

**CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**ROSWELL PARK CANCER INSTITUTE CORPORATION  
D/B/A  
ROSWELL PARK COMPREHENSIVE CANCER CENTER**

**(A COMPONENT UNIT OF THE STATE OF NEW YORK)**

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**March 31, 2024**

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## Independent Auditor's Report

To the Board of Directors  
Roswell Park Cancer Institute d/b/a Roswell Park Comprehensive Cancer Center

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the consolidated financial statements of Roswell Park Cancer Institute Corporation d/b/a Roswell Park Comprehensive Cancer Center ("Roswell Park" or "Center"), a component unit of New York State, which comprise the consolidated statements of net position as of March 31, 2024 and 2023, the related consolidated statements of revenues, expenses, and changes in net position, cash flows and discretely presented component units for the years then ended, and the related notes to the financial statements, which collectively comprise Roswell Park's consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Roswell Park as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. 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 Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter

As discussed in Note 2 to the financial statements, Roswell Park restated its net position at April 1, 2022 by approximately \$711,000. The restatement was required to be made for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### 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 Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### 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 and GAS 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 and GAS, 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 Roswell Park'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 Roswell Park's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Matters**

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with GAS, we have also issued our report dated June 25, 2024 on our consideration of Roswell Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roswell Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering Roswell Park's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Buffalo, New York  
June 25, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**March 31, 2024 and 2023**

*(in thousands of dollars, except as otherwise noted)*

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Our discussion and analysis of Roswell Park Cancer Institute Corporation d/b/a Roswell Park Comprehensive Cancer Center's ("Roswell Park" or "Center") financial performance provides an overview of Roswell Park's financial activities for the fiscal year ended on March 31, 2024 and 2023. The consolidated financial statements include the accounts of Roswell Park Cancer Institute and the Roswell Park Clinical Practice Plan (also collectively referred to as the "Public Benefit Corporation" and/or "PBC"). Please read this management's discussion and analysis in conjunction with Roswell Park's consolidated financial statements. Unless otherwise indicated, all dollar amounts are in thousands.

**1. Introduction**

Roswell Park was established in 1898 on the principle of integrating clinical care, research and education focused solely on cancer. Dr. Roswell Park, a nationally prominent Buffalo, NY surgeon, was perhaps the first to describe the importance of translational research at a cancer center when he wrote in 1904 that *"Only [through] a deliberate, well-planned, combined attack from various directions by means fitted for such work could real advances be made and [further] the relationship of laboratory work, clinical study and education must be closely associated"*. Dr. Park's commitment to patient care and the scientific study of cancer led to the establishment of a research facility and hospital unit which were recognized and partially funded by the State of New York in 1904; this was the first example of government support for cancer research in the world.

The Roswell Park campus is 29 acres located in the heart of the 110 acre Buffalo Niagara Medical Campus ("BNMC") near downtown Buffalo. The Facilities are comprised of 16 major buildings totaling over 2 million square feet of space of which more than 600,000 gross square feet is dedicated to research in the form of laboratory, laboratory support, office and shared resource space, including buildings utilized for wet/dry research. The Center is a facility licensed with 157 beds. Roswell Park operates 16 ambulatory care centers offering 35 different specialties, including satellite clinics in Amherst, NY and Niagara Falls, NY, in addition to outpatient treatment centers for chemotherapy, imaging services, and radiation medicine. As part of Roswell's joint initiative with the John R. Oishei Children's Hospital of Buffalo and UBMD pediatric practice, the shared Pediatric Oncology/Hematology program delivers approximately 90% of all hematology/oncology services to children in the 8-county Western New York ("WNY") region.

Roswell Park, the only National Cancer Institute ("NCI") designated comprehensive cancer center in Upstate New York, consistently ranks among the NCI's top recipients of research funding. In May 2024, the Center's NCI Cancer Center Support Grant ("CCSG", also known as the "core" grant) was reviewed and renewed for another 5 years. Upon completion of the review, Roswell Park received its best application score and largest core grant monetary award in the center's history. This grant, which forms the foundation for Roswell Park's designation as an NCI comprehensive cancer center, is in its 47<sup>th</sup> year of continuous funding by the NCI. Only two other cancer centers in the U.S. have held the designation, an important benchmark of excellence, for this length of time. Additionally, Roswell Park is a member of the prestigious National Comprehensive Cancer Network ("NCCN") a not-for-profit alliance of 33 of the world's leading cancer centers devoted to patient care, research, and education. The NCCN is dedicated to improving the quality, effectiveness, and efficiency of cancer care so that patients can live better lives.

Roswell Park has been recognized by various prestigious national organizations for its clinical care and research programs:

- Newsweek's 2024 "World's Best Specialized Hospitals for Oncology"
- US News & World Report – Best Hospitals for Cancer #34 in 2021, #14 in 2020 and 2019 (Top 50 in 2018, 2017, 2015, 2014, 2013, 2012, 2011 & 2010)
- Accreditation Council for Continuing Medical Education

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**March 31, 2024 and 2023**

*(in thousands of dollars, except as otherwise noted)*

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**1. Introduction (Continued)**

- Accreditation Council for Graduate Medical Education - for Medical and Surgical Oncology Training Programs
- American College of Radiology Breast Imaging Center of Excellence
- American Dental Association - Dentistry and Maxillofacial Prosthetics
- Association for the Accreditation of Human Research Protection Programs
- Association for Assessment and Accreditation of Laboratory Animal Care International ("AAALAC" International)
- American Association of Blood Banks ("AABB")
- Blue Distinction Center for Cancer Care
- Blue Distinction Center for Transplants
- Cancer Immunotherapy Trials Network Member ("CITN")
- Commission on Cancer of the American College of Surgeons
- Forbes Best Employers for Diversity
- Foundation for the Accreditation of Cellular Therapy ("FACT")
- Lung Cancer Alliance Screening Center of Excellence
- National Accreditation Program for Breast Cancers ("NAPBC")
- National Cancer Institute-designated Comprehensive Cancer Center
- National Comprehensive Cancer Network ("NCCN")
- National Marrow Donor Program
- New York State Department of Health
- Quality Oncology Practice Initiative ("QOPI") Certification from the American Society of Clinical Oncology ("ASCO")
- The Joint Commission
- The Joint Commission Certification for Palliative Care
- The Joint Commission Laboratory Accreditation

Roswell Park has approximately 4,000 employees including more than 370 faculty-level clinicians and researchers, as well as over 790 nurses. The interdisciplinary research programs – basic science, translational, and clinical – focus on six primary areas of investigation: Tumor Immunology and Immunotherapy, Cell Stress and Biophysical Therapies, Genetics, Genitourinary Cancers, Experimental Therapeutics, and Population Sciences.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**March 31, 2024 and 2023**

*(in thousands of dollars, except as otherwise noted)*

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**1. Introduction (Continued)**

In fiscal year 2024 approximately 360 physicians, 121 medical students, 410 clinicians, 391 researchers, and 666 non-medical students/interns received training at Roswell Park. Physicians included oncology fellows, residents, and visiting physicians. Clinicians included nurses, physician assistants, pharmacists, and other healthcare professionals. Most are enrolled at the University at Buffalo's School of Medicine and Graduate Medical Education programs. Trainees also come from academic programs at twenty regional colleges and universities. Researchers include postdoctoral fellows and visiting scholars. Non-medical students include over 100 masters' and doctoral students enrolled in the Roswell Park Graduate Division of the University at Buffalo's Graduate School.

Active patients diagnosed, treated, and/or seen in follow-up clinics increased 1.2% to 49,953 in 2024 compared to a 5.4% increase in 2023. Outpatient visits increased 2.9% to 302,957 in 2024 compared to a 2.0% increase in 2023.

Additionally, the Roswell Park Care Network was established as a network of community cancer programs that allow patients easier access to Roswell Park's comprehensive cancer care — a level of care that can only be provided from a National Cancer Institute-designated comprehensive cancer center. Included within the Roswell Park Care Network is our group of community based practices located throughout Western New York which is delivered through RPCI Oncology, PC ("RPCIO"). RPCIO is a professional service corporation that is captive to the Center. RPCIO maintains the following ten physician practice locations — Jamestown Medical Oncology and Hematology in Jamestown, NY; Breast Care of Western New York in Amherst, NY; Roswell Park Hematology Oncology Southtowns in Orchard Park NY; Roswell Park Hematology Oncology Northtowns in Amherst, NY; Roswell Park Urology of Niagara Falls, NY; and Roswell Park Dermatology in Depew, NY, as well as Care Network Member locations in Cheektowaga NY, Amherst, NY, Lockport NY, and Middleport ENT in Middleport, NY. To further its reach to the surrounding community, the Roswell Park Care Network includes Radiation Oncology services at Upper Allegheny Health System in Olean, NY and Bradford, PA; Radiation Oncology services at Oneida Health Cancer Center in Oneida, NY, Radiation Oncology services in Orchard Park, NY, and medical oncology and hematology services at Niagara Falls Memorial Medical Center in Niagara Falls, NY, Samaritan Medical Center in Watertown, NY, Oneida Healthcare in Oneida, NY, Ellis Medicine in Schenectady, NY and St. Joseph's Hospital in Syracuse, NY.

**2. Mission**

To eliminate cancer's grip on humanity by unlocking its secrets through personalized approaches and unleashing the healing power of hope.

Roswell Park will do this by:

- Pioneering promising therapeutic breakthroughs, using them to zero in on the most effective treatment for each patient, and sharing them with the world.
- Committing in every situation, and every decision we face, big and small, to choose our words and actions based solely on the needs of each patient, and nothing more.
- Actively seeking ways to share, inform, support, and inspire each other, our patients, and our community - so that collectively, we go well beyond the expected.
- Loudly, proudly sharing every success with the world, so more of the patients and families who need us, the dynamic people to want to join us, and those who want to support us, know the ongoing miracle that is Roswell Park.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2024 and 2023

(in thousands of dollars, except as otherwise noted)

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### 3. Governance

Effective January 1, 1999, Roswell Park became a public benefit corporation of the State of New York ("NYS" or the "State"), operating under enabling legislation enacted under Title 4 of the Public Authorities Law. Roswell Park is owned by NYS and operated as a public benefit corporation ("PBC") and as such, is a component unit of NYS. Prior to January 1, 1999 Roswell Park was a division of the New York State Department of Health. As a public benefit corporation, Roswell Park continues to adhere to the NYS public employees' collective bargaining agreements and is required to provide employee benefits consistent with the NYS Executive Branch.

### 4. Component Units

For purposes of the consolidated financial statements, the Roswell Park Alliance Foundation, Inc. (the "Foundation") is considered a "component unit" of Roswell Park. The Foundation was established in March 1991 to solicit, receive and administer funds to support scientific and clinical research, delivery of state-of-the-art medical care and treatment, and patient-related activities at Roswell Park. The Foundation is tax exempt under Section 501(C)(3) of the Internal Revenue Code and is managed by a Board of Trustees of community leaders. This Board is independent of the Roswell Park Board of Directors and as such, Roswell Park's Board has no jurisdiction over the Board of the Foundation or the Foundation's assets. Periodically, the Foundation makes grants to Roswell Park for various purposes. These grant funds are typically administered by Health Research, Incorporated ("HRI").

The Governmental Accounting Standards Board ("GASB") issued Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* requires that the component unit's financial statements be presented discretely from the consolidated financial statements of Roswell Park. The Center has elected to present the Foundation's financial statements within footnote 15 of the consolidated financial statements.

In addition, the consolidated financial statements of the Center include the financial results of the Roswell Park's blended component units, RPCIO and Global Biotechnology & Cancer Therapeutics LLC ("GBCT").

### 5. Financial Highlights

- Total net position decreased \$(14,640) or (4.5)% in 2024 and increased \$64,031 or 24.5% in 2023.
- Total assets decreased \$(30,287) or (2.4)% in 2024 and increased \$79,970 or 6.7% in 2023.
- Total assets and deferred outflows of resources decreased \$(40,494) or (2.8)% in 2024 and increased \$29,343 or 2.0% in 2023.
- Total operating revenues, including NYS support, increased by \$71,243 or 6.6% in 2024 and increased by \$90,871 or 9.1% in 2023.
- Total support from NYS decreased from \$112,767 in 2023 to \$106,767 in 2024.
  - The total amount appropriated to support capital and related expenses decreased from \$57,304 in 2023 to \$51,304 in 2024. In 2024, this amount is included within contributions for purchase of capital assets (\$30,766) and other operating revenue (\$20,538).
  - The balance of NYS support remained unchanged from \$55,463 in 2023 to \$55,463 in 2024. This amount is included discretely in operating revenues.
- Total other operating revenues, decreased by \$(257) or (0.5)% in 2024 and increased by \$8,761 or 19.4% in 2023.
- Total operating expenses increased by \$148,249 or 13.7% in 2024 and increased by \$86,074 or 8.6% in 2023.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

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**6. Using This Annual Report**

Roswell Park's consolidated financial statements consist of three statements – a consolidated statement of net position; a consolidated statement of revenues, expenses and changes in net position; and the consolidated statements of cash flows. These statements provide information about Roswell Park's activities including resources held by Roswell Park but restricted for specific purposes by contributors, grantors, or enabling legislation.

**The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position**

Both statements report information about Roswell Park's resources and its activities that describe the financial results of the fiscal years and Roswell Park's net position as of the year ends. They also report Roswell Park's net position and changes in it.

Net position is the difference between assets and liabilities. Over time, increases or decreases in Roswell Park's net position is one indicator of whether Roswell Park's financial health is improving or deteriorating. Other non-financial factors such as changes in Roswell Park's patient base, mix of services provided, local, state and federal economic factors should also be considered.

**The Statements of Cash Flows**

The statements report cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities. It describes sources of cash, uses of cash and the change in cash balance during the fiscal years.

**7. Related Parties**

Health Research, Incorporated ("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 has divisions in Buffalo and Albany, New York which administer projects conducted at the NYSDOH and Roswell Park primarily financed by private and governmental contracts, grants and donations. HRI is tax exempt under Section 501(C)(3) of the Internal Revenue Code. HRI is not included in the Roswell Park consolidated financial statements, however is considered a related party for financial reporting purposes.

