



**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
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AUDITED FINANCIAL STATEMENTS

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AUDITED FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western PA Chapter of the National Hemophilia Foundation

We have audited the accompanying financial statements of Western PA Chapter of the National Hemophilia Foundation, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 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 audits 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 Western PA Chapter of the National Hemophilia Foundation as of June 30, 2019 and 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The analysis of net assets with donor restrictions on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Change in Accounting Principle

As described in Note A to the financial statements, during the 2019 year-end, the Organization adopted new accounting guidance, FASB Accounting Standards Update (ASU) 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
November 21, 2019

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 154,025 | \$ 164,873 |
| Accounts Receivable | 5,503 | 4,542 |
| Prepaid Expenses | <u>9,294</u> | <u>9,623</u> |
| TOTAL CURRENT ASSETS | 168,822 | 179,038 |
| INVESTMENTS (Note C, Note E) | 700,199 | 566,402 |
| OTHER ASSETS | | |
| Security Deposit | 1,300 | 1,300 |
| Prepaid Expenses - Long-Term | <u>5,247</u> | <u>7,046</u> |
| TOTAL OTHER ASSETS | 6,547 | 8,346 |
| FURNITURE, FIXTURES, AND EQUIPMENT, net (Note D) | <u>7,151</u> | <u>9,621</u> |
| TOTAL ASSETS | <u>\$ 882,719</u> | <u>\$ 763,407</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 1,954 | \$ 2,686 |
| Accrued Expenses | 3,712 | 5,421 |
| Deferred Revenue | <u>37,319</u> | <u>22,936</u> |
| TOTAL CURRENT LIABILITIES | 42,985 | 31,043 |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| Undesignated | 234,914 | 229,099 |
| Board Designated (<i>Note F</i>) | <u>600,000</u> | <u>500,000</u> |
| Total Without Restrictions | 834,914 | 729,099 |
| With Donor Restrictions | <u>4,820</u> | <u>3,265</u> |
| TOTAL NET ASSETS | <u>839,734</u> | <u>732,364</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 882,719</u> | <u>\$ 763,407</u> |

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|--------------------------|
| SUPPORT AND REVENUE | | | |
| SUPPORT | | | |
| Contributions | \$ 307,292 | \$ 2,250 | \$ 309,542 |
| Special Events | <u>103,778</u> | <u>-</u> | <u>103,778</u> |
| TOTAL SUPPORT | 411,070 | 2,250 | 413,320 |
| REVENUE | | | |
| Investment Income, net | <u>34,080</u> | <u>-</u> | <u>34,080</u> |
| TOTAL REVENUE | 34,080 | - | 34,080 |
| Net Assets Released from Restrictions | <u>695</u> | <u>(695)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | 445,845 | 1,555 | 447,400 |
| EXPENSES | | | |
| PROGRAM SERVICES | | | |
| Patient Services | 180,502 | - | 180,502 |
| Public Awareness and Education | <u>42,720</u> | <u>-</u> | <u>42,720</u> |
| TOTAL PROGRAM SERVICES | 223,222 | - | 223,222 |
| SUPPORTIVE SERVICES | | | |
| Management and General | 31,507 | - | 31,507 |
| Fundraising | <u>85,301</u> | <u>-</u> | <u>85,301</u> |
| TOTAL SUPPORTIVE SERVICES | <u>116,808</u> | <u>-</u> | <u>116,808</u> |
| TOTAL EXPENSES | <u>340,030</u> | <u>-</u> | <u>340,030</u> |
| CHANGE IN NET ASSETS | 105,815 | 1,555 | 107,370 |
| NET ASSETS, BEGINNING OF THE YEAR | <u>729,099</u> | <u>3,265</u> | <u>732,364</u> |
| NET ASSETS, END OF YEAR | <u>\$ 834,914</u> | <u>\$ 4,820</u> | <u>\$ 839,734</u> |

