



Audited Financial Statements

December 31, 2018

and

December 31, 2017



IRA L. SCHALL, CPA
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INDEPENDENT AUDITOR'S 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, 2018 and December 31, 2017, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

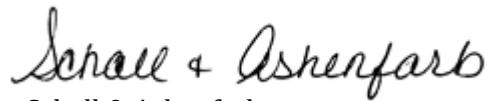
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and December 31, 2017, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Foundation adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



Schall & Ashenfarb
Schall & Ashenfarb
Certified Public Accountants, LLC

July 8, 2019

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2018 AND 2017

	<u>12/31/18</u>	<u>12/31/17</u>
Assets		
Current assets:		
Cash and cash equivalents	\$902,791	\$1,214,624
Prepaid expenses	94,060	3,000
Contributions receivable	14,148	88,963
Total current assets	<u>1,010,999</u>	<u>1,306,587</u>
Property and equipment:		
Property and equipment - net of accumulated depreciation and amortization (Note 3)	67,378	65,218
Other assets:		
Security deposit	<u>13,566</u>	<u>13,566</u>
Total assets	<u><u>\$1,091,943</u></u>	<u><u>\$1,385,371</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	<u>\$111,356</u>	<u>\$86,632</u>
Total current liabilities	<u>111,356</u>	<u>86,632</u>
Net assets:		
Without donor restrictions	585,732	864,969
With donor restrictions (Note 4)	<u>394,855</u>	<u>433,770</u>
Total net assets	<u>980,587</u>	<u>1,298,739</u>
Total liabilities and net assets	<u><u>\$1,091,943</u></u>	<u><u>\$1,385,371</u></u>

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

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12/31/18			12/31/17		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	\$234,252	\$477,047	\$711,299	\$332,625	\$650,687	\$983,312
Special events revenue (net of expenses with a direct benefit to donor) (Note 5)	855,372		855,372	1,322,311		1,322,311
Interest income	3,309		3,309	238		238
In-kind donation	2,615		2,615			0
Net assets released from restrictions	515,962	(515,962)	0	496,231	(496,231)	0
Total public support and revenue	<u>1,611,510</u>	<u>(38,915)</u>	<u>1,572,595</u>	<u>2,151,405</u>	<u>154,456</u>	<u>2,305,861</u>
Expenses:						
Program services	1,494,897		1,494,897	1,394,989		1,394,989
Supporting services:						
Management and general	83,523		83,523	93,790		93,790
Fundraising	312,327		312,327	370,730		370,730
Total supporting services	<u>395,850</u>	<u>0</u>	<u>395,850</u>	<u>464,520</u>	<u>0</u>	<u>464,520</u>
Total expenses	<u>1,890,747</u>	<u>0</u>	<u>1,890,747</u>	<u>1,859,509</u>	<u>0</u>	<u>1,859,509</u>
Change in net assets	(279,237)	(38,915)	(318,152)	291,896	154,456	446,352
Net assets - beginning of year	<u>864,969</u>	<u>433,770</u>	<u>1,298,739</u>	<u>573,073</u>	<u>279,314</u>	<u>852,387</u>
Net assets - end of year	<u>\$585,732</u>	<u>\$394,855</u>	<u>\$980,587</u>	<u>\$864,969</u>	<u>\$433,770</u>	<u>\$1,298,739</u>

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

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	12/31/18					12/31/17				
	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	\$274,799	\$25,260	\$47,722	\$72,982	\$347,781	\$240,700	\$22,797	\$31,441	\$54,238	\$294,938
Payroll taxes and benefits	51,755	4,757	8,988	13,745	65,500	48,624	4,605	6,351	10,956	59,580
Total personnel services	<u>326,554</u>	<u>30,017</u>	<u>56,710</u>	<u>86,727</u>	<u>413,281</u>	<u>289,324</u>	<u>27,402</u>	<u>37,792</u>	<u>65,194</u>	<u>354,518</u>
Specific assistance to individuals	1,035,539			0	1,035,539	965,746			0	965,746
Special events expenses (Note 5)			406,609	406,609	406,609	7,325		600,210	600,210	607,535
Professional fees	4,345	27,781	94,373	122,154	126,499	6,125	28,839	113,218	142,057	148,182
Telephone	3,558	327	618	945	4,503	3,545	336	463	799	4,344
Printing and publications	9,828	3,300	3,201	6,501	16,329	577	3,025	46,168	49,193	49,770
Depreciation and amortization	27,456	2,524	4,768	7,292	34,748	20,534	1,945	2,683	4,628	25,162
Insurance	3,443	316	598	914	4,357	3,556	337	464	801	4,357
Rent	53,545	4,921	9,299	14,220	67,765	53,718	5,088	7,017	12,105	65,823
Dues and conferences			9,340	9,340	9,340		3,635		3,635	3,635
Office expense	21,875	13,426	24,241	37,667	59,542	37,384	22,518	45,746	68,264	105,648
Outreach			15,922	15,922	15,922			17,676	17,676	17,676
Website and computer	8,711	801	1,513	2,314	11,025	7,017	665	916	1,581	8,598
Transportation	43	110	948	1,058	1,101	138		10,614	10,614	10,752
	<u>1,494,897</u>	<u>83,523</u>	<u>628,140</u>	<u>711,663</u>	<u>2,206,560</u>	<u>1,394,989</u>	<u>93,790</u>	<u>882,967</u>	<u>976,757</u>	<u>2,371,746</u>
Total expenses before direct event expenses netted with revenue										
Less: direct special event expenses netted with revenue (Note 6)			(315,813)	(315,813)	(315,813)			(512,237)	(512,237)	(512,237)
Total expenses	<u>\$1,494,897</u>	<u>\$83,523</u>	<u>\$312,327</u>	<u>\$395,850</u>	<u>\$1,890,747</u>	<u>\$1,394,989</u>	<u>\$93,790</u>	<u>\$370,730</u>	<u>\$464,520</u>	<u>\$1,859,509</u>

