

ONS FOUNDATION
Pittsburgh, Pennsylvania

Financial Statements
and
Supplementary Financial Information
For the years ended December 31, 2015 and 2014

and Independent Auditors' Report Thereon



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CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position, December 31, 2015 and 2014	2
Statements for the years ended December 31, 2015 and 2014:	
Activities - Unrestricted	3
Changes in Net Assets	4
Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY FINANCIAL INFORMATION	
Independent Auditors' Report on Supplementary Financial Information	15
Schedules of Functional Expenses for the years ended December 31, 2015 and 2014	16
Graphs	17



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INDEPENDENT AUDITORS' REPORT

Board of Directors and Officers
ONS Foundation
Pittsburgh, Pennsylvania

We have audited the accompanying statements of financial position of ONS Foundation (ONSF) as of December 31, 2015 and 2014, and the related statements of activities - unrestricted, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ONSF's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ONSF's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ONSF as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
April 27, 2016

ONS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 2,294,496	\$ 2,893,653
Investments - marketable securities	11,551,920	11,489,616
Other	130,319	247,203
Investment - related party	485,209	466,578
Office equipment, less accumulated depreciation of \$31,660 and \$24,792, respectively	<u>8,910</u>	<u>14,058</u>
Total Assets	<u><u>\$14,470,854</u></u>	<u><u>\$15,111,108</u></u>
LIABILITIES		
Accounts payable:		
Trade payables and accrued expenses	\$ 54,114	\$ 62,058
Related party	<u>41,227</u>	<u>37,246</u>
Total Liabilities	95,341	99,304
NET ASSETS		
Unrestricted	1,383,512	3,240,358
Temporarily restricted	2,453,679	1,234,874
Permanently restricted	<u>10,538,322</u>	<u>10,536,572</u>
Total Net Assets	<u>14,375,513</u>	<u>15,011,804</u>
Total Liabilities And Net Assets	<u><u>\$14,470,854</u></u>	<u><u>\$15,111,108</u></u>

See notes to financial statements.

ONS FOUNDATION

STATEMENTS OF ACTIVITIES - UNRESTRICTED
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Unrestricted revenue and gains:		
Contributions:		
General	\$ 417,714	\$ 353,790
Scholarships and grants	67,100	23,834
Related parties	51,692	57,247
Investment income, net	121,984	771,947
Other income	<u>106,075</u>	<u>83,241</u>
	764,565	1,290,059
Satisfaction of program restrictions	<u>592,108</u>	<u>403,641</u>
Total Unrestricted Gains And Revenues	1,356,673	1,693,700
Unrestricted expenses:		
Program	1,083,347	788,727
Management and general	153,423	217,536
Fundraising	<u>263,629</u>	<u>210,127</u>
Total Unrestricted Expenses	<u>1,500,399</u>	<u>1,216,390</u>
(Decrease) Increase In Unrestricted Net Assets Before Net Asset Transfer	<u><u>\$(143,726)</u></u>	<u><u>\$ 477,310</u></u>

See notes to financial statements.

ONS FOUNDATION

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Total unrestricted revenues and support	\$ 764,565	\$ 1,290,059
Net assets released from restrictions	592,108	403,641
Total expenses	<u>(1,500,399)</u>	<u>(1,216,390)</u>
(Decrease) Increase In Unrestricted Net Assets Before Net Asset Transfer	(143,726)	477,310
Net asset transfer	<u>(1,713,120)</u>	<u>-</u>
Change In Unrestricted Net Assets	(1,856,846)	477,310
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions:		
Scholarships and grants	61,772	177,725
Related parties	44,508	38,891
	<u>106,280</u>	<u>216,616</u>
Investment loss	(8,487)	-
Net assets released from restrictions	<u>(592,108)</u>	<u>(403,641)</u>
Decrease In Temporarily Restricted Net Assets Before Net Asset Transfer	(494,315)	(187,025)
Net asset transfer	<u>1,713,120</u>	<u>-</u>
Change In Temporarily Restricted Net Assets	1,218,805	(187,025)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions:		
Annual appeal - endowments	<u>1,750</u>	<u>1,065</u>
Increase In Permanently Restricted Net Assets	<u>1,750</u>	<u>1,065</u>
Change In Net Assets	(636,291)	291,350
NET ASSETS		
Beginning of year	<u>15,011,804</u>	<u>14,720,454</u>
End of year	<u><u>\$14,375,513</u></u>	<u><u>\$15,011,804</u></u>

See notes to financial statements.