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Without Restrictions | With Restrictions | Total |
|--|-------------------------|----------------------|-------------------|
| SUPPORT AND REVENUE | | | |
| SUPPORT | | | |
| Contributions | \$ 264,864 | \$ 2,568 | \$ 267,432 |
| Special Events | <u>131,955</u> | <u>-</u> | <u>131,955</u> |
| TOTAL SUPPORT | 396,819 | 2,568 | 399,387 |
| REVENUE | | | |
| Investment Income, net | <u>25,429</u> | <u>-</u> | <u>25,429</u> |
| TOTAL REVENUE | 25,429 | - | 25,429 |
| Net Assets Released from Restrictions | <u>9,688</u> | <u>(9,688)</u> | <u>-</u> |
| TOTAL SUPPORT AND REVENUE | 431,936 | (7,120) | 424,816 |
| EXPENSES | | | |
| PROGRAM SERVICES | | | |
| Patient Services | 112,826 | - | 112,826 |
| Public Awareness and Education | <u>65,555</u> | <u>-</u> | <u>65,555</u> |
| TOTAL PROGRAM SERVICES | 178,381 | - | 178,381 |
| SUPPORTIVE SERVICES | | | |
| Management and General | 36,534 | - | 36,534 |
| Fundraising | <u>113,295</u> | <u>-</u> | <u>113,295</u> |
| TOTAL SUPPORTIVE SERVICES | <u>149,829</u> | <u>-</u> | <u>149,829</u> |
| TOTAL EXPENSES | <u>328,210</u> | <u>-</u> | <u>328,210</u> |
| CHANGE IN NET ASSETS | 103,726 | (7,120) | 96,606 |
| NET ASSETS, BEGINNING OF THE YEAR | <u>625,373</u> | <u>10,385</u> | <u>635,758</u> |
| NET ASSETS, END OF YEAR | <u>\$ 729,099</u> | <u>\$ 3,265</u> | <u>\$ 732,364</u> |

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

| | Program Services | | | Supportive Services | | | Total Expenses |
|---------------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------|-------------------------|---------------------------|--------------------------|
| | Patient Services | Public Awareness and Education | Total Program Services | Management and General | Fundraising | Total Supportive Services | |
| PERSONNEL SERVICES | | | | | | | |
| Salaries | \$ 52,240 | \$ 23,414 | \$ 75,654 | \$ 17,268 | \$ 24,150 | \$ 41,418 | \$ 117,072 |
| Payroll Taxes and Related | <u>4,371</u> | <u>1,959</u> | <u>6,330</u> | <u>1,445</u> | <u>2,021</u> | <u>3,466</u> | <u>9,796</u> |
| TOTAL PERSONNEL SERVICES | 56,611 | 25,373 | 81,984 | 18,713 | 26,171 | 44,884 | 126,868 |
| OPERATING EXPENSES | | | | | | | |
| Professional Fees | 9,386 | 4,207 | 13,593 | 3,103 | 4,339 | 7,442 | 21,035 |
| Supplies | 4,788 | 2,146 | 6,934 | 1,583 | 2,213 | 3,796 | 10,730 |
| Telephone | 1,766 | 791 | 2,557 | 584 | 816 | 1,400 | 3,957 |
| Postage | 2,762 | 1,238 | 4,000 | 913 | 1,277 | 2,190 | 6,190 |
| Occupancy | 7,653 | 3,430 | 11,083 | 2,529 | 3,538 | 6,067 | 17,150 |
| Equipment Rent & Maintenance | 48 | 22 | 70 | 16 | 22 | 38 | 108 |
| Printing and Publications | 4,516 | 2,024 | 6,540 | 1,493 | 2,088 | 3,581 | 10,121 |
| Travel | 2,981 | 1,336 | 4,317 | 985 | 1,378 | 2,363 | 6,680 |
| Conferences, Conventions and Meetings | 1,039 | 466 | 1,505 | 344 | 480 | 824 | 2,329 |
| Specific Assistance to Individuals | 82,325 | - | 82,325 | - | - | - | 82,325 |
| Special Events | - | - | - | - | 41,239 | 41,239 | 41,239 |
| Membership Dues | 2,662 | 1,193 | 3,855 | 880 | 1,230 | 2,110 | 5,965 |
| Awards and Grants | <u>2,863</u> | - | <u>2,863</u> | - | - | - | <u>2,863</u> |
| TOTAL OPERATING EXPENSES | 122,789 | 16,853 | 139,642 | 12,430 | 58,620 | 71,050 | 210,692 |
| Depreciation Expense | <u>1,102</u> | <u>494</u> | <u>1,596</u> | <u>364</u> | <u>510</u> | <u>874</u> | <u>2,470</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 180,502</u> | <u>\$ 42,720</u> | <u>\$ 223,222</u> | <u>\$ 31,507</u> | <u>\$ 85,301</u> | <u>\$ 116,808</u> | <u>\$ 340,030</u> |

