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The  
**BONE**  
**MARROW**  
FOUNDATION

A green plant sprout with several leaves, positioned to the right of the word 'BONE' and extending upwards and to the right.

Audited Financial Statements

December 31, 2014

and

December 31, 2013



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
The Bone Marrow Foundation, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of The Bone Marrow Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2014 and December 31, 2013, and the related statements of activities, functional expenses and cash flows for the years 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 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 auditors' 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 organization'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 organization'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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bone Marrow Foundation, Inc. as of December 31, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

June 2, 2015

**THE BONE MARROW FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2014 AND 2013**

	<u>12/31/14</u>	<u>12/31/13</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$770,210	\$747,433
Prepaid expenses	16,143	3,752
Contributions receivable	38,452	36,975
Total current assets	<u>824,805</u>	<u>788,160</u>
<b>Property and Equipment:</b>		
Property and equipment - net of accumulated depreciation and amortization (Note 3)	10,274	6,988
<b>Other Assets:</b>		
Security deposit	<u>13,566</u>	<u>13,566</u>
Total assets	<u><u>\$848,645</u></u>	<u><u>\$808,714</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	<u>\$66,252</u>	<u>\$71,682</u>
Total current liabilities	<u>66,252</u>	<u>71,682</u>
<b>Net Assets:</b>		
Unrestricted	645,231	652,202
Temporarily restricted	137,162	84,830
Total net assets	<u>782,393</u>	<u>737,032</u>
Total liabilities and net assets	<u><u>\$848,645</u></u>	<u><u>\$808,714</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**THE BONE MARROW FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	12/31/14			12/31/13		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue:</b>						
Contributions	\$317,340	\$177,075	\$494,415	\$229,914	\$119,148	\$349,062
Special event revenue (net of cost of direct benefit to donors) (Note 5)	554,083		554,083	863,192		863,192
Interest income	616		616	202		202
Net assets released from restrictions	124,743	(124,743)	0	105,721	(105,721)	0
<b>Total public support and revenue</b>	<b>996,782</b>	<b>52,332</b>	<b>1,049,114</b>	<b>1,199,029</b>	<b>13,427</b>	<b>1,212,456</b>
<b>Expenses:</b>						
Program services	705,247		705,247	572,288		572,288
Management and general	67,135		67,135	53,596		53,596
Fundraising	231,371		231,371	229,183		229,183
<b>Total expenses</b>	<b>1,003,753</b>	<b>0</b>	<b>1,003,753</b>	<b>855,067</b>	<b>0</b>	<b>855,067</b>
Change in net assets	(6,971)	52,332	45,361	343,962	13,427	357,389
Net assets - beginning of year	652,202	84,830	737,032	308,240	71,403	379,643
Net assets - end of year	<u>\$645,231</u>	<u>\$137,162</u>	<u>\$782,393</u>	<u>\$652,202</u>	<u>\$84,830</u>	<u>\$737,032</u>

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**THE BONE MARROW FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	12/31/14				12/31/13			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$191,391	\$25,425	\$61,724	\$278,540	\$160,860	\$17,332	\$30,233	\$208,425
Payroll taxes and benefits	24,993	3,320	8,060	36,373	25,072	2,702	4,712	32,486
Total personnel services	<u>216,384</u>	<u>28,745</u>	<u>69,784</u>	<u>314,913</u>	<u>185,932</u>	<u>20,034</u>	<u>34,945</u>	<u>240,911</u>
Specific assistance to individuals	412,968			412,968	306,454			306,454
Special event expenses (Note 5)			38,254	38,254			116,994	116,994
Professional fees		15,243	55,310	70,553	1,960	15,160	21,120	38,240
Telephone	6,166	819	1,988	8,973	7,006	755	1,317	9,078
Printing and publications		1,905	12,270	14,175	20	2,052	13,758	15,830
Depreciation and amortization	1,178	156	380	1,714	1,322	143	248	1,713
Insurance	3,893	517	1,255	5,665	6,192	667	1,164	8,023
Rent	41,146	5,466	13,270	59,882	33,023	3,558	6,207	42,788
Dues and conferences	745	2,700		3,445	3,497	2,673	150	6,320
Office expense	17,764	10,805	25,574	54,143	21,307	7,112	20,536	48,955
Outreach			10,719	10,719			8,385	8,385
Website and computer	4,679	622	1,509	6,810	4,246	458	798	5,502
Transportation	324	157	1,058	1,539	1,329	984	3,561	5,874
	<u>\$705,247</u>	<u>\$67,135</u>	<u>\$231,371</u>	<u>\$1,003,753</u>	<u>\$572,288</u>	<u>\$53,596</u>	<u>\$229,183</u>	<u>\$855,067</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**THE BONE MARROW FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>12/31/14</u>	<u>12/31/13</u>
Cash Flows from Operating Activities:		
Change in net assets	\$45,361	\$357,389
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	1,714	1,713
(Increase)/decrease in assets:		
Prepaid expenses	(12,391)	17,932
Contributions receivable	(1,477)	(36,200)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	<u>(5,430)</u>	<u>52,069</u>
Total adjustments	<u>(17,584)</u>	<u>35,514</u>
Net cash provided by operating activities	<u>27,777</u>	<u>392,903</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(5,000)</u>	<u>0</u>
Net cash used for investing activities	<u>(5,000)</u>	<u>0</u>
Net increase in cash and cash equivalents	22,777	392,903
Cash and cash equivalents - beginning of year	<u>747,433</u>	<u>354,530</u>
Cash and cash equivalents - end of year	<u>\$770,210</u>	<u>\$747,433</u>
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**THE BONE MARROW FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 AND 2013**

**Note 1    Organization**

The Bone Marrow Foundation, Inc. (the "Foundation") was organized in New York in July 1992, as a non-profit corporation for the purpose of providing financial aid and assistance to bone marrow transplant patients and their families. After receiving tax-exempt status under Section 501(c)(3) of the Internal Revenue Code in January 1993, the Foundation commenced fundraising activities. The Foundation began granting program assistance in November 1993.

