,759	8,794,557	1,366,592	31,272,908	29,862,043
Pledges receivable, net	32,093	4,699,722	139,448	4,871,263	8,417,641
Investments, at market value	6,806,932	17,461,376	31,254,205	55,522,513	54,229,833
Split-interest agreements	-	1,542,292	-	1,542,292	1,529,517
Other assets	221,923	-	-	221,923	235,442
Due from related parties	559,040	-	-	559,040	578,636
Total assets	$ 28,731,747	$ 32,497,947	$ 32,760,245	$ 93,989,939	$ 94,853,112
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued liabilities	$ 362,908	$ -	$ -	$ 362,908	$ 484,620
Grant payable to related parties	12,421,675	-	-	12,421,675	10,808,704
Due to related parties	1,569,607	-	-	1,569,607	343,078
Total current liabilities	14,354,190	-	-	14,354,190	11,636,402
Annuities payable	-	1,045,973	-	1,045,973	1,360,196
Total liabilities	14,354,190	1,045,973	-	15,400,163	12,996,598
Net assets:					
Unrestricted	14,377,557	-	-	14,377,557	10,512,205
Temporarily restricted	-	31,451,974	-	31,451,974	39,541,797
Permanently restricted	-	-	32,760,245	32,760,245	31,802,512
Total net assets	14,377,557	31,451,974	32,760,245	78,589,776	81,856,514
Total liabilities and net assets	$ 28,731,747	$ 32,497,947	$ 32,760,245	$ 93,989,939	$ 94,853,112

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended March 31, 2015 with Summarized Financial Information for the Year Ended March 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Revenue and support:					
Contributions	$ 12,163,666	$ 6,744,185	$ 957,733	$ 19,865,584	$ 18,902,288
Gift shop receipts	629,630	-	-	629,630	563,474
Investment income	300,834	783,342	-	1,084,176	1,069,206
Net assets released from restrictions	16,417,180	(16,417,180)	-	-	-
Total revenue and support	29,511,310	(8,889,653)	957,733	21,579,390	20,534,968
Distributions and expenses:					
Program:					
Grants to benefit Roswell Park Cancer Institute Corporation	20,154,062	-	-	20,154,062	17,757,646
Supporting services:					
Management and general	1,335,687	-	-	1,335,687	1,083,194
Fundraising	3,888,175	-	-	3,888,175	3,977,440
Gift shop	460,312	-	-	460,312	417,763
Total distributions and expenses	25,838,236	-	-	25,838,236	23,236,043
Excess (deficiency) revenue and support over distributions and expenses	3,673,074	(8,889,653)	957,733	(4,258,846)	(2,701,075)
Net realized and unrealized gains on investments	192,278	565,677	-	757,955	4,539,360
Actuarial gain (loss) on annuity obligations and change in value of split interest agreements	-	234,153	-	234,153	(78,961)
Increase (decrease) in net assets	3,865,352	(8,089,823)	957,733	(3,266,738)	1,759,324
Net assets, beginning of year	10,512,205	39,541,797	31,802,512	81,856,514	80,097,190
Net assets, end of year	$ 14,377,557	$ 31,451,974	$ 32,760,245	$ 78,589,776	$ 81,856,514

See accompanying notes.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Years Ended March 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (3,266,738)	$ 1,759,324
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,853	3,293
Provision for bad debt	230,985	54,435
Actuarial (gain) loss on annuity obligations and change in value of split-interest agreements	(234,153)	78,961
Permanently restricted contributions	(960,717)	(654,124)
Net realized and unrealized gains on investments	(757,955)	(4,539,360)
Decrease (increase) in assets:		
Pledges receivable	3,745,720	1,443,776
Bequests receivable and split interest agreements	(27,035)	(107,602)
Inventory	(1,031)	(12,123)
Other receivable	6,577	(20,064)
Advance funded grant to RPCIC	5,027,243	(5,027,243)
Other assets	10,666	(13,739)
Due from related parties	358,011	(616,329)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(121,712)	56,243
Grants payable to related parties	1,612,971	304,936
Due to related parties	1,226,529	57,859
Annuities payable	(92,845)	(170,084)
Net cash provided (used) by operating activities	6,759,369	(7,401,841)
Cash flows from investing activities:		
Change in restricted cash	(2,023,506)	8,353,135
Purchases of equipment	-	(4,085)
Purchases of investments	(6,215,848)	(8,360,099)
Proceeds from sales of investments	5,681,123	7,575,704
Net cash (used) provided by investing activities	(2,558,231)	7,564,655
Cash flows from financing activities:		
Permanently restricted contributions	960,717	654,124
Net cash provided by financing activities	960,717	654,124
Net increase in cash and cash equivalents	5,161,855	816,938
Cash and cash equivalents - beginning of year	14,085,700	13,268,762
Cash and cash equivalents - end of year	$ 19,247,555	$ 14,085,700

