



Bone Marrow
& Cancer
FOUNDATION

Audited Financial Statements

December 31, 2019
and
December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bone Marrow and Cancer Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Bone Marrow and Cancer Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2019 and December 31, 2018, 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 entity'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 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 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 Bone Marrow and Cancer Foundation, Inc. as of December 31, 2019 and December 31, 2018, 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.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

October 15, 2020

BONE MARROW AND CANCER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019 AND 2018

	<u>12/31/19</u>	<u>12/31/18</u>
Assets		
Current assets:		
Cash and cash equivalents	\$557,088	\$902,791
Prepaid expenses	17,150	94,060
Contributions and other receivables	68,483	14,148
Total current assets	<u>642,721</u>	<u>1,010,999</u>
Property and equipment:		
Property and equipment - net of accumulated depreciation and amortization (Note 3)	131,953	67,378
Other assets:		
Security deposit	<u>13,566</u>	<u>13,566</u>
Total assets	<u><u>\$788,240</u></u>	<u><u>\$1,091,943</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$61,448	\$111,356
Deferred rent	3,485	0
Total current liabilities	<u>64,933</u>	<u>111,356</u>
Net assets:		
Without donor restrictions	388,252	585,732
With donor restrictions (Note 4)	335,055	394,855
Total net assets	<u>723,307</u>	<u>980,587</u>
Total liabilities and net assets	<u><u>\$788,240</u></u>	<u><u>\$1,091,943</u></u>

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

BONE MARROW AND CANCER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	12/31/19			12/31/18		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	\$419,202	\$382,506	\$801,708	\$234,252	\$477,047	\$711,299
Special events revenue (net of expenses with a direct benefit to donor) (Note 5)	1,068,494		1,068,494	855,372		855,372
Interest income	3,699		3,699	3,309		3,309
In-kind donation	0		0	2,615		2,615
Net assets released from restrictions	442,306	(442,306)	0	515,962	(515,962)	0
Total public support and revenue	1,933,701	(59,800)	1,873,901	1,611,510	(38,915)	1,572,595
Expenses:						
Program services	1,669,716		1,669,716	1,494,897		1,494,897
Supporting services:						
Management and general	157,798		157,798	83,523		83,523
Fundraising	303,667		303,667	312,327		312,327
Total supporting services	461,465	0	461,465	395,850	0	395,850
Total expenses	2,131,181	0	2,131,181	1,890,747	0	1,890,747
Change in net assets	(197,480)	(59,800)	(257,280)	(279,237)	(38,915)	(318,152)
Net assets - beginning of year	585,732	394,855	980,587	864,969	433,770	1,298,739
Net assets - end of year	\$388,252	\$335,055	\$723,307	\$585,732	\$394,855	\$980,587

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

BONE MARROW AND CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	12/31/19					12/31/18				
	Supporting Services				Total	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services		Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$434,686	\$27,660	\$29,533	\$57,193	\$491,879	\$274,799	\$25,260	\$47,722	\$72,982	\$347,781
Payroll taxes and benefits	107,258	6,824	7,288	14,112	121,370	51,755	4,757	8,988	13,745	65,500
Total personnel services	<u>541,944</u>	<u>34,484</u>	<u>36,821</u>	<u>71,305</u>	<u>613,249</u>	<u>326,554</u>	<u>30,017</u>	<u>56,710</u>	<u>86,727</u>	<u>413,281</u>
Specific assistance to individuals	955,173			0	955,173	1,035,539			0	1,035,539
Special events expenses (Note 5)			642,180	642,180	642,180			406,609	406,609	406,609
Professional fees	1,730	97,900	81,796	179,696	181,426	4,345	27,781	94,373	122,154	126,499
Telephone	4,279	272	291	563	4,842	3,558	327	618	945	4,503
Printing and publications	385	5,060	4,472	9,532	9,917	9,828	3,300	3,201	6,501	16,329
Depreciation and amortization	44,621	2,839	3,032	5,871	50,492	27,456	2,524	4,768	7,292	34,748
Insurance	4,248	270	289	559	4,807	3,443	316	598	914	4,357
Rent	63,616	4,048	4,322	8,370	71,986	53,545	4,921	9,299	14,220	67,765
Dues and conferences	1,536	627	627	1,254	2,790			9,340	9,340	9,340
Office expense	31,255	10,119	23,858	33,977	65,232	21,875	13,426	24,241	37,667	59,542
Outreach			955	955	955			15,922	15,922	15,922
Website and computer	16,400	1,043	1,114	2,157	18,557	8,711	801	1,513	2,314	11,025
Transportation	4,529	1,136	1,029	2,165	6,694	43	110	948	1,058	1,101
Total expenses	<u>1,669,716</u>	<u>157,798</u>	<u>800,786</u>	<u>958,584</u>	<u>2,628,300</u>	<u>1,494,897</u>	<u>83,523</u>	<u>628,140</u>	<u>711,663</u>	<u>2,206,560</u>
Less: direct special event expenses netted with revenue (Note 6)			<u>(497,119)</u>	<u>(497,119)</u>	<u>(497,119)</u>			<u>(315,813)</u>	<u>(315,813)</u>	<u>(315,813)</u>
Total expenses for statement of activities	<u>\$1,669,716</u>	<u>\$157,798</u>	<u>\$303,667</u>	<u>\$461,465</u>	<u>\$2,131,181</u>	<u>\$1,494,897</u>	<u>\$83,523</u>	<u>\$312,327</u>	<u>\$395,850</u>	<u>\$1,890,747</u>

