

# **INTERNATIONAL MYELOMA FOUNDATION**

(A California Nonprofit Public Benefit Corporation)

## **FINANCIAL STATEMENTS**

**As of and for the**

**Year Ended**

**September 30, 2013**



**Gurseley | Schneider** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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CERTIFIED  
PUBLIC ACCOUNTANTS  
& ADVISORS

**Report of Independent Auditors**

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, 2013, 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.

**PARTNERS**  
David E. Blumenthal, CPA\*†  
David J. Swan, CPA\*†  
Stephan H. Wasserman, CPA\*†  
Robert O. Watts, CPA†  
Tracy Farryl Katz, ESQ., CPA†  
Nazfar B. Afshar, CPA†  
Marie Ambrosino  
Gary L. Krausz, CPA†  
Keith S. Dolabson, CPA  
James M. Good, CPA†  
Brian J. Gray, CPA

**DIRECTORS**  
Stacey S. Summers, CPA

**FOUNDERS**  
Donald L. Gursey, (1936-2007)  
Stanley B. Schneider, CPA



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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Myeloma Foundation as of September 30, 2013, 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.

*Arsney | Schneider LLP*

February 18, 2014  
Los Angeles, California

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Financial Position  
September 30, 2013

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	1,716,305
Contributions and other receivables		2,015,764
Prepaid expenses		428,379

<b>Total Current Assets</b>		4,160,448
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**OTHER ASSETS**

Property and equipment, net		516,335
Gift annuity investments, restricted cash		9,935
Intangible assets, net		20,166

<b>Total Other Assets</b>		546,436
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<b>TOTAL ASSETS</b>	\$	4,706,884
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$	495,022
Deferred and unrestricted educational grants		3,054,465

<b>TOTAL CURRENT LIABILITIES</b>		3,549,487
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**GIFT ANNUITY OBLIGATION**

		6,339
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<b>TOTAL LIABILITIES</b>		3,555,826
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**NET ASSETS**

Unrestricted		1,147,462
Temporarily restricted		3,596

<b>Total Net Assets</b>		1,151,058
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	4,706,884
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**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Activities  
For the Year Ended September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Educational grants	\$ 7,033,130	\$ -	\$ 7,033,130
General contributions	890,535	364,710	1,255,245
Fundraising programs	285,693	2,664	288,357
Donated services	147,757	-	147,757
Seminar fees and support group income	57,152	-	57,152
Fundraising event, net of direct benefit to donors of \$318,327	122,629	447,615	570,244
Change in split-interest obligation	-	3,596	3,596
Interest income	5,075	-	5,075
	<u>8,541,971</u>	<u>818,585</u>	<u>9,360,556</u>
Released from restriction	<u>814,989</u>	<u>(814,989)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>9,356,960</u>	<u>3,596</u>	<u>9,360,556</u>
<b>EXPENSES</b>			
Program services	8,199,686	-	8,199,686
Supporting services	507,783	-	507,783
Fundraising	544,382	-	544,382
<b>TOTAL EXPENSES</b>	<u>9,251,851</u>	<u>-</u>	<u>9,251,851</u>
<b>CHANGE IN NET ASSETS</b>	105,109	3,596	108,705
<b>NET ASSETS - Beginning of year</b>	<u>1,042,353</u>	<u>-</u>	<u>1,042,353</u>
<b>NET ASSETS - End of year</b>	<u>\$ 1,147,462</u>	<u>\$ 3,596</u>	<u>\$ 1,151,058</u>

