



Audited Financial Statements

December 31, 2016

and

December 31, 2015

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, 2016 and December 31, 2015, 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

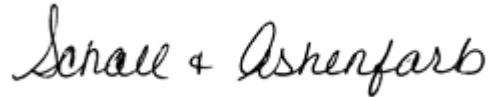
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2016 and December 31, 2015, 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.

A handwritten signature in cursive script that reads "Schall & Ashenfarb". The signature is written in black ink and is contained within a thin black rectangular border.

Schall & Ashenfarb
Certified Public Accountants, LLC

June 6, 2017

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2016 AND 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Assets		
Current assets:		
Cash and cash equivalents	\$761,192	\$780,953
Prepaid expenses	65,000	2,867
Contributions receivable	29,975	18,410
Total current assets	<u>856,167</u>	<u>802,230</u>
Property and equipment:		
Property and equipment - net of accumulated depreciation and amortization (Note 3)	29,190	37,328
Other assets:		
Security deposit	<u>13,566</u>	<u>13,566</u>
Total assets	<u><u>\$898,923</u></u>	<u><u>\$853,124</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$46,536</u>	<u>\$56,835</u>
Total current liabilities	<u>46,536</u>	<u>56,835</u>
Net Assets:		
Unrestricted	573,073	673,790
Temporarily restricted	279,314	122,499
Total net assets	<u>852,387</u>	<u>796,289</u>
Total liabilities and net assets	<u><u>\$898,923</u></u>	<u><u>\$853,124</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, 2016 AND 2015

	12/31/16			12/31/15		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions	\$346,473	\$495,094	\$841,567	\$332,065	\$118,377	\$450,442
Special events revenue (net of expenses with a direct benefit to donor) (Note 5)	726,932		726,932	834,188		834,188
Interest income	110		110	2,392		2,392
Net assets released from restrictions	338,279	(338,279)	0	133,040	(133,040)	0
Total public support and revenue	1,411,794	156,815	1,568,609	1,301,685	(14,663)	1,287,022
Expenses:						
Program services	1,144,544		1,144,544	863,732		863,732
Supporting services:						
Management and general	82,587		82,587	111,063		111,063
Fundraising	285,380		285,380	298,331		298,331
Total supporting services	367,967		367,967	409,394		409,394
Total expenses	1,512,511	0	1,512,511	1,273,126	0	1,273,126
Change in net assets	(100,717)	156,815	56,098	28,559	(14,663)	13,896
Net assets - beginning of year	673,790	122,499	796,289	645,231	137,162	782,393
Net assets - end of year	\$573,073	\$279,314	\$852,387	\$673,790	\$122,499	\$796,289

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

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	12/31/16					12/31/15				
	Supporting Services					Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$223,926	\$22,536	\$24,470	\$47,006	\$270,932	\$207,942	\$21,294	\$41,779	\$63,073	\$271,015
Payroll taxes and benefits	40,746	4,101	4,452	8,553	49,299	36,551	3,743	7,344	11,087	47,638
Total personnel services	<u>264,672</u>	<u>26,637</u>	<u>28,922</u>	<u>55,559</u>	<u>320,231</u>	<u>244,493</u>	<u>25,037</u>	<u>49,123</u>	<u>74,160</u>	<u>318,653</u>
Specific assistance to individuals	777,826			0	777,826	524,811			0	524,811
Special events expenses (Note 5)			50,359	50,359	50,359			132,636	132,636	132,636
Professional fees		27,769	120,224	147,993	147,993	57	62,625	13,488	76,113	76,170
Telephone	3,464	349	379	728	4,192	7,101	727	1,427	2,154	9,255
Printing and publications	1,703	2,373	24,408	26,781	28,484	82	694	34,681	35,375	35,457
Depreciation and amortization	13,668	1,376	1,494	2,870	16,538	7,040	721	1,414	2,135	9,175
Insurance	3,857	388	422	810	4,667	4,020	412	808	1,220	5,240
Rent	52,688	5,303	5,758	11,061	63,749	48,127	4,928	9,670	14,598	62,725
Dues and conferences		3,295	69	3,364	3,364	375	2,420	755	3,175	3,550
Office expense	21,340	14,561	23,509	38,070	59,410	21,294	12,426	29,261	41,687	62,981
Outreach			23,719	23,719	23,719			18,559	18,559	18,559
Website and computer	5,326	536	582	1,118	6,444	4,667	478	937	1,415	6,082
Transportation			5,535	5,535	5,535	1,665	595	5,572	6,167	7,832
Total	<u><u>\$1,144,544</u></u>	<u><u>\$82,587</u></u>	<u><u>\$285,380</u></u>	<u><u>\$367,967</u></u>	<u><u>\$1,512,511</u></u>	<u><u>\$863,732</u></u>	<u><u>\$111,063</u></u>	<u><u>\$298,331</u></u>	<u><u>\$409,394</u></u>	<u><u>\$1,273,126</u></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, 2016 AND 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Cash flows from operating activities:		
Change in net assets	\$56,098	\$13,896
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	16,538	9,175
Changes in assets and liabilities:		
Prepaid expenses	(62,133)	13,276
Contributions receivable	(11,565)	20,042
Accounts payable and accrued expenses	<u>(10,299)</u>	<u>(9,417)</u>
Total adjustments	<u>(67,459)</u>	<u>33,076</u>
Net cash (used for)/provided by operating activities	<u>(11,361)</u>	<u>46,972</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(8,400)</u>	<u>(36,229)</u>
Net cash used for investing activities	<u>(8,400)</u>	<u>(36,229)</u>
Net (decrease)/increase in cash and cash equivalents	(19,761)	10,743
Cash and cash equivalents - beginning of year	<u>780,953</u>	<u>770,210</u>
Cash and cash equivalents - end of year	<u><u>\$761,192</u></u>	<u><u>\$780,953</u></u>
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2016 AND 2015