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

| | Program Services | | | Supportive Services | | | Total Expenses |
|---------------------------------------|--------------------------|--------------------------------|--------------------------|-------------------------|--------------------------|---------------------------|--------------------------|
| | Patient Services | Public Awareness and Education | Total Program Services | Management and General | Fundraising | Total Supportive Services | |
| PERSONNEL SERVICES | | | | | | | |
| Salaries | \$ 30,042 | \$ 38,287 | \$ 68,329 | \$ 21,341 | \$ 42,874 | \$ 64,215 | \$ 132,544 |
| Payroll Taxes and Related | <u>2,489</u> | <u>3,172</u> | <u>5,661</u> | <u>1,768</u> | <u>3,552</u> | <u>5,320</u> | <u>10,981</u> |
| TOTAL PERSONNEL SERVICES | 32,531 | 41,459 | 73,990 | 23,109 | 46,426 | 69,535 | 143,525 |
| OPERATING EXPENSES | | | | | | | |
| Professional Fees | 4,608 | 5,872 | 10,480 | 3,272 | 6,575 | 9,847 | 20,327 |
| Supplies | 1,539 | 1,961 | 3,500 | 1,092 | 2,196 | 3,288 | 6,788 |
| Telephone | 680 | 867 | 1,547 | 483 | 970 | 1,453 | 3,000 |
| Postage | 1,482 | 1,889 | 3,371 | 1,053 | 2,115 | 3,168 | 6,539 |
| Occupancy | 4,004 | 5,102 | 9,106 | 2,844 | 5,714 | 8,558 | 17,664 |
| Equipment Rent & Maintenance | 53 | 68 | 121 | 37 | 76 | 113 | 234 |
| Printing and Publications | 2,260 | 2,880 | 5,140 | 1,604 | 3,225 | 4,829 | 9,969 |
| Travel | 2,511 | 3,200 | 5,711 | 1,783 | 3,583 | 5,366 | 11,077 |
| Conferences, Conventions and Meetings | 570 | 726 | 1,296 | 404 | 813 | 1,217 | 2,513 |
| Specific Assistance to Individuals | 58,886 | - | 58,886 | - | - | - | 58,886 |
| Special Events | - | - | - | - | 39,887 | 39,887 | 39,887 |
| Membership Dues | 505 | 643 | 1,148 | 358 | 720 | 1,078 | 2,226 |
| Awards and Grants | <u>2,500</u> | - | <u>2,500</u> | - | - | - | <u>2,500</u> |
| TOTAL OPERATING EXPENSES | 79,598 | 23,208 | 102,806 | 12,930 | 65,874 | 78,804 | 181,610 |
| Depreciation Expense | <u>697</u> | <u>888</u> | <u>1,585</u> | <u>495</u> | <u>995</u> | <u>1,490</u> | <u>3,075</u> |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 112,826</u> | <u>\$ 65,555</u> | <u>\$ 178,381</u> | <u>\$ 36,534</u> | <u>\$ 113,295</u> | <u>\$ 149,829</u> | <u>\$ 328,210</u> |

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 107,370 | \$ 96,606 |
| ADJUSTMENTS TO RECONCILE THE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Depreciation | 2,470 | 3,075 |
| Net Realized and Unrealized Gain on Investments | (14,512) | (14,027) |
| Changes in Operating Assets and Liabilities: | | |
| Increase in Accounts Receivable | (961) | (542) |
| (Increase) Decrease in Prepaid Expenses | 2,128 | (10,966) |
| Increase (Decrease) in Accounts Payable | (732) | 1,163 |
| Decrease in Accrued Expenses | (1,709) | (204) |
| Increase (Decrease) in Deferred Revenue | <u>14,383</u> | <u>(18,177)</u> |
| NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES | <u>108,437</u> | <u>56,928</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Sale of Investments | 170,083 | 158,312 |
| Purchases of Investments, net of fees | <u>(289,368)</u> | <u>(269,442)</u> |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | <u>(119,285)</u> | <u>(111,130)</u> |
| NET CHANGE IN CASH | (10,848) | (54,202) |
| CASH, BEGINNING OF YEAR | <u>164,873</u> | <u>219,075</u> |
| CASH, END OF YEAR | <u>\$ 154,025</u> | <u>\$ 164,873</u> |

See accompanying notes.

