

**The Multiple Myeloma Research  
Foundation, Inc. and Subsidiaries**

Consolidated Financial Statements

December 31, 2020 and 2019

## 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, 2020 and 2019 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, 2020 and 2019 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*  
May 3, 2021

**The Multiple Myeloma Research Foundation, Inc. and Subsidiaries**

Consolidated Statements of Financial Position

	December 31,	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 54,719,525	\$10,943,120
Investments	-	42,886,418
Contributions and grants receivable, net	6,260,471	14,668,836
Accounts receivable and contract assets	6,912,455	7,399,453
Prepaid expenses	403,337	905,107
Programmatic investments	2,595,830	617,425
Other assets	91,977	91,977
Property and equipment, net	2,293,328	1,642,019
	<b>\$ 73,276,923</b>	<b>\$ 79,154,355</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 8,304,569	\$ 10,194,365
Research awards payable	1,816,261	5,615,903
Research grants payable	735,000	952,000
Deferred revenue	8,549,840	5,968,343
Deferred rent expense payable	604,023	693,370
Total Liabilities	20,009,693	23,423,981
Net Assets		
Without donor restrictions	39,494,536	35,142,177
With donor restrictions	13,772,694	20,588,197
Total Net Assets	53,267,230	55,730,374
	<b>\$ 73,276,923</b>	<b>\$ 79,154,355</b>

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Activities

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	<b>PUBLIC SUPPORT AND REVENUE</b>					
Contributions and grants	\$ 14,242,759	\$ 1,301,379	\$ 15,544,138	\$ 22,098,778	\$ 5,310,490	\$ 27,409,268
Clinical trial revenue	2,546,093	-	2,546,093	2,813,345	-	2,813,345
PMIC membership	4,800,000	-	4,800,000	3,200,000	-	3,200,000
In-Kind contributions	574,289	-	574,289	546,321	-	546,321
Royalties	758,795	-	758,795	1,956,025	-	1,956,025
Allowance for doubtful contributions receivable	-	(256,000)	(256,000)	(250,000)	(125,000)	(375,000)
Net assets released from restriction	7,860,882	(7,860,882)	-	2,364,221	(2,364,221)	-
	<u>30,782,818</u>	<u>(6,815,503)</u>	<u>23,967,315</u>	<u>32,728,690</u>	<u>2,821,269</u>	<u>35,549,959</u>
Special Events						
Special event support	4,668,574	-	4,668,574	9,240,920	-	9,240,920
Net of direct donor benefit expenses	(693,123)	-	(693,123)	(2,016,938)	-	(2,016,938)
	<u>3,975,451</u>	<u>-</u>	<u>3,975,451</u>	<u>7,223,982</u>	<u>-</u>	<u>7,223,982</u>
Investment return	(1,530,381)	-	(1,530,381)	2,473,507	-	2,473,507
Total Public Support and Revenue	<u>33,227,888</u>	<u>(6,815,503)</u>	<u>26,412,385</u>	<u>42,426,179</u>	<u>2,821,269</u>	<u>45,247,448</u>
<b>EXPENSES</b>						
Program Services						
Research	14,716,548	-	14,716,548	20,690,347	-	20,690,347
Myeloma Investment Fund	1,048,869	-	1,048,869	873,985	-	873,985
Education	4,534,676	-	4,534,676	4,561,102	-	4,561,102
Awareness	4,129,329	-	4,129,329	2,885,706	-	2,885,706
Total Program Services	<u>24,429,422</u>	<u>-</u>	<u>24,429,422</u>	<u>29,011,140</u>	<u>-</u>	<u>29,011,140</u>
Supporting Services						
Management and general	1,115,430	-	1,115,430	806,716	-	806,716
Fundraising	2,882,046	-	2,882,046	4,316,557	-	4,316,557
Total Supporting Services	<u>3,997,476</u>	<u>-</u>	<u>3,997,476</u>	<u>5,123,273</u>	<u>-</u>	<u>5,123,273</u>
Total Expenses	<u>28,426,898</u>	<u>-</u>	<u>28,426,898</u>	<u>34,134,413</u>	<u>-</u>	<u>34,134,413</u>
Loss on disposal of assets	(448,631)	-	(448,631)	-	-	-
Change in Net Assets	4,352,359	(6,815,503)	(2,463,144)	8,291,766	2,821,269	11,113,035
<b>NET ASSETS</b>						
Beginning of year	35,142,177	20,588,197	55,730,374	30,050,411	17,766,928	47,817,339
Change in accounting principle	-	-	-	(3,200,000)	-	(3,200,000)
End of year	<u>\$ 39,494,536</u>	<u>\$ 13,772,694</u>	<u>\$ 53,267,230</u>	<u>\$ 35,142,177</u>	<u>\$ 20,588,197</u>	<u>\$ 55,730,374</u>

