

INTERNATIONAL MYELOMA FOUNDATION

FINANCIAL STATEMENTS

**As of and for the
Year Ended**

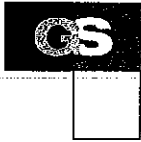
September 30, 2010



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditors' Report

To the Board of Directors
International Myeloma Foundation

We have audited the accompanying statement of financial position of International Myeloma Foundation (the Foundation) as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of International Myeloma Foundation as of September 30, 2010, and the changes in its net assets, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

February 1, 2011
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION

Statement of Financial Position

September 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,694,124
Contributions and other receivables		738,270
Prepaid expenses		384,919

Total Current Assets 2,817,313

PROPERTY AND EQUIPMENT, at cost

Furniture, fixtures and equipment		58,354
Computer equipment		175,478
Computer software		667,688
Laboratory research equipment		449,200

1,350,720

Less accumulated depreciation (825,566)

Net Property and Equipment 525,154

TOTAL ASSETS \$ 3,342,467

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses		379,746
Deferred and unrestricted educational grants		1,987,279
Current obligations under capital leases		1,619
Line of credit		25,000

Total Current Liabilities 2,393,644

OBLIGATIONS UNDER CAPITAL LEASES, less current portion 6,170

NET ASSETS

Unrestricted	\$	942,653
Temporarily restricted		-

Total Net Assets 942,653

TOTAL LIABILITIES AND NET ASSETS \$ 3,342,467

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATIONStatement of Activities
For the Year Ended September 30, 2010**CHANGE IN UNRESTRICTED NET ASSETS**

Revenues

Educational grants	\$	5,689,636
General contributions		2,263,175
Donated services		182,150
Seminar fees and support group income		61,847
Fundraising event income		56,568
Interest income		8,315

Total Revenues 8,261,691

NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of program restrictions	442,095
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TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT

8,703,786

EXPENSES

Program expenses	6,734,128
General supporting expenses	496,349
Fundraising expenses	512,943

Total Expenses 7,743,420

INCREASE IN UNRESTRICTED NET ASSETS 960,366

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	145,990
Fundraising event, net of direct benefit to donors of \$367,946	296,105
Net assets released from restrictions	(442,095)

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS -

INCREASE IN NET ASSETS 960,366

NET ASSETS (DEFICIT), September 30, 2009 (17,713)

NET ASSETS, September 30, 2010 \$ 942,653

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2010

	<u>Advocacy</u>	<u>Bank-on-a-Cure ©</u>	<u>Clinical Meetings</u>	<u>Education and Awareness</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	34,972	-	256,541	147,480
Depreciation	6,121	-	6,564	7,743
Direct programming	-	213,291	-	-
Dues and subscriptions	7,997	-	510	1,434
Information technology	3,522	-	2,963	6,119
Insurance	2,751	-	2,181	4,591
Interest	772	-	726	1,326
Merchandise	-	-	-	-
Office	4,645	-	3,246	7,747
Payroll	143,356	4,412	54,878	157,028
Postage and shipping	1,203	-	622	21,351
Printing and publications	2,096	987	-	271,063
Professional services	132,335	-	4,597	10,571
Recruitment	-	-	-	-
Rent	10,781	389	3,571	7,037
Research grants awarded	-	-	-	-
Taxes	111	-	88	238
Telephone	9,798	-	6,408	10,362
Travel	35,211	-	120,489	47,371
Total	<u>\$ 395,671</u>	<u>\$ 219,079</u>	<u>\$ 463,384</u>	<u>\$ 701,461</u>

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See auditor's report and accompanying notes to financial statements.

INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2010

	<u>Hotline</u>	<u>Information Mailings</u>	<u>Inter-national</u>	<u>Myeloma Manager</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	-	104,431	4,590
Depreciation	6,209	6,241	1,045	12,052
Direct programming	-	-	-	-
Dues and subscriptions	837	787	737	-
Information technology	3,980	3,672	2,781	17,059
Insurance	3,084	2,839	2,154	-
Interest	858	800	620	-
Merchandise	-	-	-	-
Office	4,926	6,215	22,753	-
Payroll	274,101	85,825	219,568	15,000
Postage and shipping	304	8,437	2,770	-
Printing and publications	125	3,723	263	4,348
Professional services	7,278	6,634	122,328	-
Recruitment	-	-	-	-
Rent	31,235	18,559	4,119	-
Research grants awarded	-	-	-	-
Taxes	135	124	53	-
Telephone	12,568	4,227	5,893	-
Travel	222	222	134,155	-
Total	<u>\$ 345,862</u>	<u>\$ 148,305</u>	<u>\$ 623,670</u>	<u>\$ 53,049</u>

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See auditor's report and accompanying notes to financial statements.

INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2010

	Myeloma Today	Nurse	Patient and Family Seminars	Public Relations
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	342,801	568,318	14,990
Depreciation	1,044	6,979	7,920	724
Direct programming	-	-	-	-
Dues and subscriptions	531	1,023	1,043	303
Information technology	2,218	4,094	6,275	1,236
Insurance	1,730	3,177	5,138	955
Interest	464	1,024	1,226	262
Merchandise	-	-	-	-
Office	2,844	6,492	12,984	1,380
Payroll	117,315	121,290	203,556	42,123
Postage and shipping	37,561	961	41,718	48
Printing and publications	34,497	3,819	37,136	135
Professional services	4,118	6,843	11,051	26,226
Recruitment	-	-	-	-
Rent	8,025	442	15,794	2,635
Research grants awarded	-	-	-	-
Taxes	83	80	324	48
Telephone	2,678	10,548	9,252	830
Travel	677	35,257	201,704	15,380
Total	\$ 213,785	\$ 544,830	\$ 1,123,439	\$ 107,275

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See auditor's report and accompanying notes to financial statements.

INTERNATIONAL MYELOMA FOUNDATION**Statement of Functional Expenses
For the Year Ended September 30, 2010**

	Research	Support Groups	Website	Total Program Expenses
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	248,690	92,294	825	1,815,932
Depreciation	3,174	6,643	54,035	126,494
Direct programming	-	-	-	213,291
Dues and subscriptions	1,653	1,207	11,268	29,330
Information technology	7,980	4,792	120,968	187,659
Insurance	6,198	3,425	1,627	39,850
Interest	1,890	941	461	11,370
Merchandise	-	-	-	-
Office	11,134	15,514	2,524	102,404
Payroll	94,260	315,033	23,088	1,870,833
Postage and shipping	3,479	9,036	-	127,490
Printing and publications	201,327	211	-	559,730
Professional services	13,996	8,079	3,778	357,834
Recruitment	-	-	-	-
Rent	8,407	8,553	1,378	120,925
Research grants awarded	361,333	-	-	361,333
Taxes	188	158	72	1,702
Telephone	9,753	14,586	5,033	101,936
Travel	26,452	88,734	141	706,015
Total	\$ 999,914	\$ 569,206	\$ 225,198	\$ 6,734,128

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See auditor's report and accompanying notes to financial statements.

INTERNATIONAL MYELOMA FOUNDATION**Statement of Functional Expenses
For the Year Ended September 30, 2010**

	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 2,722	\$ 12,686	\$ 15,408
Conference and meetings	71,191	42,498	1,929,621
Depreciation	6,701	5,106	138,301
Direct programming	-	-	213,291
Dues and subscriptions	2,284	1,976	33,590
Information technology	11,080	4,659	203,398
Insurance	8,588	3,630	52,068
Interest	2,731	999	15,100
Merchandise	6,944	125	7,069
Office	16,728	9,366	128,498
Payroll	292,902	260,144	2,423,879
Postage and shipping	1,500	30,361	159,351
Printing and publications	1,186	84,235	645,151
Professional services	16,289	8,601	382,724
Recruitment	4,800	-	4,800
Rent	32,936	22,273	176,134
Research grants awarded	-	-	361,333
Taxes	389	146	2,237
Telephone	6,791	9,823	118,550
Travel	10,587	16,315	732,917
Total	<u>\$ 496,349</u>	<u>\$ 512,943</u>	<u>\$ 7,743,420</u>

See auditor's report and accompanying notes to financial statements.

INTERNATIONAL MYELOMA FOUNDATION

Statement of Cash Flows

For the Year Ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$	960,366
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		138,303
(Increase) decrease in assets:		
Contributions and other receivables		(180,082)
Prepaid expenses		(26,806)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(410,685)
Deferred and unrestricted educational grants		116,463

CASH PROVIDED BY OPERATING ACTIVITIES

597,559

CASH FLOWS FROM INVESTING ACTIVITIES

Cash paid for purchases of fixed assets

(204,910)

CASH USED FOR INVESTING ACTIVITIES

(204,910)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of capital leases

(539)

Principal payments on line of credit

(375,000)

CASH USED FOR FINANCING ACTIVITIES

(375,539)

NET INCREASE IN CASH

17,110

CASH AT BEGINNING OF YEAR

1,677,014

CASH AT END OF YEAR

\$ 1,694,124

CASH PAID DURING THE YEAR FOR:

Interest

\$ 15,510

NON-CASH INVESTING AND FINANCING TRANSACTION:

Acquisition of equipment under capital lease

\$ 8,328

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2010

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization — International Myeloma Foundation (the Foundation) is a nonprofit organization dedicated to improving the quality of life of myeloma patients while working towards prevention and a cure. The Foundation's work includes conducting patient and family seminars, funding research grants, managing a hotline, providing multi-lingual educational publications, maintaining a comprehensive network of support groups, and fundraising. The Foundation's support comes primarily from individual donor's contributions, and unrestricted contributions from pharmaceutical companies.

The Foundation also publishes a quarterly magazine titled "Myeloma Today." The publication provides myeloma information to doctors, nurses, and laypersons. The Foundation also promotes education to doctors and nurses.

Three pharmaceutical company donors accounted for approximately 40% of total revenues of the Foundation. One individual donor contributed \$1.0 million or 12% of total revenues of the Foundation. No other individual donor comprised more than 1% of total revenues.

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.