See accompanying notes.

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 (“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 (“U.S. GAAP”).

Use of Estimates: The preparation of financial statements in conformity with U.S. 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 promises to give, and fair value of investments.

Presentation of Prior Year Balances: The Statement of Financial Position and Statement of Activities and Changes in Net Assets include certain 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, 2014, 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. Unrestricted net assets are those assets the Foundation has available to achieve its institutional purposes. Temporarily restricted net assets are those assets for which a time or purpose restriction has been placed by the donor. When the restrictions have been satisfied those net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Permanently restricted net assets are those assets upon which a permanent restriction has been placed by a donor.

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

Cash and Cash Equivalents: The Foundation considers all highly liquid instruments, with original maturities of three months or less, and are unrestricted to be cash equivalents. The Foundation maintains funds on deposit in excess of amounts insured by Federal Depository Insurance limits.

Restricted Cash: Restricted cash include assets set aside for time or purpose restrictions. Restricted cash consist of cash and cash equivalents, as such, they are deemed to be Level 1 securities as defined by accounting guidance.

Investments: All investments are reported at fair value in the statement 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 of 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 statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation or by law.

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

Pledges Receivable: Pledges receivable represent unconditional promises to give. Those pledges that are expected to be collected within one year are recorded at their net realizable value, which approximates fair 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 the estimated 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.

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 and the Paint Box project, which are recorded at the lower of cost or market.

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 temporarily restricted net assets. The following assumptions were utilized in the present value calculations: 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 2015 valuations. The static mortality tables are projected from the base table from 2000 through 2015 with further projection to reflect the approximate expected duration of liabilities, namely seven years for annuitants; discount rate - 5% in 2015 and 2014; long-term rate of return on assets – 5.5% to 7.0% (5.5% to 7.5% in 2014). Actuarial gain and changes in the value of split-interest agreements totaled $12,775 and $55,959 for the years ended March 31, 2015 and 2014, respectively.

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

Advance funded grant to RPCIC: Advance funded grant to RPCIC consists of a transfer of temporarily restricted monies for the purposes of funding the construction of the Clinical Sciences Center. The advance consists of those monies that have not yet been released from restriction as the construction is not fully complete. The advance is determined using the percentage of completion method on the construction of the Clinical Sciences Center. The advance amounted to $5,027,243 for the year ended March 31, 2014. During the year ended March 31, 2015, the percentage of completion increased from the prior year to a point greater than the prior year monies transferred thereby releasing from restriction and reducing the asset to zero.

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 temporarily restricted net assets. 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 7.00% for the year ended March 31, 2015 (4.25% to 7.00% in 2014). Actuarial gain on annuities totaled $221,378 for the year ended March 31, 2015. Actuarial loss on annuities totaled $134,920 for the year ended March 31, 2014.

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 gifts-in-kind.

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

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 temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts-in-kind and donations other than cash are recorded at fair value on the date of donation. For the years ended March 31, 2015 and 2014, gifts-in-kind amounted to $598,502 and $739,067, respectively.

Functional Allocation of Expenses: The direct costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Where applicable, the Foundation evaluates uncertain tax positions in accordance with U.S. GAAP. At March 31, 2015 and 2014, the Foundation identified no uncertain tax positions.

Fundraising: Fundraising expenditures consist of the cost of personnel, occupancy, printing, postage, and all direct and indirect costs incurred in the solicitation of contributions.

Reclassifications: Certain March 31, 2014 amounts have been reclassified to conform with current presentation. The reclassification has no effect on the Increase (Decrease) in Net Assets as originally reported.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after August 6, 2015, which is the date these financial statements were available to be issued.