See notes to consolidated financial statements

The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

Year Ended December 31, 2020

	Program Services							Direct Donor Benefit	Total
	Research	Myeloma Investment Fund	Education	Awareness	Total Program Services	Management and General	Fundraising		
<b>EXPENSES</b>									
Clinical trials and research expense	\$ 8,549,177	\$ -	\$ -	\$ -	\$ 8,549,177	\$ -	\$ -	\$ -	\$ 8,549,177
Salaries and related expenses	2,894,088	748,405	1,154,154	1,549,949	6,346,596	902,706	1,982,623	-	9,231,925
Research and site investment grants	1,830,765	-	-	-	1,830,765	-	-	-	1,830,765
Summits and other event production	26,843	646	2,455,523	299,311	2,782,323	783	100,150	484,769	3,368,025
Occupancy, office, supplies, and other	617,360	78,780	391,111	457,350	1,544,601	155,876	591,307	-	2,291,784
Professional fees and outside services	336,250	190,316	176,391	827,431	1,530,388	40,237	122,809	768	1,694,202
Advertising, marketing, and public relations	786	92	116,128	959,465	1,076,471	111	22,931	3,000	1,102,513
Registration fees	25,174	1,838	428	2,788	30,228	335	388	204,586	235,537
Tissue banking	208,573	-	-	-	208,573	-	-	-	208,573
Travel	22,915	6,092	1,303	9,551	39,861	498	24,557	-	64,916
Depreciation and amortization	204,617	22,700	239,638	23,484	490,439	14,884	37,281	-	542,604
	14,716,548	1,048,869	4,534,676	4,129,329	24,429,422	1,115,430	2,882,046	693,123	29,120,021
Direct donor benefits	-	-	-	-	-	-	-	(693,123)	(693,123)
Total Expenses	\$ 14,716,548	\$ 1,048,869	\$ 4,534,676	\$ 4,129,329	\$ 24,429,422	\$ 1,115,430	\$ 2,882,046	\$ -	\$ 28,426,898

Year Ended December 31, 2019

	Program Services							Direct Donor Benefit	Total
	Research	Myeloma Investment Fund	Education	Awareness	Total Program Services	Management and General	Fundraising		
<b>EXPENSES</b>									
Clinical trials and research expense	\$ 8,980,380	\$ -	\$ -	\$ -	\$ 8,980,380	\$ -	\$ -	\$ -	\$ 8,980,380
Salaries and related expenses	3,022,249	579,585	1,229,956	1,388,975	6,220,765	681,658	2,144,180	-	9,046,603
Research and site investment grants	4,201,474	-	-	-	4,201,474	-	-	-	4,201,474
Summits and other event production	149,408	231	2,364,978	80,567	2,595,184	271	295,214	1,502,094	4,392,763
Occupancy, office, supplies, and other	442,222	68,340	248,858	132,820	892,240	52,867	698,194	370	1,643,671
Professional fees and outside services	2,907,079	187,274	249,356	217,258	3,560,967	57,708	315,733	-	3,934,408
Patient and clinician outreach	-	-	130,424	-	130,424	-	-	-	130,424
Advertising, marketing, and public relations	307,175	747	255,404	979,573	1,542,899	883	543,706	-	2,087,488
Registration fees	99,628	4,354	893	4,402	109,277	396	6,485	514,474	630,632
Tissue banking	315,748	-	-	-	315,748	-	-	-	315,748
Travel	137,323	19,685	22,315	63,466	242,789	3,329	278,414	-	524,532
Depreciation and amortization	127,661	13,769	58,918	18,645	218,993	9,604	34,631	-	263,228
	20,690,347	873,985	4,561,102	2,885,706	29,011,140	806,716	4,316,557	2,016,938	36,151,351
Direct donor benefits	-	-	-	-	-	-	-	(2,016,938)	(2,016,938)
Total Expenses	\$ 20,690,347	\$ 873,985	\$ 4,561,102	\$ 2,885,706	\$ 29,011,140	\$ 806,716	\$ 4,316,557	\$ -	\$ 34,134,413