**8. Roswell Park's Net Position**

Roswell Park's net position is the difference between the assets and liabilities reported in the statement of net position. Roswell Park's net position decreased by \$(14,640) in 2024 and increased \$64,031 in 2023 as shown in Table 1: Summary of Statement of Net Position. The reasons for these changes are discussed below.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2024 and 2023  
(in thousands of dollars, except as otherwise noted)

8. Roswell Park's Net Position (Continued)

Table 1: Summary of Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets:</b>			
Current and other assets	\$ 863,439	\$ 951,111	\$ 886,253
Capital assets, net	386,874	329,489	314,377
<b>Total assets</b>	<u>1,250,313</u>	<u>1,280,600</u>	<u>1,200,630</u>
Deferred outflow of resources	174,886	185,093	235,720
<b>Total assets and deferred outflows</b>	<u>\$ 1,425,199</u>	<u>\$ 1,465,693</u>	<u>\$ 1,436,350</u>
<b>Liabilities:</b>			
Long-term debt outstanding	\$ 59,688	\$ 56,928	\$ 72,389
Other liabilities	787,496	624,254	706,064
<b>Total liabilities</b>	<u>847,184</u>	<u>681,182</u>	<u>778,453</u>
Deferred inflow of resources	267,479	459,335	396,752
<b>Net Position:</b>			
Net investment in capital assets	345,358	291,779	260,292
Restricted expendable	69,896	58,362	60,156
Unrestricted	(104,718)	(24,965)	(59,303)
<b>Total net position</b>	<u>310,536</u>	<u>325,176</u>	<u>261,145</u>
<b>Total liabilities, deferred inflows, and net position</b>	<u>\$ 1,425,199</u>	<u>\$ 1,465,693</u>	<u>\$ 1,436,350</u>

Overall, total assets and deferred outflows of resources decreased \$(40,494) or (2.8)% from 2023 to 2024 and increased \$29,343 or 2.0% from 2022 to 2023.

- Current and other assets decreased (9.2)% in 2024 and increased 7.3% in 2023.
  - For 2024, this is primarily driven by the change in Roswell Park's net position in the NYS-sponsored pension plan. As of the measurement date, the pension plan's fiduciary net position was exceeded by the total pension liability by \$166,059 (resulting in a net pension liability), in contrast to 2023 when Roswell Park recognized a net pension asset of \$58,506. See Note 9 for further details. Furthermore, the decreased balance in limited use assets was partially offset by increased balances in cash and cash equivalents, and patient accounts receivable. The balance of prepaid expenses increased as well, due to the timing of payments and newly executed contracts.
  - For 2023, this is primarily driven by Roswell Park's net position in the NYS-sponsored pension plan. For 2023, Roswell Park recognized a net pension asset of \$58,506, in contrast with the net pension liability of \$685 recognized for 2022.
- Capital assets, net increased 17.4% in 2024 and 4.8% in 2023.
  - For 2024, the increase was driven by significant investments in capital projects such as the Scott Bieler Amherst Center expansion and a new Revenue Cycle System (Athena IDX). In 2023, the changes were driven primarily by the timing of capital additions, net of depreciation expense.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

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**8. Roswell Park's Net Position (Continued)**

- Deferred outflow of resources decreased (5.5)% in 2024 and (21.5)% in 2023.
  - For 2024, this was primarily due to an increase in the discount rate on post-retirement health obligations from 3.78% to 3.92%, which has an inverse effect on liabilities and deferred outflows. This was partially offset by an increase in deferred outflows on pension assets, driven by negative investment earnings as of the measurement date.
  - For 2023, this was primarily due to changes in actuarial assumptions on NYS pension plan investments. The assumed rate of inflation increased from 2.7% in 2022 to 2.9% in 2023, and the assumed rate of return on plan investments remained unchanged at 5.9% for both years. The assumed COLA rate increased from 1.4% in 2022 to 3.0% in 2023. In addition, the increase in the discount rate on post-retirement health investments from 2.99% to 3.78% contributed to the overall decrease.

Overall, total liabilities and deferred inflows of resources decreased (2.3)% in 2024 and decreased (3.0)% in 2023.

- Long-term debt outstanding increased 4.8% in 2024 and decreased (21.4)% in 2023.
  - For 2024, the increase was a result of a commercial mortgage loan incurred to fund the purchase of the property encompassing the Scott Bieler Amherst Center and an adjacent building. Roswell Park entered into a Mortgage Agreement with Northwest Bank with respect to the purchase of the property, and includes a term loan in the amount \$19,500. This was slightly offset by scheduled debt service payments on the outstanding Dormitory Authority of the State of New York ("DASNY") issued debt and the amortization of bond premium.
  - For 2023, the decrease was a result of scheduled debt service payments on the outstanding DASNY issued debt and the amortization of bond premium. Refer to Note 7 of the consolidated financial statements.
- Other Liabilities increased 26.1% in 2024 and decreased (11.6)% in 2023.
  - For 2024, this is primarily due to an increased net pension liability as discussed previously. The increased pension liability is due to the difference between projected and actual investment earnings on pension plan investments, which was driven by negative pension plan investment returns during the measurement period. Additionally, lease and subscription-based IT liabilities increased 23.9% in 2024 due to new contracts entered into for software subscriptions, partially offset by regular payments made on existing contracts (see Note 16).
  - For 2023, this is driven primarily by a decreased net pension liability as discussed previously, along with the Third-party advance payment (recorded as liability) being primarily repaid in 2023. The decreased pension liability is due to the difference between projected and actual investment earnings on pension plan investments, which was driven by better than expected NYS pension plan investment performance during the measurement period.
- Deferred inflow of resources decreased (41.8)% in 2024 and increased 15.8% in 2023.
  - For 2024, this is primarily due to differences between projected and actual investment earnings on pension plan investments ((4.4)% actual return vs 5.9% projected). This was partially offset by differences between actual vs expected experience in the post retirement health plan, related to higher than anticipated contribution rates for retirees.
  - For 2023, this is primarily due to changes in actuarial assumptions in the OPEB plan pertaining to the discount rate increasing from 2.99% to 3.78% as well as differences between projected and actual investment earnings on NYS pension plan investments (9.5% actual return vs 5.9% projected).

Overall, total net position decreased (4.5)% from 2023 to 2024 and increased 24.5% from 2022 to 2023 as more fully described below.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

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**9. Changes in Roswell Park's Net Position**

Patient activity drives a significant portion of operating performance and the resulting changes in Roswell Park's net position. Roswell Park captures patient activity by various metrics, including both inpatient and outpatient activity.

- Active patients diagnosed, treated, and/or seen in follow-up clinics increased 1.2% to 49,953 from 2023 to 2024 and increase 5.4% from 2022 to 2023.
- New to Center patients decreased (1.1)% from 2023 to 2024 and remained unchanged from 2022 to 2023.
- Outpatient visits increased 2.9% from 2023 to 2024 and increased 2.0% from 2022 to 2023.
- Inpatient Admissions increased 6.0% from 2023 to 2024 and increased 1.6% from 2022 to 2023.
- Inpatient Days increased 2.0% from 2023 to 2024 and decreased (1.2)% from 2022 to 2023.

In 2024, Roswell Park's total net position decreased by \$(14,640) or (4.5)% as shown in Table 2 below. Total operating revenues, including NYS support, increased 6.6% and total operating expenses increased 13.7%. The total operating expenses base of \$1,230,354 includes total annual OPEB cost of \$3,875 and annual pension cost of \$56,383 in 2024. Combined OPEB and pension cost increased 263.3% from 2023 to 2024, primarily driven by a 9635.5% increased annual Pension cost, partially offset by a (75.8)% decreased annual OPEB cost. Total support from NYS decreased (5.3)% from \$112,767 in 2023 to \$106,767 in 2024. Of that total, the amount appropriated to support capital and related expenses decreased from \$57,304 in 2023 to \$51,304 in 2024. In 2024, this amount is included within contributions for purchase of capital assets (\$30,766) and other operating revenue (\$20,538), while the balance of NYS support is shown discretely within total operating revenues. The remainder of NYS support shown discretely within total operating revenues, remained unchanged from \$55,463 in 2023 to \$55,463 in 2024.

In 2023, Roswell Park's total net position increased by \$64,031 or 24.5% as shown in Table 2: Summary of Revenues, Expenses and Changes in Net Position. Total operating revenues, including NYS support increased 9.1% and total operating expenses increased 8.6%. The total operating expenses base of \$1,082,105 includes annual OPEB cost of \$16,008 and an annual pension cost of \$579 in 2023. Combined OPEB and pension cost decreased (64.8)% from 2022 to 2023, primarily driven by a (95.9)% decreased annual pension cost, coupled with a (51.6)% decreased annual OPEB cost. Both of these employee fringe benefits are provided to PBC employees as required by NYS. See "Matters Involving New York State" in Note 8 and the "New York State" section in Note 14. Total support from NYS increased from \$102,767 in 2022 to \$112,767 in 2023. Of that total, the amount appropriated to support capital expenses increased from \$51,463 in 2022 to \$57,304 in 2023. In 2023 this amount is included within contributions for purchase of capital assets (\$37,011) and other operating revenue (\$20,293), while the balance of NYS support is shown discretely within total operating revenues. The remainder of NYS support shown discretely within total operating revenues increased from \$51,304 in 2022 to \$55,463 in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2024 and 2023  
(in thousands of dollars, except as otherwise noted)

9. Changes in Roswell Park's Net Position (Continued)

Table 2: Summary of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Operating revenues:</b>			
Net patient service revenue and net settlement and appeals	\$1,043,961	\$ 975,100	\$ 897,261
NYS operating support	55,463	55,463	51,304
Equity interest in loss of joint ventures	(1,126)	(620)	(921)
Grants and contracts	5,276	2,131	2,320
Other operating revenue	53,598	53,855	45,094
<b>Total operating revenues</b>	<u>1,157,172</u>	<u>1,085,929</u>	<u>995,058</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	559,055	464,731	460,075
Supplies and purchased services	611,208	561,609	492,478
Depreciation and amortization	60,091	55,765	43,478
<b>Total operating expenses</b>	<u>1,230,354</u>	<u>1,082,105</u>	<u>996,031</u>
<b>Operating (loss) income</b>	<u>(73,182)</u>	<u>3,824</u>	<u>(973)</u>
Non-operating revenues and expenses and other changes in net position (including funds received from NYS for capital and related expenses)	58,542	60,207	36,815
Cumulative change in accounting principle	—	—	1,093
<b>(Decrease) increase in net position</b>	<u>\$ (14,640)</u>	<u>\$ 64,031</u>	<u>\$ 36,935</u>

Overall, operating revenues, excluding NYS support, increased 6.9% from 2023 to 2024 and increased 9.2% from 2022 to 2023.

- Net patient service revenue/net settlements and appeals increased 7.1% in 2024 and 8.7% in 2023 as a result of the following: Roswell Park hospital revenue increased in both 2024 and 2023 by 6.4% and 8.8%, respectively; Practice Plan professional revenues increased in both 2024 and 2023 by 6.3% and 3.7%, respectively; and government appeals and settlement revenue increased 29.1% in 2024 and increased 26.5% in 2023. The 2024 results were driven by a number of factors including increased inpatient and outpatient visits, favorable inpatient case mix, and higher reimbursements on drugs as a result of inflationary cost increases from manufacturers. The 2023 results were driven by many of the same factors including increased outpatient visits and higher drug reimbursements. RPCIO revenues increased in both 2024 and 2023 by 17.0% and 14.2%, respectively. This amounted to approximately \$70,970 and \$60,656 in 2024 and 2023.
- Grants and contracts revenues include salary recovery on grants administered through HRI for work by the medical staff whose salaries are paid by Roswell Park. Roswell Park's policy allows salary recovery on research staff to be retained by HRI as part of the overall contribution to HRI. This amounted to approximately \$9,466 and \$8,605 in 2024 and 2023.
- Other operating revenue decreased (0.5)% from 2023 to 2024 and increased 19.4% from 2022 to 2023. Other operating revenue includes revenues received from various regional affiliate support agreements, the operation of the cafeteria and parking garage, rebates, and other ancillary activities. See "Other operating revenue" section in Note 2 of the consolidated financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

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**9. Changes in Roswell Park's Net Position (Continued)**

Overall, total operating expenses increased 13.7% from 2023 to 2024 and increased 8.6% from 2022 to 2023.

- Salaries, wages and benefits costs increased 20.3% and 1.0% in 2024 and 2023, respectively, due to:
  - Salaries and wages increased 10.7% in 2024 and 8.7% in 2023, primarily driven by:
    - Step and cost of living increases required by labor contracts.
    - Recruitment of scientific and clinical faculty as well as staffing increases related to changes in patient volumes, acuity and new initiatives.
  - Benefits were 33.1%, 22.5%, and 31.8%, of salary costs in 2024, 2023 and 2022, respectively. OPEB and pension cost increased 263.3% from 2023 to 2024, primarily driven by a 9635.5% increased annual Pension cost and a (75.8)% decrease in annual OPEB cost as described above. Additionally, workers compensation costs increased 51.1% from 2023 to 2024 (See Note 10).
- Supplies and purchased services increased 8.8% and 14.0%, in 2024 and 2023, respectively, due to:
  - Drug spend increased 15.2% from \$332,896 in 2023 to \$383,585 in 2024 driven by increased patient volumes and cost increases on higher utilized drugs. This was partially offset by decreased spend on utilities (33.3%) and supplies (19.5%).

Overall, non-operating revenues and expenses and other changes in net position (including funds received from NYS for capital assets) decreased (2.8)% from 2023 to 2024 and increased 63.5% from 2022 to 2023. The increase in 2024 was due primarily to the following factors:

- Interest and other income increased 31.9% from 2023 to 2024, and increased 149.0% from 2022 to 2023. The fluctuation in both years was partially driven by FEMA and Federal COVID-19 relief funding received (2024 - \$1.2 million, 2023 - \$5.3 million, 2022 - \$2.8 million) (see Note 2). For both 2023 and 2024, this funding was coupled with increased interest income due to rate increases throughout the year. Net investment earnings increased 233.8% from 2023 to 2024, and increased 82.8% from 2022 to 2023. These changes were due to fluctuating market conditions in fixed income securities in 2024 and 2023.
- One-time, non-operating events decreased (100.0)% from 2023 to 2024 and decreased (41.5)% from 2022 to 2023. In 2023, this was due to a payout of the \$4,655 remaining escrow balance of funds to be disbursed after the sale of Roswell Park's ownership interest in OmniSeq (see Note 14), no such event occurred in 2024
- Gain (loss) on disposals has increased \$519 from 2023 to 2024.

