

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

September 30, 2019



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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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, 2019, and the related statements of activities and changes in net assets, 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.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the International Myeloma Foundation as of September 30, 2019, 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 5, 2020
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
September 30, 2019

ASSETS

Cash and cash equivalents	\$ 3,953,520
Restricted cash, gift annuity investment	129,878
Investments, at fair value	6,421,756
Contributions, program grants, and other receivables	5,710,832
Prepaid expenses	1,038,027
Property and equipment, net	624,404
Intangible assets, net	<u>136,202</u>
TOTAL ASSETS	<u>\$ 18,014,619</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 2,583,802
Deferred program and educational grants	6,457,610
Gift annuity obligation	<u>78,017</u>

TOTAL LIABILITIES 9,119,429

NET ASSETS

Without donor restrictions	8,708,329
With donor restrictions	<u>186,861</u>

TOTAL NET ASSETS 8,895,190

TOTAL LIABILITIES AND NET ASSETS **\$ 18,014,619**

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Educational and program grants	\$ 14,545,863	\$ 2,876,535	\$ 17,422,398
General contributions	958,269	263,202	1,221,471
Change in split interest agreements	-	(7,550)	(7,550)
Fundraising programs	340,742	890	341,632
Seminar fees and support group income	72,368	-	72,368
Fundraising events, net of direct benefit to donors of \$376,704	335,479	466,390	801,869
Investment income, net	371,600	-	371,600
	<u>16,624,321</u>	<u>3,599,467</u>	<u>20,223,788</u>
Net assets released from restrictions	<u>5,076,107</u>	<u>(5,076,107)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>21,700,428</u>	<u>(1,476,640)</u>	<u>20,223,788</u>
FUNCTIONAL EXPENSES			
Program expenses	17,482,863	-	17,482,863
General supporting expenses	605,918	-	605,918
Fundraising	1,242,145	-	1,242,145
TOTAL FUNCTIONAL EXPENSES	<u>19,330,926</u>	<u>-</u>	<u>19,330,926</u>
CHANGE IN NET ASSETS	2,369,502	(1,476,640)	892,862
NET ASSETS - Beginning of year	<u>6,338,827</u>	<u>1,663,501</u>	<u>8,002,328</u>
NET ASSETS - End of year	<u>\$ 8,708,329</u>	<u>\$ 186,861</u>	<u>\$ 8,895,190</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, 2019

	Advocacy	Clinical Meetings	Education and Awareness	Info Line	Information Mailings	International	Myeloma Today	Nurse
Bank fees	\$ 277	\$ 187	\$ 655	\$ 198	\$ 78	\$ 410	\$ 160	\$ 411
Conference and meetings	-	481,758	300,822	-	-	274,680	-	367,870
Depreciation and amortization	13,930	204	14,301	13,874	13,767	14,037	13,831	27,681
Dues and subscriptions	15,039	14	1,492	11	6	9	6	195
Information technology	4,482	3,305	10,658	3,175	1,347	5,976	2,693	5,502
Insurance	713	572	3,654	366	726	1,380	1,150	941
Merchandise	-	-	-	-	-	-	-	-
Office	4,898	3,528	54,687	3,001	1,941	11,393	2,218	7,134
Payroll	380,291	81,907	779,166	326,807	75,921	219,939	217,193	229,863
Postage and shipping	61	-	3,636	-	4,027	-	38,896	9,833
Printing and publications	-	-	170,420	1,784	343	6,638	36,909	33,505
Professional services	179,502	5,716	265,086	2,814	1,274	205,606	3,035	88,584
Recruitment	-	-	-	-	-	-	-	-
Rent	943	1,822	50,584	30,717	12,231	9,138	9,001	1,147
Research grants awarded	-	-	-	-	-	-	-	-
Taxes	412	322	952	324	143	548	237	542
Telephone	6,992	1,210	30,211	1,175	494	2,824	912	6,813
Travel	16,696	2,306	124,777	-	-	156,002	-	38,924
Total	\$ 624,236	\$ 582,851	\$ 1,811,101	\$ 384,246	\$ 112,298	\$ 908,580	\$ 326,241	\$ 818,945

(Continued on next page)

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, 2019

(Continued from previous page)