See notes to consolidated financial statements

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

### Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,463,144)	\$ 11,113,035
Adjustments to reconcile change in net assets to net cash from operating activities		
Disposal of property and equipment	830,597	-
(Gain) loss on investments	1,928,570	(1,123,985)
Depreciation and amortization	542,604	263,228
Allowance for doubtful contributions receivable	256,000	375,000
Changes in operating assets and liabilities		
Contributions receivable, net	8,152,365	3,538,787
Accounts receivable and contract assets	486,998	(4,764,420)
Other receivables	-	132,000
Prepaid expenses	501,770	(22,524)
Accounts payable and accrued expenses	(1,889,796)	(801,126)
Research awards payable	(3,799,642)	(1,911,858)
Research grants payable	(217,000)	(89,500)
Deferred revenue	2,581,497	1,171,917
Deferred rent expense payable	(89,347)	(40,013)
Net Cash from Operating Activities	6,821,472	7,840,541
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,024,510)	(618,747)
Programmatic investments	(1,978,405)	(617,425)
Proceeds from sale of investments	41,219,718	1,615,920
Purchase of investments	(261,870)	(4,259,780)
Net Cash from Investing Activities	36,954,933	(3,880,032)
Net Change in Cash and Cash Equivalents	43,776,405	3,960,509
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	10,943,120	6,982,611
End of year	\$ 54,719,525	\$ 10,943,120
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Non-cash Investing and Financing Activities		
Investment impairment offset by related increase in contribution receivable	\$ -	\$ 550,000

See notes to consolidated financial statements

# The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

## 1. Organization

The Multiple Myeloma Research Foundation, Inc. and its wholly owned subsidiaries, The Multiple Myeloma Research Consortium, LLC (“MMRC”) and Myeloma Investment Fund, LLC (“MIF”), collectively referred to as “the MMRF,” advances research to accelerate a cure for multiple myeloma – the second most common blood cancer. The MMRF, with its end-to-end precision medicine model, collaborates with its partners to accelerate basic and translational research, and move the best ideas rapidly into clinical trials. The MMRF also engages with patients and their friends and families to educate and empower them to optimize their outcomes. The MMRF was incorporated on January 13, 1998.

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

The proven network of the MMRF engages the best new science and technology to accelerate development of treatments for patients as quickly as possible. The unique model removes barriers for cancer breakthroughs with its end-to-end solution in cancer research. It is based on three interrelated pillars: The Patient Data Bank, The Learning Network, and The Clinic. Applying the MMRF 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 2020, the MMRF continued to build out the Immune Atlas (“the Atlas”), an immune profiling platform designed to compile data surrounding patient immunity and speed efforts to bring the best in immunotherapy to multiple myeloma. The Atlas details the immune landscape in myeloma and how it changes throughout the course of the disease and treatment. This effort is a critical first step that will establish guidelines and alignment on how immune data is prioritized, aggregated, and shared. At scale, it will empower scientists to identify new immune targets for drug development and, eventually, enable clinicians to customize treatments and therapies based on an individual’s immune system. After a successful call for innovative trial concepts, the MMRC is moving forward with two new clinical programs: 1) a rationale combination of immune therapies hypothesized to provide synergistic efficacy, and 2) a novel NK cell-directed therapy with autologous stem-cell transplant. Both trials are expected to start enrolling patients in mid-2021.

The MMRF anticipates making significant future investment to continue building the end-to-end precision model and immuno-oncology as the precision patient care model, sustain research through venture philanthropy and harness data to identify new targets and care pathways.

