INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

September 30, 2018

Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

<u>C O N T E N T S</u>

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Independent Auditor's Report

To the Board of Directors
International Myeloma Foundation
North Hollywood, California

We have audited the accompanying financial statements of the International Myeloma Foundation (the Foundation) which comprise the statement of financial position as of September 30, 2018, 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.

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Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of the International Myeloma Foundation as of September 30, 2018, 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.

Gursey | Schneider LLP

February 15, 2019
Los Angeles, California

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
September 30, 2018

ASSETS

Cash and cash equivalents	$	2,114,979
Restricted cash, gift annuity investment		128,045
Investments, at fair value		5,018,898
Contributions, program grants, and other receivables		7,041,588
Prepaid expenses		1,287,362
Property and equipment, net		928,345
Intangible assets, net		130,561
Total Other Assets		1,058,906
TOTAL ASSETS	$	16,649,778

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$	1,506,735
Deferred program and educational grants		7,062,437
Gift annuity obligation		78,278
TOTAL LIABILITIES		8,647,450
NET ASSETS		
Unrestricted		6,338,827
Temporarily restricted		1,663,501
TOTAL NET ASSETS		8,002,328
TOTAL LIABILITIES AND NET ASSETS	$	16,649,778

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Educational and program grants	$ 11,546,627	$ 2,689,000	$ 14,235,627
General contributions	959,440	126,459	1,085,899
Change in split interest agreements	-	46,860	46,860
Fundraising programs	339,123	2,275	341,398
Seminar fees and support group income	59,459	-	59,459
Fundraising events, net of direct benefit to donors of $402,746	233,186	500,266	733,452
Realized and unrealized gains, net	147,812	-	147,812
Investment income	134,754	-	134,754
	13,420,401	3,364,860	16,785,261
Net assets released from restrictions	1,854,266	(1,854,266)	-
TOTAL REVENUES AND SUPPORT	15,274,667	1,510,594	16,785,261
FUNCTIONAL EXPENSES			
Program expenses	15,207,222	-	15,207,222
General supporting expenses	731,734	-	731,734
Fundraising	926,190	-	926,190
TOTAL FUNCTIONAL EXPENSES	16,865,146	-	16,865,146
CHANGE IN NET ASSETS	(1,590,479)	1,510,594	(79,885)
NET ASSETS - Beginning of year	7,929,306	152,907	8,082,213
NET ASSETS - End of year	$ 6,338,827	$ 1,663,501	$ 8,002,328

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Advocacy	Clinical Meetings	Education and Awareness	Info Line	Information Mailings	International	Myeloma Today	Nurse
Bank fees	$ 1,926	$ 3,130	$ 4,590	$ 1,213	$ 481	$ 3,893	$ 873	$ 2,101
Conference and meetings	1,445	51,982	233,199	-	-	443,357	-	346,220
Depreciation and amortization	11,244	457	11,613	11,142	11,037	11,523	11,092	22,237
Dues and subscriptions	7,120	-	1,337	-	-	-	-	-
Information technology	6,203	9,249	14,901	3,761	1,491	11,874	2,924	6,125
Insurance	2,142	2,819	4,596	1,402	647	4,045	973	2,048
Merchandise	-	-	-	-	-	-	-	-
Office	5,681	6,855	38,058	2,562	1,137	24,678	1,763	8,478
Payroll	418,714	83,121	855,317	317,145	89,837	199,939	181,169	192,085
Postage and shipping	298	-	4,089	-	4,684	1,179	30,013	1,692
Printing and publications	-	527,813	258,530	-	-	34,009	54,818	26,514
Professional services	166,914	33,034	233,953	2,036	855	246,146	2,071	12,643
Recruitment	-	-	-	-	-	-	-	-
Rent	998	2,188	50,351	29,973	15,040	8,802	9,658	938
Research grants awarded	-	-	-	-	-	-	-	-
Taxes	292	460	681	157	53	755	113	440
Telephone	8,797	2,642	25,388	1,323	519	4,402	1,425	6,662
Travel	23,160	45,503	79,063	-	-	318,489	-	44,900
Total	$ 654,934	$ 769,253	$ 1,815,666	$ 370,714	$ 125,781	$ 1,313,091	$ 296,892	$ 673,083