**10. Capital Assets, Leases, Subscription-Based IT Assets, and Debt Administration**

**Capital Assets**

At the end of 2024, 2023, and 2022, Roswell Park had \$386,874, \$329,489, and \$314,377, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 4 to the consolidated financial statements. The components of Roswell Park's capital assets are as follows:

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

**10. Capital Assets, Leases, Subscription-Based IT Assets, and Debt Administration (Continued)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	\$ 6,389	\$ 4,444	\$ 4,444
Building	752,668	695,640	671,297
Equipment/other	345,406	322,443	309,965
Construction in progress	54,953	37,168	22,772
	<u>1,159,416</u>	<u>1,059,695</u>	<u>1,008,478</u>
Less: Accumulated depreciation	<u>(772,542)</u>	<u>(730,206)</u>	<u>(694,101)</u>
Capital assets, net	<u>\$ 386,874</u>	<u>\$ 329,489</u>	<u>\$ 314,377</u>

**Leases**

Effective for fiscal year 2023, Roswell Park adopted GASB Statement No. 87, Leases, (GASB 87) which established new requirements for calculating and reporting lease activities. At the end of 2024 and 2023, Roswell Park had \$9,975 and \$7,734, respectively, invested in right-to-use lease assets, net of accumulated amortization, as detailed in Note 16 to the consolidated financial statements. The components of Roswell Park's lease assets are as follows:

	<u>2024</u>	<u>2023</u>
Real estate	\$ 3,477	\$ 4,888
Parking structure (MiGo ramp)	4,467	4,467
Equipment and other assets	4,807	1,772
	<u>12,751</u>	<u>11,127</u>
Less: Accumulated amortization	<u>(2,776)</u>	<u>(3,393)</u>
Total lease assets, net	<u>\$ 9,975</u>	<u>\$ 7,734</u>

At the end of 2024 and 2023, Roswell Park's total lease liabilities were \$10,205 and \$8,137, respectively, invested in right-to-use lease assets, net of accumulated amortization, as detailed in Note 16 to the consolidated financial statements. The components of Roswell Park's lease liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Real estate	\$ 2,976	\$ 2,571
Parking structure (MiGo ramp)	2,877	1,169
Equipment and other assets	4,352	4,397
Total leases liabilities, net	<u>\$ 10,205</u>	<u>\$ 8,137</u>

**Subscription-Based IT Arrangements ("SBITA")**

Effective for fiscal year 2024, Roswell Park adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements ("SBITA"s)*, which establishes new requirements for calculating and reporting Roswell Park's subscription-based assets and liabilities activity. In accordance with GASB Statement No. 62 "each individual prior period presented should be restated to reflect the period-specific effects of applying the newly adopted accounting principle". As such, the results for fiscal years 2024 and 2023 have been adjusted to reflect the effect of GASB 96. At the end of 2024 and 2023, Roswell Park had \$27,140 and \$22,615, respectively, invested in SBITA lease assets, net of accumulated amortization, as detailed in Note 16 to the consolidated financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

**10. Capital Assets, Leases, Subscription-Based IT Assets, and Debt Administration (Continued)**

The components of Roswell Park's SBITA assets are as follows:

	<u>2024</u>	<u>2023</u>
SBITA assets	\$ 45,358	\$ 30,806
Less: Accumulated amortization	<u>(18,218)</u>	<u>(8,191)</u>
Total SBITA assets, net	<u>\$ 27,140</u>	<u>\$ 22,615</u>

At the end of 2024 and 2023, Roswell Park's total SBITA lease liabilities were \$20,944 and \$17,396, respectively, invested in SBITA lease assets, net of accumulated amortization, as detailed in Note 16 to the consolidated financial statements. The components of Roswell Park's SBITA lease liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Current portion	\$ 8,578	\$ 6,490
Long-term portion	<u>12,366</u>	<u>10,906</u>
Total SBITA liabilities, net	<u>\$ 20,944</u>	<u>\$ 17,396</u>

**Long-Term Debt**

Roswell Park's total long-term debt, net was \$59,688, \$56,928, and \$72,389, as of March 31, 2024, 2023, and 2022, respectively. This includes a Term Loan incurred for the acquisition of the Scott Bieler Amherst Center and Roswell Park's allocated portions of certain New York State Department of Health outstanding bonds payable to Dormitory Authority of the State of New York ("DASNY"). All DASNY bonds are collateralized by a first lien on the revenues of Roswell Park's hospital-based revenues, and the Term Loan is collateralized against the real property financed with the Term Loan.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Series 2011A Bonds, net of premium	\$ 2,334	\$ 4,612	\$ 6,815
Series 2016 Bonds, net of premium	37,854	52,316	65,574
Term Loan Payable	<u>19,500</u>	<u>—</u>	<u>—</u>
Total long-term debt and capital lease obligations, net	<u>\$ 59,688</u>	<u>\$ 56,928</u>	<u>\$ 72,389</u>

**11. Postemployment Benefits**

For the year-ended March 31, 2019, Roswell Park implemented the provisions of GASB's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Among other changes, this Statement was issued to improve accounting and financial reporting by governments for post-employment benefits other than pensions.

**Funded Status and Funding Progress**

The most recent actuarial valuation for the OPEB plan was as of April 1, 2023. As of March 31, 2024, the plan was unfunded. As discussed on the following page under "Matters Involving New York State", Roswell Park is seeking support from NYS to fund all or a significant portion of the unfunded OPEB liability. Roswell Park believes it will need some form of assistance from NYS in order to meet future OPEB obligations resulting from the benefits that have, and will continue to, accrue under the plan.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

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**11. Postemployment Benefits (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Method and Assumptions**

The Center's total OPEB liability was determined by an actuarial valuation as of April 1, 2023, using the following actuarial assumptions:

Inflation rate	2.50%
Salary scale	3.75%
Health cost	Entry Age Normal
Mortality	Pri.H-2012 Mortality Tables

The discount rate used to calculate the total OPEB liability as of March 31, 2024 was 3.92%. The discount rate is a single rate of return, when applied to all projected benefit payments is equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return and (2) the actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. Since the Plan is unfunded, the discount rate reflects the Municipal Bond Rate, which is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

This valuation report reflects post-employment benefits that have been extended to current and future retirees and their dependents. Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuary-determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about employment, mortality and the healthcare cost trend.

In accordance with GASB 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.

**Matters Involving New York State**

Roswell Park has recognized in its consolidated statements of net position and consolidated statements of revenues, expenses and changes in net position the amounts described below. In so doing, Roswell Park has assumed that it will be liable for the portion of benefits attributable to services provided by its employees for the period prior to January 1, 1999, the date at which Roswell Park became a public benefit corporation of the State of New York. As discussed elsewhere in these financial statements, Roswell Park is seeking relief from NYS for all or a significant portion of the unfunded OPEB liability. Roswell Park believes it will need some form of assistance from NYS in order to meet future OPEB obligations resulting from the benefits that have, and will continue to, accrue under the plan. If NYS were to agree to assume all of the benefits for the time period it operated Roswell Park (e.g. prior to 1/1/99), Roswell Park would have the potential to recognize the reduction in its accrued liability for any amounts of that liability to which the State would agree to accept.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**March 31, 2024 and 2023**  
*(in thousands of dollars, except as otherwise noted)*

**11. Postemployment Benefits (continued)**

The following table illustrates the actuary-derived estimates of the post-employment benefit liability and associated cost for March 31, 2024, utilizing a cutoff date of January 1, 1999:

	<b>Prior to January 1, 1999</b>	<b>Post January 1, 1999</b>	<b>Total</b>
Total OPEB liability at beginning of Year	\$ 53,052	\$ 384,310	\$ 437,362
Service cost	99	24,852	24,951
Interest cost	1,881	13,428	15,309
Differences between expected and actual experience	(1,702)	(49,883)	(51,585)
Change of assumptions of other inputs	328	2,873	3,201
Benefit payments	(3,366)	(8,067)	(11,433)
<b>Net OPEB obligation liability - End of Year</b>	<b>\$ 50,292</b>	<b>\$ 367,513</b>	<b>\$ 417,805</b>

**12. COVID-19**

On March 11, 2020, the World Health Organization designated the COVID-19 outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population being required to remain at home and forced the closure of certain businesses, which had an impact on the Center's volumes and revenues. In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund ("Relief Fund"). Refer to Note 2 for further details on the funds received by Roswell Park.

**ROSWELL PARK CANCER INSTITUTE CORPORATION**  
**D/B/A ROSWELL PARK COMPREHENSIVE CANCER CENTER**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

**CONSOLIDATED STATEMENTS OF NET POSITION**

As of March 31,  
(in thousands of dollars)

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 295,898	\$ 263,886
Current portion of assets limited as to use	23,717	24,308
Patient accounts receivable, net	203,646	199,567
Inventories	25,405	21,667
Due from New York State and other affiliates, net	3,634	3,210
Prepaid expenses and other assets	27,923	18,523
<b>Total current assets</b>	<b>580,223</b>	<b>531,161</b>
<b>Non-current assets:</b>		
Assets limited as to use, net of current portion	235,252	319,090
Goodwill and other intangible assets	5,935	5,935
Capital assets, net	386,874	329,489
Investments in joint ventures	4,768	5,896
Lease and subscription-based IT assets, net	37,115	30,349
Lease receivable	146	174
Net pension asset	—	58,506
<b>Total non-current assets</b>	<b>670,090</b>	<b>749,439</b>
<b>Deferred outflows of resources:</b>		
Pension	129,852	128,961
Other post-employment benefits	45,034	56,132
<b>Total deferred outflows of resources</b>	<b>174,886</b>	<b>185,093</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,425,199</b>	<b>\$ 1,465,693</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Current portion of long-term obligations	\$ 14,449	\$ 16,080
Current portion of lease and subscription-based IT liabilities	9,788	8,296
Accounts payable and other current liabilities	63,713	52,587
Accrued expenses	108,886	113,942
Due to third-party payers	12,266	9,065
Third-party advance payment	6,076	—
<b>Total current liabilities</b>	<b>215,178</b>	<b>199,970</b>
<b>Non-current liabilities:</b>		
Long-term obligations, net of current portion	45,239	40,848
Post-employment benefits, net of current portion	399,347	423,127
Lease and subscription-based IT liabilities, net of current portion	21,361	17,237
Net pension liability	166,059	—
<b>Total non-current liabilities</b>	<b>632,006</b>	<b>481,212</b>
<b>Deferred inflows of resources:</b>		
Pension	15,434	208,464
Other post-employment benefits	251,603	250,702
Other deferred inflows	442	169
<b>Total deferred inflows of resources</b>	<b>267,479</b>	<b>459,335</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,114,663</b>	<b>1,140,517</b>
<b>Net position:</b>		
Net investment in capital assets	345,358	291,779
Restricted expendable	69,896	58,362
Unrestricted	(104,718)	(24,965)
<b>Total net position</b>	<b>310,536</b>	<b>325,176</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 1,425,199</b>	<b>\$ 1,465,693</b>

**ROSWELL PARK CANCER INSTITUTE CORPORATION**  
**D/B/A ROSWELL PARK COMPREHENSIVE CANCER CENTER**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended March 31,**  
**(in thousands of dollars)**

	<b>2024</b>	<b>2023</b>
<b>Operating revenues</b>		
Net patient service revenue/net settlements and appeals	\$ 1,043,961	\$ 975,100
New York State operating support	55,463	55,463
Grants and contracts	5,276	2,131
Equity interest in loss of joint ventures	(1,126)	(620)
Other operating revenue	53,598	53,855
<b>Total operating revenues</b>	<b>1,157,172</b>	<b>1,085,929</b>
<b>Operating expenses</b>		
Salaries and wages	419,870	379,422
Employee benefits	139,185	85,309
Supplies and purchased services	611,208	561,609
Depreciation and amortization	60,091	55,765
<b>Total operating expenses</b>	<b>1,230,354</b>	<b>1,082,105</b>
<b>(Loss) income from operations</b>	<b>(73,182)</b>	<b>3,824</b>
<b>Non-operating revenues (expenses)</b>		
Interest and other income	18,191	13,795
Interest expense	(2,833)	(2,698)
Gain on sale of OmniSeq interest	—	4,655
Gain (loss) on disposals	489	(30)
Investment gain (loss)	2,500	(1,869)
<b>Net non-operating revenues</b>	<b>18,347</b>	<b>13,853</b>
<b>(Deficiency) excess of revenues over expenses</b>	<b>(54,835)</b>	<b>17,677</b>
NYS support for capital and related expenses/expenditures	30,766	37,011
Contributions for purchase of capital assets	9,429	9,343
<b>(Decrease) increase in net position</b>	<b>(14,640)</b>	<b>64,031</b>
<b>Net position at beginning of year</b>	<b>325,176</b>	<b>261,145</b>
<b>Net position at end of year</b>	<b>\$ 310,536</b>	<b>\$ 325,176</b>

**ROSWELL PARK CANCER INSTITUTE CORPORATION**  
**D/B/A ROSWELL PARK COMPREHENSIVE CANCER CENTER**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended March 31,**  
**(in thousands of dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net patient service revenue/net settlements and appeals	\$ 1,043,083	\$ 943,321
New York State operating support	55,463	55,463
Grants and contracts	5,276	2,131
Other operating revenue	53,870	53,708
Third-party advance receipt (repayment)	6,076	(27,239)
Payments to employees and benefit providers	(543,477)	(478,395)
Payments to vendors	(616,123)	(559,669)
Payments for malpractice	(2,844)	(3,216)
<b>Net cash provided by (used in) operating activities</b>	<b>1,324</b>	<b>(13,896)</b>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(114,959)	(75,364)
NYS support for capital and related expenses/expenditures	30,766	37,011
Contributions for purchase of capital assets	8,760	7,588
Proceeds from the sale or exchange of capital assets	599	119
Proceeds from capital debt	19,500	—
Repayment of long-term obligations	(16,080)	(14,205)
Payments of interest	(3,445)	(3,913)
<b>Net cash used in capital and related financing activities</b>	<b>(74,859)</b>	<b>(48,764)</b>
<b>Cash flows from non-capital financing activities:</b>		
FEMA Funding	1,157	5,273
<b>Cash flows from investing activities:</b>		
Assets limited as to use, net	87,285	66,535
Interest and investment income	17,105	8,205
Cash received upon divestitures	—	4,655
<b>Net cash provided by investing activities</b>	<b>104,390</b>	<b>79,395</b>
<b>Net increase in cash and cash equivalents</b>	<b>32,012</b>	<b>22,008</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>263,886</b>	<b>241,878</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 295,898</b>	<b>\$ 263,886</b>
<b>Non-cash investing and financing activities:</b>		
Asset acquisitions not paid by March 31	\$ 10,863	\$ 7,087

**ROSWELL PARK CANCER INSTITUTE CORPORATION**  
**D/B/A ROSWELL PARK COMPREHENSIVE CANCER CENTER**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**For the Years Ended March 31,**  
**(in thousands of dollars)**

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of (loss) income from operations to net cash used in operating activities:</b>		
(Loss) income from operations	\$ (73,182)	\$ 3,824
Adjustments to (loss) income from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,091	55,765
Equity interest in loss of joint ventures	1,126	620
Provision for bad debts	22,256	16,366
Non-cash portion of pension expense	30,640	(21,126)
Non-cash portion of OPEB expense	(11,818)	3,036
Changes in assets and deferred outflows of resources:		
Patient accounts receivable	(26,335)	(39,561)
Inventories	(3,738)	(2,769)
New York State and other affiliates	244	(174)
Prepaid expenses and other assets	(9,400)	(2,659)
Lease receivable	29	27
Net pension asset	—	(37,380)
Deferred outflow of resources	10,208	50,627
Changes in liabilities and deferred inflows of resources:		
Accounts payable and other current liabilities	7,349	5,841
Accrued expenses and post-employment benefits	(17,492)	(72,407)
Net pension liability	193,925	(685)
Third-party advance receipt (repayment)	6,076	(27,239)
Deferred inflow of resources	(191,856)	62,582
Due to third-party payors	3,201	(8,584)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,324</u>	<u>\$ (13,896)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands of dollars, except as otherwise noted)*

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**NOTE 1. ORGANIZATION**

Roswell Park Cancer Institute Corporation d/b/a Roswell Park Comprehensive Cancer Center ("Roswell Park" or "Center") is a public cancer hospital and medical research center located in Buffalo, New York. Roswell Park is one of only 52 National Cancer Institute-designated comprehensive cancer centers nationwide, providing total care to cancer patients, conducting research into the causes, treatment and prevention of cancer, and educating those who treat and study cancer. Roswell Park is licensed for 157 certified beds.