	Patient and Family Seminars	Research	Support Groups	Website	Total Program Expenses	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 532	\$ 4,245	\$ 459	\$ 206	\$ 7,818	\$ 458	\$ 626	\$ 8,902
Conference and meetings	640,803	741,564	259,059	1,495	3,068,051	87,956	53,220	3,209,227
Depreciation and amortization	14,124	78,469	14,040	88,898	307,156	14,116	14,154	335,426
Dues and subscriptions	19	4,370	110	811	22,082	26	18,063	40,171
Information technology	7,706	62,859	13,272	3,412	124,387	7,300	8,593	140,280
Insurance	2,196	47,680	1,256	637	61,271	1,237	2,449	64,957
Merchandise	-	-	-	-	-	-	26,971	26,971
Office	11,582	71,818	51,495	183,612	407,307	6,621	22,132	436,060
Payroll	315,476	1,428,936	456,205	297,656	4,809,360	385,886	759,200	5,954,446
Postage and shipping	20,300	7,273	9,130	-	93,156	3,793	148,886	245,835
Printing and publications	45,816	4,503,164	4,804	-	4,803,383	-	13,570	4,816,953
Professional services	40,692	1,026,750	12,169	16,384	1,847,612	6,275	77,472	1,931,359
Recruitment	-	-	-	-	-	49,624	-	49,624
Rent	20,570	50,483	7,307	35,780	229,723	32,563	53,449	315,735
Research grants awarded	-	370,000	-	-	370,000	-	-	370,000
Taxes	813	6,824	580	416	12,113	784	865	13,762
Telephone	3,093	42,095	17,946	1,255	115,020	2,700	15,130	132,850
Travel	176,413	542,381	142,044	4,881	1,204,424	6,579	27,365	1,238,368
Total	\$ 1,300,135	\$ 8,988,911	\$ 989,876	\$ 635,443	\$ 17,482,863	\$ 605,918	\$ 1,242,145	\$ 19,330,926

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 892,862
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in split interest agreements	(261)
Depreciation and amortization	335,426
Realized and unrealized gains, net	(198,170)
(Increase) decrease in assets:	
Contributions, program grants, and other receivables	1,330,756
Prepaid expenses	249,335
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,077,067
Deferred program and educational grants	<u>(604,827)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,082,188</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments, net	(1,204,688)
Purchases of intangible assets	(13,309)
Purchases of property and equipment	<u>(23,817)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,241,814)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,840,374
CASH AND CASH EQUIVALENTS (INCL. RESTRICTED CASH)	
Beginning of Year	<u>2,243,024</u>
End of Year	<u>\$ 4,083,398</u>

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

NOTE 1 — NATURE OF ORGANIZATION

Founded in 1990, the International Myeloma Foundation (IMF) is the first and largest organization focusing specifically on multiple myeloma. The IMF's reach extends to more than 525,000 members in 140 countries worldwide. The IMF is dedicated to improving the quality of life of myeloma patients while working towards prevention and cure through our four founding principles: Research, Education, Support, and Advocacy.

Research: The signature project of the IMF's Research division is the Black Swan Research Initiative, a groundbreaking and collaborative effort to develop the first definitive cure for myeloma. Each year, the IMF also awards Brian D. Novis Grants, which promote research for better myeloma treatments, management, and practices in the field. In addition, more than 200 leading myeloma researchers comprise the IMF's International Myeloma Working Group (IMWG), a research body that has developed myeloma guidelines that are followed around the world. The Foundation supports lab-based research and has awarded over 146 grants to top senior and junior research scientists since 1995. Finally, the IMF's Nurse Leadership Board (NLB), comprised of nurses from leading myeloma treatment centers, develops recommendations for the nursing care of myeloma patients.

Education: The IMF Patient & Family Seminars and Regional Community Workshops are held around the world to provide up-to-date information presented by leading myeloma specialists and researchers directly to patients and their families. The IMF's library of more than 100 publications, for patients and caregivers as well as for healthcare professionals, is updated annually and available free of charge. Publications are available in more than 20 languages.

Support: The IMF's Infoline is staffed by information specialists who answer myeloma-related questions and provide support via phone and email to thousands of families each year. In addition, the IMF sustains a network of more than 150 myeloma support groups and offers training for the hundreds of dedicated patients, caregivers, and nurses who volunteer to lead these groups in their communities.

Advocacy: The IMF's Advocacy team has educated and empowered thousands of individuals who make a positive impact each year on issues critical to the myeloma community. Working in the US at both federal and state levels, we lead coalitions to advocate for parity in insurance coverage. We also represent the myeloma community's interests before the US Congress and agencies such as the National Institutes of Health, the Food and Drug Administration, the Centers for Medicare and Medicaid Services, and the Veterans Administration. Outside the US, the IMF's Global Myeloma Action Network (GMAN) works to help patients gain access to treatment.

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").

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.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

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

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:

- *Without Donor Restrictions* — Net assets are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties.
- *With Donor Restrictions* — Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulates that resources are to be maintained permanently, but permits the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation did not have any permanently restricted net assets at September 30, 2019.

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. This amount includes short-term certificates of deposit and money market funds. For purposes of the statement of cash flows, cash and cash equivalents includes restricted cash held for annuity investment obligations.

