

INTERNATIONAL MYELOMA FOUNDATION

FINANCIAL STATEMENTS

As of and for the Year Ended

September 30, 2014

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5 - 7
Statement of Cash Flows	8
Notes to Financial Statements	9 – 16



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Independent Auditor’s Report

To the Board of Directors
International Myeloma Foundation
North Hollywood, California

We have audited the accompanying financial statements of the International Myeloma Foundation (the Foundation) which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Myeloma Foundation as of September 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

February 6, 2015
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
September 30, 2014

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,328,528
Contributions and other receivables	8,259,372
Investments, at fair value	2,478,665
Prepaid expenses	671,203

Total Current Assets 13,737,768

OTHER ASSETS

Property and equipment, net	404,657
Gift annuity investments, restricted cash	9,517
Intangible assets, net	22,385

Total Other Assets 436,559

TOTAL ASSETS \$ 14,174,327

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 472,458
Deferred and unrestricted educational grants	12,025,110

TOTAL CURRENT LIABILITIES 12,497,568

GIFT ANNUITY OBLIGATION 5,795

TOTAL LIABILITIES 12,503,363

NET ASSETS

Unrestricted	1,667,242
Temporarily restricted	3,722

Total Net Assets 1,670,964

TOTAL LIABILITIES AND NET ASSETS \$ 14,174,327

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Educational grants	\$ 6,056,247	\$ 2,453,746	\$ 8,509,993
General contributions	1,212,479	251,711	1,464,190
Fundraising programs	289,546	15,745	305,291
Donated services	2,870	-	2,870
Seminar fees and support group income	99,841	-	99,841
Fundraising events, net of direct benefit to donors of \$321,605	331,875	293,691	625,566
Change in split-interest obligation	-	123	123
Investment income	26,921	2	26,923
	<u>8,019,779</u>	<u>3,015,018</u>	<u>11,034,797</u>
Released from restriction	<u>3,014,892</u>	<u>(3,014,892)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>11,034,671</u>	<u>126</u>	<u>11,034,797</u>
EXPENSES			
Program services	9,540,147	-	9,540,147
Supporting services	337,469	-	337,469
Fundraising	637,275	-	637,275
	<u>10,514,891</u>	<u>-</u>	<u>10,514,891</u>
TOTAL EXPENSES	<u>10,514,891</u>	<u>-</u>	<u>10,514,891</u>
INCREASE IN NET ASSETS	519,780	126	519,906
NET ASSETS - Beginning of year	<u>1,147,462</u>	<u>3,596</u>	<u>1,151,058</u>
NET ASSETS - End of year	<u>\$ 1,667,242</u>	<u>\$ 3,722</u>	<u>\$ 1,670,964</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2014

	Advocacy	Clinical Meetings	Education, Awareness, and Public Relations	InfoLine	Information Mailings	International
Bank fees	\$ 437	\$ 599	\$ 788	\$ 462	\$ 334	\$ 719
Conference and meetings	930	450,640	274,011	-	-	228,176
Depreciation and amortization	3,990	-	45,174	3,990	3,990	3,990
Dues and subscriptions	30,010	100	1,580	-	2,633	100
Information technology	3,329	4,397	6,661	3,378	2,768	4,822
Insurance	2,560	827	6,546	2,299	-	2,199
Merchandise	-	-	-	-	-	-
Office	4,530	8,020	21,143	3,680	13,332	8,555
Payroll	215,380	54,706	310,991	279,861	102,730	140,342
Postage and shipping	825	-	5,684	-	6,081	2,003
Printing and publications	303	988	111,762	82	2,569	24,715
Professional services	204,628	3,012	294,339	2,275	2,003	154,929
Recruitment	-	-	-	-	-	-
Rent	6,458	4,805	18,906	26,140	18,230	8,414
Research grants awarded	-	-	-	-	-	-
Taxes	2,864	142	597	311	294	393
Telephone	7,356	6,379	63,249	9,973	3,775	6,456
Travel	20,410	34,452	81,688	65	-	175,307
	<u>\$ 504,010</u>	<u>\$ 569,067</u>	<u>\$ 1,243,119</u>	<u>\$ 332,516</u>	<u>\$ 158,739</u>	<u>\$ 761,120</u>