Effective January 1, 1999, Roswell Park became a Public Benefit Corporation of the State of New York ("NYS"), operating under enabling legislation enacted under Title 4 of the Public Authorities Law. The Roswell Park Cancer Institute facility is owned by the State of New York and is operated by a public benefit corporation, the Center, as such, is a component unit of NYS. Prior to January 1, 1999, Roswell Park was a division of the New York State Department of Health ("NYSDOH"). As a public benefit corporation, Roswell Park continues to adhere to the NYS public employees' collective bargaining agreements and is required to provide employee benefits consistent with the NYS Executive Branch.

The Roswell Park Clinical Practice Plan (the "Practice Plan") was established for the management, including collection and disbursement, of clinical practice income resulting from the clinical practice of licensed health professionals employed by Roswell Park.

The Roswell Park Alliance Foundation, Inc. (the "Foundation") was established in March 1991 to solicit, receive and administer donated funds to support scientific and clinical research, delivery of state-of-the-art medical care and treatment, and patient-related activities at Roswell Park. The Foundation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is managed by a Board of Trustees of community leaders. This Board is independent of the Roswell Park Board of Directors and as such, Roswell Park's Board of Directors has no jurisdiction over the Board of Directors of the Foundation or the Foundation's assets.

RPCI Oncology, P.C. ("RPCIO") was established in July 2012 as a vehicle for Roswell Park to acquire and operate community physician practices specializing in medical and surgical oncology and hematology services. This entity is in the customary corporate form of a captive professional corporation in which the entity is technically owned by a physician employee of Roswell Park, but such ownership is contractually tied to the continuation of that employment. Ownership is transferred to another physician employee of Roswell Park in the event the current owner's employment with Roswell Park ends for any reason.

NR Physician Group, PLLC is a joint venture established to operate a physician-based radiation therapy service facility that offers advanced radiation therapy to patients in southern Erie County, New York. RPCIO's ownership interest in the joint venture is 60%, however voting control is split evenly amount three owner entities. Therefore, this investment is recorded using the equity method of accounting.

OmniSeq, LLC ("OmniSeq") is a for-profit corporation, headquartered in Buffalo, New York, that was formed on February 12, 2015 as a Delaware limited liability company to commercialize proprietary cancer genomic assays and technology developed at Roswell Park. OmniSeq is an early-stage laboratory company that focuses on providing oncological-based, advanced molecular diagnostic tests with therapeutic associations. Prior to 2020, the Center held a controlling financial interest in the outstanding shares of OmniSeq and accordingly included OmniSeq in the Center's consolidated financial statements. In 2020, the Center sold a portion of its interest in OmniSeq, resulting in the deconsolidation of OmniSeq from the Center's consolidated financial statements. In 2022, the Center sold the remainder of its interest in OmniSeq. In 2023, a final escrow disbursement was made by OmniSeq to Roswell Park, which resulted in the complete divestiture in OmniSeq by Roswell Park.

Roswell Park is a majority owner of the membership interest of Global Biotechnology & Cancer Therapeutics LLC ("GBCT"). GBCT is a for-profit limited liability company that was formed to support and collaborate with established and emerging ventures interested in biotechnology and cancer therapeutics. GBCT is fully consolidated within Roswell Park's consolidated financial statements and is considered a pass-through entity whereby the tax implications of GBCT's operations are passed through to its owner/member.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands of dollars, except as otherwise noted)*

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**NOTE 1. ORGANIZATION (CONTINUED)**

Roswell Park is the sole member of GBCT Holdco LLC, a for-profit limited liability company that was formed as a holding company for GBCT to support new ventures arising out of the research of Roswell Park and affiliated entities. GBCT Holdco LLC is fully consolidated within Roswell Park's consolidated financial statements. It is considered a pass-through entity whereby the tax implications of its operations are passed through to its owner/member.

GBCT II, LLC ("GBCT II") is a for-profit limited liability company formed to make investments in and provide services for emerging ventures in biotechnology and cancer therapeutics, including licensing inventions, and assisting with Food and Drug Administration approval of new therapies. GBCT is the sole member of GBCT II.

Innovative Immunotherapy Alliance S.A. ("IIA"), a joint venture biotechnology company established in Cuba, is jointly operated by GBCT's wholly owned subsidiary GBCT II and CIMAB S.A. (a majority owned marketing and commercialization subsidiary of the Center for Molecular Immunology ("CMI")). IIA was formed to research and develop innovative cancer immunotherapies. The joint venture provides Roswell Park with access to cancer medicines that were not previously accessible to patients or researchers in the United States. GBCT II's ownership interest is accounted for using the equity method of accounting. Refer to Note 14.

Roswell Park and Oneida Health System, Inc. each own a fifty percent (50%) membership interest in Oneida Health Roswell Park Oncology LLC ("OHRPO"), which owns and operates an outpatient radiation oncology facility to serve the oncology needs of patients in the Central New York area. Operations commenced in the summer of 2019. Funding to build the facility was provided by the joint venture partners and through a grant from New York State. Refer to Note 14.

Roswell Park has entered into a contractual joint venture agreement with Kaleida Health ("Kaleida"), a multi-hospital health system which owns and operates the Oishei Children's Hospital ("OCH") in Buffalo, New York. The agreement, which became effective December 1, 2017, established a clinically and financially integrated pediatric oncology program administered jointly by Roswell Park and OCH. Under the terms of the agreement with Kaleida, the net revenues and expenses of the joint program are shared 50/50 between Roswell Park and Kaleida.

**Discretely Presented Component Unit:** U.S. GAAP (as defined in Note 2) requires the inclusion within Roswell Park's consolidated financial statements, the financial statements of the Foundation as a component unit based on the nature and significance of the Center's relationship with the Foundation. The component unit information in the accompanying consolidated financial statements includes the financial data of the Roswell Park's discretely presented component unit. The Foundation is reported separately to emphasize that it is legally separate from Roswell Park.

The Foundation is a not-for-profit corporation organized to receive and administer gifts and bequests made on behalf of Roswell Park. Roswell Park utilizes these gifts and bequests in scientific and medical research, for the delivery of medical care to individuals suffering from cancer, and related charitable activities. Scientific and research grants made by the Foundation for use by Roswell Park are typically paid to and administered by Health Research, Incorporated. See Note 14 for further information. The financial statements of the Foundation have been prepared on an accrual basis and their presentation has been modified to conform with Governmental Accounting Standards Board ("GASB") principles. The annual financial report can be obtained by writing to: Roswell Park Alliance Foundation, Inc., Elm and Carlton Streets, Buffalo, New York 14263.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in preparing the accompanying consolidated financial statements are summarized below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands of dollars, except as otherwise noted)

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity:** Roswell Park Cancer Institute Corporation, the Practice Plan, RPCIO, GBCT (collectively referred to hereinafter as "Roswell Park") are consolidated for financial statement purposes in accordance with the principles of consolidation in which it is appropriate to consolidate the financial statements of entities under common management and/or control. Collectively, Roswell Park Cancer Institute Corporation and the Practice Plan are referred to as the "Public Benefit Corporation" or the "PBC". All significant intercompany balances and transactions have been eliminated in consolidation.

**Accounting Principles:** Roswell Park uses the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

All references to relevant authoritative literature issued by either the GASB or the Financial Accounting Standards Board ("FASB") with which Roswell Park must comply are hereinafter referred to generally as "U.S. GAAP."

GASB Concepts *Statement No. 4, Elements of Financial Statements*, specifies that recognition of deferred outflows of resources and deferred inflows of resources should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in GASB Concepts *Statement No. 4*. Based on those definitions, GASB *Statement No. 65, Items Previously Reported as Assets and Liabilities*, reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. This statement also provides financial reporting guidance related to the impact of the financial statement elements' deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

As of June 30, 2009, the GASB has codified all sources of authoritative accounting literature pertaining to state and local government entities into a single set of authoritative literature, known as the GASB Codification. The GASB Codification includes all authoritative GASB pronouncements issued and effective as of June 30, 2009. Updates to the GASB Codification will be made from time to time as determined by the GASB pursuant to the GASB's rule-making protocols and procedures. These updates may alter, amend, supplement, revoke or supersede the guidance contained in the GASB Codification as of the date of this report.

Similarly, effective for interim and annual periods ending after September 15, 2009, the FASB has codified all sources of authoritative accounting literature pertaining to all non-governmental entities into a single set of authoritative literature, known as the FASB Accounting Standards Codification ("FASC"). The FASC includes all authoritative literature previously issued by recognized standard-setting bodies pertaining to accounting principles generally accepted in the United States; thereby superseding all previously issued authoritative pronouncements relating to non-governmental entities.

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenses during the reporting period. Significant estimates made by Roswell Park include, but are not limited to, reserves for bad debts and third-party payor contractual adjustments and allowances, workers' compensation and malpractice reserves, pension and post-employment benefit accruals and the fair value of investments. Actual results could differ from those estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands of dollars, except as otherwise noted)

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Risks and Uncertainties:** Investment securities are exposed to various risks, such as interest rate, market and credit risk. 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 possible that changes in risks in the near term could materially affect the net position of Roswell Park.

**Cash and Cash Equivalents:** Roswell Park considers all highly liquid investments, with original maturities of three months or less, and short term investments (including certificates of deposit), excluding amounts limited as to use, to be cash equivalents. Roswell Park maintains funds on deposit in excess of amounts insured by the Federal Depository Insurance limits. In accordance with its investment policies and the NYS Comptroller's Investment Guidelines for Public Authorities, Roswell Park maintains collateral accounts with certain financial institutions to limit Roswell Park's exposure associated with Federal Depository Insurance limits.

**Inventory Valuation:** Inventories are stated at average cost on a first-in, first-out basis.

**Assets Limited as to Use:** Assets limited as to use include assets set aside for debt service as required by trustee or indenture agreements, assets held under the plan enabling legislation, assets set aside pursuant to donor stipulations, and assets designated by the Board of Directors for specific future purposes. If donated or contributed, assets limited as to use are reported at fair value as of the date of receipt, which is then treated as cost. Interest income on proceeds of borrowings that are held by a Trustee, and principally all other general fund investments, are reported as interest and other income. Classification in the consolidated statements of net position between current and non-current is generally determined by the purpose for which the assets are set aside.

**Intangible Assets:** Intangible assets consist of goodwill, patient charts and certain covenants not to compete. The goodwill represents an intangible asset to RPCIO that has an indefinite life, therefore, in accordance with accounting principles generally accepted in the United States of America, is not subject to amortization, but instead is subject to an impairment test. RPCIO performs an impairment test at least annually, unless events occur which would necessitate an impairment analysis to be performed more frequently. No impairment was identified as of March 31, 2024. Patient charts and the covenants not to compete represent intangible assets with finite lives of 3 years. Amortization is provided on the straight-line method over the lives of the assets. All patient charts and covenants not to compete were fully amortized as of March 31, 2023.

**Capital Assets:** Capital assets are stated at historical cost. Depreciation is provided on the straight-line method over the useful lives of the assets ranging from 3 to 40 years, which are primarily determined based on the American Hospital Association's Guidelines. For certain buildings and equipment previously acquired or constructed, Roswell Park assigned composite lives which it believes will more appropriately reflect its financial results by better allocating costs relating to the major modernization project over the useful lives of the related assets. Amortization of equipment under finance leases is provided on the straight-line method over the term of the lease or the useful lives of the assets.

**Investments in Joint Ventures:** Roswell Park has invested in certain joint ventures that are recorded using the equity method of accounting, see Note 14.

**Impairment of Long-Lived Assets:** Under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Roswell Park evaluates its capital assets for financial impairment as prominent events or changes in circumstances affecting capital assets occur to determine whatever impairment of a capital asset has occurred. No adjustments were made in 2024 and 2023 as a result of performing these evaluations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position:** Net position is classified into categories according to external donor restrictions or availability of assets to satisfy Roswell Park’s obligations, as discussed below:

*Net investment in capital assets* consists of capital assets, including restricted capital assets, reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

*Restricted expendable net position* represents the net position with limits on their use that are externally imposed (by creditors, grantors, contributors, or laws and regulations) or that are imposed by Roswell Park’s Board of Directors which are not required to be retained in perpetuity.

*Unrestricted net position* consists of net position that does not meet the definition of any of the other two components.

**Social Accountability:** Roswell Park has a policy to provide financial assistance in the form of discounts from medical charges for patients who have been determined by Roswell Park to need treatment at Roswell Park and who do not have the ability to pay full charges, as determined under the qualifications criteria set forth in the aforementioned policy.

**Net Patient Service Revenue and Patient Accounts Receivable:** Net patient service revenue and patient accounts receivable are recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered including estimated adjustments under various reimbursement agreements with third-party payors. The allowance for estimated uncollectible patient accounts receivable includes accounts referred to the NYS Attorney General for collection. Patient accounts receivable consist of the following at March 31:

	<b>2024</b>	<b>2023</b>
Patient receivables	\$ 265,675	\$ 244,554
Allowance for estimated uncollectible receivables	(62,029)	(44,987)
	<u>\$ 203,646</u>	<u>\$ 199,567</u>

Third-party payors retain the right to review and propose adjustments to amounts recorded by Roswell Park. Such adjustments are accrued, when deemed probable and estimable, in the period the related services are rendered and adjusted in future periods as final settlements are determined. Management believes that adequate provision has been made in the consolidated financial statements for any adjustments that may result from final settlements. The impact of recording final settlements, pool payments and other third party payor adjustments resulted in the recognition of additional net operating revenues of approximately \$18,454 and \$21,144 in 2024 and 2023, respectively.

Inpatient services rendered to Medicare program beneficiaries are based on a cost reimbursement methodology subject to certain ceilings for inpatient services. Roswell Park is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Roswell Park and audits thereof by the Medicare fiscal intermediary.