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INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended September 30, 2018

(Continued from previous page)

	Patient and Family Seminars	Research	Support Groups	Website	Total Program Expenses	General Supporting Expenses	Fundraising Expenses	Total Expenses
Bank fees	$ 3,312	$ 19,744	$ 2,931	$ 1,065	$ 45,259	$ 3,441	$ 2,722	$ 51,422
Conference and meetings	565,584	644,265	277,744	291	2,564,087	77,005	69,702	2,710,794
Depreciation and amortization	11,451	65,083	11,391	11,120	189,390	11,464	11,356	212,210
Dues and subscriptions	-	2,299	-	782	11,538	-	16,979	28,517
Information technology	10,250	61,025	8,987	3,285	140,075	10,671	12,595	163,341
Insurance	4,126	63,146	2,774	1,203	89,921	28,989	3,024	121,934
Merchandise	-	-	-	-	-	-	9,168	9,168
Office	11,543	57,086	42,685	43,135	243,661	7,149	28,295	279,105
Payroll	275,054	1,055,580	467,901	262,250	4,398,112	417,029	552,406	5,367,547
Postage and shipping	13,941	5,349	7,997	-	69,242	3,383	106,210	178,835
Printing and publications	54,601	2,711,725	1,997	-	3,670,007	-	19,951	3,689,958
Professional services	23,691	1,144,712	9,402	2,171	1,877,628	65,080	11,004	1,953,712
Recruitment	-	-	-	-	-	61,828	-	61,828
Rent	16,527	46,456	6,722	34,278	221,931	34,910	43,029	299,870
Research grants awarded	-	404,572	-	-	404,572	-	-	404,572
Taxes	374	3,027	308	157	6,817	1,228	428	8,473
Telephone	3,640	34,272	15,009	1,156	105,235	3,813	11,020	120,068
Travel	110,779	425,848	119,282	2,723	1,169,747	5,744	28,301	1,203,792
Total	$ 1,104,873	$ 6,744,189	$ 975,130	$ 363,616	$ 15,207,222	$ 731,734	$ 926,190	$ 16,865,146

INTERNATIONAL MYELOMA FOUNDATION
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended September 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(79,885)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in split interest agreements		(46,860)
Depreciation and amortization expense		212,210
Realized and unrealized gains, net		(147,812)
(Increase) decrease in assets:		
Contributions, program grants, and other receivables		3,142,594
Prepaid expenses		(392,426)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses		(224,921)
Deferred program and educational grants		(2,371,905)
NET CASH PROVIDED BY OPERATING ACTIVITIES		90,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments		(3,049,006)
Proceeds from sale of investments		3,493,437
Purchases of intangible assets		(37,248)
Purchases of property and equipment		(254,335)
NET CASH PROVIDED BY INVESTING ACTIVITIES		152,848
NET INCREASE IN CASH AND CASH EQUIVALENTS		243,843
CASH AND CASH EQUIVALENTS, Beginning of Year		1,871,136
CASH AND CASH EQUIVALENTS, End of Year	$	2,114,979

NOTE 1 — NATURE OF ORGANIZATION

Founded in 1990, the International Myeloma Foundation (IMF) is the first and largest organization focusing specifically on multiple myeloma. The IMF’s reach extends to more than 525,000 members in 140 countries worldwide. The IMF is dedicated to improving the quality of life of myeloma patients while working towards prevention and cure through our four founding principles: Research, Education, Support, and Advocacy.