— Continued On Next Page —

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2014

	Myeloma Today	Nurse	Patient and Family Seminars	Research	Support Groups	Website
Bank fees	\$ 348	\$ 77	\$ 959	\$ 3,792	\$ 1,059	\$ 313
Conference and meetings	-	369,645	314,006	1,174,868	141,447	750
Depreciation and amortization	3,990	3,990	3,990	-	43,212	81,916
Dues and subscriptions	-	-	100	20	482	2,420
Information technology	2,685	930	6,250	25,804	6,685	39,006
Insurance	2,128	1,405	2,463	19,742	1,879	2,243
Merchandise	-	-	-	-	-	-
Office	3,725	3,970	12,549	34,799	21,902	3,316
Payroll	198,694	93,206	201,066	501,075	322,242	168,185
Postage and shipping	27,618	458	12,224	5,450	5,659	-
Printing and publications	57,888	15,489	32,373	415,562	4,269	2,625
Professional services	2,082	1,241	3,864	236,234	3,712	2,540
Recruitment	-	-	-	-	-	-
Rent	8,665	1,493	18,663	37,667	7,066	20,872
Research grants awarded	-	-	-	649,115	-	-
Taxes	238	70	478	2,237	505	246
Telephone	6,125	7,468	7,015	32,266	15,892	3,506
Travel	-	14,947	93,988	294,149	96,284	-
	<u>\$ 314,186</u>	<u>\$ 514,389</u>	<u>\$ 709,988</u>	<u>\$ 3,432,780</u>	<u>\$ 672,295</u>	<u>\$ 327,938</u>

— Continued On Next Page —

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2014

	Total Program Expenses	General and Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 9,887	\$ 918	\$ 615	\$ 11,420
Conference and meetings	2,954,473	59,425	45,619	3,059,517
Depreciation and amortization	198,232	6,214	3,989	208,435
Dues and subscriptions	37,445	2,656	6,445	46,546
Information technology	106,715	6,370	30,322	143,407
Insurance	44,291	3,465	2,950	50,706
Merchandise	-	2,685	4,474	7,159
Office	139,521	5,996	27,003	172,520
Payroll	2,588,478	202,690	325,161	3,116,329
Postage and shipping	66,002	2,964	51,759	120,725
Printing and publications	668,625	-	77,920	746,545
Professional services	910,859	6,211	4,984	922,054
Recruitment	-	1,685	-	1,685
Rent	177,379	24,708	18,730	220,817
Research grants awarded	649,115	-	-	649,115
Taxes	8,375	310	387	9,072
Telephone	169,460	7,704	8,345	185,509
Travel	811,290	3,468	28,572	843,330
	<u>\$ 9,540,147</u>	<u>\$ 337,469</u>	<u>\$ 637,275</u>	<u>\$ 10,514,891</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 519,906
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	208,435
Realized and unrealized gains	5,088
Decrease in assets:	
Contributions and other receivables	(6,243,608)
Prepaid expenses	(242,824)
Gift annuity assets and liabilities, net	(126)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(22,564)
Deferred and unrestricted educational grants	<u>8,970,645</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,194,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of marketable securities	(2,483,753)
Purchases of intangible assets	(4,455)
Purchases of property and equipment	<u>(94,521)</u>
CASH USED FOR INVESTING ACTIVITIES	<u>(2,582,729)</u>
NET INCREASE IN CASH	612,223
CASH AT BEGINNING OF YEAR	<u>1,716,305</u>
CASH AT END OF YEAR	<u>\$ 2,328,528</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 1 — ORGANIZATION