Contributions and Program Grants Revenue Recognition — Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor or provided for future periods are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program grants may consist of fee-for-service benefits, or provide for other reciprocal arrangements where the Foundation is obligated to provide benefit to the party awarding the funds. Revenues from such program grants that contain reciprocal arrangements are deferred and recognized as revenue when the obligations have been performed or benefit has been provided, generally through the incurrence of related program costs and delivery of reciprocal benefit. Certain program grants contain milestone or other progress measures that require attainment of certain threshold prior to the application and award of subsequent funding. Contracts that contain such contingencies are accounted for as contingent awards. Revenue from contingent award contracts are recognized when the condition or milestone is met.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

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

Contributions, Program Grants, and Other Receivables — Receivables represent primarily amounts due from pharmaceutical companies for research, educational, or other program grants, or amounts due from donors for general support contributions. The Foundation considers these receivables fully collectible; accordingly, no allowance for doubtful accounts is required.

Receivable are expected to be received as follows:

Due within one year	\$ 3,710,832
Due within one to five years	<u>2,000,000</u>
Total receivables	<u><u>\$ 5,710,832</u></u>

These amounts are not discounted to reflect present value as such adjustment would not be material.

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 net assets without donor restrictions, unless their use is restricted by donors to a specified purpose or future period.

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. Depreciation of property and equipment is computed using the straight-line method based upon the estimated useful lives of the assets as follows:

Computer software and equipment	3 - 5 years
Furniture and equipment	5 years
Website and CRM database	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 used both domestically and internationally. 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, software and website development costs, trademarks and other 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 of cost or fair value less costs to sell.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

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. No contributed goods or services were received during the year ended September 30, 2019.

Functional Expenses — The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with program and supporting service are allocated based on estimates determined by management. The Foundation uses employee salaries based on time survey allocation as a measure to allocate indirect costs for compensation and benefits among program or supporting services, and space occupancy survey as a basis to allocate occupancy and general overhead related indirect costs.

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 and Section 23701(d) of the California Revenue and Taxation 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 did not recognize any amount of tax, interest, and penalties associated with uncertain tax positions.

The Foundation’s federal income tax and informational returns for tax years 2016 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 2015 and subsequent.

Foreign Currency — The Foundation conducts operations in foreign countries and purchases goods and services at prices denominated in various foreign currencies. 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 actual or 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. At September 30, 2019, the Foundation holds less than \$5,000 of foreign currency denominated assets and no foreign currency denominated liabilities.

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.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

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

Two pharmaceutical companies accounted for approximately 57% of total revenues during the year ended September 30, 2019.

Two pharmaceutical company donors accounted for approximately 86% of contributions receivable as of September 30, 2019.

Effect of Recently Issued Accounting Standards — In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, “*Revenue from Contracts with Customers*,” which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the Foundation’s financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “*Leases*” (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2020 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the Foundation’s financial statements and related disclosures and intends to adopt the change when it becomes effective.

Finally, on June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, “*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.” The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments provide:

- (1) Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution
- (2) Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation
- (3) Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets / net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Management is currently evaluating the impact these changes in accounting standards will have on the Foundation’s financial statements and related disclosures.

INTERNATIONAL MYELOMA FOUNDATION
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Notes to Financial Statements
September 30, 2019

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

Subsequent Events — Management has reviewed subsequent events through February 5, 2020, the date that the financial statements were available to be issued.

NOTE 3 — LIQUIDITY AND AVAILABILITY

Financial assets consist of the Foundation's cash and cash equivalents, investments, and contributions receivable. The following table summarizes the Foundation's financial assets as of September 30, 2019, reduced by amounts not available for general use within one year of September 30, 2019.

Cash and cash equivalent	\$ 3,953,520
Investments	6,421,756
Contributions, program grants, and other receivables	<u>5,710,832</u>
	16,086,108
Less assets unavailable for general expenditures within one year	
Contributions, program grants, and other receivables (long-term)	(2,000,000)
Assets with donor restrictions	<u>(186,861)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 13,899,247</u></u>

The Foundation's financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and program expenditure in 2020.

The Foundation has an investment policy authorized by the board of directors that provides guidance and oversight for the management of cash and cash equivalents. The policy provides that the Foundation maintain an adequate level of cash to meet on-going operational and liquidity requirements. All liquid assets are invested in cash, cash equivalents and marketable securities at September 30, 2019.

NOTE 4 — 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.

INTERNATIONAL MYELOMA FOUNDATION
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Notes to Financial Statements
September 30, 2019

NOTE 4 — INVESTMENTS – (CONTINUED)

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

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 of 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.

