



The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2016 and 2015



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, 2016 and 2015 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, 2016 and 2015 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
June 2, 2017

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	December 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 17,890,641	\$ 6,590,856
Investments	11,980,487	6,831,107
Contributions receivable, net	4,654,461	6,210,420
Fees for service receivable	1,155,770	1,276,372
Prepaid expenses	680,846	578,038
Other assets	101,920	101,920
Investments - other	550,000	550,000
Property and equipment, net	548,841	824,685
	\$ 37,562,966	\$ 22,963,398
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,255,958	\$ 551,646
Research awards payable	2,670,108	2,539,432
Research grants payable	1,913,528	1,430,000
Deferred revenue	1,976,347	1,503,554
Total Liabilities	11,815,941	6,024,632
 Net Assets		
Unrestricted	20,489,602	8,166,457
Temporarily restricted	5,257,423	8,772,309
Total Net Assets	25,747,025	16,938,766
	\$ 37,562,966	\$ 22,963,398

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Contributions	\$ 24,006,105	\$ 1,958,217	\$ 25,964,322	\$ 14,779,848	\$ 3,193,610	\$ 17,973,458
Fee for service	2,337,395	-	2,337,395	2,948,004	-	2,948,004
In-kind contributions	394,136	-	394,136	146,377	-	146,377
Net assets released from restriction	5,473,103	(5,473,103)	-	4,631,398	(4,631,398)	-
	<u>32,210,739</u>	<u>(3,514,886)</u>	<u>28,695,853</u>	<u>22,505,627</u>	<u>(1,437,788)</u>	<u>21,067,839</u>
Special Events						
Special event support	11,513,204	-	11,513,204	10,578,021	-	10,578,021
Net of direct donor benefit expenses	(4,064,371)	-	(4,064,371)	(3,926,485)	-	(3,926,485)
	<u>7,448,833</u>	<u>-</u>	<u>7,448,833</u>	<u>6,651,536</u>	<u>-</u>	<u>6,651,536</u>
Investment return	186,583	-	186,583	71,422	-	71,422
Total Public Support and Revenue	<u>39,846,155</u>	<u>(3,514,886)</u>	<u>36,331,269</u>	<u>29,228,585</u>	<u>(1,437,788)</u>	<u>27,790,797</u>
EXPENSES						
Program						
Research	16,419,485	-	16,419,485	19,002,924	-	19,002,924
Education	4,259,707	-	4,259,707	3,935,288	-	3,935,288
Awareness	3,946,527	-	3,946,527	2,806,094	-	2,806,094
Total Program Expenses	<u>24,625,719</u>	<u>-</u>	<u>24,625,719</u>	<u>25,744,306</u>	<u>-</u>	<u>25,744,306</u>
Supporting Services						
Management & general	711,755	-	711,755	625,834	-	625,834
Fundraising	2,185,536	-	2,185,536	3,245,609	-	3,245,609
Total Supporting Services	<u>2,897,291</u>	<u>-</u>	<u>2,897,291</u>	<u>3,871,443</u>	<u>-</u>	<u>3,871,443</u>
Total Expenses	<u>27,523,010</u>	<u>-</u>	<u>27,523,010</u>	<u>29,615,749</u>	<u>-</u>	<u>29,615,749</u>
Change in Net Assets	12,323,145	(3,514,886)	8,808,259	(387,164)	(1,437,788)	(1,824,952)
NET ASSETS						
Beginning of year	<u>8,166,457</u>	<u>8,772,309</u>	<u>16,938,766</u>	<u>8,553,621</u>	<u>10,210,097</u>	<u>18,763,718</u>
End 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>

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	\$ 4,758,894	\$ -	\$ -	\$ 4,758,894	\$ -	\$ -	\$ 4,758,894
Site investment grants	1,320,000	-	-	1,320,000	-	-	1,320,000
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 expenses	-	-	-	-	-	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
Board/committee meetings	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 Statement of Functional Expenses
Year Ended December 31, 2015