Under the New York Health Care Reform Act (“NYHCRA”), hospitals are authorized to negotiate reimbursement rates with certain non-Medicare payors except for Medicaid, Workers' Compensation and No-fault, which are regulated by NYS. These negotiated rates may take the form of rates per discharge, reimbursed costs, and discounted charges or as per diem payments. Reimbursement rates for non-Medicare payors regulated by NYS are determined on a prospective basis. These rates also vary according to a patient classification system defined by NYHCRA that is based on clinical, diagnostic and other factors.

Outpatient services are paid under various reimbursement methodologies, including prospectively determined rates, cost reimbursement, fee schedules, and charges.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Approximately 17% of net patient service revenue was generated from the combined services rendered to patients under traditional Medicare and Medicaid programs in 2024 and 2023. Approximately 69% and 67% of net patient service revenue was generated from the combined services rendered to patients under managed care programs in 2024 and 2023, respectively.

Net patient service revenue, as reported on the consolidated statements of revenues, expenses and changes in net position is comprised of the following for the years ended March 31:

	<b>2024</b>	<b>2023</b>
Gross charges	\$ 3,122,512	\$ 2,854,860
Net settlements and appeals	18,454	21,144
Less:		
Discounts and allowances	(2,074,533)	(1,884,538)
Provision for bad debts	(22,256)	(16,366)
	<u>\$ 1,044,177</u>	<u>\$ 975,100</u>

**Other Operating Revenue:** Roswell Park considers revenues received from the operation of the cafeteria, the parking garage and other ancillary activities as other operating revenue.

The composition of other operating revenue is as follows for the years ended March 31:

	<b>2024</b>	<b>2023</b>
NYS support for capital and related expenses/expenditures	\$ 20,538	\$ 20,293
Regional support/affiliations	12,496	10,705
Pediatric joint venture	4,918	3,691
Alliance funding	2,496	3,167
Parking garage	2,949	2,867
Rebates	2,666	2,619
Rental income	1,363	1,799
Cafeteria	1,737	1,611
Other	4,424	7,103
	<u>\$ 53,587</u>	<u>\$ 53,855</u>

**Grants and Contracts:** As more fully described in Note 14, grants and contracts consist of amounts paid to Roswell Park by a related party, primarily for the recruitment and retention of certain medical and research staff.

**Non-operating Revenues (Expenses):** Interest and other income and investment loss, consist primarily of interest income and earnings (losses) on assets limited as to use, less amounts charged by the Dormitory Authority of the State of New York (“DASNY”) for administrative services associated with Roswell Park’s indebtedness, see Note 7.

**(Deficiency) Excess of Revenues over Expenses:** The consolidated statement of revenues, expenses and changes in net position includes “(deficiency) excess of revenues over expenses.” Changes in unrestricted net position, which is excluded from (deficiency) excess of revenues over expenses, include grants and contributions for the purchase of capital assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
*(in thousands of dollars, except as otherwise noted)*

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NYS Support for Capital and Related Expenses/Expenditures:** Consist principally of amounts appropriated annually by NYS for the payment of amounts relating to capital assets of the Center. These amounts totaled \$51,304 in 2024 and \$57,304 in 2023, and are included in both Other Operating Revenue (\$20,538 in 2024 and \$20,293 in 2023) as well as discretely in Changes in Net Position (\$30,766 in 2024 and \$37,011 in 2023). Management considers these funds available to fund all expenses/expenditures relating to capital assets currently and previously placed into service, including any debt service relating thereto.

**Contributions for Purchase of Capital Assets:** Contributions for purchase of capital assets consist principally of amounts received by Roswell Park from the Foundation, which is a related party. Contributions from the Foundation were \$7,735 and \$8,653 in 2024 and 2023, respectively, and were for the purchase of capital assets. Additionally, Roswell Park received grant funding for certain qualified capital project expenditures in 2024 and 2023. Roswell Park received \$1,000 from Empire State Development, while \$694 and \$690 were received in 2024 and 2023, respectively, from the Department of Health and Human Services.

**Taxes:** As a public benefit corporation Roswell Park and the Practice Plan are exempt from federal and state income taxes as an instrumentality of the State of New York, as well as state and local property and sales taxes. As such, no provision for income taxes is made by either Roswell Park or the Practice Plan.

RPCIO is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes on related income pursuant to Section 501 (a) of the Code. RPCIO's federal Exempt Organization Business Income Tax Returns for tax years 2019, 2020, 2021 remain subject to examination by the Internal Revenue Service.

GBCT, GBCT Holdco LLC, and GBCT II LLC are all considered pass-through entities whereby the tax implications of the respective entities' operations are passed through to the respective owners/members.

**Coronavirus Aid, Relief, and Economic Security ("CARES") Act and Federal Emergency Management Agency (FEMA) Funds:** The CARES Act was signed into law on March 27, 2020, which authorized \$100 billion in funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund ("Relief Funds"). The CARES Act also includes financial relief through FEMA's Disaster Relief Fund. Payments from Relief Funds are intended to compensate healthcare providers for lost revenues and qualified expenses incurred in response to the COVID-19 pandemic and are not required to be repaid provided that the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not utilizing Relief Funds to reimburse expenses or losses that other sources are obligated to reimburse.

Roswell Park received total FEMA Relief Funds under the CARES Act of approximately \$1,069 and \$5,273 as of March 31, 2024 and 2023, respectively. Additionally in 2024, Roswell Park received \$88 from FEMA related to repair costs incurred due to a blizzard, which was not funded through the CARES Act. All relief funding was recorded as other income within non-operating revenue in the consolidated statements of revenues, expenses, and changes in net position.

**Third-Party Advance Payment:** In February 2024, Roswell Park was notified of a cybersecurity issue involving UnitedHealth Group's Change Healthcare, which impacted the Practice Plan's billing process. On March 9, 2024 the Centers for Medicare and Medicaid Services ("CMS") and Optum Health announced new opportunities for physicians impacted by the cyberattack to request advance payments to help with cash flow disruptions. Beginning in March 2024, the Practice Plan received advance funding of approximately \$6,076. The recoupment rate allows providers 120 days after receipt of the advances to pay back the funds in full before interest would begin to accrue.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases:** In June 2017, GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The determination of whether an arrangement is a lease is made at the lease's inception. Under GASB 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. As a lessee and as a lessor, Roswell Park has assessed both of the following for each lease contract: (1) the right of the lessee to obtain the present service capacity from use of the underlying assets as specified in the contract, and (2) the right of the lessee to determine the nature and manner of use of the underlying asset as specified in the contract.

Leases whereby Roswell Park obtains ownership of the underlying asset by the end of the lease contract and do not contain termination options are designated as financed purchases of the underlying asset. Leases with terms in excess of 12 months are designated as intangible right-to-use assets. Financed purchase assets and intangible right-to-use assets are recognized at the lease commencement date based on the present value of lease payments over the lease term.

**Recent Accounting Pronouncements:** In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") and is based on the standards established in GASB Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Roswell Park adopted this statement for fiscal year ended March 31, 2024, using a retrospective method of adoption to all SBITAs in place and not yet completed at the beginning of the earliest period presented, which was April 1, 2022. Adoption of GASB 96 resulted in a net prior period adjustment to the net position at March 31, 2023 of \$(711) as shown below:

Net position at March 31, 2023, as previously reported	\$ 261,145
2023 increase in net position, as previously reported	64,742
2023 decrease in net position, as result of adoption of GASB 96	(711)
Net position at March 31, 2023, as adjusted	<u>\$ 325,176</u>

Under GASB 96, the definition of a SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Roswell Park has assessed that a contract conveys control of the right to use the underlying IT assets if it has both of the following: (1) the right to obtain the present service capacity from use of the underlying IT assets as specified in the contract, and (2) the right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Roswell Park has not yet determined the impact this statement will have on the financial statements.

**Reclassifications:** Certain prior year amounts were reclassified to conform to the 2024 consolidated financial statement presentation.

**Subsequent Events:** These consolidated financial statements have not been updated for subsequent events occurring after June 25, 2024, which is the date these consolidated financial statements were available to be issued.

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**NOTE 3. ASSETS LIMITED AS TO USE**

Assets limited as to use consisted of the following at March 31:

**Board Designated (a)**

	<b>2024</b>	<b>2023</b>
Board designated funds for recruitment, capital, and liabilities	\$ 142,227	\$ 237,177
Workers compensation	9,024	9,166
Employee benefits	2,477	2,488
Technology transfer	1,000	1,000
TIAA/CREF escrow	907	503
Subtotal	<u>155,635</u>	<u>250,334</u>

**Held by Trustee Under Malpractice and General Liability Trust Agreement**

Malpractice reserve:		
Cash and cash equivalents	2,000	2,000
U.S. Government obligations, corporate issues, and municipal issues	13,266	12,773
Subtotal	<u>15,266</u>	<u>14,773</u>

**Held by Trustee Under Indenture Agreement**

Debt service reserve	41,232	29,996
Major modernization project	18,172	19,929
Subtotal	<u>59,404</u>	<u>49,925</u>

**Held under Clinical Practice Plan Enabling Legislation (b)**

Chief Executive Officer fund	11,808	10,750
Academic development fund - Chief Executive Officer	12,827	13,178
Academic development fund - Department Chairs	4,029	4,438
Subtotal	<u>28,664</u>	<u>28,366</u>

<b>Total assets limited as to use</b>	<u>258,969</u>	<u>343,398</u>
Less: Current portion	(23,717)	(24,308)
<b>Total assets limited as to use, net of current portion</b>	<u>\$ 235,252</u>	<u>\$ 319,090</u>

Refer to Note 13 for the allocation of assets limited as to use.

- a. The assets held by Trustee under indenture agreement are all invested in cash and cash equivalents or U.S. Treasuries.
- b. The Practice Plan funds that are held under enabling legislation. Refer to Note 13 for the allocation of assets limited as to use.

The current portion of assets limited as to use is determined based on the anticipated timing of use of the funds.



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**NOTE 4. CAPITAL ASSETS**

Capital assets consisted of the following at March 31:

	<u>2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals/ Adjustments</u>	<u>2024</u>
Non-depreciable assets:					
Land	\$ 4,444	\$ —	\$ 1,945	\$ —	\$ 6,389
Construction in progress	37,168	101,123	(83,338)	—	54,953
	<u>41,612</u>	<u>101,123</u>	<u>(81,393)</u>	<u>—</u>	<u>61,342</u>
Depreciable assets:					
Buildings and improvements	695,640	—	57,028	—	752,668
Equipment	322,443	1,293	24,365	(2,695)	345,406
	<u>1,018,083</u>	<u>1,293</u>	<u>81,393</u>	<u>(2,695)</u>	<u>1,098,074</u>
Accumulated depreciation:					
Buildings and improvements	(474,990)	(21,860)	—	—	(496,850)
Equipment	(255,216)	(23,058)	—	2,582	(275,692)
	<u>(730,206)</u>	<u>(44,918)</u>	<u>—</u>	<u>2,582</u>	<u>(772,542)</u>
Capital assets, net	<u>\$ 329,489</u>	<u>\$ 57,498</u>	<u>\$ —</u>	<u>\$ (113)</u>	<u>\$ 386,874</u>
	<u>2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals/ Adjustments</u>	<u>2023</u>
Non-depreciable assets:					
Land	\$ 4,444	\$ —	\$ —	\$ —	\$ 4,444
Construction in progress	22,772	58,413	(44,017)	—	37,168
	<u>27,216</u>	<u>58,413</u>	<u>(44,017)</u>	<u>—</u>	<u>41,612</u>
Depreciable assets:					
Buildings and improvements	671,297	—	24,425	(82)	695,640
Equipment	309,965	698	19,592	(7,812)	322,443
	<u>981,262</u>	<u>698</u>	<u>44,017</u>	<u>(7,894)</u>	<u>1,018,083</u>
Accumulated depreciation:					
Buildings and improvements	(453,576)	(21,484)	—	70	(474,990)
Equipment	(240,525)	(22,366)	—	7,675	(255,216)
	<u>(694,101)</u>	<u>(43,850)</u>	<u>—</u>	<u>7,745</u>	<u>(730,206)</u>
Capital assets, net	<u>\$ 314,377</u>	<u>\$ 15,261</u>	<u>\$ —</u>	<u>\$ (149)</u>	<u>\$ 329,489</u>

Depreciation expense amounted to approximately \$44,918 and \$43,850 in 2024 and 2023, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5. ACCRUED EXPENSES**

The disaggregated components of accrued expenses are as follows at March 31:

	<u>2024</u>	<u>2023</u>
Salaries and benefits	\$ 59,605	\$ 64,240
Payroll withholdings	8,635	7,215
Current portion of retirement and post-retirement benefits	12,458	12,499
Workers' compensation	9,024	9,166
Professional and general liability	18,200	19,482
Accrued interest	819	663
Other	145	677
	<u>\$ 108,886</u>	<u>\$ 113,942</u>

**NOTE 6. SHORT-TERM BORROWINGS**

Roswell Park has agreements with M&T Bank, which allow for borrowings under two separate lines of credit. One is related to NYS support payments for up to \$25,000, and a working capital line of credit up to \$50,000. There was no balance outstanding under the \$25,000 agreement as of March 31, 2024 and 2023. This agreement was entered into primarily to provide borrowing authority in the event NYS support payments are delayed on a short-term basis and expires on January 11, 2025. Additionally, there was no balance outstanding under the \$50,000 agreement as of March 31, 2024 and 2023. This agreement was entered into primarily to provide a temporary support of the implementation of a new revenue cycle system in the event of temporary cash flow disruption once the system goes live, and expires on January 4, 2026.

In addition, Roswell Park has a letter of credit agreement with M&T Bank as required under the Workers' Compensation Law. Pursuant to 12 CRR-NY 316.3, Roswell Park maintains a letter of credit with M&T Bank in the amount of \$11,598 as of March 31, 2024 and \$11,598 as of March 31, 2023. The letter of credit auto-renews on an annual basis until such a time as Roswell Park is no longer obligated to maintain a letter of credit as required by Workers' Compensation Law.