ONS FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (636,291)	\$ 291,350
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,868	8,861
Net depreciation (appreciation) in fair value of investments	155,155	(499,445)
Income from related party	(18,631)	(20,835)
Contributions restricted for long-term purposes - endowment fund	(1,750)	(1,065)
Changes in assets and liabilities:		
Other assets	116,884	(168,862)
Accounts payable and accrued expenses	(3,963)	(5,827)
Net Cash Used In Operating Activities	<u>(381,728)</u>	<u>(395,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of marketable securities	(17,185,058)	(11,407,188)
Proceeds from sale of marketable securities	16,967,599	11,125,325
Purchase of equipment	(1,720)	(5,200)
Net Cash Used In Investing Activities	<u>(219,179)</u>	<u>(287,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of contributions restricted for long-term purposes - endowment fund	<u>1,750</u>	<u>1,065</u>
Net Decrease In Cash And Cash Equivalents	(599,157)	(681,821)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,893,653</u>	<u>3,575,474</u>
End of year	<u>\$ 2,294,496</u>	<u>\$ 2,893,653</u>

See notes to financial statements.

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - ORGANIZATION

ONS Foundation (ONSF), established in 1982, is a national, public, nonprofit organization whose purpose is to improve cancer care and promote excellence in oncology nursing through nurse academic and continuing education, nurse-directed educational projects and research.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with United States generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification) topic Presentation of Financial Statements for Not-for-Profit Entities, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of ONSF are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions or stipulations as to purpose or use.

Temporarily Restricted Net Assets - Net assets that are subject to donor-imposed restrictions or stipulations that may or will be met either by actions of ONSF or the passage of time.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed restrictions of investing the principal contribution in perpetuity and the investment income be used only for ONSF's operations and programs.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents - ONSF considers highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. ONSF maintains, at one financial institution, cash that might exceed federally insured amounts at times.

Contributions and Contributions Receivable - Contributions pledged or received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Contributions receivable of approximately \$60,000 and \$24,000 are included in other assets at December 31, 2015 and 2014, respectively. These receivables are due primarily within one year.

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ONSF provides an allowance for uncollectible promises to give based on management's evaluation of the contributions receivable.

Investments and Investment Risks - Investments in marketable securities are carried at fair value as determined by quoted market prices. The change in unrealized appreciation or depreciation on investments is the difference between the excess of fair market value over the cost of the portfolio at the end of the current period and the difference at the end of the prior period. Realized gains on security transactions are the result of all gains and losses realized in the current period using the specific identification method. Investments received by gift are recorded at market value on the date of the donation.

Investments in marketable securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

Investment income at December 31 consists of the following:

	<u>2015</u>		<u>2014</u>
Interest and dividends	\$ 268,652	\$	271,730
Net realized appreciation	321,729		619,393
Net unrealized depreciation	<u>(476,884)</u>		<u>(119,176)</u>
	\$ <u>113,497</u>	\$	<u>771,947</u>

ONSF accounts for its investment in ONS Building Partnership, LP (Partnership) on the equity basis of accounting in accordance with FASB Codification topic Consolidations for nonprofit entities that have an ownership share in for-profit entities. (See Note 4.)

Fair Value Measurement - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ONSF discloses the category of assets and liabilities measured at fair value into one of three different levels, depending on the assumptions (i.e., inputs) used in the valuation. The three levels of the fair value hierarchy are described as follows:

Level 1 - Valuations that reflect quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations that reflect:

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

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuation are based upon unobservable inputs. Valuations reflect management's best estimate of what market participants would use in valuing the asset and liabilities at the measurement date.

Income Taxes - ONSF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes. Therefore, no provision for income taxes is made. ONSF has not identified any material uncertain tax positions requiring accrual or disclosure in the financial statements. ONSF is no longer subject to examinations by tax authorities in any major tax jurisdiction before 2012.

Functional Expense - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities - unrestricted and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Endowment - ONSF applies the FASB Codification topic Presentation of Financial Statements for Not-for-Profit Entities as it relates to the presentation of endowment funds. A portion of ONSF's net assets are donor-restricted endowment funds and are governed by the Commonwealth of Pennsylvania's Act 141 (Act 141). Act 141 is a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's investments as income each year. (See Note 6.)