	Program Services			Total Program Expenses	Management & General	Fundraising	Total
	Research	Education	Awareness				
EXPENSES							
Research grants	\$ 5,530,889	\$ -	\$ -	\$ 5,530,889	\$ -	\$ -	\$ 5,530,889
Site investment grants	1,437,500	-	-	1,437,500	-	-	1,437,500
LS Study	6,584,644	-	-	6,584,644	-	-	6,584,644
Tissue banking	493,391	-	-	493,391	-	-	493,391
Clinical trials	2,537,551	-	-	2,537,551	-	-	2,537,551
Infrastructure/other programming	9,126	-	-	9,126	-	-	9,126
Continuing medical education	-	421,881	-	421,881	-	-	421,881
Institutional educational programs	-	397,886	-	397,886	-	-	397,886
Newsletter	-	56,850	2,992	59,842	-	-	59,842
Patient and clinician outreach	-	2,393,354	-	2,393,354	-	-	2,393,354
Public relations and awareness	-	-	1,384,984	1,384,984	-	-	1,384,984
Salaries and related expenses	1,789,705	464,789	812,045	3,066,539	464,789	1,811,075	5,342,403
Other fundraising expenses	-	-	-	-	-	131,000	131,000
Website expense	-	-	375	375	-	101,555	101,930
Brochures, printing, design, and mailing	-	3,901	235,877	239,778	-	389,217	628,995
Travel	19,653	8,403	70,820	98,876	5,104	90,681	194,661
Consulting	149,251	62,727	94,271	306,249	38,761	240,533	585,543
Occupancy	110,656	28,738	50,208	189,602	28,738	111,977	330,317
Telephone	20,352	5,286	9,234	34,872	5,286	20,595	60,753
Office expenses	28,922	7,511	13,123	49,556	7,511	29,267	86,334
Professional fees	63,984	16,617	29,032	109,633	16,617	64,748	190,998
Recruiting costs	19,315	5,016	8,764	33,095	5,016	19,546	57,657
Temporary help	12,678	11,609	5,753	30,040	3,293	37,778	71,111
Board/committee meetings	1,197	311	543	2,051	311	1,212	3,574
Insurance	42,563	11,054	19,312	72,929	11,054	43,071	127,054
Miscellaneous	33,799	8,776	15,335	57,910	8,775	34,200	100,885
Depreciation	117,748	30,579	53,426	201,753	30,579	119,154	351,486
Total Expenses	\$ 19,002,924	\$ 3,935,288	\$ 2,806,094	\$ 25,744,306	\$ 625,834	\$ 3,245,609	\$ 29,615,749

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,808,259	\$ (1,824,952)
Adjustments to reconcile change in net assets to net cash from operating activities		
Loss on investments	29,964	74,231
Depreciation	341,411	351,486
Donation of private company stock	-	(550,000)
Changes in operating assets and liabilities		
Contributions receivable, net	1,555,959	2,722,359
Fees for service receivable	120,602	(942,683)
Prepaid expenses	(102,808)	(107,233)
Accounts payable and accrued expenses	4,704,312	(605,959)
Research awards payable, net	130,676	1,045,527
Research grants payable	483,528	45,000
Deferred revenue	472,793	97,519
Net Cash from Operating Activities	16,544,696	305,295
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(65,567)	(313,411)
Purchase of investments	(5,179,344)	(152,562)
Net Cash from Investing Activities	(5,244,911)	(465,973)
 Net Change in Cash and Cash Equivalents	11,299,785	(160,678)
 CASH AND CASH EQUIVALENTS		
Beginning of year	6,590,856	6,751,534
End of year	\$ 17,890,641	\$ 6,590,856

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

1. Organization

The Multiple Myeloma Research Foundation, Inc. and its wholly owned subsidiaries, Multiply Myeloma Research Consortium, LLC (“MMRC”) and MMRF, LLC, collectively referred to as “MMRF,” funds research to accelerate a cure for multiple myeloma – cancer of the bone marrow. MMRF conducts research and distributes research awards worldwide, fosters scientific collaboration and provides information to patients and family members. MMRF was incorporated on January 13, 1998.

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

MMRF’s proven network engages the best new science and technology to accelerate development of treatments for patients as quickly as possible. MMRF’s unique model removes barriers for cancer breakthroughs as MMRF is the only end-to-end solution in cancer research. It is based on three interrelated pillars: The Data Bank, The Learning Network, and the Clinic. Applying MMRF’s 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 2016, MMRF through MMRC opened 6 clinical trials and enrolled over 260 patients across 19 trials. From its inception, MMRC has enrolled over 2,000 patients across more than 70 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: Immunotherapy, Innovative Trials, Data Analytics & Validation, and the MMRF Prevention Project.