MIF, a wholly-owned single member limited liability company, is the first and only mission-driven, self-sustaining, scalable venture philanthropy fund focused solely on multiple myeloma. The aim is to create major scientific breakthroughs by directing capital where financial support could have an immediate and meaningful impact on patients’ lives. Of particular interest are companies, clinical assets, and technologies that have profound potential to bring life extending treatments and cures to more patients more rapidly. As a venture philanthropy fund, neither management nor donors to the MIF receive distributions. All profits are reinvested into the MIF, allowing for continual investment in emerging science.

# The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

## 1. Organization *(continued)*

The MMRF and its subsidiaries are exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. MMRC and MIF are disregarded entities for tax purposes.

## 2. Summary of Significant Accounting Policies

### *Principles of Consolidation*

The accompanying consolidated financial statements include the accounts of the 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.

### *Cash and Cash Equivalents*

The MMRF considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

### *Investments*

Investments are reported at their fair value in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets.

The MMRF invested 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.

### *Contributions and Grants Receivable*

Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Contributions and grants receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution and grant revenue in the statements of activities. The allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.



# The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

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

### ***Contracts with Customers***

The MMRF has multiple revenue streams that are accounted for as exchange transactions including Personalized Medicine Initiative Consortium (“PMIC”) membership, clinical trial revenue, and exchange transaction involving special events.

### ***Data-Sharing Membership***

PMIC membership involves several pharmaceutical companies paying for advanced access to data compiled by the MMRF. The membership entitles the pharmaceutical companies to access twice during a year to data collected from multiple myeloma patients by the MMRF. The pharmaceutical companies pay in advance for the upcoming year. The MMRF recognizes revenue proportionally during the two access periods available to the pharmaceutical companies. Fees are collected before all obligations are satisfied. As of December 31, 2020 and 2019, there was \$6,400,000 and \$4,800,000 recorded in deferred revenue for future data releases.

### ***Clinical Trial Revenue***

The MMRF contracts with several pharmaceutical companies to coordinate various clinical trials of drug treatments for multiple myeloma. The MMRF and its wholly-owned subsidiary MMRC, have entered into contracts with study sites to perform clinical research. The pharmaceutical companies contract with the MMRF to organize the drug trial among its various network of study sites. MMRF is responsible for entering into contracts to perform the drug trials in accordance with the specifications as determined by the pharmaceutical companies, ensuring the study sites perform the drug trials, collecting data produced by clinical trials, providing certain administrative support to the study sites, compelling the study sites to produce a final report, and paying study sites. The clinical trials typically span over multiple years. The length of time a clinical trial runs is dependent upon identifying subjects who meet the specific criteria to be eligible to participate in the trial. Therefore, the number of enrolled subjects is the input used to measure the delivery of services to the customer. Based on the MMRF’s strong collection experience, the MMRF has concluded that all revenue recognized is probable of collection.

Receivables from clinical trial revenue and PMIC membership are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of December 31, 2020 and 2019, no allowance for clinical trial revenue receivables has been deemed necessary. As of December 31, 2020 and 2019, \$1,600,000 and \$3,200,000 in receivables have been recognized as deferred revenue.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

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

#### ***Contracts with Customers (continued)***

##### *Special Events*

The MMRF conducts numerous special events to raise money. These events include dinners, the MMRF branded 5K races, selling entries into endurance events, and more. Fees for these events include both an exchange transaction component and contribution component. To the extent fees are collected prior to the event and are refundable to participants, they are reported as deferred revenue. The fees are recognized as revenue at a point in time, typically, when the event occurs.

The following is an analysis of contract assets, contract liabilities, and accounts receivable as of December 31

	2020	2019	2018
Accounts receivable	\$ 5,197,932	\$ 4,010,399	\$ 724,903
Contract assets	<u>1,714,523</u>	<u>3,389,054</u>	<u>1,910,130</u>
Total accounts receivable and contract assets	<u>\$ 6,912,455</u>	<u>\$ 7,399,453</u>	<u>\$ 2,635,033</u>
Deferred revenue (contract liabilities)	<u>\$ 8,549,840</u>	<u>\$ 5,968,343</u>	<u>\$ 1,596,426</u>

##### *Revenue Recognition Practical Expedients*

Customer payment terms are typically less than one year and as such, the MMRF has applied the practical expedient to exclude consideration of significant financing components from the determination of the transaction price. If taxes are collected from customers and remitted to governmental authorities, they are excluded from net sales. Costs to obtain a contract are generally immaterial, but the MMRF has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less. As permitted by the guidance the MMRF has applied a portfolio approach to evaluating the customer's ability to pay, rather than evaluating each customer's ability to pay separately.