WESTERN PA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Western PA Chapter of the National Hemophilia Foundation (“the Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization was founded to help meet the vast education and support needs of the bleeding disorders community in Western Pennsylvania. The Organization is leading the way in Western Pennsylvania in improving the quality of care and enriching the lives of those with bleeding disorders through education, advocacy, resource, and referral. The Organization is supported through contributions from the public and companies within the medical industry, grants, and investment income.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual method of accounting for financial statement presentation purposes.

Financial Statement Presentation

Revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restrictions in the Statements of Activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities approximate fair value based on quoted market prices or discounted cash flow analysis.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash equivalents. Cash is comprised solely of deposits in financial institutions. The Organization had no cash equivalents at June 30, 2019 and 2018.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding receivables. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. All amounts receivable are expected to be collected in less than one year.

Concentration of Credit Risk

The Organization maintains cash balances at one financial institution and with multiple payment processors. The cash accounts at the financial institution are insured by the FDIC for up to \$250,000. The balances, at times, may exceed federally insured limits. As of June 30, 2019 and 2018, the Organization's cash balances were within the federally insured limits. Additionally, at June 30, 2019 and 2018, the Organization had \$700,199 and \$566,402, respectively, in investment accounts not covered by FDIC insurance. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization accounts for investments in accordance with generally accepted accounting principles, which requires investments to be measured at fair value. The cost basis of equity securities is actual cost or fair value at date of donation in the case of contributed securities. The cost basis of debt securities is amortized cost. Generally accepted accounting principles also requires dividends, interest, and realized and unrealized gains and losses to be reported in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is temporarily or permanently limited to externally-imposed restrictions.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near future, and that such changes could materially affect the amounts reported in the financial statements.

Transfers in and out of level 1 (quoted market prices), level 2 (other significant observable inputs) and level 3 (significant unobservable inputs) are recognized on the last day of the fiscal year, unless circumstances dictate otherwise.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are stated at cost. Expenditures for maintenance, repairs, and minor renewals are charged against income as incurred. Expenditures for additions, replacements, and major renewals are capitalized and depreciated over their estimated useful lives. Depreciation is computed by the straight-line method for financial reporting.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among program, management and general, and fundraising categories based on the estimated time expended for each. All other costs have been directly charged to the corresponding functional category.

Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income as defined by Section 509(a)(1) of the Code, is subject to tax. The Organization had no unrelated business income for the years ended June 30, 2019 and 2018. Interest and penalties related to tax reporting are recognized when incurred and are included as Management and General under Supportive Services Expenses in the Statement of Activities. There were no interest or penalties incurred related to tax reporting for the years ended June 30, 2019 and 2018. The Organization's tax returns are subject to audit by various taxing authorities. The open audit periods for the Organization are the fiscal years ending in 2016, 2017, 2018, and 2019. The Organization follows the topic of Income Taxes from the FASB ASC with regard to the accounting and recognition of income tax positions taken or expected to be taken in the Organization's tax returns.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated as restricted by the donor for specific purposes are reported as restricted support that increase net assets with donor restrictions. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with restrictions satisfied prior to the end of the reporting period in which they are received are reported as net assets without donor restrictions.

Donated Services

A number of volunteers have donated significant amounts of their time in the Organization's administrative operations and program services. In accordance with requirements under FASB ASC 958, no amounts have been reflected in the financial services for those services because their time did not meet the requirements of the accounting standard.

Concentration of Revenues

The Organization receives a large portion of its support from one donor. During the years ended June 30, 2019 and 2018, this contribution totaled \$125,000 for both years, representing 30% and 31% of total support, respectively.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of gift cards, memberships, etc. from various donors that are used during fundraising events. These items are recorded at their estimated fair value as an expense in the Organization's financial statements, and similarly increase special event revenue by a like amount. In-kind contributions received for the years ended June 30, 2019 and 2018 were \$5,743 and \$12,588, respectively.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain 2018 amounts have been reclassified in the financial statements in order for them to provide comparable presentation between years.

Recently Issued and Adopted Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The Update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about the expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retroactively to all periods presented.

Recently Issued Accounting Pronouncement

The FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for the financial statements ending December 31, 2019. This Update is to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendment in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Management is currently evaluating the impact of the adoption of this Update on the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 21, 2019, the date the financial statements were available to be issued.