Research: The signature project of the IMF's Research division is the Black Swan Research Initiative, a groundbreaking and collaborative effort to develop the first definitive cure for myeloma. Each year, the IMF also awards Brian D. Novis Grants, which promote research for better myeloma treatments, management, and practices in the field. In addition, more than 200 leading myeloma researchers comprise the IMF's International Myeloma Working Group (IMWG), a research body that has developed myeloma guidelines that are followed around the world. The Foundation supports lab-based research and has awarded over 142 grants to top senior and junior research scientists since 1995. Finally, the IMF's Nurse Leadership Board (NLB), comprised of nurses from leading myeloma treatment centers, develops recommendations for the nursing care of myeloma patients.

Education: The IMF Patient & Family Seminars and Regional Community Workshops are held around the world to provide up-to-date information presented by leading myeloma specialists and researchers directly to patients and their families. The IMF's library of more than 100 publications, for patients and caregivers as well as for healthcare professionals, is updated annually and available free of charge. Publications are available in more than 20 languages.

Support: The IMF's Infoline is staffed by information specialists who answer myeloma-related questions and provide support via phone and email to thousands of families each year. In addition, the IMF sustains a network of more than 150 myeloma support groups and offers training for the hundreds of dedicated patients, caregivers, and nurses who volunteer to lead these groups in their communities.

Advocacy: The IMF's Advocacy team has educated and empowered thousands of individuals who make a positive impact each year on issues critical to the myeloma community. Working in the US at both federal and state levels, we lead coalitions to advocate for parity in insurance coverage. We also represent the myeloma community's interests before the US Congress and agencies such as the National Institutes of Health, the Food and Drug Administration, the Centers for Medicare and Medicaid Services, and the Veterans Administration. Outside the US, the IMF's Global Myeloma Action Network (GMAN) works to help patients gain access to treatment.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the Unites States of America (“GAAP”).

Use of Estimates — The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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

Classes of Net Assets — The Foundation recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *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.

- *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. Restricted support is classified as unrestricted support when the restrictions are met in the same reporting period. Temporarily restricted net assets represent net assets held to fulfill future programs and 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, 2018.

Cash and Cash Equivalents — The Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. This amount includes short-term certificates of deposit and money market funds.

Contributions and Program Grants Revenue Recognition — Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor or provided for future periods are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Program grants may consist of fee-for-service benefits, or provide for other reciprocal arrangements where the Foundation is obligated to provide benefit to the party awarding the grant. Revenues from such program grants that contain reciprocal arrangements are deferred and recognized as revenue when the obligations have been performed or benefit has been provided, generally through the incurrence of related program costs. Certain program grants contain milestone or other progress measures that require attainment of certain threshold prior to the application and award of subsequent funding. Contracts that contain such contingencies are accounted for as contingent awards. Revenue from contingent award contracts are recognized when the condition or milestone is met.

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

Contributions, Program Grants, and Other Receivables — Receivables represent primarily amounts due from pharmaceutical companies for research, educational, or other program grants, or amounts due from donors for general support contributions. The Foundation considers these receivables fully collectible; accordingly, no allowance for doubtful accounts is required.

Receivable are expected to be received as follows:

Due within one year	$	6,991,588
Due within one to five years		50,000
Total receivables	$	7,041,588

These amounts are not discounted to reflect present value as such adjustment would not be material.

Investments — The Foundation accounts for its investments at fair value, determined by quoted market prices. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporary or permanently restricted by donors to a specified purpose or future period.

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

Computer equipment	5 years
Furniture and equipment	5 years
Website and computer software	5 years
Leasehold improvements	Lesser of useful life or lease term

Intangible Assets — Intangible assets consist of legal costs paid to secure the rights to various Foundation trademarks used both domestically and internationally. The costs of these intangible assets are being amortized on a straight-line basis over the life of the trademark and are stated at cost net of accumulated amortization. The Foundation estimates a ten-year useful life for its trademarks.

Impairment of Long-Lived Assets — Long-lived assets such as property and equipment, software and website development costs, trademarks and other intangible assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower of cost or fair value less costs to sell.