##### ***Fair Value of Measurements***

The 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.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

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

#### ***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 3 to 6 years. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease inclusive of expected renewals.

#### ***Investments – Other***

The 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. In 2019, the privately-held company underwent an equity transaction that provided information about the value of the MMRF's holding in the privately-held company. Based on the value of shares at the time of the equity transaction, MMRF determined the shares value to be permanently impaired. The donor who gifted the stock to the MMRF has promised to fund the difference between proceeds from the privately-held company's initial public offering and the value at the time of the gift of \$550,000. Accordingly, contributions receivable was increased \$550,000 for the decline in value due to the privately-held company's equity transaction. The carrying value of the investment in this company recognized on the consolidated statements of financial position is \$0 as of December 31, 2020 and 2019.

#### ***Programmatic Investments***

Programmatic investments are accounted for at cost. Any permanent impairment of the investments are recorded in the period that the impairment occurs.

#### ***Deferred Rent and Rent Expense***

Lease agreements require increases in the minimum base rent over time and also contain free rent periods and lease incentive payments. Rent expense under these lease agreements is recognized on the straight-line basis over the term of these related leases. The difference between rent expense recognized on the straight-line basis and cash paid is accounted for as deferred rent and included in accrued expenses on the accompanying consolidated statements of financial position.

#### ***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

# The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2020 and 2019

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

### ***Net Assets (continued)***

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Contributions restricted by donors are reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

### ***Contributions and Grants***

The MMRF recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contribution or grant revenue conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses are recognized when those requirements are met.

### ***Contributed Services***

For the years ended December 31, 2020 and 2019, donated services totaled approximately \$574,000 and \$546,000, respectively. Approximately \$87,500 and \$269,000 was recognized as special event support for 2020 and 2019. 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. In addition, a number of volunteers have contributed their time to the MMRF, none of which meet the requirements for financial statement recognition.

### ***Royalties***

In exchange for various grant research awards the MMRF awarded, an unaffiliated company gave MMRF a royalty interest in any future sales or licensing of various products or patents developed from the related research. The royalty income is recognized as the payments are determined and they are received or receivable.

During the years December 31 2020 and 2019, royalties received were \$758,975 and \$1,956,025.

One royalty agreement is capped at \$6,000,000. Cumulative payments under this royalty agreement received by the MMRF as of December 31, 2020 and 2019 totaled approximately \$4,525,000 and \$3,740,000.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
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### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Advertising***

The MMRF uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

#### ***Joint Costs***

During 2020 and 2019, the MMRF incurred joint costs of \$187,961 and \$180,548, for joint costs activities that included fundraising appeals, including various contacts and communications with multiple myeloma patients, doctors and caregivers in the form of meetings, informational emails, website, and mailing educational materials. For 2020 and 2019, the MMRF allocated \$93,494 and \$93,116 to fundraising expense and \$94,467 and \$87,432 to program expense.

#### ***Functional Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, professional fees, occupancy, information technology, travel, office expenses, depreciation and amortization, newsletter, insurance, temporary help, telephone, and miscellaneous which are allocated on the basis of estimated employee time spent on each functional area.

#### ***Accounting for Uncertainty in Income Taxes***

The MMRF recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the 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 consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is May 3, 2021.

#### ***Reclassifications***

Certain prior year amounts in the statement of functional expenses have been reclassified for consistency with the current year presentation. These reclassifications had no effect on ending net assets or the change in net assets for the year-ended December 31, 2020. This change in classification does not affect previously reported cash flows from operating activities in the consolidated statements of cash flows for the year-ended December 31, 2020.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
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### 3. Liquidity and Availability

The following reflects MMRF's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years.