Investments consist of the following at September 30, 2019:

	Fair value	Cost or Amortized Cost
Certificates of deposit	\$ 868,922	\$ 860,000
Equity securities and ETF's	1,885,763	1,457,653
Mutual funds	2,532,396	2,540,761
Fixed maturities	1,134,675	1,122,554
Total investments	<u>\$ 6,421,756</u>	<u>\$ 5,980,968</u>

As of September 30, 2019, the Foundation's investments were classified by level within the valuation hierarchy as follows:

	Fair Value Hierarchy Designation			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ -	\$ 868,922	\$ -	\$ 868,922
Equity securities and ETF's	1,885,763	-	-	1,885,763
Mutual funds	2,532,396	-	-	2,532,396
Fixed maturities	-	1,134,675	-	1,134,675
Total	<u>\$ 4,418,159</u>	<u>\$ 2,003,597</u>	<u>\$ -</u>	<u>\$ 6,421,756</u>

Investment income for the year ended September 30, 2019 is summarized as follows:

Interest and dividends	\$ 217,692
Realized and unrealized gains	198,170
Management fees	<u>(44,262)</u>
Investment income, net	<u>\$ 371,600</u>

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2019

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2019:

Computer software and equipment	\$ 413,787
Website and CRM database	699,078
Furniture and equipment	83,189
Leasehold improvements	<u>13,246</u>
	1,209,300
Less accumulated depreciation	<u>(584,896)</u>
Net property and equipment	<u><u>\$ 624,404</u></u>

Depreciation expense for the year ended September 30, 2019 was \$327,758. The Foundation's new website was placed in service during the year ended September 30, 2019. The cost related to the old website was written off, resulting in a loss on disposal of asset of \$89,745. The amount is included in the depreciation and amortization expense noted above and in the accompanying Statement of Functional Expenses.

NOTE 6 — INTANGIBLE ASSETS

Intangible assets consist of the following at September 30, 2019:

Trademarks issued	\$ 76,741
Pending trademarks	<u>92,967</u>
	169,708
Less accumulated amortization	<u>(33,506)</u>
Net intangible assets	<u><u>\$ 136,202</u></u>

Amortization expense for the year ended September 30, 2019 was \$7,668. Pending trademarks have not been amortized and are expected to be approved in 2020.

The estimated amortization expense for the next five years and thereafter is expected to be as follows:

<u>Years Ending September 30,</u>	
2020	\$ 7,674
2021	7,674
2022	7,674
2023	6,738
2024	5,425
Thereafter	<u>101,017</u>
	<u><u>\$ 136,202</u></u>

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NOTE 7 — 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 2021, and the equipment lease agreements expire in June 2021.

The future minimum rental and equipment lease payments required under such leases at September 30, 2019 are as follows:

Years Ending September 30,	Leased Office Space	Office Equipment	Total
2020	\$ 247,766	\$ 10,005	\$ 257,771
2021	255,199	3,011	258,210
2022	65,234	-	65,234
	<u>\$ 568,199</u>	<u>\$ 13,016</u>	<u>\$ 581,215</u>

Rent expense (including parking, maintenance, and other occupancy charges) for the year ended September 30, 2019 was \$315,735.

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

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, 2019, the Foundation accrued \$370,000 in grant awards. 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. These amounts are awarded on executory contracts that require specific performance and project activities. The Foundation has future minimum commitments to fund research projects that are summarized as follows:

<u>Years Ending September 30,</u>	
2020	\$ 1,808,929
2021	505,176
2022	<u>654,916</u>
	<u>\$ 2,969,021</u>

Lines of Credit — The Foundation maintains two borrowing lines of credit for \$400,000 and \$3.4 million which renew on month-to-month bases. The amount available under the \$3.4 million line of credit is based on a percentage of investments held in a brokerage account with the lender. The available borrowing amount will fluctuate with the amount of investments that are held as collateral. The interest rates on outstanding borrowings varies with the lender's prime rate, and was approximately 5.75% and 3.28%, respectively, at September 30, 2019. There were no outstanding borrowings at any time during the year ended September 30, 2019.

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NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2019 was comprised of the following:

Time restricted contributions	\$ 50,000
Program restricted contributions	85,000
Charitable gift annuity program, net	<u>51,861</u>
Temporarily restricted net assets	<u><u>\$ 186,861</u></u>

The following is a summary of changes in the annuity assets (restricted cash) during the year ended September 30, 2019:

Beginning of the year	\$ 128,045
Interest income	9,644
Payments made to annuitants	<u>(7,811)</u>
Assets - end of the year	<u><u>\$ 129,878</u></u>

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2019:

Beginning of year	\$ 78,278
Change in annuity obligation	7,550
Payments made to annuitants	<u>(7,811)</u>
Liabilities - end of year	<u><u>\$ 78,017</u></u>

NOTE 9 — RELATED PARTY TRANSACTION

One member of the board of directors of the Foundation also serves as a research consultant. Amount paid to the related party's consulting company totaled \$192,000 for the year ended September 30, 2019.