MMRF, LLC, a wholly-owned single member limited liability company, was inactive in 2015 and 2016.

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 MMRF. All material inter-organizational balances and transactions have been eliminated in consolidation.

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.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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

Cash and Cash Equivalents

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. As of December 31, 2016 and 2015, management has concluded that an allowance for uncollectible receivables is not required.

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

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.

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.

Investments – Other

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 cost of MMRF's investment in this company is \$550,000 as of December 31, 2016 and 2015.

This investment has not been evaluated for impairment. MMRF's 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 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).

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

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

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. MMRF had no permanently restricted net assets as of December 31, 2016 and 2015.

Contributed Services

For the years ended December 31, 2016 and 2015, donated services totaled approximately \$394,000 and \$146,000. 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, including support for special events. In addition, a number of volunteers have contributed their time to MMRF's program and supporting services, none of which meet the requirements for financial statement recognition.

Functional Expenses

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.

Accounting for Uncertainty in Income Taxes

MMRF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that 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 June 2, 2017.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2016 and 2015

3. Concentrations

Financial instruments that potentially subject MMRF to concentrations of credit risk consist principally of cash and cash equivalents, investment accounts, and accounts receivable. At times, cash and investment balances exceed the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits.

At December 31, 2016 and 2015, approximately \$1,300,000 or 28% and \$1,900,000 or 31% of contributions receivable was receivable from one donor.

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

MMRF received approximately 21% in 2016 and 24% in 2015 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.

	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>
	2015		
	Cost	Fair Value	Unrealized Loss
Level 1 Inputs			
Short term corporate bond fund	<u>\$ 6,935,771</u>	<u>\$ 6,831,107</u>	<u>\$(104,664)</u>

Investments carried at cost consist of stock in a privately-held company (the "Company") donated to 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 MMRF will receive at least \$550,000 if the Company has its initial public offering ("IPO"). If the proceeds to 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, MMRF can keep the excess proceeds. MMRF bears the risk if the Company does not have an IPO. The Company's management estimates having an IPO within 2-3 years.

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

	2016	2015
Money market funds	<u>\$ 7,325,837</u>	<u>\$ 1,479,415</u>

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2016 and 2015

4. Investments (continued)

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

	2016	2015
Interest and dividend income	\$ 216,547	\$ 145,653
Net unrealized losses	(29,964)	(74,231)
	\$ 186,583	\$ 71,422

At December 31, 2016 and 2015, 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 3.1 and 3.2 years, respectively; an average duration of approximately 2.6 years, with an average yield of 2.11% and 2.34%, respectively.

5. Contributions Receivable

Contributions receivable at December 31 are due as follows:

	2016	2015
Receivables currently due	\$ 850,000	\$ -
Receivable in less than one year	2,516,268	3,818,187
Receivable in one to five years	1,340,000	2,488,076
Total contributions receivable	4,706,268	6,306,263
Less discount to net present value	(51,807)	(95,843)
	\$ 4,654,461	\$ 6,210,420

Pledges receivable with due dates extending beyond one year are discounted rates at December 31, 2016 and 2015 between 2.0% and 4.0%.

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	2016	2015
Equipment	1 - 3 years	\$ 171,596	\$ 470,310
Leasehold improvements	3 - 4 years	40,475	40,475
Furniture and fixtures	3 - 6 years	50,880	46,407
Software	2 - 4 years	1,433,658	1,545,980
		1,696,609	2,103,172
Less accumulated depreciation		(1,147,768)	(1,278,487)
		\$ 548,841	\$ 824,685

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2016 and 2015

7. Line of Credit

On August 14, 2013, MMRF obtained a line of credit with a bank for \$1,500,000. The line of credit expires on July 1, 2017, unless extended. Borrowings under the line of credit bear interest at the London Interbank Offered Rate ("LIBOR") Daily Floating Rate (0.096% at December 31, 2016) plus 2.5%. All borrowings are collateralized by the receivables and equipment of MMRF. There were no amounts outstanding under this line of credit at December 31, 2016 and 2015.

8. Related Party Transactions

Board of Directors

For the years ended December 31, 2016 and 2015, MMRF received contributions from the members of the board of directors totaling approximately \$10,225,000 or 39% and \$78,000 or 0.43% of total contributions, respectively. For the years ended December 31, 2016 and 2015, approximately \$1,600,000 or 34% and \$2,500,000 or 40% of contributions receivable included multi-year gifts pledged from board members, respectively.

