



**The Multiple Myeloma Research
Foundation, Inc. and Subsidiaries**

Consolidated Financial Statements

December 31, 2017 and 2016



Independent Auditors' Report

The Board of Directors

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of The Multiple Myeloma Research Foundation, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Multiple Myeloma Research Foundation, Inc. and Subsidiaries as of December 31, 2017 and 2016 and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

Stamford, Connecticut

April 10, 2018

PKF O'CONNOR DAVIES, LLP

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The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	December 31,	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 27,283,234	\$ 17,890,641
Investments	18,684,405	11,980,487
Contributions receivable, net	6,348,349	4,654,461
Fees for service receivable	2,341,764	1,155,770
Prepaid expenses	720,523	680,846
Other assets	91,977	101,920
Investments - other	550,000	550,000
Property and equipment, net	467,655	548,841
	\$ 56,487,907	\$ 37,562,966
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 6,366,096	\$ 5,849,486
Research awards payable	6,067,928	2,670,108
Research grants payable	1,249,000	1,320,000
Deferred revenue	1,923,018	1,976,347
Total Liabilities	15,606,042	11,815,941
 Net Assets		
Unrestricted	34,872,587	20,489,602
Temporarily restricted	6,009,278	5,257,423
Total Net Assets	40,881,865	25,747,025
	\$ 56,487,907	\$ 37,562,966

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 27,812,852	\$ 6,462,104	\$ 34,274,956	\$ 24,006,105	\$ 1,958,217	\$ 25,964,322
Fee for service	3,005,435	-	3,005,435	2,337,395	-	2,337,395
In-kind contributions	294,932	-	294,932	394,136	-	394,136
Royalties	1,997,388	-	1,997,388	-	-	-
Net assets released from restriction	5,710,249	(5,710,249)	-	5,473,103	(5,473,103)	-
	<u>38,820,856</u>	<u>751,855</u>	<u>39,572,711</u>	<u>32,210,739</u>	<u>(3,514,886)</u>	<u>28,695,853</u>
Special Events						
Special event support	10,526,860	-	10,526,860	11,513,204	-	11,513,204
Net of direct donor benefit expenses	(4,559,448)	-	(4,559,448)	(4,064,371)	-	(4,064,371)
	<u>5,967,412</u>	<u>-</u>	<u>5,967,412</u>	<u>7,448,833</u>	<u>-</u>	<u>7,448,833</u>
Investment return	426,247	-	426,247	186,583	-	186,583
Total Public Support and Revenue	<u>45,214,515</u>	<u>751,855</u>	<u>45,966,370</u>	<u>39,846,155</u>	<u>(3,514,886)</u>	<u>36,331,269</u>
EXPENSES						
Program						
Research	20,316,447	-	20,316,447	16,419,485	-	16,419,485
Education	4,618,557	-	4,618,557	4,259,707	-	4,259,707
Awareness	2,871,963	-	2,871,963	3,946,527	-	3,946,527
Total Program Expenses	<u>27,806,967</u>	<u>-</u>	<u>27,806,967</u>	<u>24,625,719</u>	<u>-</u>	<u>24,625,719</u>
Supporting Services						
Management & general	481,104	-	481,104	711,755	-	711,755
Fundraising	2,543,459	-	2,543,459	2,185,536	-	2,185,536
Total Supporting Services	<u>3,024,563</u>	<u>-</u>	<u>3,024,563</u>	<u>2,897,291</u>	<u>-</u>	<u>2,897,291</u>
Total Expenses	<u>30,831,530</u>	<u>-</u>	<u>30,831,530</u>	<u>27,523,010</u>	<u>-</u>	<u>27,523,010</u>
Change in Net Assets	14,382,985	751,855	15,134,840	12,323,145	(3,514,886)	8,808,259
NET ASSETS						
Beginning of year	<u>20,489,602</u>	<u>5,257,423</u>	<u>25,747,025</u>	<u>8,166,457</u>	<u>8,772,309</u>	<u>16,938,766</u>
End of year	<u>\$ 34,872,587</u>	<u>\$ 6,009,278</u>	<u>\$ 40,881,865</u>	<u>\$ 20,489,602</u>	<u>\$ 5,257,423</u>	<u>\$ 25,747,025</u>

