

INTERNATIONAL MYELOMA FOUNDATION

FINANCIAL STATEMENTS

**As of and for the
Year Ended**

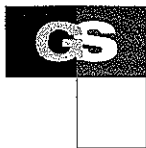
September 30, 2011



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

Independent Auditors' Report

To the Board of Directors
International Myeloma Foundation

We have audited the accompanying statement of financial position of the International Myeloma Foundation (the Foundation) as of September 30, 2011, 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 the International Myeloma Foundation as of September 30, 2011, 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

January 25, 2012
Los Angeles, California

PARTNERS
David E. Blumenthal, CPA**
Roseanna L. Purzycki, CPA†
David J. Swan, CPA*†
Stephan H. Wasserman, CPA**
Robert O. Watts, CPA†
Tracy Farryl Katz, Esq., CPA†
Nazfar B. Afshar, CPA†
Gary L. Krausz, CPA†

PRINCIPAL
Marie Ambrosino

DIRECTORS
Rosemarie Reed, CPA†
Caryn A. Leemon-Krausz, CPA

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

□
1888
Century Park East
Suite 900
Los Angeles
CA
90067-1735

310 552 0960 ph
310 557 3468 fx

□
www.gursey.com

INTERNATIONAL MYELOMA FOUNDATION
Statement of Financial Position
September 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,473,513
Contributions and other receivables	1,148,507
Prepaid expenses	330,223
	330,223

<i>Total Current Assets</i>	2,952,243
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PROPERTY AND EQUIPMENT, at cost

Furniture, fixtures and equipment	38,062
Computer equipment	127,671
Computer software	928,628
	1,094,361

Less accumulated depreciation	(438,652)
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<i>Net Property and Equipment</i>	655,709
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TOTAL ASSETS	\$ 3,607,952
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 622,605
Deferred and unrestricted educational grants	2,041,578
Current obligations under capital leases	2,668
Line of credit	25,000
	25,000

<i>Total Current Liabilities</i>	2,691,851
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OBLIGATIONS UNDER CAPITAL LEASES, less current portion	3,503
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TOTAL LIABILITIES	2,695,354
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NET ASSETS

Unrestricted	912,598
Temporarily restricted	-
	-

<i>Total Net Assets</i>	912,598
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TOTAL LIABILITIES AND NET ASSETS	\$ 3,607,952
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INTERNATIONAL MYELOMA FOUNDATION

Statement of Activities

For the Year Ended September 30, 2011

CHANGE IN UNRESTRICTED NET ASSETS

Revenues	
Educational grants	\$ 6,829,672
General contributions	1,298,889
Donated goods and services	175,651
Seminar fees and support group income	79,446
Interest income	9,620
	<hr/>
Total Revenues	8,393,278

NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of program restrictions	440,932
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TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT

8,834,210

EXPENSES

Program expenses	7,829,756
General supporting expenses	483,057
Fundraising expenses	551,452
	<hr/>
Total Expenses	8,864,265

DECREASE IN UNRESTRICTED NET ASSETS

(30,055)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	220,150
Fundraising event, net of direct benefit to donors of \$365,390	220,782
Net assets released from restrictions	(440,932)
	<hr/>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS

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DECREASE IN NET ASSETS

(30,055)

NET ASSETS, September 30, 2010

942,653

NET ASSETS, September 30, 2011

\$ 912,598

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2011

	<u>Advocacy</u>	<u>Bank-on-a-Cure ©</u>	<u>Clinical Meetings</u>	<u>Education and Awareness</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	3,710	-	329,549	301,055
Depreciation	7,333	-	5,707	9,049
Dues and subscriptions	23,190	-	436	3,459
Information Technology	4,714	-	2,228	9,555
Insurance	1,942	-	1,192	4,193
Interest	321	-	242	722
Merchandise	-	-	-	-
Office	6,238	-	4,904	13,611
Payroll	201,991	-	44,903	217,516
Postage and shipping	2,429	-	4,203	16,715
Printing and publications	1,462	-	5,070	223,205
Professional services	118,682	16,000	1,828	7,075
Rent	9,616	-	2,306	11,057
Research grants awarded	-	-	-	-
Taxes	435	-	330	969
Telephone	12,631	-	2,583	42,471
Travel	22,048	-	65,505	59,056
Total	\$ 416,742	\$ 16,000	\$ 470,986	\$ 919,708

