

# **World Federation of Hemophilia – USA**

Financial Statements

**December 31, 2007**

(expressed in U.S. dollars)

April 21, 2008

## **Auditors' Report**

### **To the Members of World Federation of Hemophilia – USA**

We have audited the balance sheet of **World Federation of Hemophilia – USA** as at December 31, 2007 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Federation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Federation and we were not able to determine whether any adjustments might be necessary to revenue, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

### **Chartered Accountants**

# World Federation of Hemophilia – USA

Balance Sheet

As at December 31, 2007

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(expressed in U.S. dollars)

	2007 \$	2006 \$
<b>Assets</b>		
Cash and cash equivalents	62,993	27,628
Accounts receivable	2,634	1,000
Prepays	1,000	-
	<u>66,627</u>	<u>28,628</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>36,911</u>	<u>10,425</u>
<b>Net Assets</b>		
Unrestricted surplus (deficit)	(986)	6,036
Amount allocated to restricted fund	<u>30,702</u>	<u>12,167</u>
	<u>29,716</u>	<u>18,203</u>
	<u>66,627</u>	<u>28,628</u>

Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# World Federation of Hemophilia – USA

## Statement of Revenue and Expenses

For the year ended December 31, 2007

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(expressed in U.S. dollars)

	2007 \$	2006 \$
<b>Revenue</b>		
Product donations	16,236	1,705,956
Corporate and individual donations	27,281	14,459
Donation of shipping services by World Federation of Hemophilia	257	12,624
Other revenue	118	-
	<hr/> 43,892	<hr/> 1,733,039
<b>Expenses</b>		
Distribution of product donations	16,236	1,705,956
Shipping costs	257	12,624
Fundraising	10,925	4,152
Other expenses	23,496	3,700
	<hr/> 50,914	<hr/> 1,726,432
<b>Excess (deficiency) of revenue over expenses for the year</b>	<hr/> (7,022)	<hr/> 6,607

# World Federation of Hemophilia – USA

## Statement of Changes in Net Assets

For the year ended December 31, 2007

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(expressed in U.S. dollars)

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>Unrestricted surplus (deficit) – Beginning of year</b>	6,036	(571)
Excess (deficiency) of revenue over expenses for the year	(7,022)	6,607
<b>Unrestricted surplus (deficit) – End of year</b>	(986)	6,036
<b>Amount allocated to restricted fund</b>	30,702	12,167

# World Federation of Hemophilia – USA

## Statement of Cash Flows

For the year ended December 31, 2007

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(expressed in U.S. dollars)

	2007 \$	2006 \$
<b>Funds from</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(7,022)	6,607
Change in non-cash working capital items		
Accounts receivable	(1,634)	(298)
Prepays	(1,000)	-
Accounts payable	26,486	6,024
	23,852	5,726
	16,830	12,333
<b>Financing activities</b>		
Amount allocated to restricted fund	18,535	1,077
<b>Increase in cash and cash equivalents during the year</b>	35,365	13,410
<b>Cash and cash equivalents – Beginning of year</b>	27,628	14,218
<b>Cash and cash equivalents – End of year</b>	62,993	27,628

# World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2007

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(expressed in U.S. dollars)

## 1 Incorporation and business activities

World Federation of Hemophilia – USA (the “Federation”) was incorporated as a not-for-profit corporation in the State of New York on April 29, 1996. The Federation is organized exclusively for charitable, religious, educational and scientific purposes and qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code.

The specific purposes of the Federation are to further education on hemophilia and provide help in developing countries for the improvement of hemophilia care. As part of its activities, the Federation receives product donations in the form of medicine from U.S.-based pharmaceutical companies and distributes those products to health organizations and other agencies located around the world.

The Federation works in close collaboration with World Federation of Hemophilia in providing donations of services, education and humanitarian aid worldwide.

## 2 Significant accounting policies

### Management estimates

The preparation of financial statements in conformity with Canadian 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.

### Revenue recognition

The Federation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated products are recognized as revenue when received from donors and shipped to beneficiaries and are recorded at their fair market value if those amounts can be reasonably estimated. Distributions of product donations are recognized as expenses when shipped by the Federation to the beneficiaries.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances less outstanding cheques.

# **World Federation of Hemophilia – USA**

Notes to Financial Statements

**December 31, 2007**

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(expressed in U.S. dollars)

## **3 Change in accounting policies**

On January 1, 2007, the Federation adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, “Financial Instruments – Recognition and Measurement”. It describes the standards for recognizing and measuring financial instruments in the financial statements. Under this Section, financial assets available for sale are measured and accounted for at fair value.

Upon the adoption of this Section, the Federation made the following classifications:

- a) Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Resulting gains and losses are recorded in revenue.
- b) Accounts payable and accounts receivable and accrued liabilities are classified as loans and receivables or other liabilities and are initially recorded at fair value. Subsequently, they are recorded at amortized cost using the effective interest rate method.

There was no material effect on the Federation financial statements upon adoption of the CICA Handbook Section 3855.

## **4 Product donations**

Product donations recorded in the financial statements pertain only to those products handled and shipped directly by the Federation or sent directly by donating companies.

Product donations are priced using the current year Red Book, a reference document used by pharmacists to help them, among other things, determine the pricing of most common drugs. For products not listed in the Red Book, the Federation establishes their prices based on products with similar characteristics listed in the Red Book.

## **5 Services rendered by World Federation of Hemophilia**

Administrative costs are very low because of the voluntary labor contributed by the Board of Directors and others as well as administrative services rendered by World Federation of Hemophilia which are not charged back to the Federation.

# **World Federation of Hemophilia – USA**

Notes to Financial Statements

**December 31, 2007**

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(expressed in U.S. dollars)

## **6 Financial instruments**

### **Interest rate risk**

Financial instruments are non-interest bearing.

### **Fair value**

Short-term financial instruments, including accounts receivable and accounts payable, are recorded at cost, which is a reasonable estimate of their fair value due to the relatively short period to maturity of the instruments.

### **Currency risks**

The Federation is not exposed to currency risks.

### **Volunteer contributions**

In the course of its operations, the Federation depends on the contributions of volunteers to carry out its product donation program. Management estimates the value of these services to be approximately \$50,947 for the year ended December 31, 2007 (2006 – \$56,425). This amount has not been recorded in the financial statements.

