

INTERNATIONAL MYELOMA FOUNDATION

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

September 30, 2015

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PUBLIC ACCOUNTANTS
& ADVISORS

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PRINCIPALS

- Jerome D. Vermeulen, CPA

DIRECTORS

- Stacey S. Summers, CPA

FOUNDERS

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Independent Auditor’s Report

To the Board of Directors
International Myeloma Foundation
(A California Nonprofit Public Benefit Corporation)
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, 2015, 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.

*Accredited in Business Valuation
†Certified in Financial Forensics

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, 2015, 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

December 9, 2015
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
September 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,696,368
Contributions and other receivables	5,712,432
Prepaid expenses	661,840

<i>Total Current Assets</i>	9,070,640
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OTHER ASSETS

Investments, at fair value	6,298,901
Property and equipment, net	230,734
Gift annuity investments, restricted cash	9,098
Intangible assets, net	58,430

<i>Total Other Assets</i>	6,597,163
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TOTAL ASSETS	\$ 15,667,803
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 727,079
Deferred and unrestricted educational grants	13,061,928

<i>Total Current Liabilities</i>	13,789,007
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GIFT ANNUITY OBLIGATION

	5,375
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TOTAL LIABILITIES	13,794,382
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NET ASSETS

Unrestricted	1,869,698
Temporarily restricted	3,723

TOTAL NET ASSETS	1,873,421
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TOTAL LIABILITIES AND NET ASSETS	\$ 15,667,803
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INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended September 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Educational grants	\$ 6,505,559	\$ 4,098,115	\$ 10,603,674
General contributions	801,040	214,332	1,015,372
Fundraising programs	313,119	3,413	316,532
Donated services	288	-	288
Seminar fees and support group income	89,256	-	89,256
Fundraising events, net of direct benefit to donors of \$344,083	520,656	313,204	833,860
Realized and unrealized losses	(142,245)	-	(142,245)
Investment income	128,517	1	128,518
	<u>8,216,190</u>	<u>4,629,065</u>	<u>12,845,255</u>
Net assets released from restrictions	4,629,064	(4,629,064)	-
	<u>12,845,254</u>	<u>1</u>	<u>12,845,255</u>
FUNCTIONAL EXPENSES			
Program expenses	11,562,860	-	11,562,860
General supporting expenses	424,563	-	424,563
Fundraising	655,376	-	655,376
	<u>12,642,799</u>	<u>-</u>	<u>12,642,799</u>
	<u>202,455</u>	<u>1</u>	<u>202,456</u>
CHANGE IN NET ASSETS			
NET ASSETS - Beginning of year	<u>1,667,243</u>	<u>3,722</u>	<u>1,670,965</u>
NET ASSETS - End of year	<u>\$ 1,869,698</u>	<u>\$ 3,723</u>	<u>\$ 1,873,421</u>

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2015

	Advocacy	Clinical Meetings	Education and Awareness	InfoLine	Information Mailings	International
Bank fees	\$ 675	\$ 1,390	\$ 2,211	\$ 473	\$ 339	\$ 1,559
Conference and meetings	5,400	508,723	314,989	-	-	261,133
Depreciation & Amortization	3,604	-	44,176	3,604	3,604	3,604
Dues and subscriptions	24,268	-	3,082	-	804	-
Information Technology	3,506	6,183	10,336	2,068	1,458	6,377
Insurance	1,565	1,851	5,688	1,151	-	2,483
Loss on disposal of assets	-	-	2,453	-	-	-
Merchandise	-	-	-	-	-	-
Office	4,023	14,280	25,322	2,959	14,161	12,624
Payroll	202,123	55,650	394,225	224,693	81,287	182,887
Postage and shipping	456	-	8,796	-	6,164	3,477
Printing and publications	1,909	2,618	176,159	-	2,588	12,972
Professional services	178,849	5,892	239,147	3,014	692	181,540
Recruitment	-	-	-	-	-	-
Rent	3,527	3,022	28,825	23,366	15,804	7,039
Research grants awarded	-	-	-	-	-	-
Taxes	242	110	481	111	87	446
Telephone	6,814	6,709	76,131	8,584	1,629	7,310
Travel	7,930	95,557	142,126	-	-	175,486
Total	\$ 444,890	\$ 701,983	\$ 1,474,146	\$ 270,024	\$ 128,617	\$ 858,938

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See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2015