NOTE 2. FAIR VALUE MEASUREMENT

Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. An asset or a liability's categorization within the fair value hierarchy is based on the lowest level of judgment input to its valuation. Hierarchical levels, defined by U.S. GAAP, are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities as follows:

Level I: Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Level I assets include cash and cash equivalents, as well as debt and equity securities that are traded in active exchange markets.

Level II: Valuations based on quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. Level II assets include equity and fixed income managed funds with quoted prices that are traded less frequently than exchange-traded instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data, as well as investments in certain U.S. Treasury and other U.S. Governments and agencies that are highly liquid and are actively traded in over-the-counter markets.

NOTE 2. FAIR VALUE MEASUREMENT (CONTINUED)

Level III: Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company-generated inputs and are not market based inputs. Level III assets would include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques as well as instruments for which the determination of fair value requires significant investment management judgment or estimation.

The following table presents information about assets and liabilities that are measured at fair value on a recurring basis as of March 31, 2015 and 2014, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

At March 31, 2015	Quoted Prices in Active Markets Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III	Total
Cash and cash equivalents	$ 24,221,151	$ -	$ -	$ 24,224,151
Investments:				
Cash and cash equivalents	$ 1,168,187	$ -	$ -	$ 1,168,187
Common stock	2,192,768	-	-	2,192,768
Preferred stock	-	14,610	-	14,610
Commodity securities	1,688,820	-	-	1,688,820
Mutual funds:				
Equity	7,926,067	-	-	7,926,067
Fixed income	2,311,924	-	-	2,311,924
International	3,350,273	-	-	3,350,273
Fixed income:				
Corporate bonds	-	383,420	-	383,420
International bonds	-	25,509	-	25,509
Government bonds	-	149,040	-	149,040
Index funds	-	6,991,633	-	6,991,633
Commingled funds	-	19,101,981	-	19,101,981
Hedge funds	-	-	5,271,751	5,271,751
Private equity funds	-	-	2,272,128	2,272,128
Real estate investments	-	-	2,674,402	2,674,402
Total investments	$ 18,638,039	$ 26,666,193	$ 10,218,281	$ 55,522,513

NOTE 2. FAIR VALUE MEASUREMENT (CONTINUED)

At March 31, 2014	Quoted Prices in Active Markets Level I	Significant Other Observable Inputs Level II	Significant Unobservable Inputs Level III	Total
Cash and cash equivalents	$ 17,038,790	$ -	$ -	$ 17,038,790
Investments:				
Cash and cash equivalents	$ 519,269	$ -	$ -	$ 519,269
Common stock	2,243,324	-	-	2,243,324
Preferred stock	-	17,815	-	17,815
Commodity securities	2,105,422	-	-	2,105,422
Mutual funds:				
Equity	7,564,409	-	-	7,564,409
Fixed income	2,189,469	-	-	2,189,469
International	3,507,637	-	-	3,507,637
Fixed income:				
Corporate bonds	-	631,240	-	631,240
International bonds	-	25,720	-	25,720
Government bonds	-	152,442	-	152,442
Index funds	-	7,162,349	-	7,162,349
Commingled funds	-	18,630,504	-	18,630,504
Hedge funds	-	-	6,810,276	6,810,276
Private equity funds	-	-	1,506,967	1,506,967
Real estate investments	-	-	1,162,990	1,162,990
Total investments	$ 18,129,530	$ 26,620,070	$ 9,480,233	$ 54,229,833

The table below sets forth a summary of changes in the fair value of the Foundation's Level III investments for the years ended March 31, 2015 and 2014:

	Level III Hedge Funds	Level III Private Equity Funds	Level III Real Estate
March 31, 2015			
Balance as of April 1, 2014	$ 6,810,276	$ 1,506,967	$ 1,162,990
Unrealized gain	461,475	229,567	211,767
Purchases	-	841,520	1,669,048
Sales	(2,000,000)	(305,926)	(369,403)
Balance as of March 31, 2015	$ 5,271,751	$ 2,272,128	$ 2,674,402
March 31, 2014			
Balance as of April 1, 2013	$ 3,454,390	$ 844,416	$ 815,949
Unrealized gain	605,886	148,922	84,066
Purchases	2,750,000	828,891	400,000
Sales	-	(315,262)	(137,025)
Balance as of March 31, 2014	$ 6,810,276	$ 1,506,967	$ 1,162,990