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services			Total Program Expenses	Management & General	Fundraising	Total
	Research	Education	Awareness				
EXPENSES							
Research grants	\$ 6,982,761	\$ -	\$ -	\$ 6,982,761	\$ -	\$ -	\$ 6,982,761
Site investment grants	1,124,000	-	-	1,124,000	-	-	1,124,000
Other research expenses	2,207,560	-	-	2,207,560	-	-	2,207,560
LS Study	4,585,896	-	-	4,585,896	-	-	4,585,896
Tissue banking	421,719	-	-	421,719	-	-	421,719
Clinical trials	3,119,167	-	-	3,119,167	-	-	3,119,167
Infrastructure/other programming	49,720	-	-	49,720	-	-	49,720
Continuing medical education	-	361,036	-	361,036	-	-	361,036
Institutional educational programs	-	995,159	-	995,159	-	-	995,159
Newsletter	1,572	1,253	1,707	4,532	414	1,721	6,667
Patient and clinician outreach	-	1,769,489	-	1,769,489	-	-	1,769,489
Public relations and awareness	-	-	745,748	745,748	-	-	745,748
Salaries and related expenses	1,451,758	1,157,598	1,576,569	4,185,925	382,579	1,589,909	6,158,413
Other fundraising expenses	-	-	-	-	-	98,567	98,567
Website expenses	-	-	-	-	-	65,479	65,479
Brochures, printing, design and mailing	-	10,544	89,583	100,127	-	188,353	288,480
Travel	6,065	4,836	57,642	68,543	1,598	61,560	131,701
Consulting	39,437	55,283	45,827	140,547	10,393	131,125	282,065
Occupancy	79,756	63,596	86,613	229,965	21,018	87,346	338,329
Telephone	7,274	5,800	7,899	20,973	1,917	7,966	30,856
Office expenses	29,499	23,522	32,035	85,056	7,774	32,306	125,136
Professional fees	69,606	55,502	75,591	200,699	18,343	76,230	295,272
Recruiting costs	30,844	24,594	33,495	88,933	8,128	33,779	130,840
Temporary help	-	2,783	-	2,783	-	8,348	11,131
Meetings/Conferences	4,102	3,270	4,454	11,826	1,081	4,492	17,399
Insurance	23,479	18,722	25,498	67,699	6,187	25,713	99,599
Miscellaneous	28,296	22,563	30,729	81,588	6,771	30,132	118,491
Depreciation	53,936	43,007	58,573	155,516	14,901	100,433	270,850
Total Expenses	\$ 20,316,447	\$ 4,618,557	\$ 2,871,963	\$ 27,806,967	\$ 481,104	\$ 2,543,459	\$ 30,831,530

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services			Total Program Expenses	Management & General	Fundraising	Total
	Research	Education	Awareness				
EXPENSES							
Research grants	\$ 2,504,398	\$ -	\$ -	\$ 2,504,398	\$ -	\$ -	\$ 2,504,398
Site investment grants	1,320,000	-	-	1,320,000	-	-	1,320,000
Other research expenses	2,254,496	-	-	2,254,496	-	-	2,254,496
LS Study	5,260,910	-	-	5,260,910	-	-	5,260,910
Tissue banking	444,547	-	-	444,547	-	-	444,547
Clinical trials	2,542,962	-	-	2,542,962	-	-	2,542,962
Infrastructure/other programming	35,989	-	-	35,989	-	-	35,989
Continuing medical education	-	608,876	-	608,876	-	-	608,876
Institutional educational programs	-	351,687	-	351,687	-	-	351,687
Newsletter	1,606	1,050	1,791	4,447	556	1,174	6,177
Patient and clinician outreach	-	1,928,629	-	1,928,629	-	-	1,928,629
Public relations and awareness	-	-	1,482,410	1,482,410	-	-	1,482,410
Salaries and related expenses	1,621,120	1,059,963	1,808,172	4,489,255	561,157	1,184,664	6,235,076
Other fundraising expenses	-	-	-	-	-	108,610	108,610
Website expense	-	-	-	-	-	119,089	119,089
Brochures, printing, design, and mailing	-	6,845	114,573	121,418	-	330,601	452,019
Travel	4,236	2,770	55,874	62,880	1,466	56,528	120,874
Consulting	59,614	57,038	71,449	188,101	20,636	111,229	319,966
Occupancy	81,034	52,984	90,385	224,403	28,050	59,217	311,670
Telephone	8,369	5,472	9,335	23,176	2,897	6,116	32,189
Office expenses	23,410	15,307	26,112	64,829	8,104	17,108	90,041
Professional fees	79,877	52,228	89,094	221,199	27,650	58,372	307,221
Recruiting costs	15,780	10,318	17,601	43,699	5,462	11,532	60,693
Temporary help	5,270	4,627	5,878	15,775	1,824	7,393	24,992
Meetings/Conferences	6,497	4,248	7,247	17,992	2,249	4,748	24,989
Insurance	37,146	24,288	41,433	102,867	12,858	27,145	142,870
Miscellaneous	23,457	15,337	26,164	64,958	8,119	17,142	90,219
Depreciation	88,767	58,040	99,009	245,816	30,727	64,868	341,411
Total Expenses	\$ 16,419,485	\$ 4,259,707	\$ 3,946,527	\$ 24,625,719	\$ 711,755	\$ 2,185,536	\$ 27,523,010