Nature of Organization — The International Myeloma Foundation (the “Foundation”) is a nonprofit organization dedicated to improving the quality of life of myeloma patients while working towards prevention and a cure. The Foundation has implemented the Black Swan Research Initiative® (“BSRI”), a breakthrough approach to finding a cure for myeloma. Led by a multi-national consortium of leading myeloma experts, BSRI is dedicated to developing new curative therapies for myeloma. The Foundation’s work also includes conducting patient and family seminars, funding research grants, managing an information line, providing multi-lingual educational publications, maintaining a comprehensive network of support groups, advocating on behalf of those affected by multiple myeloma, and fundraising. The Foundation also publishes a quarterly magazine titled “Myeloma Today.” The publication provides myeloma information to doctors, nurses, and laypersons. The Foundation also promotes education to doctors and nurses. The Foundation’s support comes primarily from individual donor’s contributions, and unrestricted contributions from pharmaceutical companies.

Research: The Foundation is the leader in globally collaborative myeloma research. The Black Swan Research Initiative is the Foundation’s groundbreaking and collaborative project aimed at developing the first definitive cure for myeloma. Led by a multi-national consortium of leading myeloma experts, the Black Swan Research Initiative is dedicated to developing new curative therapies for myeloma. Foundation supports lab-based research and has awarded over 100 grants to top junior and senior research scientists since 1995. In addition, the Foundation brings together the world’s leading experts in the most successful and unique way through the International Myeloma Working Group, which is publishing in prestigious medical journals, charting the course to a cure, mentoring the next generation of innovative investigators, and improving lives through better care.

Education: The Foundation’s educational Patient and Family Seminars, Medical Center Workshops, and Regional Community Workshops are held around the world. These meetings provide up-to-date information presented by leading myeloma specialists and research scientists directly to myeloma patients and their families. Our library of more than 100 publications, for patients, caregivers, and healthcare professionals, is updated annually and available free of charge. Publications are available in more than 20 languages.

Support: Our toll-free InfoLine at (800) 452-CURE (2873) is staffed by InfoLine coordinators who answer questions and provide support and information via phone and e-mail to thousands of families each year. The Foundation sustains a network of more than 150 support groups and offers training for hundreds of dedicated patients, caregivers, and nurses who volunteer to lead these groups in their communities.

Advocacy: The Foundation’s Advocacy program trains and supports concerned individuals to advocate on health issues that affect the myeloma community. Working both at the state and federal level, the Foundation leads two coalitions to advocate for parity in insurance coverage. Thousands of Foundation-trained advocates make a positive impact each year on issues critical to the myeloma community.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting. The Foundation recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties.

The Foundation received unrestricted educational grants which are received to support various educational programs and support activities of the Foundation. Unrestricted contributions whose programmatic purposes and commitments arise in future periods are deferred and recognized as income in the period such programs and activities are provided.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and / or the passage of time. As restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Temporarily restricted net assets represent net assets held to fulfill charitable gift annuity obligations.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity by the Foundation. The Foundation did not have any permanently restricted net assets at September 30, 2014.

Use of Estimates — The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures 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 these estimates.

Cash and cash equivalents — The Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Contributions Receivable — Contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. Contributions receivable consists primarily of amounts due from pharmaceutical companies. The Foundation considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Investments – Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporary or permanently restricted by donors to a specified purpose or future period.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Contributed Goods and Services — Contributed services are recognized by the Foundation if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The accompanying statement of activities reflects \$2,870 of donated software and professional services during the year ended September 30, 2014.

Property and Equipment — Purchased property and equipment is capitalized at cost or, if contributed, at fair value at the date of contribution. Ordinary repairs and maintenance are expensed in the year incurred. Computer software developed for internal use is capitalized in conformity with ASC Topic 350-40 “Internal-Use Software.” Depreciation of property and equipment is computed using the straight-line method based upon the estimated useful lives of the assets as follows:

	<u>Life in Years</u>
Computer equipment	5
Furniture, fixtures and equipment	5
Software	5
	Lesser of useful
Leasehold improvements	life or lease term

Intangible Assets – Intangible assets consist of legal costs paid to secure the rights to various Foundation trademarks. The costs of these intangible assets are being amortized on a straight-line basis over the life of the trademark and are stated at cost net of accumulated amortization. The Foundation estimates a ten-year useful life for its trademarks.

