



Bateman Horne Center

RESEARCH | CLINICAL CARE | EDUCATION



2015 ANNUAL REPORT



Formerly the Fatigue Consultation Clinic (FCC) and the Organization for Fatigue & Fibromyalgia Education & Research (OFFER), the Bateman Horne Center was formed in 2015 as a 501c3 nonprofit organization.

We envision a world where patients with ME/CFS and Fibromyalgia are readily diagnosed, effectively treated and widely met with empathy and understanding.



Our Mission:
**Empowering Patients, Advancing
Research and Improving Clinical
Care for all those impacted by
ME/CFS and Fibromyalgia.**

A Letter from Dr. Bateman

I started my private practice in 2000 with a focus on careful diagnosis and supportive care for patients with unexplained chronic fatigue and pain, but the capacity for research specifically related to ME/CFS and FM quickly grew. By 2014 we had supervised or engaged in more than 40 clinical trials, thanks to the willingness of patients and members of the community to participate, making our contribution to research unparalleled and critically important.

Over the years, I have served on several boards, participated on numerous task forces and committees, including the Institute of Medicine Committee that released the landmark report, *Beyond Myalgic Encephalomyelitis/Chronic Fatigue Syndrome: Redefining an Illness*, in 2015.

In 2001, thanks to the generosity of the Marion D. and Maxine C. Hanks Foundation, we establish the Organization for Fatigue and Fibromyalgia Education and Research (OFFER), a small, local nonprofit devoted to ME/CFS and FM, run entirely by dedicated volunteers. I have been immeasurably honored to work with these individuals focused on improving resources for patients with ME/CFS and FM, educating medical providers, patients, and the general public, advocating on behalf of patients, and supporting research investigating the cause, diagnosis, and treatment of ME/CFS and FM. Together, we pioneered an early commitment to education for the public and



health care providers about research and treatment advances that are now part of mainstream medicine.

In 2015, again thanks to a generous donation, we formed the Bateman Horne Center, merging FCC and OFFER into one nonprofit with a national footprint. It has been an incredible journey, with miles to go before we slow down or rest. In fact, we are picking up the pace and chasing down progress with more fervor and dedication than ever before.

With the continued support of many - volunteers, donors, dedicated staff, and engaged patients - we're committed to the discovery of biomarkers. It is time for researchers and clinicians to pick up the pace! We're 'in it to win it' and won't rest until we see the day when patients are readily diagnosed, effectively treated, and widely met with empathy and understanding. I am exceedingly grateful for all who have invested in our progress to date and humbled by how many continue to come alongside us in our work.

A handwritten signature in black ink, which appears to read 'Lucinda Bateman'. The signature is fluid and cursive, with a long horizontal line extending to the right.

Lucinda Bateman, MD
Bateman Horne Center, Chief Medical Officer

February

The Institute of Medicine Committee released its landmark report, *Beyond Myalgic Encephalomyelitis/Chronic Fatigue Syndrome: Redefining an Illness*; Dr. Bateman served on the committee.

March

BHC launches its intern program - investing in the educational journey of medical providers in training. The goal is to provide them hands-on experience to ensure that, as a member of the next generation of caregivers, they are well informed, understanding, and empathetic to those with ME/CFS and Fibromyalgia

April

OFFER and FCC officially merge to form the Bateman Horne Center (BHC). BHC begins hosting monthly Lunch n' Learn events around the Salt Lake City area, connecting and empowering patients.

July

Suzanne D. Vernon, PhD. joins BHC as Research Liaison, leading the effort to increase BHC's research impact and spearhead our biomarker discovery project.

August

A generous donor allows BHC to fund the complete and thorough development of the 501c3 research program and infrastructure.

October

BHC is recognized as the *2015 Best Physician* in the Best of Salt Lake City Awards

December

BHC holds its first-ever year end fundraising campaign with 113 donors contributing over \$80,000 toward our mission.

2015 By the Numbers

- More than 375 volunteer hours were logged by pre-medical students in the clinic.
- Nearly 3,000 hours were logged by leadership volunteers - patients of BHC and/or immediate family members - actively engaged in patient engagement programs, education efforts, clinic administration and support, fundraising activities, and more.
- BHC held 10 free education meetings that gave local patients an opportunity to connect; while internationally, these presentations were viewed nearly 8,000 times, allowing patients to increase their knowledge and reduce their isolation through our online library and YouTube channel.
- The BHC research department and members of our Research-Ready Army of patients participated in seven studies designed to advance our knowledge of ME/CFS and Fibromyalgia



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors The Bateman Horne Center of Excellence

We have audited the accompanying statement of financial position of The Bateman Horne Center of Excellence (the Organization) (a nonprofit organization) as of December 31, 2015 and the related notes to that financial statement.

Management's Responsibility for the Statement of Financial Position

Management is responsible for the preparation and fair presentation of the statement of financial position 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the statement of financial position based on our audit. We conducted our audit 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 statement of financial position is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial position. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of financial position, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the statement of financial position 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 statement of financial position.

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 statement of financial position referred to above presents fairly, in all material respects, the financial position of The Bateman Horne Center of Excellence as of December 31, 2015, in accordance with accounting principles generally accepted in the United States of America.

Tanner LLC

September 9, 2016



The Bateman Horne Center of Excellence
Statement of Financial Position

As of December 31, 2015

Assets

Cash	\$ 110,030
Investments	109,774
Accounts receivable, net of allowance of \$4,033	36,476
Prepaid expenses and other	6,248
Furniture and equipment, net	<u>1,957</u>
Total assets	<u>\$ 264,485</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ 5,439
Accrued liabilities	<u>16,099</u>
Total liabilities	<u>21,538</u>
Commitments and contingencies	
Net assets:	
Unrestricted	133,173
Temporarily restricted	<u>109,774</u>
Total net assets	<u>242,947</u>
Total liabilities and net assets	<u>\$ 264,485</u>

In 2015, the Bateman Horne Center of Excellence provided 585 patients with first-class, compassionate, and comprehensive care.