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,134,840	\$ 8,808,259
Adjustments to reconcile change in net assets to net cash from operating activities		
(Gain) Loss on investments	(52,795)	29,964
Depreciation	270,850	341,411
Changes in operating assets and liabilities		
Contributions receivable, net	(1,693,888)	1,555,959
Fees for service receivable	(1,185,994)	120,602
Prepaid expenses	(39,677)	(102,808)
Other assets	9,943	-
Accounts payable and accrued expenses	516,610	5,297,840
Research awards payable, net	3,397,820	130,676
Research grants payable	(71,000)	(110,000)
Deferred revenue	(53,329)	472,793
Net Cash from Operating Activities	16,233,380	16,544,696
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(189,664)	(65,567)
Proceeds from sale of investments	7,748,635	-
Purchase of investments	(14,399,758)	(5,179,344)
Net Cash from Investing Activities	(6,840,787)	(5,244,911)
 Net Change in Cash and Cash Equivalents	9,392,593	11,299,785
 CASH AND CASH EQUIVALENTS		
Beginning of year	17,890,641	6,590,856
End of year	\$ 27,283,234	\$ 17,890,641

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2017 and 2016

1. Organization

The Multiple Myeloma Research Foundation, Inc. and its wholly owned subsidiaries, The Multiple Myeloma Research Consortium, LLC (“MMRC”) and The MMRF, LLC, collectively referred to as “the MMRF,” advances research to accelerate a cure for multiple myeloma – the second most common blood cancer. The MMRF, with its end-to-end precision medicine model, collaborates with its partners to accelerate basic and translational research, and move the best ideas rapidly into clinical trials. The MMRF also engages with patients and their friends and families to educate and empower them to optimize their outcomes. The MMRF was incorporated on January 13, 1998.

As a patient-founded organization, the MMRF stands together with those who are battling multiple myeloma - patients, families, physicians, researchers, and investors. At the same time, the MMRF stands apart with its innovative approach. The MMRF generates, interprets, and activates the largest collection of high quality data and places it in the public domain. The MMRF orchestrates the people, programs, and technologies necessary to speed the discovery of a cure.

The proven network of the MMRF engages the best new science and technology to accelerate development of treatments for patients as quickly as possible. The unique model removes barriers for cancer breakthroughs with its end-to-end solution in cancer research. It is based on three interrelated pillars: The Patient Data Bank, The Learning Network, and The Clinic. Applying the MMRF innovative model to precision medicine, which means getting the right patient the right treatment at the right time, puts the promise of a cure within reach.

In 2017, the MMRF through the MMRC opened five clinical trials and enrolled over 215 patients across 16 trials. From its inception, the MMRC has enrolled over 2,000 patients across more than 75 clinical trials (unaudited).

The MMRF anticipates making significant future investment to continue building the end-to-end precision model as well as new investments in: Data Analytics & Validation/The CureCloud™, Immunotherapy, Innovative Trials, and the MMRF Prevention Project.

MMRF, LLC, a wholly-owned single member limited liability company, was inactive in 2016 and 2017.

The MMRF is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. MMRC and MMRF, LLC are disregarded entities for tax purposes.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the MMRF. All material inter-organizational balances and transactions have been eliminated in consolidation.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The MMRF considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is recorded based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management has concluded that allowance for uncollectible receivables is not necessary as of December 31, 2017 and 2016.