**NOTE 7. LONG-TERM DEBT**

The long-term debt obligations of Roswell Park consist of allocated portions of DASNY bonds issued on behalf of Roswell Park and certain other NYSDOH facilities, as well as a term loan entered into in February of 2024 to finance the purchase of the property encompassing the Scott Bieler Amherst Center. The portion of the DASNY bond obligations allocated to Roswell Park was derived from budgeted construction costs and is subject to periodic change based on actual costs incurred. DASNY bonds are collateralized by a first lien on the revenues of Roswell Park, and the term loan is collateralized by a first mortgage lien on the building pursuant to a mortgage in form and substance satisfactory to the lender.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

As of March 31, long-term debt consists of the following:

	<u>2024</u>	<u>2023</u>
On July 13, 2011, DASNY issued debt in the amount of \$48,180 (Roswell Park allocated 74.85%). Under the terms of issuance, interest ranges from 2.0% to 5.0% per annum with interest and principal payments due through July 2024. The bond proceeds were used solely to defease a portion of the outstanding 1998 bond series.	\$ 2,327	\$ 4,573
On October 21, 2016, DASNY issued debt in the amount of \$144,810 (Roswell Park allocated 80.76%). Under the terms of issuance, interest ranges from 3.0% to 5.0% per annum with interest and principal payments due through 2036. The Series 2016A Bonds were issued to refund DASNY issued debt. Proceeds will be used to provide for payment of the redemption price of and accrued interest to the redemption date of the Refunded Bonds as well as the cost of issuance.	36,590	50,425
On February 28, 2024, Roswell Park entered into a Mortgage Agreement with Northwest Bank with respect to the purchase of the Scott Bieler Amherst Center at 199 and 203 Park Club Lane, in Amherst, New York. The mortgage agreement includes a term loan in the amount of \$19,500, with a 5 year term and a 30 year amortization period. Roswell Park entered into an Interest Rate Swap Agreement with PNC Bank to obtain a fixed annual interest rate of 5.7% on the notional amount of \$19,500.	19,500	—
	<u>58,417</u>	<u>54,998</u>
Plus: Unamortized bond premium	1,271	1,930
Total long-term obligations	59,688	56,928
Less: Current portion	(14,449)	(16,080)
Long-term obligations, net	<u>\$ 45,239</u>	<u>\$ 40,848</u>

<u>Obligation Type</u>	<u>2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>2024</u>
Bond Series 2011	\$ 4,573	\$ —	\$ (2,246)	\$ 2,327
Bond Series 2016	50,425	—	(13,835)	36,590
Term Loan payable	—	19,500	—	19,500
	<u>54,998</u>	<u>19,500</u>	<u>(16,081)</u>	<u>58,417</u>
Plus: Unamortized bond premium (a)	1,930	—	(659)	1,271
Total long-term obligations	56,928	<u>\$ 19,500</u>	<u>\$ (16,740)</u>	59,688
Less: Current portion	(16,080)			(14,449)
Long-term obligations, net	<u>\$ 40,848</u>			<u>\$ 45,239</u>

<u>Obligation Type</u>	<u>2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>2023</u>
Bond Series 2011	\$ 6,719	\$ —	\$ (2,146)	\$ 4,573
Bond Series 2016	62,568	—	(12,143)	50,425
	69,287	—	(14,289)	54,998
Plus: Unamortized bond premium (a)	3,102	—	(1,172)	1,930
Total long-term obligations	72,389	<u>\$ —</u>	<u>\$ (15,461)</u>	56,928
Less: Current portion	(14,289)			(16,080)
Long-term obligations, net	<u>\$ 58,100</u>			<u>\$ 40,848</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

(a) Roswell Park uses the effective interest method for amortizing these premiums. Included as an offset to interest expense is \$659 and \$1,172 in 2024 and 2023, respectively, related to the amortization of bond premium.

Future principal and interest payments on long-term debt are summarized as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending March 31,		
2025	\$ 14,448	\$ 2,624
2026	13,469	1,929
2027	1,713	1,547
2028	1,802	1,460
2029	19,985	1,362
2030-2034	4,145	839
2035-2039	2,855	136
Plus: Unamortized bond premium	1,271	—
	<u>\$ 59,688</u>	<u>\$ 9,897</u>

**NOTE 8. POST-EMPLOYMENT BENEFITS**

**Benefit Plan Description:** Employees of Roswell Park participate in the New York State Health Insurance Plan (the “Benefit Plan”), a defined benefit, agent multiple employer-type plan administered by the NYS Department of Civil Service Employee Benefits Division. The Benefit Plan offers a range of benefits to its participants, including inpatient, outpatient and emergency services, as well as mental health coverage and prescription drug benefits. The Benefit Plan offers benefits through the New York State Health Insurance Empire Plan and two Health Maintenance Organizations (“HMOs”), each of which contain varying levels of coverage and cost. The Benefit Plan does not issue a stand-alone report.

Post-employment benefits include healthcare benefits, life insurance benefits, and, in some cases, sick pay accrual. These benefits arise from an exchange of salaries and benefits for employee services rendered and constitute part of the compensation for those services. The goal is to measure and recognize the cost of the post-employment benefits during the period when the employees render the services and to provide relevant information about obligations and the extent to which progress is being made in funding these obligations.

Roswell Park administers the Retiree Group Health Benefits Program as a single employer defined benefit Other Postemployment Benefit Plan (“OPEB”). The Program provides for continuation of Retiree Group Health Benefits for certain retirees and their spouses and can be amended by action of Roswell Park subject to applicable collective bargaining agreements.

**Funded Status and Funding Progress:** Roswell Park has the authority to establish its own funding policy. Under its current policy, Roswell Park is not required to fund the Benefit Plan or the Annual Required Contribution (“ARC”, an actuarial determined amount as defined by U.S. GAAP). Roswell Park is seeking relief from NYS for all, or a significant portion, of the unfunded OPEB liability. To date, NYS has not agreed to this relief.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)**

The Benefit Plan requires participants to contribute a portion of the monthly premiums. The following table illustrates the participant contribution rates per plan for 2024 and 2023.

<u>Plan</u>	<u>Tier</u>	<u>Participant Contribution</u>	
		<u>2024</u>	<u>2023</u>
Empire	Single	\$ 125.00	\$ 110.57
	Family	\$ 527.11	\$ 477.44
Highmark BCBS of WNY	Single	\$ 103.93	\$ 91.56
	Family	\$ 434.32	\$ 390.69
Independent Health	Single	\$ 102.97	\$ 85.55
	Family	\$ 426.41	\$ 361.27

The most recent actuarial valuation for the OPEB plan was as of April 1, 2023, which is then rolled forward to March 31, 2024. As of March 31, 2024, the benefit plan was unfunded. Roswell Park is continually seeking support from NYS to fund all or a significant portion of the unfunded OPEB liability. Roswell Park believes it will need some form of assistance from NYS in order to meet future OPEB obligations resulting from the benefits that have, and will continue to, accrue under the plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented in management's discussion and analysis preceding the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Annual Other Postemployment Benefit Cost and Net OPEB:**

Roswell Park's total OPEB liability measured at March 31, 2024 of \$417,805 was determined by an actuarial valuation as of April 1, 2023. The measurement date of the obligation is March 31, 2024.

The following table illustrates Roswell Park's annual OPEB cost, percentage of annual OPEB cost contributed by Roswell Park, and the net OPEB obligation for 2024, 2023 and 2022.

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
3/31/2022	\$ 33,102	36.71%	\$ 508,139
3/31/2023	\$ 16,008	81.04%	\$ 437,362
3/31/2024	\$ 3,875	404.99%	\$ 417,805

The total OPEB liability is the portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method requirements of GASB 75. The total annual OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions and was then projected forward to the measurement date in accordance with the parameters of GASB 75. As of March 31, 2024 and 2023, \$417,805 and \$437,362, respectively, was reported for the Roswell Park's total OPEB liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)**

Deferred inflows of resources and deferred outflows of resources are portions of changes in total OPEB liability that are not immediately recognized in OPEB expense. These changes include differences between expected and actual experience, changes in assumptions and differences between expected and actual earnings on plan investments.

As of March 31, 2024, Roswell Park reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 165,329
Change in actuarial assumptions	\$ 45,034	\$ 86,274

As of March 31, 2023, Roswell Park reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ 148,417
Change in actuarial assumptions	\$ 56,132	\$ 102,285

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended March 31:</b>	
2025	\$ 36,385
2026	36,061
2027	35,961
2028	37,751
2029	29,155
Thereafter	31,256
	<u>\$ 206,569</u>

**Actuarial Method and Assumptions:**

Roswell Park's total OPEB liability was determined by an actuarial valuation as of April 1, 2023, using the following actuarial assumptions:

Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Inflation rate	2.50%
Salary scale	3.75%
Health cost	Entry Age Normal
Mortality	Pri.H-2012 Mortality Tables
Discount rate	3.92%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)**

The discount rate used to calculate the total OPEB liability as of March 31, 2024 was 3.92%. The discount rate is a single rate of return, when applied to all projected benefit payments equal to the sum of: (1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return, and (2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. The Municipal Bond Rate is a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

This valuation report reflects post-employment benefits that have been extended to current and future retirees and their dependents. Actuarial valuations involve estimates of the value of reported amounts, assumptions about the probability of events in the future and actuary-determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Examples include assumptions about employment, mortality and the healthcare cost trend. In accordance with GASB 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.

**OPEB Status and Funding Progress:**

The Roswell Park's OPEB obligation and the funded status of the plan as of March 31, 2024 are as follows:

OPEB balance at April 1, 2023	\$ 437,362
Changes for period:	
Service cost	24,951
Interest	15,309
Differences between expected and actual experience	(51,585)
Changes in assumptions	3,201
Benefit payments	<u>(11,433)</u>
Net changes	<u>(19,557)</u>
OPEB balance at March 31, 2024	<u><u>\$ 417,805</u></u>

**Matters Involving New York State:** Roswell Park has recognized in its consolidated statements of net position and consolidated statements of revenues, expenses and changes in net position the amounts described above. In so doing, Roswell Park has assumed that it will be liable for the portion of benefits attributable to services provided by its employees for the period prior to January 1, 1999, the date at which Roswell Park became a public benefit corporation of the State of New York. As discussed previously, Roswell Park is seeking some form of financial assistance from NYS to fund all or a significant portion of the unfunded OPEB liability. Roswell Park believes it will need some form of assistance from NYS in order to meet the future OPEB plan obligations resulting from the benefits that have, and will continue to, accrue under the OPEB plan.

If the State of New York were to agree to assume all of the benefits for the time period it operated Roswell Park (e.g. prior to 1/1/99), Roswell Park would have the potential to recognize the reduction in its accrued liability for any amounts of that liability to which the State would agree to accept.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8. POST-EMPLOYMENT BENEFITS (CONTINUED)**

The following table illustrates the actuary-derived estimates of the post-employment benefit liability and associated costs as of March 31, 2024, utilizing a cut-off date of January 1, 1999:

	Prior to January 1, 1999	Post January 1, 1999	Total
Total OPEB liability at beginning of Year	\$ 53,052	\$ 384,310	\$ 437,362
Service cost	99	24,852	24,951
Interest cost	1,881	13,428	15,309
Differences between expected and actual experience	(1,702)	(49,883)	(51,585)
Change of assumptions of other inputs	328	2,873	3,201
Benefit payments	(3,366)	(8,067)	(11,433)
<b>Net OPEB obligation liability - End of Year</b>	<b>\$ 50,292</b>	<b>\$ 367,513</b>	<b>\$ 417,805</b>

**NOTE 9. PENSION**

**Plan Description:** The New York State Comptroller’s Office administers the following plans: the New York State and Local Employees Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"), which are collectively referred to as the New York State and Local Retirement System (the "System"). The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the system. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Separately issued financial statements for the System can be accessed on the Comptroller’s website at [www.osc.state.ny.us/common-retirement-fund/resources/financial-reporting-and-asset-allocation](http://www.osc.state.ny.us/common-retirement-fund/resources/financial-reporting-and-asset-allocation).

Certain employees of Roswell Park participate in the New York State and Local Employees Retirement System ("ERS"), a defined benefit, cost sharing multiple employer-type plan administered by the Comptroller of the State of New York.

**Contributions:**

Employer contributions

Roswell Park is required under the RSSL to contribute to the plan at an actuary-determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2024 was approximately 11.6% of payroll expense. Roswell Park contributed \$25,744 and \$21,705 to the plan in the fiscal years 2024 and 2023, respectively.

Member contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the plan. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the plan, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what is required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.



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**NOTE 9. PENSION (CONTINUED)**

As of March 31, 2024 Roswell Park reported a liability of \$166,059 (\$58,506 asset - 2023) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The basis for Roswell Park's proportion of the net pension liability is consistent with the manner in which contributions to the pension plan are determined. The system computed each employer's projected long-term contribution effort to ERS as compared to the total projected long-term contribution effort for all employers to ERS. Roswell Park's proportion was 0.7743831% and 0.7157026 % as of March 31, 2024 and 2023, respectively.

Contributions for the current year and two preceding years were equal to 100% of the contributions required and were as follows:

2024	\$	25,744
2023	\$	21,705
2022	\$	26,623

For the year ended March 31, 2024, Roswell Park recognized a pension expense of \$56,383. As of March 31, 2024, Roswell Park reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 17,687	\$ 4,664
Net difference between projected and actual investment earnings on pension plan investments	—	976
Changes of assumptions	80,649	891
Change in proportion and differences between employer contributions and proportionate share of contributions	5,772	8,903
Contributions subsequent to measurement date	25,744	—
Total	<u>\$ 129,852</u>	<u>\$ 15,434</u>

The \$25,744 reported as deferred outflows of resources are the result of Roswell Park's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended March 31:	
2025	\$ (9,788)
2026	\$ 33,132
2027	\$ 45,041

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**NOTE 9. PENSION (CONTINUED)**

For the year ended March 31, 2023, Roswell Park recognized a pension expense of \$579. As of March 31, 2023, Roswell Park reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,431	\$ 5,747
Net difference between projected and actual investment earnings on pension plan investments	—	191,581
Changes of assumptions	97,639	1,648
Change in proportion and differences between employer contributions and proportionate share of contributions	5,186	9,488
Contributions subsequent to measurement date	21,705	—
Total	<u>\$ 128,961</u>	<u>\$ 208,464</u>

**Actuarial Methods and Assumption:**

The total pension liability for the March 31, 2023 measurement date was determined by using an actuarial valuation as of April 1, 2022 with updating procedures through March 31, 2024.