Impairment of Long-Lived Assets – Long-lived assets to be held and intangible assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower cost or fair market value less costs to sell. The Foundation has determined that no events occurred during the years ended September 30, 2014 that would give rise to impairment of its long-lived assets.

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

Income Taxes — The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation evaluates its tax positions and recognize a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. If such issues exist, the Foundation’s policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

The Foundation’s federal income tax and informational returns for tax years 2011 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California remain subject to examination by the California Franchise Tax Board for years 2010 and subsequent.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Foreign Currency — The Foundation’s functional currency for all operations worldwide is the U.S. dollar. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the end of the year. Statement of activity accounts are translated at average rates for the year. Gains and losses resulting from foreign currency transactions are included in the current statement of activities. Aggregate foreign currency translation and transaction losses included in the statement of activities are not material.

Concentration of Credit Risk — The Foundation maintains its cash and cash equivalents with high-credit, quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) insures cash up to \$250,000 per institution and the Securities Insurance Corporation (“SIPC”) protects investments up to \$500,000 per investor. In the normal course of operations, such cash and investment balances exceed the FDIC and SIPC insurance limits. However, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and investment.

There are three pharmaceutical company donors that accounted for approximately 66% of total revenues during the year ended September 30, 2014.

One pharmaceutical company donor accounted for approximately 80% of the contribution receivable as of September 30, 2014.

Subsequent Events — Management has reviewed subsequent events through February 6, 2015, the date that the financial statements were available to be issued.

NOTE 3 — INVESTMENTS

The Foundation’s investments are reported at fair value in the accompanying statement of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 3 — INVESTMENTS – (CONTINUED)

As of September 30, 2014, the Foundation's investments consisted of:

	Fair value	Cost or Amortized Cost
Equities	\$ 633,654	\$ 620,640
Mutual funds	822,161	828,117
Exchange-traded funds	120,105	120,165
Short-term bonds	<u>902,745</u>	<u>902,466</u>
Total investments	<u>\$ 2,478,665</u>	<u>\$ 2,471,388</u>

As of September 30, 2014, the Foundation's investments were classified by level within the valuation hierarchy as follows:

	Total	Fair Value Designation		
		Level 1	Level 2	Level 3
Equities	\$ 633,654	\$ 633,654	\$ -	\$ -
Mutual funds	822,161	822,161	-	-
Exchange-traded funds	120,105	120,105	-	-
Short-term bonds	<u>902,745</u>	<u>902,745</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 2,478,665</u>	<u>\$ 2,478,665</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Computer equipment	\$ 228,575
Computer software	1,160,968
Furniture and equipment	64,127
Leasehold improvements	<u>13,246</u>
	1,466,916
Less accumulated depreciation	<u>(1,062,259)</u>
Net property and equipment	<u>\$ 404,657</u>

Depreciation expense for the year ended September 30, 2014 was \$206,199.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 4 — INTANGIBLE ASSETS

Intangible assets consist of the following:

Trademarks	\$ 25,769
Accumulated amortization	<u>(3,384)</u>
Net intangible assets	<u>\$ 22,385</u>

Amortization expense for the year ended September 30, 2014 was \$2,236. The following schedule by year related to the estimated amortization expense for certain trademarks for the succeeding years:

<u>Year Ending</u> <u>September 30,</u>	
2015	\$ 2,373
2016	2,373
2017	2,373
2018	2,373
2019	2,373
Thereafter	<u>10,520</u>
	<u>\$ 22,385</u>

NOTE 5 — COMMITMENTS AND CONTINGENCIES

Operating Leases — The Foundation leases office space and office equipment under non-cancelable operating leases. The office space lease agreement expires in December 2017. The equipment lease agreements expires in June 2017. The Foundation has one option to extend the office space lease for three additional years.