**Note 2    Summary of Significant Accounting Policies**

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

The Foundation reports information regarding their financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.

c. Contributions

Contributions are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, restricted contributions that are satisfied within the same period they are received are classified as unrestricted.

d. Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist of cash and money market accounts, which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year-end the Foundation had material



uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

f. Contributions Receivable

Unconditional promises to give are recognized in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions receivable at year-end are expected to be collected within one year and have been recognized at net realizable value. Based on historical experience and a specific review of outstanding pledges, no allowance for doubtful accounts has been established.

g. Capitalization Policies

Items of property, equipment and leasehold improvements that have a useful life greater than one year and exceed certain thresholds are capitalized at cost. Routine maintenance and repair costs that do not materially extend the estimated useful life of property and equipment, and have no future benefit are expensed as incurred.

Depreciation expense is charged using the straight line method over the assets estimated useful life (between 3 and 5 years).

h. Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair values at the date of donation. Board members volunteer their time and perform a variety of tasks for the Foundation. These services do not meet the criteria for recognition and have not been recorded in the financial statements.

i. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

j. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Accounting for Uncertainty of Income Taxes

The Foundation does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2011 and later are subject to examination by applicable taxing authorities.

l. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through June 2, 2015, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our

evaluation date that would require adjustment to or disclosure in the financial statements.

**Note 3 Property and Equipment**

Property and equipment consist of the following:

	<u>12/31/14</u>	<u>12/31/13</u>
Computer equipment and software	\$32,134	\$32,134
Website	5,000	0
Office equipment	49,331	49,331
Office furniture and fixtures	<u>14,702</u>	<u>14,702</u>
Total	101,167	96,167
Less: accumulated depreciation and amortization	<u>(90,893)</u>	<u>(89,179)</u>
Property and equipment – net	<u>\$10,274</u>	<u>\$6,988</u>

**Note 4 Temporarily Restricted Net Assets**

Activity in the temporarily restricted net asset class was as follows:

	<u>December 31, 2014</u>			
	Balance <u>1/1/14</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/14</u>
Program restrictions:				
Patient aid	\$10,000	\$0	(\$10,000)	\$0
Lifeline fund	0	12,150	(2,377)	9,773
Patient handbooks	25,000	0	0	25,000
One to One program	<u>49,830</u>	<u>164,925</u>	<u>(112,366)</u>	<u>102,389</u>
Total	<u>\$84,830</u>	<u>\$177,075</u>	<u>(\$124,743)</u>	<u>\$137,162</u>
	<u>December 31, 2013</u>			
	Balance <u>1/1/13</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/13</u>
Program restrictions:				
Patient aid	\$10,000	\$10,000	(\$10,000)	\$10,000
Patient handbooks	25,000	0	0	25,000
One to One program	<u>36,403</u>	<u>109,148</u>	<u>(95,721)</u>	<u>49,830</u>
Total	<u>\$71,403</u>	<u>\$119,148</u>	<u>(\$105,721)</u>	<u>\$84,830</u>

**Note 5 Special Events**

The Foundation holds various fundraising events. Direct expenses of the events that benefit donors have been netted with benefit income in the public support section, while other indirect costs of the events have been shown as special events expense in the fundraising section of the statement of functional expenses.

A financial summary of the events is as follows:

	<u>December 31, 2014</u>			
	<u>Gold and Silver Ball</u>	<u>Thanksgiving Event</u>	<u>Other Events</u>	<u>Totals</u>
Gross revenue	\$257,150	\$155,170	\$287,093	\$699,413
Less: direct expenses to donor	<u>(41,109)</u>	<u>(37,674)</u>	<u>(66,547)</u>	<u>(145,330)</u>
Event revenue net of direct expenses	216,041	117,496	220,546	554,083
Less: indirect expenses	<u>(7,623)</u>	<u>(9,080)</u>	<u>(21,551)</u>	<u>(38,254)</u>
Net revenue from event	<u>\$208,418</u>	<u>\$108,416</u>	<u>\$198,995</u>	<u>\$515,829</u>

	<u>December 31, 2013</u>			
	<u>Gala</u>	<u>Gold and Silver Ball</u>	<u>Other Events</u>	<u>Totals</u>
Gross revenue	\$619,753	\$209,615	\$270,821	\$1,100,189
Less: direct expenses to donor	<u>(87,022)</u>	<u>(53,801)</u>	<u>(96,174)</u>	<u>(236,997)</u>
Event revenue net of direct expenses	532,731	155,814	174,647	863,192
Less: indirect expenses	<u>(66,453)</u>	<u>(24,934)</u>	<u>(25,607)</u>	<u>(116,994)</u>
Net revenue from event	<u>\$466,278</u>	<u>\$130,880</u>	<u>\$149,040</u>	<u>\$746,198</u>

**Note 6 Commitments**

The Foundation occupies office space under a non-cancelable lease that expires January 31, 2016. The following schedule outlines the future minimum commitments:

For the year ending:

December 31, 2015	\$56,460
December 31, 2016	<u>4,705</u>
Total	<u>\$61,165</u>