* Reclassified for comparative purposes

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

THE BONE MARROW FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>12/31/18</u>	<u>12/31/17</u>
Cash flows from operating activities:		
Change in net assets	(\$318,152)	\$446,352
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	34,748	25,162
Changes in assets and liabilities:		
Prepaid expenses	(91,060)	62,000
Contributions receivable	74,815	(58,988)
Accounts payable and accrued expenses	24,724	40,096
Total adjustments	<u>43,227</u>	<u>68,270</u>
Net cash (used for)/provided by operating activities	<u>(274,925)</u>	<u>514,622</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(36,908)</u>	<u>(61,190)</u>
Net cash used for investing activities	<u>(36,908)</u>	<u>(61,190)</u>
Net (decrease)/increase in cash and cash equivalents	(311,833)	453,432
Cash and cash equivalents - beginning of year	<u>1,214,624</u>	<u>761,192</u>
Cash and cash equivalents - end of year	<u><u>\$902,791</u></u>	<u><u>\$1,214,624</u></u>
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

THE BONE MARROW FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 being notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax 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.

The Foundation has not been determined to be a private foundation as defined in Section 509(a).

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.

Effective January 1, 2018, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 6).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.
- *Net Assets with Donor Restrictions* – 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 recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

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 each asset's 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.

The following costs were allocated based on time and effort:

- Salaries
- Payroll taxes and benefits
- Telephone
- Depreciation and amortization
- Insurance
- Rent
- Office expenses
- Website and computer

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, 2015 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 July 8, 2019, 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 June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, 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 is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Property and Equipment

Property and equipment consist of the following:

	<u>12/31/18</u>	<u>12/31/17</u>
Computer equipment and software	\$18,591	\$11,254
Website	76,750	47,750
Video	51,164	51,164
Office equipment	49,331	49,331
Office furniture and fixtures	<u>15,924</u>	<u>15,353</u>
	211,760	174,852
Less: accumulated depreciation and amortization	<u>(144,382)</u>	<u>(109,634)</u>
Property and equipment – net	<u>\$67,378</u>	<u>\$65,218</u>

Note 4 - Net Assets With Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	<u>December 31, 2018</u>			
	Balance <u>1/1/18</u>	Contributions	Released from Restrictions	Balance <u>12/31/18</u>
Program restrictions:				
Patient handbooks	\$25,000	\$0	\$0	\$25,000
One to One program	408,770	402,047	(515,962)	294,855
Carelines	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Total	<u>\$433,770</u>	<u>\$477,047</u>	<u>(\$515,962)</u>	<u>\$394,855</u>

	December 31, 2017			
	Balance <u>1/1/17</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/17</u>
Program restrictions:				
Patient handbooks	\$25,000	\$0	\$0	\$25,000
One to One program	<u>254,314</u>	<u>650,687</u>	<u>(496,231)</u>	<u>408,770</u>
Total	<u>\$279,314</u>	<u>\$650,687</u>	<u>(\$496,231)</u>	<u>\$433,770</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:

	December 31, 2018			
	Gold and Silver <u>Ball 2018</u>	Fall Ball <u>2018</u>	Other <u>Events</u>	<u>Total</u>
Gross revenue	\$385,048	\$227,933	\$558,204	\$1,171,185
Less: expenses with a direct benefit to donor	<u>(88,708)</u>	<u>(89,738)</u>	<u>(137,367)</u>	<u>(315,813)</u>
	296,340	138,195	420,837	855,372
Less: other event expenses	<u>(12,316)</u>	<u>(10,109)</u>	<u>(68,371)</u>	<u>(90,796)</u>
Net revenue from events	<u>\$284,024</u>	<u>\$128,086</u>	<u>\$352,466</u>	<u>\$764,576</u>

	December 31, 2017			
	<u>Gala 2017</u>	Gold and Silver <u>Ball 2017</u>	Other <u>Events</u>	<u>Total</u>
Gross revenue	\$700,198	\$438,473	\$695,877	\$1,834,548
Less: expenses with a direct benefit to donor	<u>(189,202)</u>	<u>(94,718)</u>	<u>(228,317)</u>	<u>(512,237)</u>
	510,996	343,755	467,560	1,322,311
Less: other event expenses	<u>(62,137)</u>	<u>(1,422)</u>	<u>(31,739)</u>	<u>(95,298)</u>
Net revenue from events	<u>\$448,859</u>	<u>\$342,333</u>	<u>\$435,821</u>	<u>\$1,227,013</u>

Note 6 - Availability and Liquidity

Financial assets at year-end:		
	<u>12/31/18</u>	<u>12/31/17</u>
Cash and cash equivalents	\$902,791	\$1,214,624
Contributions receivable	<u>14,148</u>	<u>88,963</u>
Total financial assets	916,939	1,303,587
Less amounts not available for general expenditures:		
Net assets with donor restrictions	<u>(394,855)</u>	<u>(433,770)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$522,084</u>	<u>\$869,817</u>

The Foundation is supported by a significant amount of restricted contributions. Since a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors, therefore, financial assets may not be available for general expenditure within one year.

Note 7 - 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.