

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

September 30, 2020



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, 2020, 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, 2020, 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.

Adoption of New Accounting Guidance

As discussed in Note 2 to the financial statements, during the year ended September 30, 2020, International Myeloma Foundation adopted ASU 2014-09 (Topic 606): *Revenue from Contracts with Customers* and ASU 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

Subsequent Events and Uncertainties

As discussed in Note 7 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Gursey | Schneider LLP

February 9, 2021
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
September 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	4,172,849
Investments, at fair value		8,904,793
Contributions, program grants, and other receivables		2,946,166
Prepaid expenses		789,875

Total Current Assets		16,813,683
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OTHER ASSETS

Property and equipment, net		403,875
Intangible assets, net		125,320

Total Other Assets		529,195
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TOTAL ASSETS		\$ 17,342,878
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	210,909
Deferred program and educational grants		3,651,982
Refundable advances		4,056,750
Gift annuity obligation		74,738

TOTAL LIABILITIES		7,994,379
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NET ASSETS

Without donor restrictions		9,272,921
With donor restrictions		75,578

TOTAL NET ASSETS		9,348,499
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TOTAL LIABILITIES AND NET ASSETS		\$ 17,342,878
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INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Educational and program grants	\$ 6,695,440	\$ 2,414,025	\$ 9,109,465
General contributions	2,586,547	583,252	3,169,799
Clinical trials and research revenue	2,421,493	-	2,421,493
Change in split interest agreements	-	(4,531)	(4,531)
Support group income	24,801	-	24,801
Fundraising events, net of direct benefit to donors of \$358,440	-	(4,868)	(4,868)
Investment income, net of fees \$44,705	448,014	11,581	459,595
	12,176,295	2,999,459	15,175,754
Transfer to annuity assets	(16,667)	16,667	
Net assets released from restrictions	3,127,409	(3,127,409)	-
	15,287,037	(111,283)	15,175,754
FUNCTIONAL EXPENSES			
Program expenses	12,959,476	-	12,959,476
General supporting expenses	601,993	-	601,993
Fundraising	1,160,976	-	1,160,976
	14,722,445	-	14,722,445
CHANGE IN NET ASSETS	564,592	(111,283)	453,309
NET ASSETS - Beginning of year	8,708,329	186,861	8,895,190
NET ASSETS - End of year	\$ 9,272,921	\$ 75,578	\$ 9,348,499

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, 2020

	Advocacy	Clinical Meetings	Education and Awareness	Info Line	Information Mailings	International	Myeloma Today	Nurse
Bank fees	\$ 445	\$ 216	\$ 1,174	\$ 266	\$ 93	\$ 409	\$ 198	\$ 456
Conference and meetings	11,821	2,000	151,941	-	-	209,402	-	183,173
Depreciation and amortization	13,916	346	14,916	13,662	13,372	13,837	13,528	24,805
Dues and subscriptions	12,924	-	2,759	-	-	-	-	238
Information technology	6,976	3,193	17,446	4,030	1,285	5,935	3,115	7,103
Insurance	2,178	1,651	6,662	1,023	486	1,903	1,104	1,726
Merchandise	-	-	11,123	-	-	-	-	-
Office	6,258	2,131	52,833	2,696	1,038	4,359	2,084	8,868
Payroll	376,489	9,284	842,343	305,484	48,638	173,521	179,454	212,069
Postage and shipping	24	-	6,601	-	4,235	46	25,776	153
Printing and publications	743	237,500	102,039	-	2,358	45,683	22,820	25,302
Professional services	154,807	2,431	198,253	2,716	1,661	179,031	4,785	121,663
Rent	997	373	60,436	31,410	8,738	6,957	9,959	550
Research grants awarded	-	-	-	-	-	-	-	-
Taxes	272	209	679	169	42	193	92	308
Telephone	7,963	-	20,174	1,126	357	1,747	813	6,601
Travel	7,879	779	55,270	-	-	81,034	-	10,927
Total	\$ 603,692	\$ 260,113	\$ 1,544,649	\$ 362,582	\$ 82,303	\$ 724,057	\$ 263,728	\$ 603,942

(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, 2020

(Continued from previous page)