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2011

	<u>Hotline</u>	<u>Information Mailings</u>	<u>International</u>	<u>Myeloma Advisor</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	-	141,006	-
Depreciation	6,996	6,814	1,440	6,699
Dues and subscriptions	256	335	285	-
Information Technology	3,824	3,525	4,262	-
Insurance	1,547	1,729	1,759	-
Interest	244	274	284	-
Merchandise	-	-	-	-
Office	4,055	5,267	52,518	-
Payroll	250,307	124,991	218,967	-
Postage and shipping	1,513	2,202	3,867	-
Printing and publications	-	2,781	11,311	-
Professional services	2,533	2,535	192,847	-
Rent	24,469	19,441	3,709	-
Research grants awarded	-	-	-	-
Taxes	321	321	382	-
Telephone	8,746	2,288	9,940	-
Travel	326	280	255,156	-
Total	<u>\$ 305,137</u>	<u>\$ 172,783</u>	<u>\$ 897,733</u>	<u>\$ 6,699</u>

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2011

	Myeloma Manager	Myeloma Today	Nurse	Patient and Family Seminars
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	1,254	531,713	457,717
Depreciation	19,167	1,762	8,701	9,562
Dues and subscriptions	-	329	513	526
Information Technology	-	3,703	7,668	12,198
Insurance	-	1,633	2,597	4,778
Interest	-	268	482	701
Merchandise	-	-	-	-
Office	-	4,454	10,801	20,988
Payroll	-	150,720	142,642	219,955
Postage and shipping	-	90,032	3,301	36,094
Printing and publications	-	81,394	93,316	35,475
Professional services	-	2,550	5,670	8,103
Rent	-	9,986	732	15,936
Research grants awarded	-	-	-	-
Taxes	-	342	793	898
Telephone	-	4,319	12,326	9,229
Travel	-	221	34,856	91,984
Total	\$ 19,167	\$ 352,967	\$ 856,111	\$ 924,144

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2011

	<u>Public Relations</u>	<u>Research</u>	<u>Support Groups</u>	<u>Website</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	41,941	505,345	108,334	-
Depreciation	1,018	4,512	7,175	71,245
Dues and subscriptions	157	417	224	359
Information Technology	2,815	10,900	4,247	118,331
Insurance	1,008	2,832	1,256	1,189
Interest	167	652	184	195
Merchandise	-	-	-	-
Office	2,716	14,239	15,565	3,300
Payroll	51,488	152,105	324,862	31,490
Postage and shipping	263	3,947	7,775	-
Printing and publications	5,330	152,141	1,493	456
Professional services	75,700	24,277	2,540	4,450
Rent	3,903	14,045	9,901	1,291
Research grants awarded	-	458,661	-	-
Taxes	248	1,396	363	296
Telephone	1,873	14,995	10,844	1,939
Travel	117	121,029	71,901	137
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 188,744</u>	<u>\$ 1,481,493</u>	<u>\$ 566,664</u>	<u>\$ 234,678</u>