NOTE B LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the Statements of Financial Position date because of contractual or donor imposed restrictions or internal designations.

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 154,025 |
| Accounts Receivable | 5,503 |
| Investments, at fair value | 700,199 |
| With Board Designations | (600,000) |
| With Donor Restrictions | (4,820) |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 254,907</u> |

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE C INVESTMENTS

The Organization's investments are recorded at fair value. Fair value and unrealized appreciation (depreciation) at June 30, 2019, are as follows:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Appreciation (Depreciation)</u> |
|--------------------|-------------------|-------------------|--|
| Money Market Funds | \$ 6,139 | \$ 6,139 | \$ - |
| Mutual Funds | <u>662,553</u> | <u>694,060</u> | <u>31,507</u> |
| Total Investments | <u>\$ 668,692</u> | <u>\$ 700,199</u> | <u>\$ 31,507</u> |

Fair value and unrealized appreciation (depreciation) at June 30, 2018, are as follows:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Appreciation (Depreciation)</u> |
|--------------------|-------------------|-------------------|--|
| Money Market Funds | \$ 6,172 | \$ 6,172 | \$ - |
| Mutual Funds | <u>524,432</u> | <u>560,230</u> | <u>35,798</u> |
| Total Investments | <u>\$ 530,604</u> | <u>\$ 566,402</u> | <u>\$ 35,798</u> |

Investment income (loss) for the years ended June 30, 2019 and 2018 includes:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|------------------|------------------|
| Bank Account Interest | \$ 283 | \$ 271 |
| Interest and Dividends | 24,906 | 16,030 |
| Net Realized Gains | 25,317 | 6,367 |
| Net Unrealized Gains (Losses) | (10,805) | 7,660 |
| Investment Fees | <u>(5,621)</u> | <u>(4,899)</u> |
| Total Investment Income | <u>\$ 34,080</u> | <u>\$ 25,429</u> |

NOTE D FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, Fixtures, and Equipment consist of the following as of June 30, 2019 and 2018:

| | <u>Estimated Useful Life in Years</u> | <u>2019</u> | <u>2018</u> |
|--|---|-----------------|-----------------|
| Furniture, Fixtures, and Equipment | 3 - 5 | \$ 23,952 | \$ 23,952 |
| Leasehold Improvements | 15 | <u>10,207</u> | <u>10,207</u> |
| Total Furniture, Fixtures, and Equipment | | 34,159 | 34,159 |
| Less: Accumulated Depreciation | | <u>27,008</u> | <u>24,538</u> |
| Net Furniture, Fixtures, and Equipment | | <u>\$ 7,151</u> | <u>\$ 9,621</u> |

Depreciation expense for the fiscal years ended June 30, 2019 and 2018 totaled \$2,470 and \$3,075, respectively.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE E FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted market prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – These investments are public investment vehicles valued using \$1 for the net asset value (NAV). The money market funds are classified within Level 1 of the valuation hierarchy.

Mutual Funds – These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|-------------------|-------------|-------------|-------------------|
| Money Market Funds | \$ 6,139 | \$ - | \$ - | \$ 6,139 |
| Mutual Funds: | | | | |
| Large Blend | 167,218 | - | - | 167,218 |
| Large Growth | 29,736 | - | - | 29,736 |
| Large Value | 29,989 | - | - | 29,989 |
| Small-Mid Blend | 35,981 | - | - | 35,981 |
| Small-Mid Growth | 26,515 | - | - | 26,515 |
| Small-Mid Value | 19,596 | - | - | 19,596 |
| Intermediate Bond | 68,543 | - | - | 68,543 |
| High Yield Bond | 68,487 | - | - | 68,487 |
| Corporate Bond | 64,011 | - | - | 64,011 |
| Alternative Fixed Income | 71,134 | - | - | 71,134 |
| International Equity | 70,140 | - | - | 70,140 |
| Emerging Markets Equity | 42,710 | - | - | 42,710 |
| Total Investments | <u>\$ 700,199</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 700,199</u> |