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

BONE MARROW AND CANCER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>12/31/19</u>	<u>12/31/18</u>
Cash flows from operating activities:		
Change in net assets	(\$257,280)	(\$318,152)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation and amortization	50,492	34,748
Changes in assets and liabilities:		
Prepaid expenses	76,910	(91,060)
Contributions and other receivables	(54,335)	74,815
Accounts payable and accrued expenses	(49,908)	24,724
Deferred rent	3,485	0
Total adjustments	<u>26,644</u>	<u>43,227</u>
Net cash used for operating activities	<u>(230,636)</u>	<u>(274,925)</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(115,067)</u>	<u>(36,908)</u>
Net cash used for investing activities	<u>(115,067)</u>	<u>(36,908)</u>
Net decrease in cash and cash equivalents	(345,703)	(311,833)
Cash and cash equivalents - beginning of year	<u>902,791</u>	<u>1,214,624</u>
Cash and cash equivalents - end of year	<u><u>\$557,088</u></u>	<u><u>\$902,791</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.

BONE MARROW AND CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1 - Organization

Bone Marrow and Cancer 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.

In February 2019, the Foundation partnered with Airbnb's Open Homes program to offer free, temporary accommodations throughout the United States to cancer and bone marrow/stem cell transplant patients in need of life-saving treatments. Since this collaboration began, we have enabled almost 1,500 patients and families going through a cancer diagnosis to travel to the best cancer centers to receive care, without worrying about the costs of extended lodging. Acting as an agent of Airbnb, the Foundation was able to help secure free housing to patients totaling \$1,164,916 during the year ended December 31, 2019.

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, 2019 the Foundation adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, the Foundation adopted ("ASU" No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Foundation evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of

resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Foundation applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

For contributions, the Foundation evaluates whether they are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for the Foundation to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Foundation recognizes revenue. An enhanced footnote disclosure was added to provide details of the revenue recognition information required by Topic 606.

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. Revenue Recognition

The Foundation did not have any types of revenue that fall under Topic 606 during the years ended December 31, 2019 and 2018.

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. Pledges are recognized when they are considered unconditional in nature.

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

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. Deferred Rent

Rent expense is recorded evenly on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

j. 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

k. 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.

l. 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, 2016 and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncement

FASB issued ("ASU" No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 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.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

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>12/31/19</u>	<u>12/31/18</u>
Computer equipment and software	\$18,591	\$18,591
Website	171,820	76,750
Video	29,195	51,164
Office equipment	0	49,331
Office furniture and fixtures	<u>10,000</u>	<u>15,924</u>
	229,606	211,760
Less: accumulated depreciation and amortization	<u>(97,653)</u>	<u>(144,382)</u>
Property and equipment - net	<u>\$131,953</u>	<u>\$67,378</u>

Note 4 - Net Assets With Donor Restrictions

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

<u>December 31, 2019</u>				
	Balance <u>1/1/19</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>12/31/19</u>
Program restrictions:				
Patient handbooks	\$25,000	\$0	(\$25,000)	\$0
One to One program	294,855	382,506	(342,306)	335,055
Carelines	<u>75,000</u>	<u>0</u>	<u>(75,000)</u>	<u>0</u>
Total	<u>\$394,855</u>	<u>\$382,506</u>	<u>(\$442,306)</u>	<u>\$335,055</u>
<u>December 31, 2018</u>				
	Balance <u>1/1/18</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	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>

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, 2019</u>				
	<u>Gala 2019</u>	Gold and Silver <u>Ball 2019</u>	Other Events <u>Events</u>	<u>Total</u>
Gross revenue	\$603,622	\$265,583	\$696,408	\$1,565,613
Less: expenses with a direct benefit to donor	<u>(166,019)</u>	<u>(81,564)</u>	<u>(249,536)</u>	<u>(497,119)</u>
	437,603	184,019	446,872	1,068,494
Less: other event expenses	<u>(75,036)</u>	<u>(13,516)</u>	<u>(56,509)</u>	<u>(145,061)</u>
Net revenue from events	<u>\$362,567</u>	<u>\$170,503</u>	<u>\$390,363</u>	<u>\$923,433</u>

	<u>December 31, 2018</u>			
	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>

Note 6 - Availability and Liquidity

Financial assets at year-end:

	<u>12/31/19</u>	<u>12/31/18</u>
Cash and cash equivalents	\$557,088	\$902,791
Contributions and other receivables	<u>68,483</u>	<u>14,148</u>
Total financial assets	625,571	916,939
Less amounts not available for general expenditures:		
Net assets with donor restrictions	<u>(335,055)</u>	<u>(394,855)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$290,516</u>	<u>\$522,084</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 operating lease that was renewed on December 1, 2019 and expires on November 30, 2026. Future required minimum lease payments are as follows:

Year ending:	December 31, 2020	\$87,903
	December 31, 2021	93,464
	December 31, 2022	96,268
	December 31, 2023	99,156
	December 31, 2024	102,130
	Thereafter	<u>204,267</u>
		<u>\$683,188</u>

Note 8 - Subsequent Events

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through October 15, 2020, the date the financial statements were available to be issued.

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. These events could adversely affect the Foundation by reducing the funding it receives; limiting program operations; depressing demand for its services; and disrupting its government, corporate, non-profit, and individual partners as well as its staff and suppliers. As of the date of these financial statements, the potential impact of these events on the Foundation cannot be quantified.

On May 1, 2020, the Foundation obtained a loan from the SBA in the amount of \$111,700 through the Payroll Protection Program. Terms of the loan indicate that if certain conditions are met, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

No additional 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.