	Myeloma Today	Nurse	Patient and Family Seminars	Research	Support Groups	Website
Bank fees	\$ 612	\$ 1,041	\$ 2,144	\$ 8,474	\$ 648	\$ 584
Conference and meetings	-	496,693	502,011	643,379	207,750	900
Depreciation & Amortization	3,604	3,604	3,604	-	27,445	38,067
Dues and subscriptions	-	-	-	400	388	1,367
Information Technology	2,836	4,576	9,530	35,414	3,517	9,470
Insurance	1,415	2,489	5,320	28,735	1,368	1,501
Loss on disposal of assets	-	55,688	-	-	97,775	24,366
Merchandise	-	-	-	-	-	-
Office	3,908	14,242	22,047	661,593	28,943	3,180
Payroll	180,298	143,738	305,628	479,682	276,260	245,847
Postage and shipping	42,809	861	15,955	2,809	10,312	13
Printing and publications	43,568	29,300	55,066	1,206,859	2,253	63
Professional services	39,715	4,357	13,845	337,128	13,739	24,691
Recruitment	-	-	-	-	-	-
Rent	8,356	921	22,888	44,381	4,983	19,185
Research grants awarded	-	-	-	406,667	-	-
Taxes	128	318	249	3,284	143	222
Telephone	5,311	11,182	10,729	48,047	14,116	2,704
Travel	-	39,862	136,318	356,506	112,334	-
Total	\$ 332,561	\$ 808,872	\$ 1,105,336	\$ 4,263,356	\$ 801,975	\$ 372,161

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See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2015

	Total Program Expenses	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 20,150	\$ 1,679	\$ 1,127	\$ 22,955
Conference and meetings	2,940,978	61,365	53,424	3,055,767
Depreciation & Amortization	134,916	6,548	6,057	147,521
Dues and subscriptions	30,308	50	13,775	44,133
Information Technology	95,271	6,955	7,966	110,192
Insurance	53,566	3,065	2,435	59,065
Loss on disposal of assets	180,281	-	-	180,281
Merchandise	-	-	29,115	29,115
Office	807,283	10,941	15,323	833,546
Payroll	2,772,318	264,121	324,859	3,361,298
Postage and shipping	91,653	4,939	38,529	135,121
Printing and publications	1,533,354	15,096	64,994	1,613,445
Professional services	1,042,613	3,393	31,207	1,077,213
Recruitment	-	2,444	-	2,444
Rent	182,297	34,824	23,250	240,371
Research grants awarded	406,667	-	-	406,667
Taxes	5,821	1,559	208	7,588
Telephone	199,267	7,585	8,960	215,812
Travel	1,066,118	-	34,147	1,100,265
TOTAL FUNCTIONAL EXPENSES	<u>\$ 11,562,860</u>	<u>\$ 424,563</u>	<u>\$ 655,376</u>	<u>\$ 12,642,799</u>

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 202,456
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	147,521
Realized and unrealized losses	142,245
Loss on disposal of property and equipment	180,281
Decrease in assets:	
Contributions and other receivables	2,546,940
Prepaid expenses	9,363
Increase in liabilities:	
Accounts payable and accrued expenses	254,620
Deferred and unrestricted educational grants	1,036,818
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,520,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(5,757,802)
Proceeds from sale of investments	1,795,321
Purchases of intangible assets	(38,989)
Purchases of property and equipment	(150,934)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(4,152,404)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	367,840
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,328,528</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 2,696,368</u></u>

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2015

NOTE 1 — NATURE OF ORGANIZATION

The International Myeloma Foundation (the "Foundation") is a California 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. Leading myeloma experts are harnessing new technologies and the latest myeloma treatments to find a pathway to a cure. Foundation supports lab-based research and has awarded over 113 grants to top senior and junior 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: The Foundation's 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, 2015

NOTE 2 —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Classes of Net Assets - 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, 2015.

Use of Estimates — The preparation of financial statements in accordance with 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 – The Foundation accounts for its investments at fair value, determined by quoted market prices. 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, 2015

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

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:

Computer equipment	5 years
Furniture and equipment	5 years
Computer software	5 years
Leasehold improvements	Lesser of useful 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 such as property and equipment 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. During the year ended September 30, 2015, the Foundation recorded a loss of \$180,281 on the disposal of previously capitalized software development costs for the website redesign project and certain mobile applications.

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 \$288 of donated software and professional services during the year ended September 30, 2015.

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 recognizes 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 did not recognize any amount in potential interest and penalties associated with uncertain tax positions.

