

INTERNATIONAL MYELOMA FOUNDATION

FINANCIAL STATEMENTS

As of and for the Year Ended

September 30, 2012



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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Independent Auditors' Report

To the Board of Directors
International Myeloma Foundation
Los Angeles, California

We have audited the accompanying statement of financial position of the International Myeloma Foundation (the Foundation) as of September 30, 2012, 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, 2012, 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 8, 2013
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION

Statement of Financial Position

September 30, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,663,974
Contributions and other receivables	1,552,118
Prepaid expenses	523,894

Total Current Assets 3,739,986

OTHER ASSETS

Property and equipment, net	587,944
Intangible assets, net	8,662

Total Other Assets 596,606

TOTAL ASSETS \$ 4,336,592

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 679,521
Deferred and unrestricted educational grants	2,614,718

TOTAL CURRENT LIABILITIES 3,294,239

NET ASSETS

Unrestricted	1,042,353
Temporarily restricted	-

Total Net Assets 1,042,353

TOTAL LIABILITIES AND NET ASSETS \$ 4,336,592

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Statement of Activities

For the Year Ended September 30, 2012

CHANGE IN UNRESTRICTED NET ASSETS

Revenues	
Educational grants	\$ 6,779,379
General contributions	1,333,995
Donated services	161,026
Seminar fees and support group income	68,646
Interest income	6,257
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Total Revenues	8,349,303

NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of program restrictions	499,205
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TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT

8,848,508

EXPENSES

Program expenses	7,765,565
General supporting expenses	511,212
Fundraising expenses	441,976
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Total Expenses	8,718,753

INCREASE IN UNRESTRICTED NET ASSETS

129,755

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	250,629
Fundraising event, net of direct benefit to donors of \$325,242	248,576
Net assets released from restrictions	(499,205)
	<hr/>

INCREASE IN TEMPORARILY RESTRICTED NET ASSETS

-

INCREASE IN NET ASSETS

129,755

NET ASSETS, September 30, 2011

912,598

NET ASSETS, September 30, 2012

\$ 1,042,353

INTERNATIONAL MYELOMA FOUNDATIONStatement of Functional Expenses
For the Year Ended September 30, 2012

	Advocacy	Clinical Meetings	Education and Awareness	Hotline
Bank fees	\$ -	\$ -	\$ -	\$ -
Conferences and meetings	7,393	367,419	297,959	-
Depreciation	7,255	1,609	7,847	6,175
Dues and subscriptions	32,902	38	1,495	23
Information Technology	563	463	792	267
Insurance	2,761	1,922	3,536	1,192
Interest	226	161	292	99
Merchandise	-	-	-	-
Office	7,572	5,611	11,276	3,592
Payroll	261,530	92,890	268,690	254,736
Postage and shipping	1,815	1,619	22,597	1,385
Printing and publications	1,122	2,045	179,381	-
Professional services	120,797	1,573	2,685	1,159
Recruitment	-	-	-	-
Rent	14,388	4,375	12,575	24,985
Research grants awarded	-	-	-	-
Taxes	608	550	757	351
Telephone	8,614	2,528	42,835	6,780
Travel	27,794	46,787	65,911	-
Total	<u>\$ 495,340</u>	<u>\$ 529,590</u>	<u>\$ 918,628</u>	<u>\$ 300,744</u>

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INTERNATIONAL MYELOMA FOUNDATIONStatement of Functional Expenses
For the Year Ended September 30, 2012

	<u>Information Mailings</u>	<u>International</u>	<u>Myeloma Advisor</u>	<u>Myeloma Manager</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	190,779	-	-
Depreciation	7,275	3,667	16,683	21,570
Dues and subscriptions	64	106	-	-
Information Technology	580	985	-	-
Insurance	2,927	5,075	-	-
Interest	240	411	-	-
Merchandise	-	-	-	-
Office	8,646	38,944	-	-
Payroll	105,403	163,812	-	-
Postage and shipping	3,088	4,969	-	-
Printing and publications	2,610	-	-	680
Professional services	2,133	158,793	-	-
Recruitment	-	-	-	-
Rent	15,141	2,393	-	-
Research grants awarded	-	-	-	-
Taxes	539	1,003	-	-
Telephone	3,329	12,247	-	-
Travel	-	243,589	-	-
	<u>-</u>	<u>243,589</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 151,975</u>	<u>\$ 826,773</u>	<u>\$ 16,683</u>	<u>\$ 22,250</u>
	-	-	-	-