	Patient and Family Seminars	Research	Support Groups	Website	Total Program Expenses	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 373	\$ 5,054	\$ 463	\$ 376	\$ 9,523	\$ 708	\$ 858	\$ 11,089
Conference and meetings	94,415	621,836	121,313	-	1,395,901	83,327	4,442	1,483,670
Depreciation and amortization	13,783	36,727	13,813	13,954	186,659	14,242	14,521	215,422
Dues and subscriptions	-	3,489	120	795	20,325	-	13,791	34,116
Information technology	5,372	75,449	11,843	5,827	147,574	10,207	68,520	226,301
Insurance	1,714	47,064	2,349	1,751	69,611	3,652	4,737	78,000
Merchandise	-	-	-	-	11,123	-	16,291	27,414
Office	6,758	231,055	9,363	125,791	453,234	7,061	21,580	481,875
Payroll	290,397	1,323,670	507,811	264,318	4,533,478	415,329	700,438	5,649,245
Postage and shipping	3,707	3,150	5,871	-	49,563	1,308	155,638	206,509
Printing and publications	16,990	2,831,688	3,373	-	3,288,496	-	13,955	3,302,451
Professional services	44,463	776,411	5,498	3,913	1,495,632	7,413	62,418	1,565,463
Rent	16,923	41,950	11,056	37,128	226,477	42,464	63,816	332,757
Research grants awarded	-	326,667	-	-	326,667	-	-	326,667
Taxes	180	2,906	336	332	5,718	265	506	6,489
Telephone	1,651	42,383	17,142	1,608	101,565	2,854	13,145	117,564
Travel	48,706	389,136	44,199	-	637,930	13,163	6,320	657,413
Total	\$ 545,432	\$ 6,758,635	\$ 754,550	\$ 455,793	\$ 12,959,476	\$ 601,993	\$ 1,160,976	\$ 14,722,445

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 453,309
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in split interest agreements	(3,279)
Depreciation and amortization	215,422
Realized and unrealized gains, net	(311,095)
Loss on disposal of property and equipment	44,875
(Increase) decrease in assets:	
Contributions, program grants, and other receivables	2,764,666
Prepaid expenses	248,152
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(2,372,893)
Deferred program and educational grants	<u>1,251,122</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,290,279</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments, net	(2,042,064)
Purchases of intangible assets	(4,943)
Purchases of property and equipment, net	<u>(23,943)</u>
NET CASH USED FOR INVESTING ACTIVITIES	<u>(2,070,950)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	219,329
CASH AND CASH EQUIVALENTS (INCL. RESTRICTED CASH)	
Beginning of Year	<u>3,953,520</u>
End of Year	<u>\$ 4,172,849</u>
<u>CASH PAID DURING THE YEAR FOR:</u>	
Interest	<u>\$ 1,762</u>
<u>NON-CASH INVESTING ACTIVITY</u>	
Disposal of property and equipment	<u>\$ 224,380</u>

See Accompanying Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2020

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 250 leading myeloma researchers, clinicians and statisticians 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 147 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, 2020

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, 2020.

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 of \$2,005 held for annuity investment obligations.

Revenue Recognition — The Foundation has multiple revenue streams that are accounted for as contributions, educational and program grants, and exchange transaction involving clinical trials and special events.

On October 1, 2019, the Foundation adopted Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers*,” as codified in ASC 606, by applying the modified retrospective method. The Foundation evaluated its revenue streams to identify whether each stream would be subject to the provisions of ASC 606 and any differences in the timing, measurement, or presentation of revenue compared to ASC 605, “*Revenue Recognition*” (“ASC 605”).

On October 1, 2019, the Foundation also adopted ASU 2018-08, “*Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.” This standard clarified and improved current guidance by providing criteria for determining whether a donor is receiving commensurate value in return from the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction. The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Foundation adopted this standard on a modified retrospective basis.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2020

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

Contributions

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.

During the current year, the Foundation recorded general contributions as support from the Federal government by way of a forgivable loan under the U.S. Small Business Administration – Paycheck Protection Program. During the year ended September 30, 2020, the Foundation recorded \$850,800 of income from this forgivable loan. The loan was fully forgiven on November 19, 2020.

Educational and Program Grants

Program grants may consist of conditional awards where the Foundation is obligated to provide a certain event or program or complete a charitable activity. 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 is recognized when the condition or milestone is met. Other program grants without milestones are accounted for as contributions when awarded.

Clinical Trials Revenue

The Foundation contracts with several pharmaceutical companies to conduct various clinical trials related to finding treatments for multiple myeloma through a contracted network of research institutions. The Foundation is responsible for executing multi-year contracts to perform clinical trials in accordance with the terms set forth in the contracts, collecting data, providing administrative support, collaborating with research institutions to produce a final report, and collecting and remitting payments as a fiscal agent. The number of enrolled subjects as well as milestone achievement, and expenses incurred to date may be used to measure the delivery of services to the pharmaceutical companies. Revenues from clinical trials are recognized when pre-established milestones are met.

Special Events Revenue

The Foundation organizes various special events as a fundraising effort. Revenues collected for these events have both the exchange and non-exchange components. Any payments collected in advance of the event taking place are reported as deferred revenue, and the revenue is recognized when the event takes place.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2020

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.

Receivables are expected to be received as follows:

Due within one year	<u>\$ 2,946,166</u>
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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, 2020

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, 2020.

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 2017 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 2016 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. On September 30, 2020, 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, 2020

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

Four pharmaceutical companies accounted for approximately 66% of total revenues during the year ended September 30, 2020.

One pharmaceutical company donor accounted for approximately 59% of contributions receivable as of September 30, 2020.