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE E FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|-------------------|-------------|-------------|-------------------|
| Money Market Funds | \$ 6,172 | \$ - | \$ - | \$ 6,172 |
| Mutual Funds: | | | | |
| Large Blend | 92,747 | - | - | 92,747 |
| Large Growth | 23,134 | - | - | 23,134 |
| Large Value | 20,626 | - | - | 20,626 |
| Small-Mid Blend | 24,396 | - | - | 24,396 |
| Small-Mid Growth | 23,752 | - | - | 23,752 |
| Small-Mid Value | 20,236 | - | - | 20,236 |
| Intermediate Bond | 54,110 | - | - | 54,110 |
| High Yield Bond | 54,883 | - | - | 54,883 |
| Corporate Bond | 52,115 | - | - | 52,115 |
| Alternative Fixed Income | 56,560 | - | - | 56,560 |
| International Equity | 105,508 | - | - | 105,508 |
| Emerging Markets Equity | 32,163 | - | - | 32,163 |
| Total Investments | <u>\$ 566,402</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 566,402</u> |

NOTE F BOARD DESIGNATED NET ASSETS

On September 25, 2014, the Board of Directors voted to designate \$300,000 net assets without donor restrictions for future operating expenses. During fiscal years 2015 and 2016, the Board of Directors voted to designate an additional \$50,000 of net assets without donor restrictions, each year. During fiscal years 2017 and 2018, the Board of Directors voted to designate an additional \$100,000 of net assets without donor restrictions, each year. At June 30, 2019 and 2018, the balance of board designated net assets totaled \$600,000 and \$500,000, respectively.

NOTE G NET ASSETS WITH DONOR RESTRICTIONS

Certain amounts have been received or are receivable by the Organization with donor restrictions. These amounts are held until such time as monies are expended for the purposes specified by the donors or by the passage of time. The detail of amounts currently being held at June 30, 2019 and 2018, respectively and the purposes for which they must be expended are detailed in the table below.

| | 2019 | 2018 |
|--------------------------------|-----------------|-----------------|
| Nurse Outreach | \$ 2,570 | \$ 2,570 |
| Hemophilia Alliance Foundation | 670 | - |
| Camp - Tech | - | 695 |
| CVS Health | 1,580 | - |
| Total | <u>\$ 4,820</u> | <u>\$ 3,265</u> |

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE H LEASE COMMITMENTS

On January 1, 2013, the Organization entered into an operating lease for their office space. The lease requires 84 monthly payments of \$650, with a maturity date of December 31, 2019. The Organization also entered into an operating lease for a Sharp copier on July 22, 2013. The lease required 60 monthly payments of \$190, with an original maturity date of June 22, 2018. This lease was terminated early in July 2017. A new copier lease was signed on July 31, 2017, requiring 60 monthly payments of \$190, with a maturity date of June 30, 2022. Additionally, the Organization entered into an operating lease for storage space. The lease requires monthly payments of \$95. This lease does not have an expiration date and will be ongoing until the Organization terminates the lease agreement. Due to there being no termination date, this lease is not included in the minimum lease payments below. The total lease expense for both years ended June 30, 2019 and 2018 was \$11,225.

The minimum future lease payments are as follows for the years ended June 30,

| | |
|-------|------------------|
| 2020 | \$ 6,181 |
| 2021 | 2,280 |
| 2022 | <u>2,280</u> |
| Total | <u>\$ 10,741</u> |

SUPPLEMENTARY INFORMATION

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
ANALYSIS OF NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

| | <u>Balance 7/1/2018</u> | <u>Reduction of Balance</u> | <u>Additions to Balance</u> | <u>Balance 6/30/2019</u> | <u>Disposition of Balance</u> | <u>Source of Additions to Balance</u> | <u>Description of Restriction</u> | <u>By Whom Restricted</u> |
|--------------------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------|--|---|---|-------------------------------|
| Nurses Outreach | \$ 2,570 | \$ - | \$ - | \$ 2,570 | N/A | N/A | To Support Nurses Outreach Program | Donors |
| Camp - Tech | 695 | (695) | - | - | To Net Assets Without Donor Restrictions | N/A | Camp Website | Donors |
| Hemophilia Alliance Foundation | - | - | 670 | 670 | N/A | Hemophilia Alliance Foundation | To Purchase Equipment, Services, and to Provide Assistance to Members | Donor |
| CVS Health | - | - | 1,580 | 1,580 | N/A | CVS Health Community Grant | For patient Assistance Program | Donor |
| Total | <u>\$ 3,265</u> | <u>\$ (695)</u> | <u>\$ 2,250</u> | <u>\$ 4,820</u> | | | | |

See Independent Auditor's Report - 17 -