Recent Accounting Pronouncement - In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842) (ASU 2016-02), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). ASU 2016-02 requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. ASU 2016-02 will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASU 2016-02 requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 supersedes the previous leases standard Leases (Topic 840). ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ONSF is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on its financial statements.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through April 27, 2016, the date on which the financial statements were available to be issued.

NOTE 3 - FAIR VALUE MEASUREMENT

ONSF's financial instruments consist primarily of cash and cash equivalents, contributions receivable, investments and accounts payable. The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximates fair value, due to the short-term nature of such instruments.

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 3 - FAIR VALUE MEASUREMENT (Continued)

The fair value of investments such as equity securities, mutual funds and U.S. government bonds is based on quoted market prices in an active market for identical assets. The fair value of ONSF's investments in corporate bonds utilized a market approach using primarily matrix pricing prepared by external pricing sources.

There have been no changes in the methodologies used at December 31, 2015 and 2014.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ONSF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of financial assets at December 31 follows:

	2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Equity securities	\$ 4,755,418	-	-	\$ 4,755,418
Mutual funds:				
International equity	2,698,219	-	-	2,698,219
Fixed income:				
Government bonds	2,166,722	-	-	2,166,722
Corporate bonds	-	\$ 1,931,561	-	1,931,561
	<u>\$ 9,620,359</u>	<u>\$ 1,931,561</u>	<u>-</u>	<u>\$ 11,551,920</u>
	2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Equity securities	\$ 5,096,620	-	-	\$ 5,096,620
Mutual funds:				
International equity	2,337,370	-	-	2,337,370
Fixed income:				
Government bonds	2,321,596	-	-	2,321,596
Corporate bonds	-	\$ 1,734,030	-	1,734,030
	<u>\$ 9,755,586</u>	<u>\$ 1,734,030</u>	<u>-</u>	<u>\$ 11,489,616</u>

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - RELATED-PARTY TRANSACTIONS

Oncology Nursing Society (ONS), Oncology Nursing Certification Corporation (ONCC), ONS:Edge, Inc. (ONS:Edge) and ONSF are separate entities governed by their own boards of directors. The entities are affiliated by common interests and work closely together.

Related-party transactions and balances for the years ended December 31 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Income:		
Contributions from:		
ONS	\$ 45,000	\$ 45,000
ONCC	51,200	51,200
Staff services fee received from:		
ONS	<u>12,063</u>	<u>6,247</u>
 Total income	 \$ <u>108,263</u>	 \$ <u>102,447</u>
Expenses:		
Paid to ONS:		
Management fee	\$ 392,524	\$ 353,036
Staff service fee	62,117	66,627
Rent	<u>49,475</u>	<u>49,475</u>
 Total expenses	 \$ <u>504,116</u>	 \$ <u>469,138</u>
 Contributions receivable - related party	 \$ <u>9,409</u>	 \$ <u>169,607</u>
 Accounts payable - related party	 \$ <u>41,227</u>	 \$ <u>37,246</u>

ONSF has a 3.96% interest and has contributed an aggregate of \$191,432 to the Partnership. The Partnership was formed to own the building and land for the headquarters of ONS and its related entities. ONSF and related entities are limited partners in the venture. The general partner of the Partnership is ONS Building, LLC (Building), of which ONS is the sole member. Building controls and manages the Partnership as general partner. The Partner leases the entire building to ONS, which occupies a major portion of the building and subleases the remaining portions to related organizations and other tenants. A summary of ONSF's investment in the Partnership at December 31 is as follows:

Balance, January 1, 2014	\$ 445,737
Income from Partnership	<u>20,835</u>
 Balance, December 31, 2014	 466,578
Income from Partnership	<u>18,631</u>
 Balance, December 31, 2015	 \$ <u>485,209</u>

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - RELATED-PARTY TRANSACTIONS (Continued)

ONSF leases commercial office space under an operating lease with ONS. The lease provides future minimum lease payments and additional rents calculated on the increase of certain operating costs over base amounts defined in the lease. Rent expense was approximately \$49,500 in both 2015 and 2014.