Property, Equipment and Depreciation

Property and equipment are recorded at cost, or if received by donation, at estimated fair value at the time such items are received. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation is provided using the straight-line method over estimated useful lives of the assets which range from three to seven years.

Fair Value of Measurements

The MMRF follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments

Investments are reported at their fair value in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets.

The MMRF invests in a diversified, no load, short term, investment grade corporate bond fund in an effort to generate a higher yield on its short-term liquid assets than its holdings in overnight and money market funds.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Investments – Other

The MMRF has an investment in common stock of a certain privately-held company in the medical industry that is accounted for using the cost method. The total MMRF cost of investment in this company is \$550,000 as of December 31, 2017 and 2016.

This investment has not been evaluated for impairment. The MMRF management did not identify any events or changes in circumstances that might have an adverse effect on the value of this investment. The donor who gifted the stock to the MMRF has promised to fund the difference between proceeds from the privately-held company's initial public offering and the carrying value of \$550,000 (see Note 4).

Deferred Revenue

Deferred revenue consists of fee for service revenue and special event revenue received but not earned.

Contributions

Contributions are recorded in the consolidated statement of activities when promised. Unconditional promises to give that are due in future periods are reported at the present value of their net realizable value; using credit adjusted interest rates applicable to the years in which the promises are expected to be received. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. The MMRF had no permanently restricted net assets as of December 31, 2017 and 2016.

Contributed Services

For the years ended December 31, 2017 and 2016, donated services totaled approximately \$295,000 and \$394,000, respectively. Such services are included in the consolidated financial statements as in-kind donations along with the corresponding expenses. Donated services consisted of legal, consulting, printing and promotional services. In addition, a number of volunteers have contributed their time to the MMRF, none of which meet the requirements for financial statement recognition.

Functional Expenses

The MMRF allocates its expenses on a functional basis among its program and supporting services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The MMRF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the MMRF had no uncertain tax positions that would require financial statement recognition or disclosure.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 10, 2018.

3. Concentrations

The MMRF maintains cash and investment balances at multiple financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC insured") up to \$250,000 and accounts at each brokerage institution are insured by the Securities Investor Protection Corporation ("SIPC insured") up to \$500,000 (\$250,000 for cash). As of December 31, 2017, cash held in banks in excess of the federally insured limits was approximately \$13,777,000. As of December 31, 2017, investments and cash equivalents held in financial institutions in excess of the federally insured limited was approximately \$30,959,000. The Organization believes it is not exposed to any significant credit risk on its cash and investment balances.

At December 31, 2017, approximately \$3,350,000 or 53% of contributions receivable was receivable from four donors and at December 31, 2016 \$1,300,000 or 28% of contributions receivable was receivable from one donor.

In 2017 and 2016, one donor, who is a board member, contributed approximately \$10,000,000 and \$10,160,000 or 29% and 39% of contributions, respectively.

The MMRF received approximately 13% in 2017 and 21% in 2016 of its total public support and revenue from its special events.

4. Investments

Investments consist of the following at December 31 and were valued using Level 1 inputs.

	2017		
	Cost	Fair Value	Unrealized Loss
Level 1 Inputs			
Short term corporate bond fund	<u>\$ 18,776,297</u>	<u>\$ 18,684,405</u>	<u>\$ (91,892)</u>
	2016		
	Cost	Fair Value	Unrealized Loss
Level 1 Inputs			
Short term corporate bond fund	<u>\$ 12,115,115</u>	<u>\$ 11,980,487</u>	<u>\$ (134,628)</u>

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2017 and 2016

4. Investments (continued)

Investments carried at cost consist of stock in a privately-held company (the "Company") donated to the MMRF in 2015. The initial cost of the shares was established at fair value using Level 3 inputs based on the price other stockholders in the company paid for shares in the Company. The donor has pledged that the MMRF will receive at least \$550,000 if the Company has its initial public offering ("IPO"). If the proceeds to the MMRF from the IPO are less than \$550,000, the donor has agreed to fund the difference between the \$550,000 and the proceeds from the IPO. If the proceeds from the IPO are greater than \$550,000, the MMRF can keep the excess proceeds. The MMRF bears the risk if the Company does not have an IPO.