See Independent Auditors' Report and Notes to Financial Statements

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended September 30, 2013

	<u>Advocacy</u>	<u>Clinical Meetings</u>	<u>Education and Awareness</u>	<u>Hotline</u>	<u>Information Mailings</u>
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ -
Conference and meetings	11,991	422,160	380,613	-	-
Depreciation and amortization	4,147	1,558	6,214	3,666	3,164
Dues and subscriptions	30,620	149	1,683	67	43
Information Technology	488	355	887	380	187
Insurance	2,731	1,569	4,877	2,203	1,577
Interest	50	36	75	42	30
Merchandise	-	-	-	-	-
Office	7,818	5,391	20,336	4,318	9,864
Payroll	222,318	97,139	348,643	273,173	97,855
Postage and shipping	1,145	675	6,047	-	7,494
Printing and publications	2,352	679	170,133	163	2,565
Professional services	206,957	2,197	114,096	2,484	2,059
Recruitment	-	-	-	-	-
Rent	14,950	7,327	19,209	26,570	15,647
Research grants awarded	-	-	-	-	-
Taxes	291	138	607	228	202
Telephone	8,643	2,500	47,351	7,778	2,131
Travel	33,797	75,185	75,587	-	-
	<u>33,797</u>	<u>75,185</u>	<u>75,587</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 548,298</u>	<u>\$ 617,058</u>	<u>\$ 1,196,358</u>	<u>\$ 321,072</u>	<u>\$ 142,818</u>

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**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended September 30, 2013

	<b>International</b>	<b>Myeloma Manager</b>	<b>Myeloma Today</b>	<b>Nurse</b>	<b>Patient and Family Seminars</b>
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ -
Conference and meetings	213,562	-	-	259,784	494,597
Depreciation and amortization	2,873	38,372	3,818	3,773	4,189
Dues and subscriptions	185	-	72	41	159
Information Technology	602	-	400	463	403
Insurance	3,119	-	2,384	2,241	2,840
Interest	54	-	45	28	33
Merchandise	-	-	-	-	-
Office	23,372	-	5,150	5,507	12,865
Payroll	247,743	-	164,566	114,434	217,022
Postage and shipping	2,343	-	25,583	1,122	19,039
Printing and publications	20,705	-	38,476	-	35,186
Professional services	191,611	-	2,637	2,065	2,313
Recruitment	-	-	-	-	-
Rent	8,312	-	11,161	2,141	15,925
Research grants awarded	-	-	-	-	-
Taxes	337	-	249	304	406
Telephone	10,207	-	5,162	8,507	3,985
Travel	245,308	-	-	5,456	115,776
	<u>245,308</u>	<u>-</u>	<u>-</u>	<u>5,456</u>	<u>115,776</u>
Total	<u>\$ 970,333</u>	<u>\$ 38,372</u>	<u>\$ 259,703</u>	<u>\$ 405,866</u>	<u>\$ 924,738</u>

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**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended September 30, 2013

	<u>Research</u>	<u>Support Groups</u>	<u>Website</u>	<u>Total Program Expenses</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	818,759	140,459	-	2,741,925
Depreciation and amortization	6,935	36,183	81,454	196,346
Dues and subscriptions	358	238	1,946	35,561
Information Technology	1,609	690	150,516	156,980
Insurance	7,699	3,230	2,116	36,586
Interest	92	40	40	565
Merchandise	-	-	-	-
Office	16,568	15,821	4,914	131,924
Payroll	291,155	286,527	63,728	2,424,303
Postage and shipping	2,500	7,092	-	73,040
Printing and publications	24,492	12,812	82	307,645
Professional services	107,482	2,665	2,472	639,038
Recruitment	-	-	-	-
Rent	23,584	5,307	7,405	157,538
Research grants awarded	462,311	-	-	462,311
Taxes	967	440	239	4,408
Telephone	12,451	17,988	2,729	129,432
Travel	71,848	79,127	-	702,084
	<u>71,848</u>	<u>79,127</u>	<u>-</u>	<u>702,084</u>
Total	<u>\$ 1,848,810</u>	<u>\$ 608,619</u>	<u>\$ 317,641</u>	<u>\$ 8,199,686</u>

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**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended September 30, 2013