At December 31, 2015, approximate future minimum lease payments under the lease, which expires in 2023, are \$396,000 (approximately \$49,500 annually for each of the next eight years).

NOTE 5 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014 are held for research grants, scholarships and sponsorships. Permanently restricted net assets represent endowment funds, the majority of the income from which is restricted for the oncology nursing leadership, information and research projects.

All releases from temporarily restricted net assets for the years ended December 31, 2015 and 2014 satisfied the purposes of research grants, scholarships and sponsorships.

NOTE 6 - ENDOWMENT

ONSF's endowment consists of various investment funds established primarily for leadership, information and research. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. ONSF includes the corpus as permanently restricted net assets. Effective January 1, 2015, management determined that income not yet appropriated for expenditure should be included as temporarily restricted net assets and was transferred from unrestricted net assets.

Interpretation of Relevant Law - The Board of Trustees of ONSF has elected to be governed by Act 141, which is a total return policy that allows a nonprofit to choose to treat a percentage of the average market value of the endowment's investments as income each year. However, the long-term preservation of the real value of the assets must be taken into consideration when the board elects the amount. On an annual basis, the board, in writing, must elect a spending rate of between 2% and 7%. This percentage is applied to the average market value of the investments at the end of the prior year. Average market value is based upon on a minimum three previous years. ONSF classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The undistributed amounts earned are included in temporarily restricted net assets. ONSF considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund
2. Preserving the spending power of the assets
3. Obtaining maximum investment return with reasonable risk and operational consideration
4. Complying with applicable laws

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 6 - ENDOWMENT (Continued)

Endowment funds as of December 31 are composed of the following net assets:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2015	\$ -	\$ 1,345,623	\$ 10,538,322	\$ 11,883,945
2014	\$ 1,713,920	-	\$ 10,536,572	\$ 12,250,492

The changes in donor-restricted endowment funds by net asset type for the year ended December 31 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2014	\$ 1,277,162	-	\$ 10,535,507	\$ 11,908,669
Investment return:				
Investment income	185,705	-	-	185,705
Net appreciation	501,793	-	-	501,793
	687,498	-	-	687,498
Contributions	-	-	1,065	1,065
Appropriation of endowment assets for expenditure	(250,740)	-	-	(250,740)
Endowment net assets, December 31, 2014	1,713,920	-	10,536,572	12,250,492
Transfer	(1,713,920)	\$ 1,713,920	-	-
	-	1,713,920	10,536,572	12,250,492
Investment return:				
Investment income	-	184,798	-	184,798
Net depreciation	-	(193,285)	-	(193,285)
	-	(8,487)	-	(8,487)
Contributions				
Appropriation of endowment assets for expenditure	-	-	1,750	1,750
	-	(359,810)	-	(359,810)
Endowment net assets, December 31, 2015	-	\$ 1,345,623	\$ 10,538,322	\$ 11,883,945

Return Objectives and Risk Parameters - ONSF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that ONSF must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results comparable to a balanced index fund consisting of 50% of the S&P 500 and 50% of the Barclays Aggregate Bond Index. ONSF expects its endowment funds, over time, to provide an average rate of return consistent with the balanced index fund noted above. Actual returns in any given year can vary from this amount. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below corpus amounts, which must remain in perpetuity.

ONS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 6 - ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, ONSF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ONSF targets a diversified asset allocation that places a relatively equal emphasis on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints. All investments are actively traded on open markets, and investment managers are specifically prohibited from alternative investments and those with companies that distribute carcinogenic products or tobacco products. Investment managers are also given guidelines to the percentage that can be committed to a particular investment and particular industry.

Spending Policy and How the Investment Objectives Relate to Spending Policy - In 2015 and 2014, the spendable return totaled approximately \$360,000 and \$250,000, respectively. This spending policy is consistent with the Commonwealth of Pennsylvania's guidelines and with ONSF's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

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SUPPLEMENTARY FINANCIAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY FINANCIAL INFORMATION

Board of Trustees and Officers
ONS Foundation
Pittsburgh, Pennsylvania

We have audited the financial statements of ONS Foundation as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated April 27, 2016, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The schedules of functional expenses on Page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The graphs presented on Pages 17-20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
April 27, 2016