Total financial assets available to meet cash needs for general expenditure within one year at December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 54,719,525	\$ 10,943,120
Investments	-	42,886,418
Contributions receivable within one year	5,705,271	11,632,833
Accounts receivable and contract assets	<u>6,912,455</u>	<u>7,399,453</u>
Total financial assets available		
Within One Year	67,337,251	72,861,824
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	<u>12,571,312</u>	<u>19,591,933</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 54,765,939</u>	<u>\$ 53,269,891</u>

The principal source of liquidity is cash flow generated from contributions and grants from donors through fundraising efforts. As part of the MMRF's liquidity strategy, management structures its financial assets, consisting of cash, cash equivalents or investments, and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in highly liquid fixed income securities, which could be drawn upon readily in the event of an unanticipated liquidity need. In addition, the MMRF receives cash flows from providing services related to clinical trials of drugs and royalties. Much of these amounts are expected to be collected within one year.

### 4. Concentrations

The MMRF maintains cash, cash equivalent or investment balances at multiple financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation ("FDIC insured") up to \$250,000. As of December 31, 2020, cash held in banks in excess of the federally insured limits was approximately \$46,384,000. As of December 31, 2020, approximately \$46,428,000 of cash equivalents are held at two financial institutions. As of December 31, 2019, cash held in banks in excess of the federally insured limits was approximately \$8,308,000. As of December 31, 2019 approximately \$44,152,000 of investments and cash equivalents are held at one financial institution. The MMRF believes it is not exposed to any significant credit risk on its cash and investment balances.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements December 31, 2020 and 2019

#### 4. Concentrations (continued)

At December 31, 2020, approximately \$3,712,000 or 57% of contributions receivable was receivable from three donors and at December 31, 2019, approximately \$7,500,000 or 48% of contributions receivable was receivable from two donors.

As of December 31, 2020, three customers represent 54% of accounts receivable and contract assets. As of December 31, 2019, two customers represent 43% of accounts receivable and contract assets

For 2020 and 2019, no donor represented 10% or more of contributions.

The MMRF received approximately 14% in 2020 and 17% 2019 of its total public support and revenue from its special events.

#### 5. Investments

Investments consist of the following at December 31, 2019 and were valued using Level 1 inputs.

	2019		
	Cost	Fair Value	Unrealized Loss
Level 1 Inputs			
Short term corporate bond fund	<u>\$ 42,489,674</u>	<u>\$42,886,418</u>	<u>\$ 396,744</u>

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

	2020	2019
Money market funds	<u>\$ 42,000,023</u>	<u>\$ 1,267,323</u>

In an effort to have a better cash management strategy, the Board of Directors moved the MMRF's short term corporate bond fund to a money market mutual fund during 2020.

#### 6. Contributions Receivable

Contributions receivable at December 31 are due as follows:

	2020	2019
Receivables currently due	\$ 2,642,028	\$ 7,997,872
Receivable in less than one year	3,063,243	3,634,961
Receivable in one to five years	<u>1,620,000</u>	<u>4,105,000</u>
Total contributions receivable	7,325,271	15,737,833
Discount to net present value	(64,800)	(318,997)
Allowance for doubtful accounts	<u>(1,000,000)</u>	<u>(750,000)</u>
	<u>\$ 6,260,471</u>	<u>\$ 14,668,836</u>

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
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### 6. Contributions Receivable *(continued)*

Pledges receivable with due dates extending beyond one year have discounted rates at December 31, 2020 and 2019 between 2% and 4%.

The aforementioned pledges have been included in the following net asset categories at December 31:

	2020	2019
Without donor restrictions	\$ 295,164	\$ 892,078
With donor restrictions	5,965,307	13,776,758
	<u>\$ 6,260,471</u>	<u>\$ 14,668,836</u>

### 7. Programmatic Investments

The MIF invests in entities that are pursuing research into a cure and/or treatment for multiple myeloma. The goal of these investments is for the research of new cures or treatments. Returns from the investments will be reinvested into other entities or utilized by the MMRF for program expenses. There was no return on the programmatic investments in 2020 and 2019. As of December 31, programmatic investments were comprised of the following:

	2020	2019
Convertible promissory notes	\$ 2,088,137	\$ 517,425
Preferred stock securities	507,693	100,000
	<u>\$ 2,595,830</u>	<u>\$ 617,425</u>

The MIF continues to accelerate research and attract promising new companies to the field of myeloma. New investments made in 2020 include Indapta Therapeutics, a San Francisco-based biotech developing an allogeneic Natural Killer (NK) cell therapy for the treatment of multiple myeloma, and Abcuro, Inc., a Newton, MA-based biotech company that is developing a new immune checkpoint therapy for the treatment of autoimmune diseases and cancer, including myeloma.