The Foundation’s federal income tax and informational returns for tax years 2012 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 2011 and subsequent.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2015

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 — Financial instruments that potentially expose the Foundation to a concentration of credit risk consist primarily of cash and cash equivalents, investments and contributions.

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 four pharmaceutical company donors that accounted for approximately 72% of total revenues during the year ended September 30, 2015.

One pharmaceutical company donor accounted for approximately 53% of the contribution receivable as of September 30, 2015.

Subsequent Events — Management has reviewed subsequent events through December 9, 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, 2015

NOTE 3 — INVESTMENTS – (CONTINUED)

Investments consist of the following at September 30, 2015:

	<u>Fair value</u>	<u>Cost or Amortized Cost</u>
Certificates of deposits	\$ 1,005,048	\$ 1,005,048
Equity securities	1,129,780	1,163,657
Mutual funds	2,299,582	2,372,301
Short-term bonds	<u>1,864,491</u>	<u>1,864,083</u>
Total investments	<u>\$ 6,298,901</u>	<u>\$ 6,405,089</u>

As of September 30, 2015, the Foundation's investments were classified by level within the valuation hierarchy as follows:

	<u>Total</u>	<u>Fair Value Designation</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposits	\$ 1,005,048	\$ 1,005,048	\$ -	\$ -
Equity securities	1,129,780	1,129,780	-	-
Mutual funds	2,299,582	2,299,582	-	-
Short-term bonds	<u>1,864,491</u>	<u>1,864,491</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 6,298,901</u>	<u>\$ 6,298,901</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2015:

Computer equipment	\$ 236,980
Computer software	150,183
Furniture and equipment	69,976
Leasehold improvements	<u>13,246</u>
	470,385
Less accumulated depreciation and amortization	<u>(239,651)</u>
Net property and equipment	<u>\$ 230,734</u>

Depreciation and amortization expense for the year ended September 30, 2015 was \$144,577.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2015

NOTE 4 — INTANGIBLE ASSETS

Intangible assets consist of the following at September 30, 2015:

Trademarks	\$ 64,757
Less accumulated amortization	<u>(6,327)</u>
Net intangible assets	<u><u>\$ 58,430</u></u>

Amortization expense for the year ended September 30, 2015 was \$2,944. The estimated amortization expense for certain trademarks for the next five years is expected to be as follows:

Years Ending September 30,	
2016	\$ 2,373
2017	2,373
2018	2,373
2019	2,373
2020	2,373

NOTE 5 — COMMITMENTS AND CONTINGENCIES

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

The future minimum rental and equipment lease payments required under such leases at September 30, 2015 are as follows:

Years Ending September 30,	Office Space	Equipment	Total
2016	\$ 196,550	\$ 13,296	\$ 209,846
2017	202,446	4,869	207,315
2018	<u>17,649</u>	<u>-</u>	<u>17,649</u>
	<u><u>\$ 416,645</u></u>	<u><u>\$ 18,165</u></u>	<u><u>\$ 434,810</u></u>

Rent expense for the year ended September 30, 2015 was \$240,371.

Executive Contract — The Foundation has a five-year employment contract with its president at \$210,000 annually. The contract expires on October 1, 2020.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2015

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, 2015, the Foundation awarded \$406,666 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
2016	\$ 1,174,901
2017	521,545
	<u>\$ 1,696,446</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, 2015. There were no outstanding borrowings at September 30, 2015.

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, 2015, 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, 2015. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2015 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 September 30, 2015, the Foundation did not issue any additional charitable gift annuities. Sufficient assets are maintained to meet the annuity requirements stipulated by California state law.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
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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, 2015:

Beginning of the year	\$ 9,517
Interest income	1
Payments made to annuitant	<u>(420)</u>
Annuity assets - end of the year	<u>\$ 9,098</u>

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2015:

Beginning of year	\$ 5,795
Payments made to annuitant	<u>(420)</u>
Annuity liabilities - end of year	<u>\$ 5,375</u>

Temporarily restricted net assets are summarized as follows:

Gift annuity assets: restricted cash	\$ 9,098
Present value of gift annuity obligation	<u>(5,375)</u>
Temporarily restricted net assets	<u>\$ 3,723</u>

NOTE 7 — RELATED PARTY TRANSACTION

One member of the board of directors of the Foundation also serves as a research consultant. Amount paid to his company totaled \$87,500 for the year ended September 30, 2015.