NOTE 2. FAIR VALUE MEASUREMENT (CONTINUED)

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

	3/31/2015 Fair Value	3/31/2014 Fair Value	Unfunded Commitment	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Investment Strategies of the Investees
Index Funds	$ 6,991,633	$ 7,162,349	Not applicable	Daily	Daily	(a)
Commingled Funds	19,101,981	18,630,504	Not applicable	Monthly subscriptions and redemptions	6, 10, 15, or 30 business days written notice, prior to the end of the month for certain securities	(b)
Hedge Funds	5,271,751	6,810,276	Not applicable	Shares are redeemable for certain funds on December 31, 2015, June 30, 2016 and March 31, 2018.	75 or 95 days written notice	(c)
Private Equity Funds	2,272,128	1,506,967	$ 1,006,000	Not currently eligible	Not currently eligible	(d)
Real Estate	2,674,402	1,162,990	$ 2,084,000	Not currently eligible	Not currently eligible	(e)
Total	$ 36,311,895	$ 35,273,086				

(a) This category includes investments in common commingled trust 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. The funds are invested in equity securities that attempt to closely mirror the returns of certain benchmark indices.

(b) This category includes investments primarily in open ended funds that invest in equity securities, high yield bonds, and local currency debt instruments. 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 hedge funds that employ a “fund of funds” investment strategy. 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. Fund management invests in various long/short positions.

NOTE 2. FAIR VALUE MEASUREMENT (CONTINUED)

(d) This category includes investments in private equity 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. Fund management invests in securities of companies undergoing financial distress, operating difficulties and/or restructuring, and will make direct investments in such organizations in an amount not to exceed certain limits.

(e) This category includes investments in real estate funds and portfolios. 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. One of the funds look to invest with, on average, nine to twelve separate fund managers having both operational and asset-level expertise. Another fund aims to invest in non-performing whole loans and seek to generate returns by adding value through non-foreclosure resolutions such as mortgage modifications, shorts sales and refinancing. Another fund seeks to create value by identifying and capitalizing on real estate market inefficiencies that cause a value creation opportunity to exist independently from overall market growth.

NOTE 3. PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give at March 31:

	2015	2014
Amounts due:		
In less than one year	$ 5,795,963	$ 5,844,206
One to five years	4,743,959	8,625,597
Six to ten years	457,000	895,962
More than ten years	150,770	150,000
	11,147,692	15,515,765
Less: Unamortized discount	800,703	1,219,898
Less: Allowance for doubtful pledges	73,235	45,408
Present value of pledges receivable	$ 10,273,754	$ 14,250,459

Long-term pledges receivable are discounted at a rate of 5% at March 31, 2015 and 2014.

NOTE 4. NET ASSETS

Unrestricted net assets consist primarily of cash and investments which include unrealized holding gains and losses. These net assets are available for use in the general fulfillment of the Foundation's mission.

Temporarily restricted net assets 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.

Permanently restricted net assets are comprised of 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.

NOTE 5. RETIREMENT PLAN

The Foundation provides retirement benefits for all eligible employees through a contributory 403(b) defined contribution plan. Contribution expense was $76,012 and $66,102 for the years ended March 31, 2015 and 2014, respectively.

NOTE 6. ENDOWMENTS

The Foundation's endowment consists of approximately 105 individual permanent and temporarily 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 permanently restricted net assets (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. There was an insignificant deficiency of this nature that amounted to $871 for the year ended March 31, 2015 ($0 – 2014). The deficiency is reported as a reduction in unrestricted net assets, with a corresponding inter-fund asset and liability recorded within permanently restricted and unrestricted funds, respectively.

The Foundation has adopted investment and spending policies for endowment assets that attempts 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 directors, 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.

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 earnings on temporarily restricted and permanently restricted net assets for which there is no donor restriction pertaining to their use are recorded as temporarily restricted until such time as the funds are expended or appropriated for expenditure by the board of directors.