Effect of Recently Issued Accounting Standards — 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, 2021 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.

Subsequent Events — Management has reviewed subsequent events through February 9, 2021, 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, 2020, reduced by amounts not available for general use within one year of September 30, 2020.

Cash and cash equivalents	\$	4,172,849
Investments		8,904,793
Contributions, program grants, and other receivables		2,946,166
		16,023,808
Less assets unavailable for general expenditures within one year:		
Assets with donor restrictions		(75,578)
Financial assets available to meet cash needs for general expenditures within one year	\$	15,948,230

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 2021.

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, 2020.

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2020

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.

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, 2020:

	Fair value	Cost or Amortized Cost
Equity securities and ETF's	\$ 1,483,925	\$ 968,436
Mutual funds	2,903,702	2,700,590
Fixed maturities	4,517,166	4,440,638
Total investments	<u>\$ 8,904,793</u>	<u>\$ 8,109,664</u>

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
September 30, 2020

NOTE 4 — INVESTMENTS — (CONTINUED)

As of September 30, 2020, 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	
Equity securities and ETF's	\$ 1,483,925	\$ -	\$ -	\$ 1,483,925
Mutual funds	2,903,702	-	-	2,903,702
Fixed maturities	3,325,262	1,191,904	-	4,517,166
Total	\$ 7,712,889	\$ 1,191,904	\$ -	\$ 8,904,793

Investment income for the year ended September 30, 2020 is summarized as follows:

Interest and dividends	\$ 193,205
Realized and unrealized gains, net	311,095
Management fees	(44,705)
Investment income, net	\$ 459,595

NOTE 5 — PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2020:

Computer software and equipment	\$ 218,773
Website and CRM database	699,078
Furniture and equipment	77,766
Leasehold improvements	13,246
	1,008,863
Less accumulated depreciation	(604,988)
	\$ 403,875

Depreciation expense for the year ended September 30, 2020 was \$215,422. During the current year, the Foundation disposed property and equipment of \$224,380 and recorded a loss on disposal of \$44,875.

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NOTE 6 — INTANGIBLE ASSETS

Intangible assets consist of the following at September 30, 2020:

Trademark registration costs	\$ 174,651
Less accumulated amortization	<u>(49,331)</u>
Net intangible assets	<u>\$ 125,320</u>

Amortization expense for the year ended September 30, 2020 was \$7,668.

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

<u>Years Ending September 30,</u>	
2021	\$ 17,465
2022	17,255
2023	16,487
2024	15,216
2025	14,348
Thereafter	<u>44,549</u>
	<u>\$ 125,320</u>

NOTE 7 — COMMITMENTS AND CONTINGENCIES

Operating Leases — The Foundation leases its office space under non-cancelable operating lease agreements. The office space lease agreement expires in December 2021.

The future minimum rental lease payments required under such leases at September 30, 2020 are as follows:

<u>Years Ending September 30,</u>	
2021	\$ 255,199
2022	<u>65,234</u>
	<u>\$ 320,433</u>

Rent expense (including parking, maintenance, and other occupancy charges) for the year ended September 30, 2020 was \$332,757.

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NOTE 7 — 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, 2020, the Foundation accrued \$326,667 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>	
2021	\$ 1,815,523
2022	1,629,310
2023	<u>992,722</u>
	<u>\$ 4,437,555</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 4.25% and 1.40%, respectively, at September 30, 2020. There were no outstanding borrowings at any time during the year ended September 30, 2020.

Global Pandemic and Contingency — The 2019-20 Coronavirus pandemic is an ongoing global pandemic of Coronavirus disease 2019 (COVID-19). On March 11, 2020, the World Health Organization declared the outbreak a pandemic. As a result, public health responses around the world have included travel restrictions, quarantines, school and nonessential workplace closures, event cancellations, and other quarantine-related restrictions.

Management is complying with all required health and safety requirements and has shifted to a modified office access to continue providing services as necessary and appropriate. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

The Foundation is in a strong financial position to continue its mission throughout the pandemic. The related financial impact of this matter and other effects of the global pandemic cannot be reasonably estimated at this time.

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NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2020 was comprised of the following:

Gift annuity assets:	
Investments	\$ 148,311
Restricted cash	2,005
Present value of gift annuity obligation	<u>(74,738)</u>
Temporarily restricted net assets	<u><u>\$ 75,578</u></u>

The following is a summary of changes in the annuity assets during the year ended September 30, 2020:

Beginning of the year	\$ 129,878
Investment income	12,513
Payments made to annuitants	(7,810)
Fees	(932)
Transfer from cash account	<u>16,667</u>
Assets - end of the year	<u><u>\$ 150,316</u></u>

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2020:

Beginning of year	\$ 78,017
Change in annuity obligation	4,531
Payments made to annuitants	<u>(7,810)</u>
Liabilities - end of year	<u><u>\$ 74,738</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, 2020.