Since its inception, the MIF has developed a robust portfolio of five innovative companies and provided valuable strategic guidance to accelerate their clinical programs and expects to make several additional investments in 2021.

On April 9, 2021, the Myeloma Investment Fund received approximately \$3,700,000 for the sale of its investment in Tidal Therapeutics. MIF first invested in Tidal Therapeutics in 2019 with an additional investment in 2020 for a total of approximately \$1,000,000 (included in convertible promissory notes above), realizing a gain of approximately \$2,700,000. Under the terms of the agreement, the MIF is entitled to potentially an additional \$7,300,000 based on achieving certain milestones as outlined in the purchase agreement. Tidal Therapeutics is a pre-clinical stage biotech company with a novel mRNA-based approach for in vivo reprogramming of immune cells.



## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
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### 8. Property and Equipment

At December 31, property and equipment, and related accumulated depreciation and their depreciable lives consisted of the following:

	Estimated useful lives	2020	2019
Equipment	1 - 3 years	342,245	324,289
Leasehold improvements	3 - 4 years	635,825	635,825
Furniture and fixtures	3 - 6 years	61,691	60,305
Software	2 - 4 years	<u>3,080,406</u>	<u>2,002,678</u>
		4,120,167	3,023,097
Accumulated depreciation and amortization		<u>(1,826,839)</u>	<u>(1,381,078)</u>
		<u>\$ 2,293,328</u>	<u>\$ 1,642,019</u>

### 9. Research Awards

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

	2020	2019
Fellows research award	\$ 235,375	\$ 375,000
Immunotherapy	655,890	483,712
Translational core	-	120,643
Prevention program	-	2,200,000
Site investment grants	689,500	982,000
Other awards	<u>250,000</u>	<u>40,119</u>
	<u>\$ 1,830,765</u>	<u>\$ 4,201,474</u>

Grants and awards authorized and payable within the next 12 months of December 31, 2020 and 2019 are \$2,551,261 and \$6,567,903.

As of December 31, 2020, the MMRF has made 6 conditional grants to 5 researchers totaling \$2,287,000. As of December 31, 2019, the MMRF has made 12 conditional grants to 10 researchers totaling \$5,805,603.

**The Multiple Myeloma Research Foundation, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements  
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**10. Restrictions and Designation of Net Assets**

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

	<u>2020</u>	<u>2019</u>
Health system pilot	\$ 800,000	\$ 9,317
Immunotherapy	1,334,828	50,000
Myeloma Investment Fund	2,060,793	1,324,279
Patient summits	205,000	-
Patient navigation center	100,000	-
Precision medicine	200,000	200,000
Prevention program	1,825,000	-
Special events	410,000	180,000
Time restricted	560,261	600,625
Webcast	95,000	-
Other	270,000	-
	<u>\$ 7,860,882</u>	<u>\$ 2,364,221</u>

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

	<u>2020</u>	<u>2019</u>
General research	\$ 250,000	\$ -
Health system pilot	390,683	1,190,683
Immunotherapy	480,000	1,784,828
Myeloma Investment Fund	8,743,878	10,804,671
Patient summits	-	205,000
Patient navigator center	400,000	500,000
Precision medicine	200,000	400,000
Prevention program	1,900,000	3,725,000
Early disease prevention	130,727	130,727
Special events	65,000	475,000
Time restricted	1,266,182	1,315,261
Webcast	-	95,000
Other	11,024	281,024
Present value discount	(64,800)	(318,997)
	<u>\$ 13,772,694</u>	<u>\$ 20,588,197</u>

# The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

Notes to Consolidated Financial Statements  
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## 11. Related Party Transactions

### ***Board of Directors***

For the years ended December 31, 2020 and 2019, the MMRF received contributions from the members of the board of directors or entities related to the members of the board of directors totaling approximately \$332,000 or 2% and \$3,165,000 or 17% of total contributions, respectively. As of December 31, 2020 and 2019, approximately \$490,000 or 6% and \$3,540,000 or 20% of contributions receivable are due from board members or entities related to board members.