Actuarial cost method	Entry age normal
Inflation	2.9%
Salary scale	4.4%
Investment rate of return	5.9%
Cost of living adjustment	1.5%
Mortality table	Society of Actuaries' Scale MP-2021

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. The best estimate of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32.00%	4.30 %
International equity	15.00%	6.85 %
Private equity	10.00%	7.50 %
Real estate	9.00%	4.60 %
Opportunistic portfolio	3.00%	5.38 %
Real assets	4.00%	5.43 %
Bonds and mortgages	3.00%	5.84 %
Cash	23.00%	1.50 %
Inflation-indexed bonds	1.00%	— %
	<u>100.00%</u>	

**Discount rate:** The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, on an actuary-determined basis. Based upon these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 9. PENSION (CONTINUED)**

**Sensitivity of Roswell Park’s proportionate share of the net pension liability to changes in the discount rate:** The following presents Roswell Park’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what Roswell Park’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower 4.9% or 1 percentage point higher 6.9% than the current rate:

	<b>1% decrease (4.9%)</b>	<b>Current discount rate (5.9%)</b>	<b>1% increase (6.9%)</b>
Roswell Park’s proportionate share of the net pension liability (asset)	\$401,293	\$166,059	\$(30,507)

**Pension Plan Fiduciary Net Position:** The components of the current-year net pension liability of all employers as of March 31, 2024 were as follows:

Employers’ total pension liability	\$ 232,627,259
Plan net position	<u>(211,183,223)</u>
Employers’ net pension total	<u>\$ 21,444,036</u>

Ratio of Plan net position to the Employers’ total pension liability	90.78 %
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**NOTE 10. INSURANCE ARRANGEMENTS**

Roswell Park is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health, dental and accident benefits. Roswell Park’s insurance arrangements are as follows:

**Professional and General Liability:** Roswell Park maintains a partially self-insured program covering general and professional liability claims against Roswell Park and its employees. Roswell Park maintains claims made insurance coverage for losses that exceed \$4,000 for the first claim in each year and \$6,000 in the aggregate for all claims per year, including defense costs. For any subsequent claims within the same year, the self-insured limits are \$3,000 per claim and \$6,000 aggregate. Roswell Park’s purchased excess general and professional liability policy covers the next \$15,000 per claim and in the aggregate per year, over and above Roswell Park’s retained exposure limit identified above. Professional liability coverage is on a claims made basis, while general liability coverage is occurrence based. Claims alleging malpractice have been asserted against Roswell Park and are currently in various stages of litigation. It is the opinion of management that the existing reserves, insurance policies and funds held by a trustee under the malpractice and general liability trust agreement (see Note 3) are adequate to provide for potential losses resulting from pending or threatened litigation of which management is currently aware. Additional claims may have been asserted against Roswell Park through March 31, 2024, for which reserves have been estimated. Claim reserves were discounted using a rate of 3% in 2024 and 2023.

The current year provision for malpractice expense was \$1,562 (\$2,568 - 2023). The current year provision for malpractice claims includes actuarial changes that are made annually in the normal course of developing estimated exposures for such claims.

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**NOTE 10. INSURANCE ARRANGEMENTS (CONTINUED)**

**Workers' Compensation:** Roswell Park is partially self-insured for workers' compensation risks with self-insurance limits of \$600 per occurrence. Roswell Park also maintains excess workers' compensation insurance with limits of \$1,000. It is the opinion of management that the existing reserves and policies are adequate to provide for potential losses resulting from incidents of which management is currently aware. Additional incidents may have occurred through March 31, 2024, for which reserves have been estimated. The charges to expense for workers' compensation related costs approximated \$1,920 and \$1,271 in 2024 and 2023, respectively, and are included as a component of employee benefits expense in the consolidated statements of revenues, expenses and changes in net position.

**NOTE 11. LEGAL MATTERS**

**Regulatory Compliance:** The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Government activity continues with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed under Medicare and Medicaid programs in the current and preceding years.

Medicare and Medicaid programs accounted for approximately 16% and 1% in 2024, respectively, and 17% and 1% in 2023, respectively, of Roswell Park's net patient service revenues for the years then ended.

**Litigation:** Roswell Park is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Roswell Park's future financial position, results from operations and cash flows.

**NOTE 12. CONCENTRATION OF CREDIT RISK**

Roswell Park grants credit without collateral to its patients, most of whom are residents of Western New York and are insured under third-party agreements. The mix of receivables from patients and third-party payors at March 31 is as follows:

	<u>2024</u>	<u>2023</u>
Highmark BCBS of WNY	26 %	31 %
Independent Health	12	12
Medicaid	1	1
Medicare	11	9
Other	49	46
Patients	1	1
	<u>100 %</u>	<u>100 %</u>

The payer categories above include all relevant lines of business, including commercial products, as well as managed Medicare, Medicaid and other such products. The total managed Medicare and Medicaid products included in the above totals is 27% and 10% respectively in 2024, and 26% and 8% respectively in 2023. See Note 2 regarding maintenance of collateral accounts to limit exposure associated with Federal Deposit Insurance limits.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The estimated fair value amounts of Roswell Park's financial instruments have been determined by using available market information and valuation methodologies. Considerable judgment is required to develop the estimates of fair value, thus, the estimates provided herein are not necessarily indicative of the amounts that could be realized in a current market exchange.

The carrying value of cash and cash equivalents, patient's accounts receivable, accounts payable, estimated third party payor settlements accrued expenses, and all other current liabilities approximates their fair value. Investments are carried at fair value using quoted market prices or estimated fair values.

Roswell Park is operated as a component unit of the State of New York. DASNY issues bonds on behalf of Roswell Park. DASNY has numerous separate maturities of bonds which would have to be separately valued, and, secondly, the unique circumstances affecting the State make it impractical to estimate the fair value of bonds. Additionally, considering the restrictive nature of the bond issuer, it is management's opinion that such disclosure would not enhance the usefulness of the financial statements.

During the year ended March 31, 2024, Roswell Park entered into an interest rate swap agreement with respect to the 2029 term note classified as long term debt in Note 7. Roswell Park uses the interest rate swap agreement to reduce its exposure to interest rate changes. The Swap Agreement effectively converts the variable rate debt to a long-term fixed rate. Under this agreement, Roswell Park receives a variable rate payment from PNC Bank based on the 90% of the 1-month Secured Overnight Financing Rate ("SOFR") plus 180 basis points, recalculated on a monthly basis, which Roswell Park then pays to Northwest Bank, and Roswell Park pays a fixed rate to PNC Bank. The 30-Day Average SOFR rate is observable at commonly quoted intervals for the full term of the swap and therefore is considered a level 2 input (see the classification criteria of the fair value inputs below). At March 31, 2024, Roswell Park pays a fixed rate of 5.7% and receives payment at a variable rate of 90% of 1m CME Term SOFR +1.8%. At March 31, 2024, the mark to market fair value of the interest rate swap agreement resulted in an unrealized gain of \$319.

The following table summarizes the maturity, interest rate and fair value as of March 31, 2024 for the interest rate swap:

<b>Notional Amount</b>	<b>Maturity</b>	<b>Fixed Rate</b>	<b>Variable Rate</b>	<b>Fair Value</b>	<b>Accrued Interest</b>
\$19,500	March 1, 2029	5.7%	90% of 1m CME Term SOFR +1.8%	\$303	\$16

Assets and liabilities recorded at fair value in the statement of net 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 Corporation 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, debt and equity securities that are traded in active exchange markets, as well as certain U.S. Treasury and other U.S. Governments and agencies that are highly liquid and are actively traded in over-the-counter markets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

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 would 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.

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 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.

	<b>Prices in Active Market Level I</b>	<b>Other Observable Inputs Level II</b>	<b>Significant Unobservable Inputs Level III</b>	<b>Total</b>
<b>As of March 31, 2024</b>				
Cash and cash equivalents	\$ 129,032	\$ —	\$ —	\$ 129,032
Commercial paper/corporate obligations	14,707	—	—	14,707
Certificates of deposit	49,088	—	—	49,088
U.S. Government and Federal Agency obligations	361,701	—	—	361,701
Municipal issues	36	—	—	36
Interest rate swaps	—	303	—	303
	<u>—</u>	<u>303</u>	<u>—</u>	<u>303</u>
Total cash, cash equivalents, and assets limited as to use	<u>\$ 554,564</u>	<u>\$ 303</u>	<u>\$ —</u>	<u>\$ 554,867</u>

	<b>Prices in Active Market Level I</b>	<b>Other Observable Inputs Level II</b>	<b>Significant Unobservable Inputs Level III</b>	<b>Total</b>
<b>As of March 31, 2023</b>				
Cash and cash equivalents	\$ 113,727	\$ —	\$ —	\$ 113,727
Commercial paper/corporate obligations	42,591	—	—	42,591
Certificates of deposit	46,802	—	—	46,802
U.S. Government and Federal Agency obligations	404,117	—	—	404,117
Municipal issues	47	—	—	47
	<u>47</u>	<u>—</u>	<u>—</u>	<u>47</u>
Total cash, cash equivalents, and assets limited as to use	<u>\$ 607,284</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 607,284</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 14. RELATED PARTIES**

**New York State:**

**Operating Support:** As discussed in Note 1, Roswell Park is related to NYS by virtue of ownership and control. Annually, Roswell Park receives a significant portion of its operating revenue from NYS. This support is a fundamental component of Roswell Park's annual operating budget. During the years ended March 31, 2024 and 2023, total support received from NYS amounted to approximately \$106,767 and \$112,767, respectively. Roswell Park is dependent on the continuation of this financial support and forbearance of NYS to continue its operations as a National Cancer Institute designated comprehensive cancer research and treatment center.

**Long-Term Obligations:** As further discussed in Note 7, Roswell Park recognizes in its consolidated statement of net position allocated portions of DASNY bonds issued on behalf of Roswell Park and other NYSDOH facilities. In this regard, scheduled debt service payments and certain other related transactions are consummated by NYSDOH on Roswell Park's behalf, using Roswell Park funds. In addition, from time to time, DASNY elects to extinguish or otherwise defease certain debt issuances, and in so doing, Roswell Park recognizes its proportionate share of each particular transaction, including the extinguishment, as well as recognizing its portion of any gain or loss on extinguishment.

**Health Research, Incorporated:**

Health Research, Incorporated ("HRI") is a not-for-profit corporation chartered under the laws of NYS in 1953 primarily to apply for, secure and administer gifts or grants in furtherance of the research, prevention and treatment of diseases and conditions by the NYSDOH, Roswell Park and other health related entities and as such is related to Roswell Park. During the years ended March 31, 2024 and 2023, Roswell Park paid approximately \$2,131 and \$6,748, respectively, of expenses incurred by HRI on Roswell Park's behalf. These payments relate primarily to expenses for the recruitment and retention of certain principal investigators ("PI's"). Additionally, approximately \$5,276 and \$2,131 of grant revenue was remitted by HRI to Roswell Park in the years ended 2024 and 2023, respectively. This revenue was generated by salary recovery on medical staff paid by Roswell Park. Roswell Park's policy is to allow for salary recovery on research staff to be retained by HRI as part of the overall contribution to HRI. This amounted to approximately \$9,466 and \$8,605 in 2024 and 2023, respectively. Furthermore, certain expenses are incurred by HRI on behalf of Roswell Park, and by Roswell Park on behalf of HRI, and reimbursement for these expenses are not sought by either organization in the ordinary course of business. These expenses include certain items such as rent and maintenance, administrative support and other related services.

**Joint Ventures:**

NR Physician Group, PLLC is a joint venture established to operate a physician-based radiation therapy service facility that offers advanced radiation therapy to patients in southern Erie County, New York. RPCIO's ownership interest in the joint venture is 60%, however voting control is split evenly among three owner entities. Therefore, this investment is recorded using the equity method of accounting.

Oneida Health Roswell Park Oncology, LLC is a joint venture established to operate a diagnostic and treatment facility that provides radiation oncology therapy services in Central New York State. Roswell Park's ownership interest in the joint venture is 50% and is recorded using the equity method of accounting.

Innovative Immunotherapy Alliance S.A. ("IIA") is a joint venture established with CIMAB S.A. (a majority owned marketing and commercialization subsidiary of CMI) to research and develop innovative cancer immunotherapies. The joint venture provides Roswell Park with access to cancer medicines that were not previously accessible to patients or researchers in the United States. Roswell Park's ownership interest in the joint venture is 28% and is recorded using the equity method of accounting.

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**NOTE 14. RELATED PARTIES (CONTINUED)**

OmniSeq is a for-profit corporation, headquartered in Buffalo, New York, that was formed on February 12, 2015 as a Delaware limited liability company to commercialize proprietary cancer genomic assays and technology developed at Roswell Park. OmniSeq is an early-stage laboratory company that focuses on providing oncological-based, advanced molecular diagnostic tests with therapeutic associations. During 2022 Roswell Park sold the entirety of its ownership interest in OmniSeq and as a result, recognized a non-operating gain on sale of \$7,962, at which point Roswell Park liquidated its investment balance in OmniSeq. During 2023, a final escrow disbursement was made by OmniSeq to Roswell Park in the amount of \$4,655 resulting in a non-operating gain for 2023.

MimiVax, LLC ("Mimivax") is a for-profit corporation, headquartered in Buffalo, New York, that was formed to focus on the development and commercialization of immunotherapeutic vaccines and targeted therapies for the treatment of cancer. Roswell Park's ownership interest in the joint venture is 24.4% (of which Roswell Park owns 1.8% and Health Research, Incorporated owns, on behalf of Roswell Park 22.6%) and is recorded using the equity method of accounting. In fiscal year 2021, Roswell Park contributed approximately \$1,500 that was funded by the Foundation.

Investments in joint ventures as of March 31 comprise of the following:

	<u>2024</u>	<u>2023</u>
Innovative Immunotherapy Alliance S.A.	\$ 3,546	\$ 3,549
Oneida Health Roswell Park Oncology, LLC	(628)	112
NR Physician Group, PLLC	350	735
Mimivax	1,500	1,500
	<u>\$ 4,768</u>	<u>\$ 5,896</u>



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**NOTE 15. BLENDED AND DISCRETE COMPONENT INFORMATION**

The following consolidating and combining information summarize the financial position and results of operations as of and for the year ended March 31, 2024:

**Condensed Consolidating Statements of Net Position**

	<b>2024</b>				
	<b>Public Benefit Corporation</b>	<b>Roswell Park Oncology, PC</b>	<b>GBCT</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources</b>					
Current assets	\$ 562,634	\$ 16,287	\$ 1,302	\$ —	\$ 580,223
Assets limited as to use, net of current portion	235,252	—	—	—	235,252
Capital assets, leases, and SBITAs, net	418,009	5,980	—	—	423,989
Other assets	23,299	6,285	3,546	(22,281)	10,849
Total assets	1,239,194	28,552	4,848	(22,281)	1,250,313
Deferred outflows of resources	174,886	—	—	—	174,886
<b>Total assets and deferred outflows of resource</b>	<b>\$ 1,414,080</b>	<b>\$ 28,552</b>	<b>\$ 4,848</b>	<b>\$ (22,281)</b>	<b>\$ 1,425,199</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
Current liabilities	\$ 206,674	\$ 7,677	\$ 827	\$ —	\$ 215,178
Non-current liabilities	629,391	2,615	—	—	632,006
Total liabilities	836,065	10,292	827	—	847,184
Deferred inflow of resources	267,479	—	—	—	267,479
<b>Net position</b>					
Net investment in capital assets	342,176	3,182	—	—	345,358
Restricted expendable	69,896	—	—	—	69,896
Unrestricted	(101,536)	15,078	4,021	(22,281)	(104,718)
Total net position	310,536	18,260	4,021	(22,281)	310,536
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>\$ 1,414,080</b>	<b>\$ 28,552</b>	<b>\$ 4,848</b>	<b>\$ (22,281)</b>	<b>\$ 1,425,199</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15. BLENDED AND DISCRETE COMPONENT INFORMATION (CONTINUED)**