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 the 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, if a restricted contribution is satisfied within the same period it is received, it is 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 10 years).

h. Donated Assets and In-Kind Services

Donated services are required to be recognized if they create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would have been purchased if not donated.

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.

Donated marketable securities and other non-cash donations are recorded as contributions at fair value on the date of donation.

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, 2013 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 6, 2017, 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.

m. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2020 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

The Foundation has not yet evaluated the impact these standards will have on future financial statements.

Note 3 - Property and Equipment

Property and equipment consist of the following:

	<u>12/31/16</u>	<u>12/31/15</u>
Computer equipment and software	\$9,261	\$9,261
Website	17,750	10,000
Video	21,968	21,968
Office equipment	49,331	49,331
Office furniture and fixtures	<u>15,352</u>	<u>14,702</u>
	113,662	105,262
Less: accumulated depreciation and amortization	<u>(84,472)</u>	<u>(67,934)</u>
Property and equipment - net	<u>\$29,190</u>	<u>\$37,328</u>

Note 4 - Temporarily Restricted Net Assets

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

	<u>December 31, 2016</u>			
	Balance <u>1/1/16</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/16</u>
Program restrictions:				
Patient handbooks	\$25,000	\$0	\$0	\$25,000
One to One program	<u>97,499</u>	<u>495,094</u>	<u>(338,279)</u>	<u>254,314</u>
Total	<u>\$122,499</u>	<u>\$495,094</u>	<u>(\$338,279)</u>	<u>\$279,314</u>

	<u>December 31, 2015</u>			
	Balance <u>1/1/15</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/15</u>
Program restrictions:				
Lifeline fund	\$9,773	\$0	(\$9,773)	\$0
Patient handbooks	25,000	0	0	25,000
One to One program	<u>102,389</u>	<u>118,377</u>	<u>(123,267)</u>	<u>97,499</u>
Total	<u>\$137,162</u>	<u>\$118,377</u>	<u>(\$133,040)</u>	<u>\$122,499</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, 2016</u>			
	<u>Gold and Silver Ball</u>	<u>Thanksgiving Holiday Event</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$380,680	\$236,910	\$353,899	\$971,489
Less: expenses with a direct benefit to donor	<u>(68,310)</u>	<u>(73,235)</u>	<u>(103,012)</u>	<u>(244,557)</u>
	312,370	163,675	250,887	726,932
Less: other event expenses	<u>(8,437)</u>	<u>(9,438)</u>	<u>(32,484)</u>	<u>(50,359)</u>
Net revenue from events	<u>\$303,933</u>	<u>\$154,237</u>	<u>\$218,403</u>	<u>\$676,573</u>

	<u>December 31, 2015</u>			
	<u>Gala</u>	<u>Gold and Silver Ball</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$405,956	\$291,830	\$372,882	\$1,070,668
Less: expenses with a direct benefit to donor	<u>(77,826)</u>	<u>(74,457)</u>	<u>(84,197)</u>	<u>(236,480)</u>
	328,130	217,373	288,685	834,188
Less: other event expenses	<u>(92,986)</u>	<u>(8,002)</u>	<u>(31,648)</u>	<u>(132,636)</u>
Net revenue from events	<u>\$235,144</u>	<u>\$209,371</u>	<u>\$257,037</u>	<u>\$701,552</u>

Note 6 - Commitments

The Foundation occupies office space under a non-cancelable lease that expired January 31, 2016. The Foundation is currently negotiating a new lease with the landlord and continues to occupy the space on a month-to-month basis.