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

Contributed Goods and Services — Contributed services are recognized by the Foundation if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No contributed goods or services were received during the year ended September 30, 2018.

Functional Expenses — The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with program and supporting service are allocated based on estimates determined by management. The Foundation uses employee salaries based on time allocation as a measure to allocate indirect costs for compensation and benefits among program or supporting services, and space occupancy as a basis to allocate occupancy and general overhead related indirect costs.

Income Taxes — The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

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

The Foundation’s federal income tax and informational returns for tax years 2015 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 2014 and subsequent.

Foreign Currency — The Foundation conducts operations in foreign countries and purchases goods and services at prices denominated in various foreign currencies. The Foundation’s functional currency for all operations worldwide is the U.S. dollar. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the end of the year. Statement of activity accounts are translated at actual or average rates for the year. Gains and losses resulting from foreign currency transactions are included in the current statement of activities. Aggregate foreign currency translation and transaction losses included in the statement of activities are not material. At September 30, 2018, the Foundation holds less than $5,000 of foreign currency denominated assets and no foreign currency denominated liabilities.

Concentration of Credit Risk — Financial instruments that potentially expose the Foundation to a concentration of credit risk consist primarily of cash and cash equivalents, investments and contributions.

The Foundation maintains its cash and cash equivalents with high-credit, quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) insures cash up to $250,000 per institution and the Securities Insurance Corporation (“SIPC”) protects investments up to $500,000 per investor. In the normal course of operations, such cash and investment balances exceed the FDIC and SIPC insurance limits. However, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and investment.

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

Two pharmaceutical companies accounted for approximately 44% of total revenues during the year ended September 30, 2018.

Three pharmaceutical company donors accounted for approximately 82% of contributions receivable as of September 30, 2018.

Effect of Recently Issued Accounting Standards — In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, "*Revenue from Contracts with Customers,"* which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB approved a one-year deferral of this standard, with a revised effective date for fiscal years beginning after December 15, 2018. The standard permits the use of either the retrospective or modified retrospective (cumulative effect) transition method. Management is currently evaluating the impact this change in accounting standards will have on the Foundation's financial statements and related disclosures and has not yet selected a transition method.

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *"Leases"* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the Foundation's financial statements and related disclosures and intends to adopt the change when it becomes effective.

Also, on August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 *"Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities"* ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets.

Five changes included in ASU 2016-14 are:

(1) The existing three-class system of classifying net asset as unrestricted, temporarily restricted and permanently restricted will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.

(2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.

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

(3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.

(4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.

(5) Finally, NFP's may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Management is currently evaluating the impact this change in accounting standards will have on the Foundation's financial statements and related disclosures.

Finally, on June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made."* The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments provide:

(1) Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution

(2) Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation

(3) Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets / net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in the update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the Foundation's financial statements and related disclosures.

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

Subsequent Events — Management has reviewed subsequent events through February 15, 2019, the date that the financial statements were available to be issued.

NOTE 3 — INVESTMENTS

The Foundation's investments are reported at fair value in the accompanying statement of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset of liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Investments consist of the following at September 30, 2018:

	Fair value	Cost or Amortized Cost
Equity securities and ETF's	$ 1,567,347	$ 1,294,423
Mutual funds	2,650,690	2,675,218
Fixed maturities	800,860	829,468
Total investments	$ 5,018,898	$ 4,799,109

NOTE 3 — INVESTMENTS – (CONTINUED)

As of September 30, 2018, the Foundation's investments were classified by level within the valuation hierarchy as follows:

	Fair Value Hierarchy Designation			
	Level 1	Level 2	Level 3	Total
Equity securities and ETF's	$ 1,567,347	$ -	$ -	$ 1,567,347
Mutual funds	2,650,690	-	-	2,650,690
Fixed maturities	-	800,860	-	800,860
Total	$ 4,218,038	$ 800,860	$ -	$ 5,018,898

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2018:

Computer software and equipment	$ 541,106
Website and CRM database	841,161
Furniture and equipment	83,189
Leasehold improvements	13,246
	1,478,702
Less accumulated depreciation	(550,357)
Net property and equipment	$ 928,345

Depreciation expense for the year ended September 30, 2018 was $204,766.

