

World Federation of Hemophilia – USA

Financial Statements

December 31, 2008

(expressed in US dollars)

April 28, 2009

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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 19042

World Federation of Hemophilia – USA

Balance Sheet

As at December 31, 2008

(expressed in US dollars)

	2008 \$	2007 \$
Assets		
Cash and cash equivalents	121,141	62,993
Accounts receivable	36,480	2,634
Prepaid expenses	-	1,000
	<u>157,621</u>	<u>66,627</u>
Liabilities		
Accounts payable and accrued liabilities	<u>3,000</u>	<u>36,911</u>
Net Assets		
Unrestricted surplus (deficit)	105,519	(986)
Amount allocated to restricted fund	<u>49,102</u>	<u>30,702</u>
	<u>154,621</u>	<u>29,716</u>
	<u>157,621</u>	<u>66,627</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, 2008

(expressed in US dollars)

	2008 \$	2007 \$
Revenue		
Donations	6,124	9,831
Foundations and Trusts	30,000	10,000
National Members Organizations (NMO) – Chapters – HTC contributions	13,300	7,450
Corporate donors	21,000	-
World Federation of Hemophilia	99,678	257
	<hr/> 170,102	<hr/> 27,538
Product donations	1,460,958	16,236
Other revenue	190	118
	<hr/> 1,631,250	<hr/> 43,892
Expenses		
Awareness building programs	35,043	2,400
Humanitarian aid and products donated		
Value of product donations	1,460,958	16,236
Handling, shipping and other	7,142	1,757
	<hr/> 1,468,100	<hr/> 17,993
Fundraising	12,366	12,725
Administration	9,236	17,796
	<hr/> 1,524,745	<hr/> 50,914
Excess (deficiency) of revenue over expenses for the year	<hr/> 106,505	<hr/> (7,022)

World Federation of Hemophilia – USA

Statement of Changes in Net Assets

For the year ended December 31, 2008

(expressed in US dollars)

	2008	2007
	\$	\$
Unrestricted surplus (deficit) – Beginning of year	(986)	6,036
Excess (deficiency) of revenue over expenses for the year	106,505	(7,022)
Unrestricted surplus (deficit) – End of year	<u>105,519</u>	<u>(986)</u>
Amount allocated to restricted fund	<u>49,102</u>	<u>30,702</u>

World Federation of Hemophilia – USA

Statement of Cash Flows

For the year ended December 31, 2008

(expressed in US dollars)

	2008 \$	2007 \$
Funds from		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	106,505	(7,022)
Changes in non-cash working capital items		
Accounts receivable	(33,846)	(1,634)
Prepaid expenses	1,000	(1,000)
Accounts payable and accrued liabilities	(33,911)	26,486
	<u>(66,757)</u>	<u>23,852</u>
	39,748	16,830
Financing activities		
Amount allocated to restricted fund	<u>18,400</u>	<u>18,535</u>
Increase in cash and cash equivalents during the year	58,148	35,365
Cash and cash equivalents – Beginning of year	<u>62,993</u>	<u>27,628</u>
Cash and cash equivalents – End of year	<u>121,141</u>	<u>62,993</u>

World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2008

(expressed in US 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 US 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 US-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.

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December 31, 2008

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Financial instruments

Subsequent to the adoption of Section 3855, “Financial Instruments – Recognition and Measurement”, of the Canadian Institute of Chartered Accountants (“CICA”) Handbook, the Federation classifies its financial instruments as follows:

- 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 receivable and accounts payable 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.

3 New accounting standards

- a) Accounting policies adopted during the year

The CICA amended Section 1400, “General Standards of Financial Statement Presentation”, to include requirements for assessing and disclosing an entity’s ability to continue as a going concern. The Federation adopted this new standard on January 1, 2008. It performed such an assessment and no additional disclosures are required.

The CICA issued Section 1535, “Capital Disclosures”. This Section establishes standards for disclosing information that enables users of financial statements to evaluate the entity’s objectives, policies and processes for managing capital as well as the consequences of non-compliance. The Federation adopted this new standard on January 1, 2008. Information required under Section 1535 is presented in note 4.

The CICA issued Section 3862, “Financial Instruments – Disclosures”, and Section 3863, “Financial Instruments – Presentation”, in replacement of Section 3861, “Financial Instruments – Disclosure and Presentation”. The Federation had the option to apply sections 3862 and 3863 or to continue to disclose and present its financial instruments in accordance with Section 3861. The Federation elected to present its disclosures in accordance with Section 3861 (note 7). No additional disclosures are required.

- b) Accounting policies to be adopted in 2009

The Emerging Issues Committee of the CICA reached a consensus that EIC Abstract 123, “Reporting Revenue Gross as a Principal Versus Net as an Agent”, should be applied by not-for-profit organizations for fiscal years beginning on or after January 1, 2009. This Abstract provides guidance on determining whether the entity should present revenue based on the gross fundraising amounts or on the net fundraising amount. The Federation is assessing the impact of this new standard on its financial position and financial results.

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4 Fund balance

The Federation's fund management objectives are to:

- safeguard its ability to continue to support research and program expenses;
- fund current and future operations; and
- ensure that the Federation is able to meet its financial obligations as they become due.

The Federation's fund structure as at December 31, 2008 is summarized in the following table:

	\$
Fund balance	
Unrestricted	105,519
Internally restricted	<u>49,102</u>
	<u>154,621</u>

The internally restricted surplus contains funds received on behalf of the Susan Skinner Memorial Fund and is considered a permanent, non-expendable account. The Federation acts as custodian of all funds in connection with the Susan Skinner Memorial Fund, which has been established as an endowment to support the training and education of women with bleeding disorders.

5 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.

6 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.

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7 Financial instruments

Interest rate risk

Financial instruments are non-interest bearing.

Fair value

Short-term financial instruments, including accounts receivable and accounts payable and accrued liabilities, 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.

8 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adoption in the current year.

World Federation of Hemophilia – USA

Appendix

(Unaudited)

December 31, 2008

(expressed in US dollars)

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 \$83,137 for the year ended December 31, 2008 (2007 – \$50,947). This amount has not been recorded in the financial statements.