Money market funds valued using Level 1 inputs included within cash and cash equivalents was as follows as of December 31:

	2017	2016
Money market funds	\$11,859,168	\$7,085,297

Investment return, including interest on cash accounts, for the years ended December 31 is summarized as follows:

	2017	2016
Interest and dividend income	\$ 373,452	\$ 216,547
Net realized and unrealized gains (losses)	52,795	(29,964)
	\$ 426,247	\$ 186,583

At December 31, 2017 and 2016, the short-term corporate bond fund investments had an average credit rating of A, according to Moody's Investor Services and Standard and Poor's, an average maturity of 3.0 and 3.1 years, respectively; an average duration of approximately 2.68 and 2.60 years, with an average yield of 2.17% and 2.11%, respectively.

5. Contributions Receivable

Contributions receivable at December 31 are due as follows:

	2017	2016
Receivables currently due	\$ 1,909,742	\$1,141,070
Receivable in less than one year	2,375,987	2,225,198
Receivable in one to five years	2,191,875	1,340,000
Total contributions receivable	6,477,604	4,706,268
Less discount to net present value	(129,255)	(51,807)
	\$ 6,348,349	\$4,654,461

Pledges receivable with due dates extending beyond one year have discounted rates at December 31, 2017 and 2016 between 2.0% and 4.0%.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2017 and 2016

5. Contributions Receivable *(continued)*

The aforementioned pledges have been included in the following net asset categories at December 31:

	2017	2016
Unrestricted	\$ 1,909,742	\$1,141,070
Temporarily restricted	4,438,607	3,513,391
	\$ 6,348,349	\$4,654,461

The MMRF has a contingent pledge outstanding of \$2,700,000 as of December 31, 2017 that has not been recorded as revenue as the MMRF has not yet substantially met the conditions required for recognition.

6. Property and Equipment

At December 31, property and equipment, and related accumulated depreciation and their depreciable lives consisted of the following:

	Estimated useful lives	2017	2016
Equipment	1 - 3 years	\$ 175,550	\$ 171,596
Leasehold improvements	3 - 4 years	40,475	40,475
Furniture and fixtures	3 - 6 years	50,880	50,880
Software	2 - 4 years	1,619,368	1,433,658
		1,886,273	1,696,609
Less accumulated depreciation		(1,418,618)	(1,147,768)
		\$ 467,655	\$ 548,841

7. Related Party Transactions

Board of Directors

For the years ended December 31, 2017 and 2016, the MMRF received contributions from the members of the board of directors totaling approximately \$10,500,000 or 30% and \$10,225,000 or 39% of total contributions, respectively. As of December 31, 2017 and 2016, approximately \$540,000 or 9% and \$1,600,000 or 34% of contributions receivable included multi-year gifts pledged from board members.

The MMRF Minority Interests

During the years ended December 31, 2017 and 2016, the MMRF held a minority interest in two for-profit companies. The MMRF received ownership in these entities as part of the service agreement executed when the MMRF hired them to perform services for the MMRF. The MMRF considered the payments under the services agreement to be solely for services rendered and did not allocate any portion to investment in the entities. Additionally, the MMRF considers any cost that would have been allocated, based on the financial condition of the entities, to be immaterial to the consolidated financial statements. Accordingly, no investment in the entities has been recorded.

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Notes to Consolidated Financial Statements
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7. Related Party Transactions *(continued)*

The MMRF owns a 5% interest in one company with no related party transactions in 2017 and 2016.

In 2016, the MMRF held an interest in Genospace, LLC of approximately 1% interest. In January 2017, Genospace, LLC entered into a sales agreement which included the outstanding units held by the MMRF and as a result of the sales transaction, the MMRF received \$67,000. The MMRF is entitled to receive up to an additional \$62,000 currently held in escrow, subject to certain restrictions payable through May 2019. For the years ended 2017 and 2016, Genospace provided bio lab and consulting services to the MMRF for \$165,000 and \$282,000, respectively.

8. Research Awards

The MMRF awards research awards and grants at the recommendation of its medical/scientific advisory board. For the year ended December 31, the MMRF made the following awards:

	2017	2016
Fellows research award	\$ 375,000	\$ 375,000
Genomic data analysis	1,000,000	-
Immunotherapy	4,132,000	400,000
Program grants	50,761	150,000
Translational core	-	1,549,398
Prevention program	1,300,000	-
Site investment grants	1,124,000	1,320,000
Other Awards	125,000	30,000
	<u>\$ 8,106,761</u>	<u>\$3,824,398</u>

Grants and awards authorized and payable of \$7,316,928 at December 31, 2017 are expected to be paid within the next 12 months.