In addition to the patients we served in-house, we were able to reach more than 8,000 patients from throughout the US and across the globe with information, insights and world-class education, leaving them feeling less alone and more empowered.



Bateman Horne Center of Excellence

Notes to Financial Statement

- 1. Description of Organization**

The Bateman Horne Center of Excellence (the Organization) is a Utah not-for-profit organization established to advance research and to improve clinical care for those impacted by Myalgic Encephalomyelitis/Chronic Fatigue Syndrome (ME/CFS) and Fibromyalgia.
- 2. Summary of Significant Accounting Policies**

Use of Estimates

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

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. As of December 31, 2015, no amounts exceeded federally insured limits. To date, the Organization has not experienced a material loss or lack of access to its cash; however, no assurance can be provided that access to the Organization's cash will not be impacted by adverse conditions in the financial markets.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position.

Accounts Receivable

Accounts receivable consist of receivables from patients for patient care and receivables from pharmaceutical partners for treating patients under research agreements. Receivables from patients are carried at the original invoice amount, less an estimate made for doubtful accounts and contractual adjustments. These estimates are made by evaluating patient accounts, considering the patients' financial condition and credit history, current economic conditions, and insurance company and other payor adjustment history. Receivables for pharmaceutical research are recorded at contractual rates established by agreements. Accounts receivable are written off when deemed uncollectible.



2. Summary of
Significant
Accounting
Policies
Continued

Furniture and Equipment

Purchased furniture and equipment are recorded at cost. Minor replacements, maintenance, and repairs that do not extend the useful lives of the furniture and equipment are expensed as incurred. Depreciation is provided on a straight-line basis over the shorter of the estimated useful lives or lease terms of the assets, ranging from 3 to 5 years. Accumulated depreciation totaled \$6,486 as of December 31, 2015.

Revenue Recognition

The Organization recognizes revenue at the time services are performed or goods are provided, the price is fixed or determinable, and collection is reasonably assured.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and assignments; however, those services do not meet the above criteria.

Income Taxes

The Organization is a charitable organization under Section 501(c)(3) of the Internal Revenue Code and under State of Utah regulations, and, as such, is not subject to federal or state income taxes on related purpose income. The Organization is subject to taxation on unrelated business income, if any.



**2. Summary of
Significant
Accounting
Policies**
Continued

Income Taxes - continued

As of December 31, 2015, the Organization's management was not aware of any uncertain tax positions that qualify for either recognition or disclosure in the statement of financial position. The Organization's tax years subject to selection for tax examination are 2012 through 2015.

Subsequent Events

The Organization has evaluated subsequent events through September 9, 2016, which is the date the statement of financial position was available to be issued.

3. Investments

Investments are stated at fair value and consist of shares of a single large-cap equity security that were donated to the Organization. These shares are valued at \$109,774 as of December 31, 2015.

**4. Fair Value
Measurements**

Authoritative guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are market inputs participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

The following tables summarize the Organization's financial assets that were accounted for at fair value on a recurring basis as of December 31, 2015, and the fair value calculation input hierarchy level that the Organization has determined applies to each asset category.



Bateman Horne Center of Excellence
Notes to Financial Statement
Continued

4. Fair Value
Measurements
Continued

As of December 31, 2015:

Description	Investments			
	Level 1	Level 2	Level 3	Total
Large-cap stock	\$ 109,774	\$ -	\$ -	\$ 109,774

5. Restricted
Net Assets

As of December 31, 2015, temporarily restricted net assets totaled \$109,774, and are restricted to fund research programs.

6. Commitments
And
Contingencies

Litigation

In the normal course of operations, the Organization may become party to lawsuits or other claims. Management is not aware of any such claims that would be material to the Organization's financial position.

Operating Leases

The Organization leases office space under a non-cancelable operating lease requiring payments of \$2,852 per month through March 31, 2017.

Future minimum lease payments for the Organization's operating lease are as follows for the years ending December 31:

2016	\$ 35,038
2017	8,616
	<u>\$ 43,654</u>

7. Subsequent
Events

On April 1, 2016, the Organization entered into a new operating lease agreement for office space with future minimum lease payments totaling approximately \$533,000 over a 63 month lease term.

On August 30, 2016, the Organization received a donation in the amount of \$1,000,000. The funds are to be used to pursue the expanded vision and mission of the Organization as specified by the donor.

The Path Forward

The year 2015 was a one of tremendous progress and change and our momentum has only continued to build. We moved into a new, larger facility; we are actively expanding staff in order to care for more patients; our research engagement and impact is greater than ever before; and we continue to increase our efforts to usher in first-class care for all patients, across the US and now the globe. We are proud and excited, but we are also impatient. We know all too well that there remain many thousands of patients with ME/CFS and Fibromyalgia symptoms that do not have access to the first-class care they deserve. Dr. Bateman and all of BHC will not rest until every patient, regardless of location, can receive a ready diagnosis, are effectively treated, and are widely met with empathy and understanding. Because first-class care needs to be the standard for those experiencing ME/CFS and FM, not the exception.

Thank you for being on this journey with us,

Scott E. Stevens
President, BHC Board of Directors

Board of Directors

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Executive Director

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Donate Today

Your support is what makes our continued
progress possible!

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