NOTE 6. ENDOWMENTS (CONTINUED)

The following is a summary of changes in the Foundation's endowment net assets for the year ended March 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 6,951,042	$ 31,089,808	$ 38,040,850
Investment return:				
Investment income	-	706,068	-	706,068
Net realized and unrealized (losses) gains on endowment funds	(871)	507,999	-	507,128
Total investment return	(871)	1,214,067	-	1,213,196
Contributions	-	-	1,225,452	1,225,452
Appropriations for expenditure	-	(1,307,982)	-	(1,307,982)
Endowment net assets, end of year	$ (871)	$ 6,857,127	$ 32,315,260	$ 39,171,516

The following is a summary of changes in the Foundation's endowment net assets for the year ended March 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (103,279)	$ 4,362,404	$ 30,085,624	$ 34,344,749
Investment return:				
Investment income	-	695,207	-	695,207
Net realized and unrealized gains on endowment funds	103,279	3,086,461	-	3,189,740
Total investment return	103,279	3,781,668	-	3,884,947
Contributions	-	-	1,004,184	1,004,184
Appropriations for expenditure	-	(1,193,030)	-	(1,193,030)
Endowment net assets, end of year	$ -	$ 6,951,042	$ 31,089,808	$ 38,040,850

NOTE 7. COMMITMENTS

The Foundation has invested in certain alternative-type investments consisting of holdings in certain private equity funds and hedge and real estate funds, as further discussed in Note 2. In connection with one of these fund investments, during fiscal year 2008, the Foundation committed to investing a total of $1,000,000 in a private equity fund. The Foundation had invested approximately $950,000 in this fund as of March 31, 2015, leaving an additional $50,000 remaining. In addition, during fiscal year 2011, the Foundation invested in a real estate fund, requiring a total capital investment of $2,000,000. As of March 31, 2015, approximately $1,660,000 of this commitment had been met, leaving an additional $340,000 remaining. The remainder of these commitments is expected to be funded out of the Foundation's other cash and investments holdings in the future.

NOTE 7. COMMITMENTS (CONTINUED)

During fiscal year 2014, the Foundation invested in a private equity fund, requiring a total capital investment of $1,500,000. As of March 31, 2015, approximately $1,351,000 of this commitment had been met, leaving an additional $149,000 remaining. The remainder of these commitments is expected to be funded out of the Foundation’s other cash and investments holdings in the future. In addition, during fiscal year 2014, the Foundation invested in a private equity fund, requiring a total capital investment of $1,000,000. As of March 31, 2015, approximately $193,000 of this commitment had been met, leaving an additional $807,000 remaining. The remainder of these commitments is expected to be funded out of the Foundation’s other cash and investments holdings in the future.

During fiscal year 2015, the Foundation invested in a real estate fund, requiring a total capital investment of $1,000,000. As of March 31, 2015, approximately $56,000 of this commitment had been met, leaving an additional $944,000 remaining. The remainder of these commitments is expected to be funded out of the Foundation’s other cash and investments holdings in the future. In addition, during fiscal year 2015, the Foundation invested in a real estate fund, requiring a total capital investment of $2,000,000. As of March 31, 2015, approximately $1,200,000 of this commitment had been met, leaving an additional $800,000 remaining. The remainder of these commitments is expected to be funded out of the Foundation’s other cash and investments holdings in the future.

On April 25, 2012, RPCIC entered into a Delayed Draw Term Loan for $15,000,000 with M&T Bank in connection with the construction of the Clinical Science Center on the Buffalo Niagara Medical Campus. This Term Loan was entered into to provide a short-term bridge funding source that is intended to fund the timing difference between donor pledge payments and Clinical Science Center construction costs. In connection therewith, the Foundation agreed to assign, pledge and grant a lien on security interest in the pledges and gifts made to the Foundation in support of the Clinical Science Center. During fiscal year 2015, the Term Loan was reduced to $12,000,000. There have been no draws on this loan as of March 31, 2015 or 2014.

NOTE 8. 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, 2015 and 2014, 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, 2015 and 2014, respectively. For the years ended March 31, 2015 and 2014, the liability for grants payable amounted to $12,421,675 and $10,808,704, respectively.

Temporarily restricted monies were advanced to RPCIC for the purpose of funding the construction of the Clinical Science Center. The advance was determined using the percentage of completion method on the construction of the Clinical Science Center. For the year ended March 31, 2015, the advance was recognized as income by RPCIC and the balance was reduced on the Foundation’s statement of financial position to $0. The advance amounted to $5,027,243 for the year ended March 31, 2014.