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2012

	Myeloma Today	Nurse	Patient and Family Seminars	Public Relations
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	-	371,485	559,255	38,758
Depreciation	6,785	7,010	7,870	785
Dues and subscriptions	37	42	77	21
Information Technology	377	462	842	206
Insurance	2,086	2,310	3,411	1,054
Interest	164	184	286	86
Merchandise	-	-	-	-
Office	4,972	6,784	12,919	2,664
Payroll	151,723	157,005	205,198	76,331
Postage and shipping	68,342	2,172	27,825	582
Printing and publications	55,544	-	38,427	3,369
Professional services	1,418	1,328	1,891	40,572
Recruitment	-	-	-	-
Rent	8,842	2,427	17,848	5,509
Research grants awarded	-	-	-	-
Taxes	547	627	767	234
Telephone	4,753	7,815	5,562	1,271
Travel	-	22,292	76,135	76
	<u>-</u>	<u>22,292</u>	<u>76,135</u>	<u>76</u>
Total	<u>\$ 305,590</u>	<u>\$ 581,943</u>	<u>\$ 958,313</u>	<u>\$ 171,518</u>
	-	-	-	-

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INTERNATIONAL MYELOMA FOUNDATION

Statement of Functional Expenses
For the Year Ended September 30, 2012

	<u>Research</u>	<u>Support Groups</u>	<u>Website</u>	<u>Total Program Expenses</u>
Bank fees	\$ -	\$ -	\$ -	\$ -
Conference and meetings	437,516	129,808	-	2,400,372
Depreciation	3,781	17,214	83,814	199,340
Dues and subscriptions	95	41	1,345	36,286
Information Technology	886	685	123,493	130,601
Insurance	5,273	1,966	2,652	36,165
Interest	410	162	214	2,935
Merchandise	-	-	-	-
Office	16,973	18,573	6,397	144,923
Payroll	200,044	329,986	42,601	2,309,949
Postage and shipping	1,733	6,409	-	142,536
Printing and publications	490,308	3,032	-	776,518
Professional services	49,251	1,473	1,979	385,052
Recruitment	-	-	-	-
Rent	16,142	8,340	2,649	135,614
Research grants awarded	320,000	-	-	320,000
Taxes	1,180	484	527	8,174
Telephone	9,601	29,247	3,084	137,666
Travel	34,434	82,416	-	599,434
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,587,627</u>	<u>\$ 629,836</u>	<u>\$ 268,755</u>	<u>\$ 7,765,565</u>
	-	-	-	-

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INTERNATIONAL MYELOMA FOUNDATIONStatement of Functional Expenses
For the Year Ended September 30, 2012

	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	\$ 4,709	\$ 62	\$ 4,771
Conference and meetings	75,026	27,549	2,502,947
Depreciation	5,363	6,642	211,345
Dues and subscriptions	145	458	36,889
Information Technology	1,431	13,888	145,920
Insurance	6,903	1,931	44,999
Interest	568	157	3,660
Merchandise	6,866	934	7,800
Office	17,608	5,315	167,846
Payroll	335,538	229,515	2,875,002
Postage and shipping	2,452	41,842	186,830
Printing and publications	1,112	30,388	808,018
Professional services	5,433	51,103	441,588
Recruitment	175	-	175
Rent	33,797	16,694	186,105
Research grants awarded	-	-	320,000
Taxes	1,383	437	9,994
Telephone	10,290	2,445	150,401
Travel	2,413	12,616	614,463
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 511,212</u>	<u>\$ 441,976</u>	<u>\$ 8,718,753</u>
	-	-	-