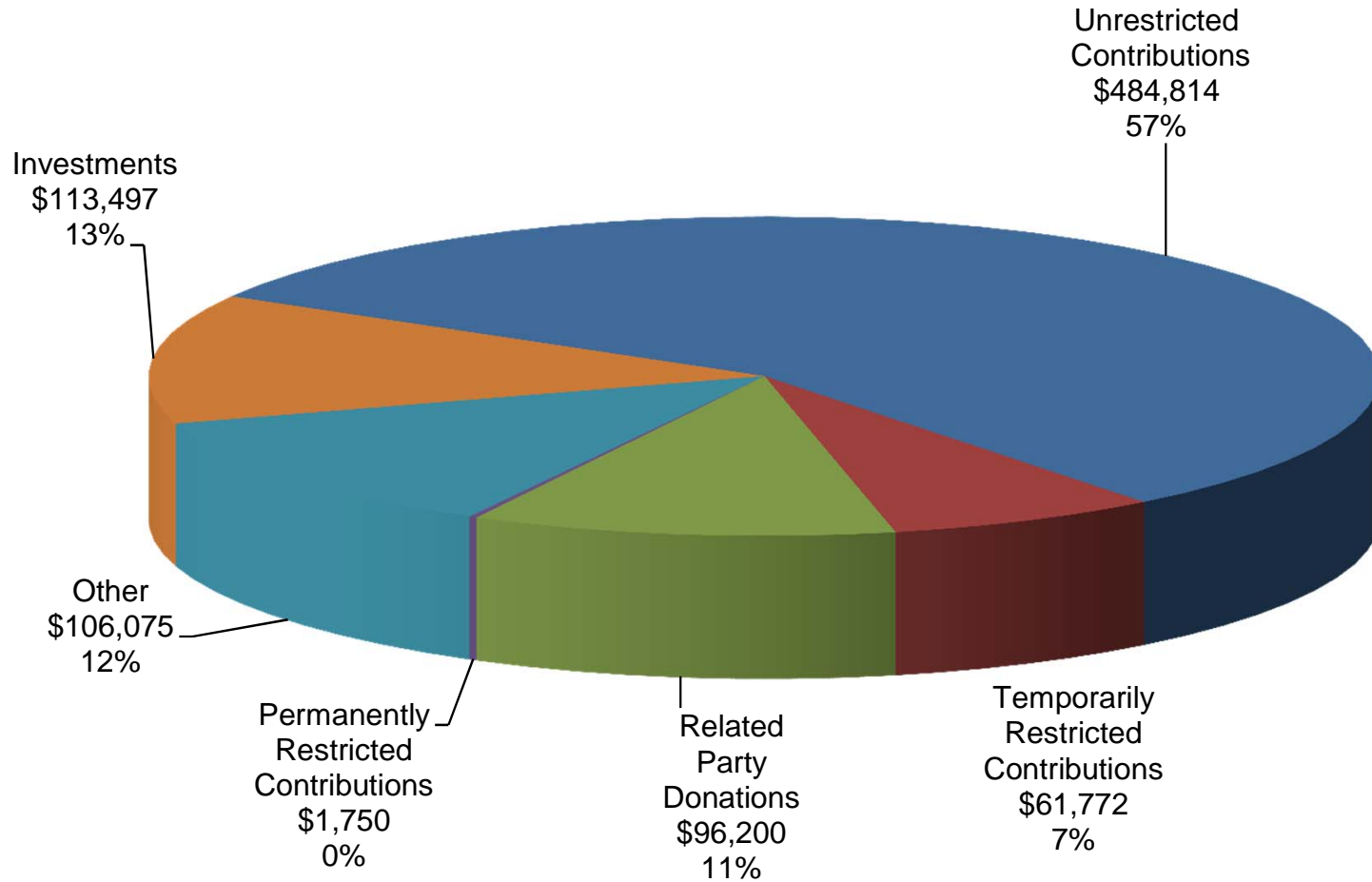
ONS FOUNDATION

SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

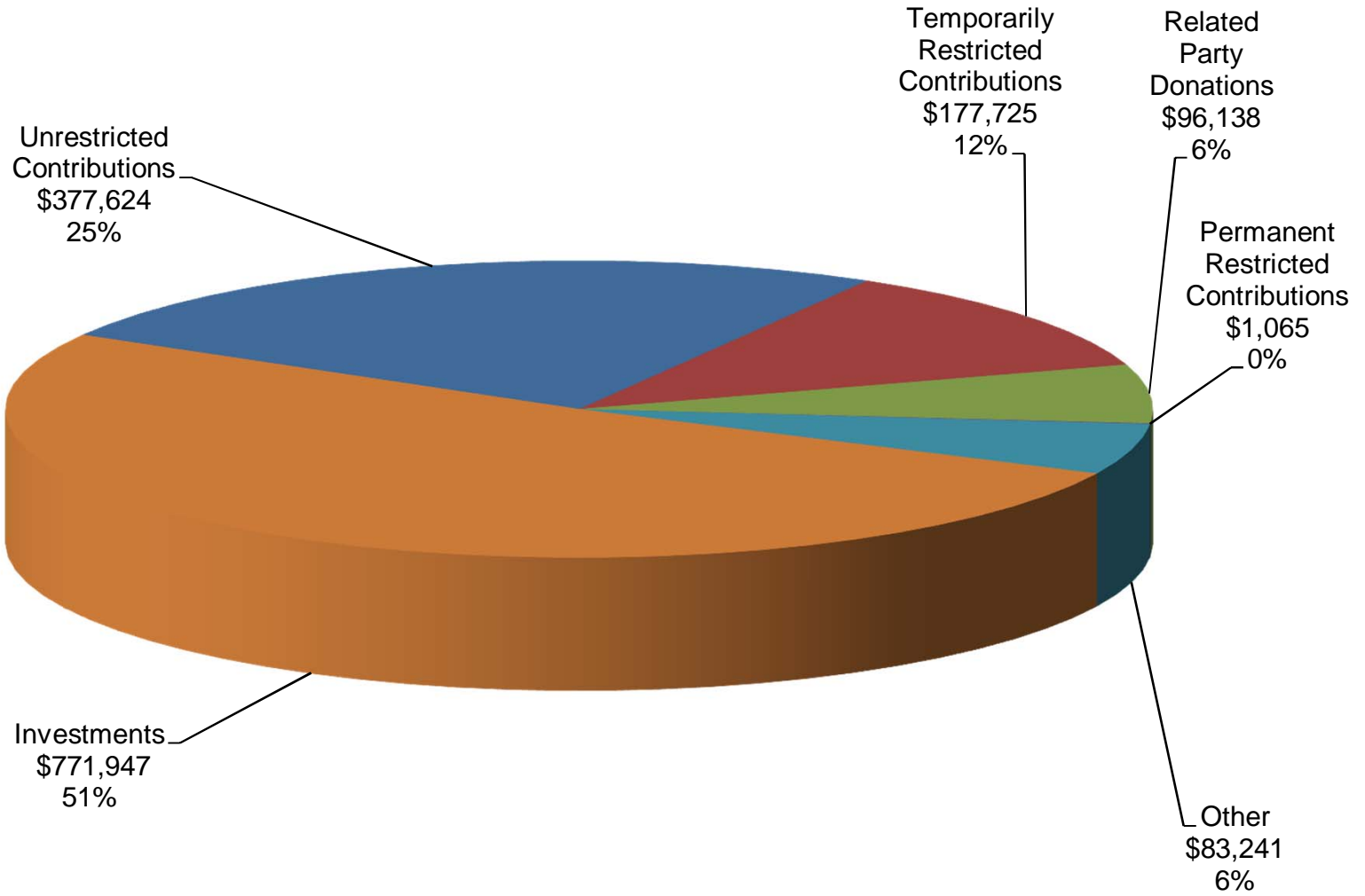
	2015			Total
	Program	Administrative	Fundraising	
Scholarships and grants	\$ 686,411	-	-	\$ 686,411
Salaries and benefits	185,792	\$ 21,857	\$158,500	366,149
General and administrative	46,390	42,956	35,440	124,786
Miscellaneous	74,235	24,800	146	99,181
Services and honorarium	27,164	5,316	39,144	71,624
Staff services	20,287	40,937	893	62,117
Travel	42,557	3,007	9,334	54,898
Postage and shipping	104	456	11,185	11,745
Printing	407	-	8,987	9,394
Professional fees	-	7,226	-	7,226
Depreciation expense	-	6,868	-	6,868
	\$1,083,347	\$153,423	\$263,629	\$1,500,399
	2014			Total
	Program	Administrative	Fundraising	
Scholarships and grants	\$ 491,650	-	-	\$ 491,650
Salaries and benefits	186,035	\$ 22,924	\$120,523	329,482
General and administrative	48,649	41,047	32,012	121,708
Miscellaneous	1,920	94,995	82	96,997
Services and honorarium	11,226	2,830	36,462	50,518
Staff services	28,446	37,306	(11,298)	54,454
Travel	20,769	2,510	17,211	40,490
Postage and shipping	27	265	5,723	6,015
Printing	5	60	9,412	9,477
Professional fees	-	6,738	-	6,738
Depreciation expense	-	8,861	-	8,861
	\$ 788,727	\$217,536	\$210,127	\$1,216,390