	<b>General Supporting Expenses</b>	<b>Fundraising Expenses</b>	<b>Total Expenses</b>
Bank fees	\$ 6,300	\$ -	\$ 6,300
Conference and meetings	82,819	33,094	2,857,838
Depreciation and amortization	7,021	3,906	207,273
Dues and subscriptions	630	26,093	62,284
Information Technology	2,709	19,549	179,238
Insurance	6,571	2,457	45,614
Interest	1,165	32	1,762
Merchandise	6,519	4,975	11,494
Office	99,687	6,005	237,616
Payroll	239,904	293,537	2,957,744
Postage and shipping	3,104	42,365	118,509
Printing and publications	-	51,139	358,784
Professional services	9,422	22,907	671,367
Recruitment	-	125	125
Rent	28,160	21,997	207,695
Research grants awarded	-	-	462,311
Taxes	873	336	5,617
Telephone	9,083	5,147	143,662
Travel	3,816	10,718	716,618
	<u>3,816</u>	<u>10,718</u>	<u>716,618</u>
Total	<u>\$ 507,783</u>	<u>\$ 544,382</u>	<u>\$ 9,251,851</u>

See Independent Auditors' Report and Notes to Financial Statements

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Cash Flows  
For the Year Ended September 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Increase in net assets	\$ 108,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	207,273
(Increase) decrease in assets:	
Contributions and other receivables	(463,646)
Prepaid expenses	95,515
Annuity assets and liabilities, net	(3,596)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(184,499)
Deferred and unrestricted educational grants	439,747
	<b>CASH PROVIDED BY OPERATING ACTIVITIES</b> 199,499
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of intangible assets	(12,458)
Purchases of fixed assets	(134,710)
	<b>CASH USED FOR INVESTING ACTIVITIES</b> (147,168)
<b>NET INCREASE IN CASH</b>	52,331
<b>CASH AT BEGINNING OF YEAR</b>	1,663,974
<b>CASH AT END OF YEAR</b>	\$ 1,716,305
 <b><u>CASH PAID DURING THE YEAR FOR:</u></b>	
Interest	\$ 1,762

See Independent Auditors' Report and Notes to Financial Statements

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization** — Founded in 1990, the International Myeloma Foundation (the “Foundation”), is the oldest and largest myeloma-specific charity in the world. With more than 240,000 members in 120 countries, the Foundation serves myeloma patients, family members, and the medical community. The Foundation provides a wide range of programs in the areas of Research, Education, Support, and Advocacy.

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

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

Support: Our toll-free Hotline at (800) 452-CURE (2873) is staffed by hotline coordinators who answer questions and provide support and information via phone and email 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.

**Basis of Financial Presentation** — The accompanying financial statements have been prepared on the accrual basis of accounting. The Foundation recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. 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 arise in future periods are deferred and recognized as income in the period such programs and activities are provided. 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.

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

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, 2013.

**Use of Estimates** — The preparation of financial statements in accordance with generally accepted accounting principles (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.

Significant estimates include management's estimate of the useful lives of property and equipment and the value of donated goods and services. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from those estimates.

**Concentrations of Risk** – Three pharmaceutical company donors accounted for approximately 77% of total revenues during the year ended September 30, 2013 and 69% of contributions receivable at September 30, 2013.

The Foundation maintains its cash and certificates of deposit in bank accounts, and regularly reviews the account balances to ensure it is within federally insured limits. These investments are monitored by the Foundation's finance committee and made in the manner consistent with policies and guidelines established by the investment committee and approved by the board of directors.

**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 Foundation receives donated services from doctors assisting the Foundation in its patient and family seminars. The accompanying statement of activities reflects \$147,757 for such services during the year ended September 30, 2013.

**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.

**Cash Equivalents** — For the purposes of the statement of cash flows, the Foundation considers cash equivalents to include money market funds, certificates of deposit, and short-term investments with original maturities less than 90 days. At September 30, 2013, the Foundation held one short-term certificates of deposit of \$240,389 that pays interest of less than one percent.

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

**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.

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

	<u>Life in Years</u>
Computer equipment	5
Furniture, fixtures and equipment	5
Software	5
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 cost of these intangible assets are being amortized on a straight-line basis over the life of the trademark and are stated at cost net of accumulated amortization. The Foundation estimates a ten-year useful life for its trademarks.

**Impairment of Long-Lived Assets** – Long-lived assets to be held and intangible assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower cost or fair market value less costs to sell. The Foundation has determined that no events occurred during the years ended September 30, 2013 that would give rise to impairment of its long-lived assets.