See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Statement of Cash Flows

For the Year Ended September 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 129,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	211,345
(Increase) decrease in assets:	
Contributions and other receivables	(403,611)
Prepaid expenses	(193,671)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	50,745
Deferred and unrestricted educational grants	573,140
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CASH PROVIDED BY OPERATING ACTIVITIES	367,703
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CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of intangible assets	(7,755)
Purchases of fixed assets	(144,487)
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CASH USED FOR INVESTING ACTIVITIES	(152,242)
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CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on line of credit	(25,000)
	<hr/>
CASH USED FOR FINANCING ACTIVITIES	(25,000)
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NET INCREASE IN CASH	190,461
CASH AT BEGINNING OF YEAR	1,473,513
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CASH AT END OF YEAR	\$ 1,663,974
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<u>CASH PAID DURING THE YEAR FOR:</u>	
Interest	\$ 3,660
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See Independent Auditors' Report and Notes to Financial Statements

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2012

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.

Three pharmaceutical company donors accounted for approximately 60% of total revenues of the Foundation.

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. Accordingly, 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.

The Foundation received unrestricted educational grants which are received to support various educational programs and 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.

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.

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 temporarily restricted or permanently restricted net assets at September 30, 2012

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.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2012

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. Four pharmaceutical companies comprise 81% of contributions receivable. 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 \$161,026 for such services during the year ended September 30, 2012.

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 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>
Furniture, fixtures and equipment	5
Computer equipment	5
Software	5

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, 2012 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 2008 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 2007 and subsequent.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2012

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

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, 2012, the Foundation held \$473,001 of short-term certificates of deposit with interest rates of 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. 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. Through December 31, 2012, the Federal Deposit Insurance Corporation ("FDIC") is providing unlimited insurance coverage on non-interest-bearing accounts.

Subsequent Events — Management has reviewed subsequent events through February 8, 2013, the date that the financial statements were available to be issued.

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, 2012, 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, 2011. Therefore, there were no amounts held as temporarily restricted net assets at September 30, 2012.

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.

INTERNATIONAL MYELOMA FOUNDATION

Notes to Financial Statements
For the Year Ended September 30, 2012

NOTE 3 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture, fixtures and equipment	\$ 46,145
Computer equipment	177,575
Computer software	<u>1,014,028</u>
	1,237,748
Less accumulated depreciation	<u>(649,804)</u>
Net Property and Equipment	<u><u>\$ 587,944</u></u>

Depreciation expense for the year ended September 30, 2012 was \$211,152.

NOTE 4 — INTANGIBLE ASSETS

Intangible assets consists of the following:

Trademarks	\$ 8,855
Less: Accumulated amortization	<u>(193)</u>
	<u><u>\$ 8,662</u></u>

Amortization expense for the year ended September 30, 2012 was \$193. The following schedule by year related to the estimated amortization expense for certain trademarks for the succeeding years:

Year ending September 30,	
2013	\$ 885
2014	885
2015	885
2016	885
2017	885
Thereafter	<u>4,237</u>
	<u><u>\$ 8,662</u></u>

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 2017. The equipment lease agreement expires in May 2015. The Foundation has one option to extend the office space lease for three additional years.

INTERNATIONAL MYELOMA FOUNDATIONNotes to Financial Statements
For the Year Ended September 30, 2012**NOTE 4 — COMMITMENTS AND CONTINGENCIES – (CONTINUED)**

Future minimum rental and equipment lease payments under such leases with an initial term of one year or more at September 30, 2012 are as follows:

Years Ending September 30,	Office Space	Equipment	Total
2013	\$ 187,936	\$ 13,296	\$ 201,232
2014	197,929	13,296	211,225
2015	199,473	9,301	208,774
2016	199,585	3,708	203,293
2017	204,225	2,472	206,697
Thereafter	50,808	-	50,808
	<u>\$ 1,039,956</u>	<u>\$ 42,073</u>	<u>\$ 1,082,029</u>

Rent expense was \$186,105 for the year ended September 30, 2012.

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, 2012, the Foundation awarded \$320,000 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 \$16,667 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, 2012.