The independent auditors' report on supplementary financial information should be read with these schedules.

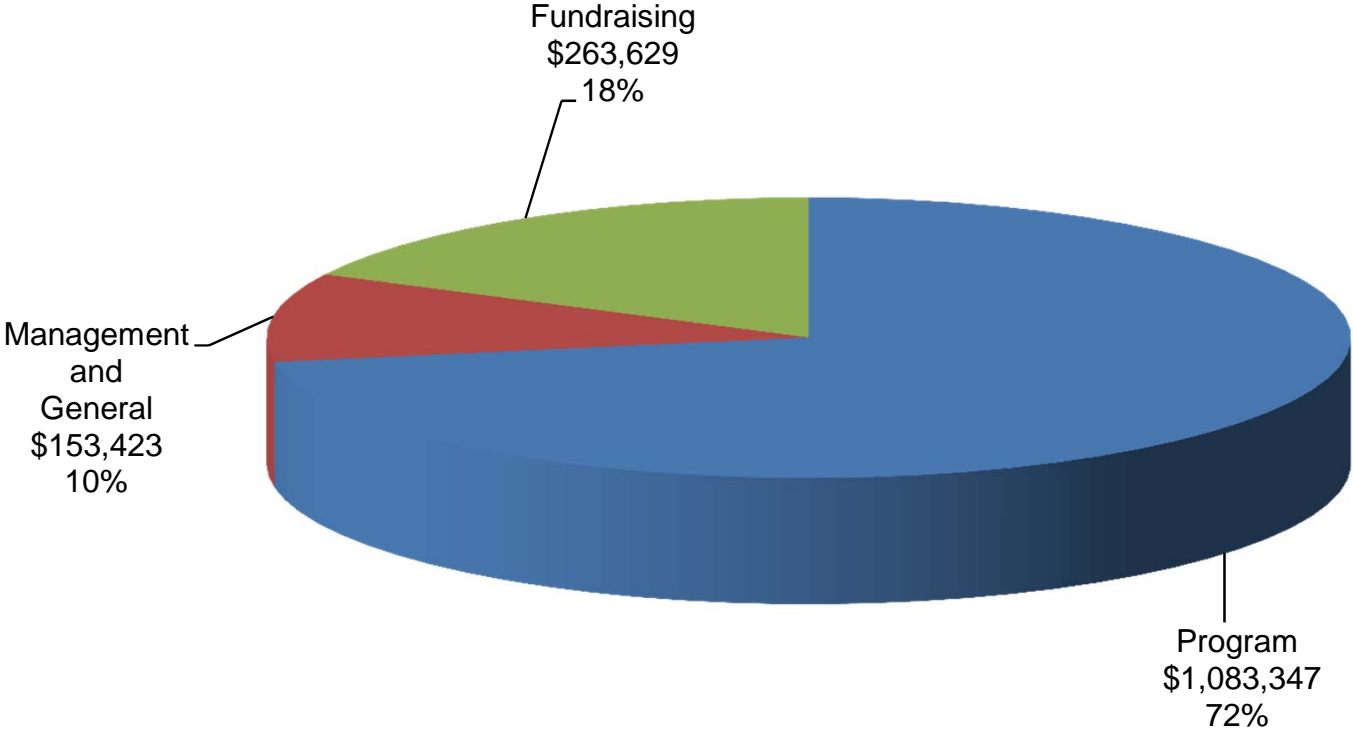
ONS FOUNDATION 2015 INCOME



ONS FOUNDATION 2014 INCOME



ONS FOUNDATION 2015 EXPENSES



ONS FOUNDATION 2014 EXPENSES