Using the percentage of completion method on the construction of the Clinical Science Center, RPCIC incurred more costs on the construction than payments made by the Foundation resulting in a liability owed to RPCIC in the amount of $1,246,554 for the year ended March 31, 2015 ($0 – 2014).

NOTE 8. RELATED PARTY TRANSACTIONS (CONTINUED)

At March 31, 2015, RPCIC was indebted to the Foundation in the amount of $1,217,755 relating to the recovery of certain management and general expenses pursuant to an agreement between the Foundation and RPCIC ($1,575,270 – 2014). 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, 2015, the Foundation was indebted to HRI in the amount of approximately $732,104 ($492,395 – 2014). Of the amount owed to HRI by the Foundation, $409,051 ($149,317 – 2014) represents grant monies which are included in grants payable to related parties in the accompanying statement of financial position. Another $323,053 ($343,078 - 2014) representing 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 statement of financial position. HRI is indebted to the Foundation for $579,540 for the years ended March 31, 2015 and 2014. Of this amount, $559,040 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. The remaining $20,500 represents other management and general expenses. These amounts are included in due from related parties in the accompanying statement of financial position.

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2015

	Program Services	Management and General	Fundraising	Gift Shop	Total
Grants to benefit RPCIC	$ 20,154,062	$ -	$ -	$ -	$ 20,154,062
Salaries and wages	-	514,222	1,399,395	52,571	1,966,188
Payroll taxes	-	52,958	96,002	4,548	153,508
Fringe benefits	-	79,677	212,273	2,047	293,997
Advertising and promotion	-	-	82,341	-	82,341
Bank fees	-	137,561	-	8,349	145,910
Conferences, conventions & meetings	-	8,991	-	-	8,991
Depreciation	-	2,380	-	473	2,853
Dues and subscriptions	-	5,849	22,720	-	28,569
Events	-	-	1,226,663	-	1,226,663
Information technology	-	89,087	5,876	-	94,963
Insurance	-	27,544	72,074	577	100,195
Mailhouse fees	-	-	27,412	-	27,412
Merchandise	-	-	3,797	383,955	387,752
Miscellaneous	-	9,420	49,772	579	59,771
Postage and shipping	-	1,401	166,106	-	167,507
Printing and publications	-	-	252,371	-	252,371
Professional fees	-	155,390	215,087	-	370,477
Provision for bad debt	-	230,985	-	-	230,985
Supplies	-	6,423	20,447	6,671	33,541
Travel and mileage	-	13,799	35,839	542	50,180
Totals	$ 20,154,062	$ 1,335,687	$ 3,888,175	$ 460,312	$ 25,838,236

ROSWELL PARK ALLIANCE FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2014

	Program Services	Management and General	Fundraising	Gift Shop	Total
Grants to benefit RPCIC	$ 17,757,646	$ -	$ -	$ -	$ 17,757,646
Salaries and wages	-	490,993	1,277,146	52,698	1,820,837
Payroll taxes	-	57,637	89,612	4,773	152,022
Fringe benefits	-	84,640	190,340	2,156	277,136
Advertising and promotion	-	-	87,719	-	87,719
Bank fees	-	129,585	-	7,995	137,580
Conferences, conventions & meetings	-	8,494	-	-	8,494
Depreciation	-	2,771	-	522	3,293
Dues and subscriptions	-	6,539	-	-	6,539
Events	-	-	1,498,121	-	1,498,121
Information technology	-	77,214	15,900	-	93,114
Insurance	-	7,604	33,592	536	41,732
Mailhouse fees	-	-	44,375	-	44,375
Merchandise	-	-	11,866	341,284	353,150
Miscellaneous	-	6,037	39,119	1,557	46,713
Postage and shipping	-	1,746	152,925	-	154,671
Printing and publications	-	-	290,952	-	290,952
Professional fees	-	148,572	193,144	-	341,716
Provision for bad debt	-	54,435	-	-	54,435
Supplies	-	5,850	23,531	5,643	35,024
Travel and mileage	-	1,077	29,098	599	30,774
Totals	$ 17,757,646	$ 1,083,194	$ 3,977,440	$ 417,763	$ 23,236,043