**Condensed Consolidating Statements of Revenue, Expenses and Changes in Net Position**

	<b>2024</b>				
	<b>Public Benefit Corporation</b>	<b>Roswell Park Oncology, PC</b>	<b>GBCT</b>	<b>Eliminations</b>	<b>Total</b>
<b>Operating revenues</b>					
Net patient service revenue/net settlements and appeals	\$ 972,991	\$ 70,970	\$ —	\$ —	\$ 1,043,961
New York State operating support	55,463	—	—	—	55,463
Grants and contracts	5,276	—	—	—	5,276
Equity in loss of joint ventures	(741)	(385)	—	—	(1,126)
Other operating revenues	46,660	8,186	365	(1,613)	53,598
<b>Total operating revenues</b>	<b>1,079,649</b>	<b>78,771</b>	<b>365</b>	<b>(1,613)</b>	<b>1,157,172</b>
<b>Operating expenses</b>					
Depreciation and amortization	58,298	1,793	—	—	60,091
Other operating expenses	1,084,417	87,015	444	(1,613)	1,170,263
<b>Total operating expenses</b>	<b>1,142,715</b>	<b>88,808</b>	<b>444</b>	<b>(1,613)</b>	<b>1,230,354</b>
Loss from operations	(63,066)	(10,037)	(79)	—	(73,182)
<b>Non-operating activity</b>					
Non-operating revenues (expenses)	18,568	(218)	(3)	—	18,347
<b>Deficiency of revenues over expenses</b>	<b>(44,498)</b>	<b>(10,255)</b>	<b>(82)</b>	<b>—</b>	<b>(54,835)</b>
<b>Net position, beginning of year</b>	<b>325,176</b>	<b>14,858</b>	<b>4,044</b>	<b>(18,902)</b>	<b>325,176</b>
Deficiency of revenues over expenses	(44,498)	(10,255)	(82)	—	(54,835)
NYS support for capital and related expenses/expenditures	30,766	—	—	—	30,766
Contributions for purchase of capital assets	9,429	—	—	—	9,429
Other changes in net position	(10,337)	13,657	59	(3,379)	—
<b>Net position, end of year</b>	<b>\$ 310,536</b>	<b>\$ 18,260</b>	<b>\$ 4,021</b>	<b>\$ (22,281)</b>	<b>\$ 310,536</b>

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**NOTE 15. BLENDED AND DISCRETE COMPONENT INFORMATION (CONTINUED)**

**Condensed Combining Statement of Net Position for the Public Benefit Corporation**

	<b>2024</b>			
	<b>Roswell Park Cancer Institute</b>	<b>Roswell Park Clinical Practice Plan</b>	<b>Eliminations</b>	<b>Public Benefit Corporation</b>
<b>Assets and Deferred Outflows of Resources</b>				
Current assets	\$ 528,827	\$ 33,807	\$ —	\$ 562,634
Assets limited as to use, net of current portion	211,037	24,215	—	235,252
Capital assets, leases, and SBITAs, net	418,009	—	—	418,009
Other assets	23,299	—	—	23,299
Total assets	1,181,172	58,022	—	1,239,194
Deferred outflows of resources	174,886	—	—	174,886
Total assets and deferred outflows of resource	<u>\$ 1,356,058</u>	<u>\$ 58,022</u>	<u>\$ —</u>	<u>\$ 1,414,080</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
Current liabilities	\$ 177,865	\$ 28,809	\$ —	\$ 206,674
Non-current liabilities	629,391	—	—	629,391
Total liabilities	807,256	28,809	—	836,065
Deferred inflow of resources	267,479	—	—	267,479
<b>Net position</b>				
Net investment in capital assets	342,176	—	—	342,176
Restricted expendable	41,232	28,664	—	69,896
Unrestricted	(102,085)	549	—	(101,536)
Total net position	281,323	29,213	—	310,536
<b>Total liabilities, deferred inflow of resources and net position</b>	<u>\$ 1,356,058</u>	<u>\$ 58,022</u>	<u>\$ —</u>	<u>\$ 1,414,080</u>

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**NOTE 15. BLENDED AND DISCRETE COMPONENT INFORMATION (CONTINUED)**

**Condensed Combining Statement of Revenues, Expenses and Changes in Net Position for the Public Benefit Corporation**

	<b>2024</b>			
	<b>Roswell Park Cancer Institute</b>	<b>Roswell Park Clinical Practice Plan</b>	<b>Eliminations</b>	<b>Public Benefit Corporation</b>
<b>Operating revenues</b>				
Net patient service revenue/net settlements and appeals	\$ 892,493	\$ 82,973	\$ (2,475)	\$ 972,991
New York State operating support	55,463	—	—	55,463
Grants and contracts	745	4,531	—	5,276
Equity in loss of joint ventures	(741)	—	—	(741)
Other operating revenues	43,597	3,063	—	46,660
<b>Total operating revenues</b>	<b>991,557</b>	<b>90,567</b>	<b>(2,475)</b>	<b>1,079,649</b>
<b>Operating expenses</b>				
Depreciation and amortization	58,298	—	—	58,298
Other operating expenses	993,027	93,865	(2,475)	1,084,417
<b>Total operating expenses</b>	<b>1,051,325</b>	<b>93,865</b>	<b>(2,475)</b>	<b>1,142,715</b>
Loss from operations	(59,768)	(3,298)	—	(63,066)
<b>Non-operating activity</b>				
Non-operating revenues	17,571	997	—	18,568
<b>Deficiency of revenues over expenses</b>	<b>(42,197)</b>	<b>(2,301)</b>	<b>—</b>	<b>(44,498)</b>
<b>Net position, beginning of year</b>	<b>295,993</b>	<b>29,183</b>	<b>—</b>	<b>325,176</b>
Deficiency of revenues over expenses	(42,197)	(2,301)	—	(44,498)
NYS support for capital and related expenses/expenditures	30,766	—	—	30,766
Contributions for purchase of capital assets	9,429	—	—	9,429
Other changes in net position	(12,668)	2,331	—	(10,337)
<b>Net position, end of year</b>	<b>\$ 281,323</b>	<b>\$ 29,213</b>	<b>\$ —</b>	<b>\$ 310,536</b>

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**NOTE 15. BLENDED AND DISCRETE COMPONENT INFORMATION (CONTINUED)**

The following information summarizes the financial position and results of operations for the Foundation, a discretely presented component unit. The results are as of and for the years ended March 31, 2024 and 2023:

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 16,731	\$ 23,425
Gifts and pledges receivable, current	9,917	7,197
Inventories and due from affiliates	1,239	1,217
<b>Total current assets</b>	<b>27,887</b>	<b>31,839</b>
<b>Non-current assets:</b>		
Assets limited as to use, net	127,566	110,512
Gifts and pledges receivable, net	4,213	6,132
Prepaid expenses and other assets	1,037	1,246
<b>Total non-current assets</b>	<b>132,816</b>	<b>117,890</b>
<b>Total assets</b>	<b>\$ 160,703</b>	<b>\$ 149,729</b>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities	\$ 26,465	\$ 26,385
Non-current liabilities	640	669
<b>Total liabilities</b>	<b>27,105</b>	<b>27,054</b>
<b>Net position</b>		
Without donor restrictions	21,433	17,257
With donor restrictions	112,165	105,418
<b>Total net position</b>	<b>133,598</b>	<b>122,675</b>
<b>Total liabilities and net position</b>	<b>\$ 160,703</b>	<b>\$ 149,729</b>
	<b>2024</b>	<b>2023</b>
<b>Operating revenues:</b>		
Contributions	\$ 26,304	\$ 30,854
Other operating revenues	689	630
<b>Total operating revenues</b>	<b>26,993</b>	<b>31,484</b>
<b>Operating expenses:</b>		
Supplies and other services	2,428	2,168
Grants	24,312	24,608
Fundraising	5,835	5,390
<b>Total operating expenses</b>	<b>32,575</b>	<b>32,166</b>
<b>Loss from operations</b>	<b>(5,582)</b>	<b>(682)</b>
<b>Non-operating revenues (expenses):</b>		
Investment and other income (losses)	16,505	(8,088)
<b>Total non-operating revenues (expenses)</b>	<b>16,505</b>	<b>(8,088)</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>10,923</b>	<b>(8,770)</b>
Net position, beginning of year	122,675	131,445
<b>Net position, end of year</b>	<b>\$ 133,598</b>	<b>\$ 122,675</b>

**ROSWELL PARK CANCER INSTITUTE CORPORATION**  
**D/B/A ROSWELL PARK COMPREHENSIVE CANCER CENTER**  
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands of dollars, except as otherwise noted)*

**NOTE 16. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS**

Effective April 1, 2022, Roswell Park adopted GASB Statement No. 87, *Leases*. As discussed in Note 2, this change in accounting principle established new requirements for calculating and reporting Roswell Park's lease activities.

Amortization of the discount on the lease and finance purchase liability is reported as an outflow of resources and is included in interest expense in the consolidated statements of revenues, expenses, and changes in net position. Amortization of \$473 was recognized for fiscal year 2024, \$299 in fiscal year 2023 and is included within interest expense.

Leased assets that are not financed purchases are amortized over the shorter of the lease term or the useful life of the underlying asset. Amortization of leased assets is reported as an outflow of resources and is included in amortization expense in the consolidated statements of revenues, expenses, and changes in net position. Amortization of \$2,563 was recognized in fiscal year 2024, \$2,001 in fiscal year 2023.

Right-to-use assets and the related accumulated amortization for the years ended March 31, is summarized as follows:

<b>Lease assets</b>	<b>2023</b>	<b>Additions</b>	<b>Modifications &amp; Remeasurements</b>	<b>Disposals</b>	<b>2024</b>
Real estate	\$ 4,888	\$ 1,528	\$ (894)	\$ (2,045)	\$ 3,477
Parking structure (MiGo ramp)	4,467	—	—	—	4,467
Equipment & other assets	1,772	3,035	—	—	4,807
	<u>11,127</u>	<u>4,563</u>	<u>(894)</u>	<u>(2,045)</u>	<u>12,751</u>
<b>Less: Accumulated amortization</b>					
Real estate	(2,401)	(1,386)	—	3,180	(607)
Parking structure (MiGo ramp)	(340)	(170)	—	—	(510)
Equipment and other assets	(652)	(1,007)	—	—	(1,659)
	<u>(3,393)</u>	<u>(2,563)</u>	<u>—</u>	<u>3,180</u>	<u>(2,776)</u>
<b>Total lease assets, net</b>	<u>\$ 7,734</u>	<u>\$ 2,000</u>	<u>\$ (894)</u>	<u>\$ 1,135</u>	<u>\$ 9,975</u>

<b>Lease assets</b>	<b>2022</b>	<b>Additions</b>	<b>Modifications &amp; Remeasurements</b>	<b>Disposals</b>	<b>2023</b>
Real estate	\$ 4,190	\$ 970	\$ —	\$ (272)	\$ 4,888
Parking structure (MiGo ramp)	4,467	—	—	—	4,467
Equipment and other assets	830	942	—	—	1,772
	<u>9,487</u>	<u>1,912</u>	<u>—</u>	<u>(272)</u>	<u>11,127</u>
<b>Less: Accumulated amortization</b>					
Real estate	(1,299)	(1,374)	—	272	(2,401)
Parking structure (MiGo ramp)	(170)	(170)	—	—	(340)
Equipment and other assets	(195)	(457)	—	—	(652)
	<u>(1,664)</u>	<u>(2,001)</u>	<u>—</u>	<u>272</u>	<u>(3,393)</u>
<b>Total lease assets, net</b>	<u>\$ 7,823</u>	<u>\$ (89)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,734</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands of dollars, except as otherwise noted)*

**NOTE 16. LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS (CONTINUED)**

As of March 31, 2024, the principal and interest requirements to maturity for the lease liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,210	\$ 434	\$ 1,644
2026	964	377	1,341
2027	899	326	1,225
2028	916	277	1,193
2029	716	228	944
2030-2034	1,685	868	2,553
2035-2039	1,330	537	1,867
Thereafter	2,485	384	2,869
<b>Total</b>	<u>\$ 10,205</u>	<u>\$ 3,431</u>	<u>\$ 13,636</u>

***Subscription-Based Information Technology Arrangements***

Effective April 1, 2023, Roswell Park adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. As discussed in Note 2, this change in accounting principle established new requirements for calculating and reporting Roswell Park's subscription-based assets and liabilities activity. Beginning net position was restated for the effects of Roswell Park's adoption of GASB Statement No. 96.

SBITA assets are considered financed purchases and are amortized over the lease term. Amortization of SBITA assets is reported as an outflow of resources and is included in amortization expense in the consolidated statements of revenues, expenses, and changes in net position. Amortization of \$12,610 was recognized in fiscal year 2024.

Right-to-use assets and the related accumulated amortization for the years ended March 31, is summarized as follows:

	<u>2023</u>	<u>Additions</u>	<u>Modifications and Remeasurements</u>	<u>Disposals</u>	<u>2024</u>
SBITA assets	\$ 30,806	\$ 12,091	\$ 5,044	\$ (2,583)	\$ 45,358
Less accumulated amortization	(8,191)	(12,610)	—	2,583	(18,218)
<b>Total SBITA assets, net</b>	<u>\$ 22,615</u>	<u>\$ (519)</u>	<u>\$ 5,044</u>	<u>\$ —</u>	<u>\$ 27,140</u>

	<u>2022</u>	<u>Additions</u>	<u>Modifications and Remeasurements</u>	<u>Disposals</u>	<u>2023</u>
SBITA assets	\$ 28,429	\$ 4,097	\$ —	\$ (1,720)	\$ 30,806
Less accumulated amortization	—	(9,911)	—	1,720	(8,191)
<b>Total SBITA assets, net</b>	<u>\$ 28,429</u>	<u>\$ (5,814)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 22,615</u>

As of March 31, 2024, the principal and interest requirements to maturity for the SBITA liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,578	\$ 916	\$ 9,494
2026	6,822	576	7,398
2027	1,860	288	2,148
2028	1,887	191	2,078
2029	1,797	93	1,890
<b>Total</b>	<u>\$ 20,944</u>	<u>\$ 2,064</u>	<u>\$ 23,008</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands of dollars, except as otherwise noted)*

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**NOTE 17. CONTINGENCIES**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Government activity, in recent years, has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no regulatory allegations have been made against Roswell Park, compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. Management and its counsel are not aware of any such actions that will have a material adverse effect on Roswell Park's financial statements. Loss contingency liabilities are recorded in accordance with U.S. GAAP, which requires recognition of a loss when it is deemed probable that an asset has been impaired or a liability has been incurred, and the amount of the loss can be reasonably estimated. As of March 31, 2024 and 2023, Roswell Park has recorded no loss contingencies.