MMRF Minority Interests

During the years ended December 31, 2016 and 2015, MMRF held a minority interest in two for-profit companies. MMRF received ownership in these entities as part of the service agreement executed when MMRF hired them to perform services for MMRF. 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, 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.

MMRF owns a 5% interest in one company with no related party transactions in 2016 and 2015. For the years ended 2016 and 2015, MMRF incurred \$282,000 and \$341,000, respectively for bio lab and consulting services in Genospace, LLC, in which MMRF held approximately a 1% ownership interest. In January 2017, Genospace, LLC entered into a sales agreement which included the outstanding units held by MMRF and as a result of the sales transaction MMRF is entitled to receive up to \$131,000 in proceeds currently held in escrow and payable in tranches through May of 2019. MMRF received its first installment of \$67,000 in April 2017.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

9. Research Awards

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

	<u>2016</u>	<u>2015</u>
Senior research awards	\$ -	\$ 1,000,000
Fellows research award	375,000	337,500
Genomic data analysis	810,000	657,066
Epigenomics	-	500,000
Immunotherapy	413,500	332,000
Precision medicine	551,779	116,120
Program grants	150,000	1,059,084
Research administration	685,462	651,698
Research roundtables	223,755	130,281
Translational core	1,549,398	747,140
	<u>\$ 4,758,894</u>	<u>\$ 5,530,889</u>

Grants and awards authorized and payable of \$4,583,636 at December 31, 2016 are expected to be paid within the next 12 months.

10. LS Study (unaudited)

Longitudinal Study (LS)

MMRF Longitudinal Study (CoMMpass) was commenced in 2011 and has been extended through 2023. 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.

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, 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 2017.

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

11. Restrictions and Designation of Net Assets

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

	<u>2016</u>	<u>2015</u>
Subsequent years	\$ 2,595,453	\$ 2,825,958
Brochures	110,000	30,000
Call Center	10,000	25,000
CoMMpass Study	-	5,000
Drug development	201,000	292,500
Fellow award	90,000	10,000
General research	117,500	-
George Fabian Fund	712,000	4,000
Immunotherapy	349,009	316,375
Institutional Insights	135,000	150,000
Multiple Myeloma Translational Initiative	90,000	10,000
Newsletter and related costs	6,177	85,000
Next generation therapies	85,000	-
Online community	565,000	505,000
Other	100,000	-
Patient data bank	-	250,000
Personalized medicine	50,000	-
Regional nursing program	150,000	-
Roundtable	-	50,000
Teleconference	-	10,000
Webcast	50,000	75,000
Website and related costs	101,000	75,000
Present value discount	<u>(44,036)</u>	<u>(87,435)</u>
	<u>\$ 5,473,103</u>	<u>\$ 4,631,398</u>

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

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

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

	<u>2016</u>	<u>2015</u>
Time restricted	\$ 3,346,698	\$ 5,342,152
Brochures and magazine	50,000	110,000
Call Center	10,000	10,000
Caregiver program	70,000	-
Clinical insights	-	135,000
Drug development	-	201,000
Fellow award	-	90,000
General research	162,500	25,000
George Fabian Fund	-	712,000
Immunotherapy	906,000	968,000
Multiple Myeloma Translational Initiative	-	90,000
MMyRide 2017	275,000	-
Newsletter and related costs	38,823	15,000
Next generation therapies	-	85,000
Online community	356,250	550,000
Other	6,426	100,000
Personalized medicine	-	50,000
Regional nursing program	-	150,000
Tissue study	68,533	75,000
Webcast	-	50,000
Website and related costs	19,000	110,000
Present value discount	<u>(51,807)</u>	<u>(95,843)</u>
	<u>\$ 5,257,423</u>	<u>\$ 8,772,309</u>

12. Lease Commitments

MMRF leases office space under an operating lease that expires on July 31, 2020. Minimum annual rentals under the lease at December 31, 2016 are payable as follows:

Year ending December 31,	Minimum Lease Commitment
2017	\$ 277,000
2018	284,000
2019	291,000
2020	<u>172,000</u>
	<u>\$ 1,024,000</u>

Rent expense amounted to approximately \$297,000 and \$314,000 for December 31, 2016 and 2015.