### ***The MMRF Minority Interests***

During the years ended December 31, 2020 and 2019, the MMRF held a 5% minority interest in a for-profit company. The MMRF received ownership in this entity as part of the service agreement executed when the MMRF hired them to perform services for the MMRF in 2012. The MMRF considered the payments under the services agreement to be solely for services rendered and did not allocate any portion to investment in the entity. Additionally, the MMRF considers any cost that would have been allocated, based on the financial condition of the entity, to be immaterial to the consolidated financial statements. Accordingly, no investment in the entities has been recorded. There were no related party transactions in 2020 and 2019 with this entity.

In 2016, the MMRF held a 1% interest in Genospace, LLC. In January 2017, Genospace, LLC entered into a sales agreement which included the outstanding units held by the MMRF and as a result of the sales transaction, the MMRF received \$67,000. In 2018, the MMRF received an additional \$46,000. The MMRF received a final payment of approximately \$16,000 in 2019.

## 12. LS Study (*unaudited*)

### ***The MMRF Longitudinal Study (LS) (unaudited)***

The MMRF Longitudinal Study (CoMMpass) was commenced in 2011 and has been extended through 2023. The 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, the MMRF launched a similar sample/data sharing collaboration with ECOG, (the "Eastern Cooperative Oncology Group"). The initiative is now closed to enrollment and accrued approximately 100 new samples.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

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### 13. MMRF CureCloud® (unaudited)

In July 2020, the MMRF launched the MMRF CureCloud® (“CureCloud”), the most innovative and ambitious data generation initiative in MMRF history. This direct-to-patient registry offers patients the first at-home genomic testing program and the return of a clinical-grade report that can be used to identify treatments and trials that may be right for their care. The aggregated CureCloud data will also be instrumental in driving new scientific discoveries for researchers that will guide the development of new treatments and care pathways to improve outcomes for all patients. The MMRF plans to recruit 5,000 patients with smoldering and active multiple myeloma.

In December 2020, the MMRF expanded CureCloud to smoldering patients through a partnership with the Dana-Farber Cancer Institute and the PCROWD/PROMISE studies. This collaboration will ultimately help inform how to better identify and treat patients with high-risk of early progression to active disease.

### 14. Lease Commitments

The MMRF leases office space under an operating lease that expires on February 28, 2026. Minimum annual rentals under the lease at December 31, 2020 are payable as follows:

Year ending December 31,	Minimum Lease Commitment
2021	\$ 318,122
2022	323,777
2023	329,433
2024	335,088
2025	340,744
Thereafter	404,839
	<u>\$ 2,052,003</u>

Rent expense amounted to approximately \$229,000 and \$223,000 for 2020 and 2019.

### 15. 403(b) Plan

The MMRF sponsors a 403(b) plan (the “Plan”) covering all employees. The Plan requires the MMRF to contribute 4% of all participants’ allowable compensation as defined by the Plan. Total expense for 2020 and 2019, was approximately \$288,000 and \$210,000, respectively.

## The Multiple Myeloma Research Foundation, Inc. and Subsidiaries

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### 16. Uncertainties

The MMRF's operations and financial performance may be affected by the coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. As a result of the pandemic, all live events and fundraisers were cancelled and to the extent possible went virtual. The MMRF halted new enrollment to MMRC trials from April to June 2020 in compliance with Food and Drug Administration guidance. There were similar reductions in enrollments from November 2020 through January 2021 due to site restrictions.

Despite COVID restrictions, the MMRF was able to launch MyCheckpoint platform study, a first of its kind platform trial. By evaluating next-generation checkpoint inhibitors, the MyCheckpoint trial is speeding promising, new immunotherapies to MMRF's highest risk patients, whose myeloma continues to progress despite receiving multiple lines of therapy. The outbreak is likely to adversely affect the MMRF business, financial conditions, and results of operations only on an interim basis.

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