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2011

	Total Program Expenses	Total General Supporting Expenses	Total Fundraising Expenses	Total Expenses
Bank fees	\$ -	\$ 1,675	\$ -	\$ 1,675
Conference and meetings	2,421,624	70,588	53,043	2,545,255
Depreciation	167,180	3,989	8,029	179,198
Dues and subscriptions	30,486	994	1,628	33,108
Information Technology	187,970	14,211	11,122	213,303
Insurance	27,655	14,577	2,798	45,030
Interest	4,736	166	474	5,376
Merchandise	-	2,727	19,325	22,052
Office	158,656	12,433	9,211	180,300
Payroll	2,131,937	299,445	252,539	2,683,921
Postage and shipping	172,341	3,009	36,439	211,789
Printing and publications	613,434	2,806	71,201	687,441
Professional services	464,790	8,366	43,944	517,100
Rent	126,392	34,240	18,908	179,540
Research grants awarded	458,661	-	-	458,661
Taxes	7,094	1,107	690	8,891
Telephone	134,184	9,445	4,321	147,950
Travel	722,616	3,279	17,780	743,675
	<u>\$ 7,829,756</u>	<u>\$ 483,057</u>	<u>\$ 551,452</u>	<u>\$ 8,864,265</u>
Total				

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION
Statement of Cash Flows
For the Year Ended September 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	\$ (30,055)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	179,198
(Increase) decrease in assets:	
Contributions and other receivables	(410,237)
Prepaid expenses	54,696
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	242,859
Deferred and unrestricted educational grants	54,299
	<u>90,760</u>
CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for purchases of fixed assets	<u>(309,753)</u>
CASH USED FOR INVESTING ACTIVITIES	
<u>(309,753)</u>	
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of capital leases	<u>(1,618)</u>
CASH USED FOR FINANCING ACTIVITIES	
<u>(1,618)</u>	
NET DECREASE IN CASH	(220,611)
CASH AT BEGINNING OF YEAR	<u>1,694,124</u>
CASH AT END OF YEAR	<u><u>\$ 1,473,513</u></u>
<u>CASH PAID DURING THE YEAR FOR:</u>	
Interest	<u><u>\$ 5,376</u></u>
<u>NON-CASH INVESTING ACTIVITY</u>	
Disposal of fully depreciated property and equipment	<u><u>\$ 566,111</u></u>

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2011

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization — The 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, collaborating with multiple myeloma specialists on research initiatives, 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.

Four pharmaceutical company donors accounted for approximately 66% of total revenues of the Foundation. Two individual donors each contributed \$100,000 or 2.2% of total revenues of the Foundation. No other individual donor comprised more than 1% of total revenues.

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting.

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.

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.

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 \$149,000 for such services. The Foundation also received \$26,651 of donated computer software during the year ended September 30, 2011.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2011

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

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
Software	5

Depreciation expense for the year ended September 30, 2011 was \$179,198. During the year ended September 30, 2011, the Foundation disposed of two fully depreciated research machines with a cost basis of \$449,200 and various other fully depreciated computers and office equipment totaling \$116,911. No gain or loss was recognized on the disposal.

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 2008 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 2007 and subsequent.

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, 2011, the Foundation held \$470,550 of short-term certificates of deposit with interest less than one percent.

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 and certificates of deposit in bank accounts, and regularly reviews the account balances to ensure it is within federally insured limits.

Subsequent Events — Management has reviewed subsequent events through January 25, 2012, the date that the financial statements were available to be issued.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2011

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, 2011, 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, 2010. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2011.

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 and cash equivalents. The recorded values of cash and cash equivalents 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 — 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, 2011 are as follows:

Years Ending September 30,	Office Space	Equipment	Total
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>\$ 538,477</u>	<u>\$ 16,524</u>	<u>\$ 555,001</u>

Rent expense was \$179,540 for the year ended September 30, 2011.

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

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2011

NOTE 4 — 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, 2011, the Foundation awarded \$458,661 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 \$138,600 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, 2011.

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, 2011.

Following is a summary of property held under capital leases:

Computer equipment	\$ 8,328
Less: Accumulated depreciation	<u>(1,807)</u>
	<u>\$ 6,521</u>

Minimum future lease payments under capital leases as of September 30, 2011 for each of the next five years and in the aggregate are:

<u>Years Ending</u> <u>September 30,</u>	
2012	\$ 5,247
2013	<u>4,373</u>
Total minimum lease payments	9,620
Less: Amount representing interest	<u>(3,449)</u>
Present value of minimum lease payments	<u>\$ 6,171</u>

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