Future minimum rental and equipment lease payments under such leases with an initial term of one year or more at September 30, 2014 are as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2015	\$ 190,172	\$ 13,296	\$ 203,468
2016	195,877	13,296	209,173
2017	201,753	9,354	211,107
2018	<u>50,808</u>	<u>-</u>	<u>50,808</u>
	<u>\$ 638,610</u>	<u>\$ 35,946</u>	<u>\$ 674,556</u>

Rent expense was \$220,817 for the year ended September 30, 2014.

Executive Contract — The Foundation has a five-year employment contract with its president at \$192,000 annually. The contract expires on October 1, 2015.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 5 — COMMITMENTS AND CONTINGENCIES – (CONTINUED)

Grants — The Foundation funds several research grants each year. These awards are for doctors or researchers doing work in the field of multiple myeloma. These grants are awarded annually as one-year awards and are accrued when approved by the Board. During the year ended September 30, 2014, the Foundation awarded \$649,115 in grants. The payment of research grants is subject to the grant recipient performing the proposed work, providing a report, and submitting request for payment.

Contractual Commitments — The Foundation contracts with university research institutions to provide specific research projects. The Foundation has future minimum commitments to fund research projects summarized as follows:

Years Ending September 30,	Research Commitments
2015	\$ 1,046,503
2016	933,250
2017	416,000
	<u>\$ 2,395,753</u>

Line of Credit — The Foundation maintains a \$400,000 revolving line of credit that renews on a month-to-month basis. The interest rate on outstanding borrowings varies with the lender's prime rate plus one percent, which was approximately 4.25% at September 30, 2014. There were no outstanding borrowings at September 30, 2014.

NOTE 6 — TEMPORARILY RESTRICTED NET ASSETS

Research Programs - The Foundation receives temporarily restricted donations from general contributions, member events, and its annual gala earmarked for research purposes. At September 30, 2014, the Foundation had expenditures for research programs in excess of the sum of current year temporarily restricted contributions and the temporarily restricted net assets at September 30, 2014. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2014 for research.

Charitable Gift Annuity Program – The Foundation provides charitable gift annuities to donors. The gift annuities require an annuity to be paid to the donor or the donor's beneficiary, funded by donated assets, over a designated period of time or the beneficiary's lifetime, with the remainder resulting in a contribution to the Foundation. The liability is recorded based on the terms of the gift, the difference between the present value of the estimated liability and the fair value of the assets, and is recognized as revenue at the time of the gift. During the year ended of September 30, 2014, the Foundation did not issue any additional charitable gift annuities. Sufficient assets are maintained to meet the annuity requirements stipulated by California state law. The change in the estimated liability is reflected in the statement of activities as change in split-interest agreement.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2014

NOTE 6 — TEMPORARILY RESTRICTED NET ASSETS – (CONTINUED)

The following is a summary of changes in the annuity assets (restricted cash) during the year ended September 30, 2014:

Beginning of the year	\$ 9,935
Interest income	2
Payments made to annuitant	<u>(420)</u>
 Annuity assets - end of the year	 <u>\$ 9,517</u>

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2014:

Beginning of year	\$ 6,339
New obligations incurred	-
Payments made to annuitant	(420)
Change in fair value of liability	<u>(124)</u>
 Annuity liabilities - end of year	 <u>\$ 5,795</u>

Temporarily restricted net assets are summarized as follows:

Gift annuity assets: Restricted cash	\$ 9,517
Present value of gift annuity obligation	<u>(5,795)</u>
 Temporarily restricted net assets	 <u>\$ 3,722</u>

NOTE 7 — RELATED PARTY

One member of the board of directors of the Foundation also serves as a research consultant. Amount paid to his company totaled \$84,500 for the year ended September 30, 2014.