Accounting Standards Codification — As required by the Financial Accounting Standards Board, the Foundation has implemented the new codification as the source of authoritative accounting principles generally accepted in the United States of America for financial statements with interim and annual periods ending after September 15, 2009. All existing and future accounting pronouncements will now be arranged by topics and referred to within these financial statements as Accounting Standards Codification ("ASC") Topics.

Recognition of Restricted Contributions — Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Contributions, whose purposes arise in future periods, such as educational programming grants are deferred and recognized as income in the period such programs are provided.

Contributions Receivable — Contributions receivable consists primarily of amounts due from pharmaceutical companies and unconditional pledges from donors. The Foundation considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements

For the Year Ended September 30, 2010

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

Contributed 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 along with donated investigator and laboratory services for research. The accompanying statement of activities reflects \$182,150 primarily for such services during the year ended September 30, 2010.

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.

Property and Equipment — Purchased property and equipment is capitalized at cost. 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>Classification</u>	<u>Life in Years</u>
Furniture, fixtures and equipment	5
Computer equipment	5
Laboratory equipment	5
Software	5

Depreciation expense for the year ended September 30, 2010 was \$138,301.

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 has adopted changes to ASC Topic Income Taxes, which requires the Foundation to evaluate 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 2007 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California, the Foundation's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for years 2006 and subsequent.

Cash Flows — For the purposes of the statement of cash flows, the Foundation considers cash equivalents to include money market funds and short-term investments with original maturities less than 90 days.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2010

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

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

Concentration of Credit Risk — The Foundation maintains its cash in bank accounts, and regularly reviews the account balances to ensure it is within federally insured limits.

NOTE 2 — TEMPORARILY RESTRICTED NET ASSETS

The Foundation receives temporarily restricted donations from general contributions, member events, and its annual gala. These temporarily restricted donations are earmarked for research purposes. At September 30, 2010, the Foundation had expenditures for research programs in excess of the sum of current year temporarily restricted contributions and the temporarily restricted net assets at September 30, 2009. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2010.

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, contributions receivable, accounts payable, and other short-term assets and liabilities. The recorded values of cash and cash equivalents, contributions receivable, accounts payable, and other short-term assets and liabilities approximate their fair values based on their short-term nature. All of these assets and liabilities can be measured using Level 1 inputs.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements

For the Year Ended September 30, 2010

NOTE 4 — 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 2014. The equipment lease agreement expires in March 2013. 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, 2010 are as follows:

<u>Years Ending September 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2011	\$ 155,683	\$ 11,664	\$ 167,347
2012	160,353	11,664	172,017
2013	165,164	4,860	170,024
2014	170,119	-	170,119
2015	42,842	-	42,842
	<u>\$ 694,160</u>	<u>\$ 28,188</u>	<u>\$ 722,348</u>

Rent expense was \$176,134 for the year ended September 30, 2010.

Executive Contract — The Foundation has a five-year employment contract with its president at \$178,887 annually. The contract expires on October 1, 2015.

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, 2010, the Foundation awarded \$361,333 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.

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, which was approximately 4.25% at September 30, 2010.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2010

NOTE 4 — COMMITMENTS AND CONTINGENCIES

Capital Lease — The Foundation is the lessee of computer equipment under a capital lease expiring in 2013. The assets and liabilities under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for the year ended September 30, 2010.

Following is a summary of property held under capital leases:

Computer equipment	\$	8,328
Less: Accumulated depreciation		<u>(139)</u>
	\$	<u>8,189</u>

Minimum future lease payments under capital leases as of September 30, 2010 for each of the next five years and in the aggregate are:

<u>Years Ending</u> <u>September 30,</u>		
2011	\$	5,247
2012		5,247
2013		<u>4,373</u>
Total minimum lease payments		14,867
Less: Amount representing interest		<u>(7,078)</u>
Present value of net minimum lease payment	\$	<u>7,789</u>

The interest rate on the capital lease is 4.25% annually and is imputed based on the lower of the Foundation's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements

For the Year Ended September 30, 2010

NOTE 5 — DETAIL OF CERTAIN ACCOUNTS

Prepaid expenses consist of expenditures made for future events and other items as follows:

Clinical meeting and conferences	\$	172,837
Annual gala		80,198
Patient and family seminars		64,725
Insurance		28,721
Other programs		25,438
Board retreat		<u>13,000</u>
	\$	<u>384,919</u>

Deferred revenues consist of unrestricted educational grants, contributions, and program revenues collected, pledged, or allocated for the following future activities:

Nurse programs	\$	419,691
Advocacy		360,090
Clinical meetings and conferences		315,500
Annual gala		232,310
Research		192,500
Patient and family seminars		141,904
Website		79,558
Global activities		71,250
Education and awareness		41,800
Member event - Klein Tea		35,225
Hotline		34,722
"Myeloma Manager" development		30,027
"Myeloma Today" newsletter		20,950
Support group		<u>11,752</u>
	\$	<u>1,987,279</u>

NOTE 6 — SUBSEQUENT EVENTS

Management has reviewed subsequent events through February 1, 2011, the date that the financial statements were available to be issued.