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

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

The Foundation's federal income tax and informational returns for tax years 2010 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 2009 and subsequent.

**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.

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)**

**Subsequent Events** — Management has reviewed subsequent events through February 18, 2014, the date that the financial statements were available to be issued.

**NOTE 2 — 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, 2013, the Foundation had expenditures for research programs in excess of the sum of current year temporarily restricted contributions. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2013 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 2013, the Foundation issued one charitable gift annuity and recognized a contribution of \$1,931. Sufficient assets are maintained to meet the annuity requirements stipulated by California state law. The change in the estimated liability is reflected in the statement of activities as change in split-interest agreement.

The following is a summary of changes in the annuity assets (restricted cash) during the year ended September 30, 2013:

Beginning of year	\$ -
Annuity assets received	10,000
Payments made to annuitant	<u>(65)</u>
End of year	<u>\$ 9,935</u>

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2013:

Beginning of year	\$ -
New obligations incurred	8,069
Payments made to annuitant	(65)
Change in fair value of liability	<u>(1,665)</u>
End of year	<u>\$ 6,339</u>

Temporarily restricted net assets are summarized as follows:

Gift annuity assets: Restricted cash	\$ 9,935
Present value of gift annuity obligation	<u>(6,339)</u>
Temporarily restricted net assets	<u>\$ 3,596</u>

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 3 — FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Foundation records its financial assets and liabilities at fair value, in accordance with the framework for measuring fair value in generally accepted accounting principles. This framework establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

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.

The Foundation's financial instruments are cash, cash equivalents and short-term certificates of deposit. The recorded values approximate their fair values based on their short-term nature. All of these assets and liabilities can be measured using Level 1 inputs.

**NOTE 4 — PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

Computer equipment	\$ 197,268
Computer software	1,102,666
Furniture, fixtures and equipment	59,215
Leasehold improvements	<u>13,246</u>
	1,372,395
Less accumulated depreciation	<u>(856,060)</u>
Net Property and Equipment	<u><u>\$ 516,335</u></u>

Depreciation expense for the year ended September 30, 2013 was \$206,319.



**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 5 — INTANGIBLE ASSETS**

Intangible assets consist of the following:

Trademarks	\$ 21,313
Less: Accumulated amortization	<u>(1,147)</u>
	<u>\$ 20,166</u>

Amortization expense for the year ended September 30, 2013 was \$954. The following schedule by year related to the estimated amortization expense for certain trademarks for the succeeding years:

<u>Year ending</u> <u>September 30,</u>	
2014	\$ 2,130
2015	2,130
2016	2,130
2017	2,130
2018	2,130
Thereafter	<u>9,516</u>
	<u>\$ 20,166</u>

**NOTE 6 — COMMITMENTS AND CONTINGENCIES**

**Operating Leases** — The Foundation leases office space and office equipment under noncancelable operating leases. The office space lease agreement expires in December 2017. The equipment lease agreement expires in May 2015. The Foundation has one option to extend the office space lease for three additional years.

Future minimum rental and equipment lease payments under such leases with an initial term of one year or more at September 30, 2013 are as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2014	\$ 177,109	\$ 13,296	\$ 190,405
2015	182,422	13,296	195,718
2016	187,895	9,301	197,196
2017	193,532	3,708	197,240
Thereafter	<u>42,340</u>	<u>2,472</u>	<u>44,812</u>
	<u>\$ 783,298</u>	<u>\$ 42,073</u>	<u>\$ 825,371</u>

Rent expense was \$207,695 for the year ended September 30, 2013.

**Executive Contract** — The Foundation has a five-year employment contract with its president at \$178,887 annually. Commencing on October 1, 2013 the Foundation approved to increase her annual salary to \$192,000. The contract expires on October 1, 2015.

**INTERNATIONAL MYELOMA FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
For the Year Ended September 30, 2013

**NOTE 6 — 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, 2013, the Foundation awarded \$462,311 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. Included in accounts payable and accrued expenses are \$ 0 related to the awarded but unpaid grant obligations.

**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, 2013. There were no outstanding borrowings at September 30, 2013.