As of December 31, 2017, the MMRF has made conditional grants to 2 researchers totaling \$3,000,000.

9. LS Study *(unaudited)*

The MMRF Longitudinal Study (LS)

The MMRF Longitudinal Study (CoMMpass) was commenced in 2011 and has been extended through 2023. The MMRF is the sponsor of a personalized medicine initiative in which approximately 1,000 newly diagnosed patients have been enrolled through several sites (i.e., hospitals, academic medical centers and other community health centers) across the country. No experimental drug is used in the study, rather, blood and bone marrow samples are taken from the patients periodically over the course of their treatment. The standard of care (i.e., drugs and treatment) for each patient is determined by such patient's personal physician. The tissue samples collected are placed in a bio-bank. An unrelated, third party, not-for-profit biomedical research institute then performs laboratory tests on a portion of each of the samples resulting in genomic data about each patient.

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9. LS Study (unaudited) (continued)

The MMRF Longitudinal Study (LS) (continued)

In 2015, CoMMpass was closed to new enrollment with approximately 1,150 patients who are being followed for a period of 8 years until 2023. In December 2016, the MMRF launched a similar sample/data sharing collaboration with ECOG, (the “Eastern Cooperative Oncology Group”), which is expected to accrue approximately an additional 200 patients by the end of 2018.

10. Restrictions and Designation of Net Assets

Net assets released from restrictions and disbursed during the year ended December 31 consist of the following:

	<u>2017</u>	<u>2016</u>
Subsequent years	\$ 2,156,698	\$2,595,453
Brochures and magazine	50,000	110,000
Call Center	10,000	10,000
Drug development	-	201,000
Fellow award	-	90,000
General research	234,500	117,500
George Fabian Fund	-	712,000
Immunotherapy	766,000	349,009
Institutional Insights	-	135,000
MMyRide 2017	275,000	-
Multiple Myeloma Translational Initiative	-	90,000
Newsletter and related costs	38,823	6,177
Next generation therapies	-	85,000
Online community	175,000	565,000
Other	6,426	100,000
Patient summits	10,000	-
Precision medicine	455,000	50,000
Prevention program	1,350,000	-
Regional nursing program	-	150,000
Webcast	241,250	50,000
Website and related costs	19,000	101,000
Present value discount	<u>(77,448)</u>	<u>(44,036)</u>
	<u>\$ 5,710,249</u>	<u>\$5,473,103</u>

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Notes to Consolidated Financial Statements
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10. Restrictions and Designation of Net Assets (continued)

Temporarily restricted net assets as of December 31 were available for the following purpose:

	<u>2017</u>	<u>2016</u>
Time restricted	\$ 1,590,000	\$ 3,346,698
Brochures and magazine	-	50,000
Call Center	-	10,000
Caregiver program	-	70,000
Everest	130,000	-
General research	1,000,000	162,500
Immunotherapy	150,000	906,000
MMyRide 2017	-	275,000
Newsletter and related costs	-	38,823
Online community	-	356,250
Other	-	6,426
Patient summits	50,000	-
Precision medicine	1,055,000	-
Prevention program	2,070,000	-
Tissue study	68,533	68,533
Webcast	25,000	-
Website and related costs	-	19,000
Present value discount	<u>(129,255)</u>	<u>(51,807)</u>
	<u>\$ 6,009,278</u>	<u>\$ 5,257,423</u>

11. Lease Commitments

The MMRF leases office space under an operating lease that expires on July 31, 2020. Minimum annual rentals under the lease at December 31, 2017 are payable as follows:

Year ending December 31,	<u>Minimum Lease Commitment</u>
2018	\$ 284,000
2019	291,000
2020	<u>172,000</u>
	<u>\$ 747,000</u>

Rent expense amounted to approximately \$294,000 and \$297,000 for 2017 and 2016.

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12. Subsequent Event

On April 6, 2018, the MMRF modified its existing lease agreement for office space (see Note 11). Approximate minimum annual rentals under the modified lease are payable as follows:

Year ending December 31,	Minimum Lease Commitment
2018	\$ 188,000
2019	287,000
2020	319,000
2021	324,000
2022	330,000
Thereafter	<u>1,082,000</u>
	<u>\$ 2,530,000</u>