NOTE 5 — INTANGIBLE ASSETS

Intangible assets consist of the following at September 30, 2018:

Trademarks issued	$	76,741
Pending trademarks		79,658
		156,399
Less accumulated amortization		(25,838)
Net intangible assets	$	130,561

Amortization expense for the year ended September 30, 2018 was $7,444. Pending trademarks have not been amortized and are expected to be approved in 2019.

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

Years Ending September 30,		
2019	$	7,674
2020		7,674
2021		7,674
2022		7,674
2023		6,738
Thereafter		93,127
	$	130,561

NOTE 6 — COMMITMENTS AND CONTINGENCIES

Operating Leases — The Foundation leases its office space and office equipment under non-cancelable operating lease agreements. The office space lease agreement expires in December 2021, and the equipment lease agreements expire in June 2021.

The future minimum rental and equipment lease payments required under such leases at September 30, 2018 are as follows:

Years Ending September 30,	Leased Office Space	Office Equipment	Total
2019	$ 240,550	$ 13,201	$ 253,751
2020	247,766	10,005	257,771
2021	255,199	3,011	258,210
2022	65,234	-	65,234
	$ 808,749	$ 26,217	$ 834,966

Rent expense (including parking, maintenance, and other occupancy charges) for the year ended September 30, 2018 was $299,870.

NOTE 6 — COMMITMENTS AND CONTINGENCIES – (CONTINUED)

Executive Contract — The Foundation has a five-year employment contract with its president at $210,000 annually. The contract expires on October 1, 2020.

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, 2018, the Foundation accrued $404,572 in grant awards. The payment of research grants is subject to the grant recipient performing the proposed work, providing a report, and submitting request for payment.

Contractual Commitments — The Foundation contracts with university research institutions to provide specific research projects. These amounts are awarded on executory contracts that require specific performance and project activities. The Foundation has future minimum commitments to fund research projects that are summarized as follows:

Years Ending September 30,		
2019	$	1,768,522
2020		302,159
2020		37,491
2021		122,436
	$	2,230,608

Lines of Credit — The Foundation maintains two borrowing lines of credit for $400,000 and $3.3 million which renew on month-to-month bases. The amount available under the $3.3 million line of credit is based on a percentage of investments held in a brokerage account with the lender. The available borrowing amount will fluctuate with the amount of investments that are held as collateral. The interest rates on outstanding borrowings varies with the lender's prime rate, and was approximately 5.25% and 6.00%, respectively, at September 30, 2018. There were no outstanding borrowings at any time during the year ended September 30, 2018.

NOTE 7 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2018 was comprised of the following:

Time restricted contributions	$	1,613,734
Charitable gift annuity program, net		49,767
Temporarily restricted net assets	$	1,663,501

NOTE 7 — TEMPORARILY RESTRICTED NET ASSETS – (CONTINUED)

The following is a summary of changes in the annuity assets (restricted cash) during the year ended September 30, 2018:

Beginning of the year	$	8,261
Contributions		121,083
Interest income		72
Payments made to annuitants		(1,371)
Annuity assets - end of the year	$	128,045

The following is a summary of changes in the gift annuity liability during the year ended September 30, 2018:

Beginning of year	$	5,354
Change in annuity obligation		74,295
Payments made to annuitants		(1,371)
Annuity liabilities - end of year	$	78,278

NOTE 8 — RELATED PARTY TRANSACTION

One member of the board of directors of the Foundation also serves as a research consultant. Amount paid to the related party's consulting company totaled $195,000 for the year ended September 30, 2018.