

World Federation of Hemophilia – USA

Financial Statements

December 31, 2009

(expressed in US dollars)

April 28, 2010
(except for note 2, which is as of June 7, 2010)

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, 2009 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2009 and for the year then ended have been restated as explained in note 2 to the financial statements.

*PricewaterhouseCoopers LLP*¹

¹ Chartered accountant auditor permit No. 19042

World Federation of Hemophilia – USA

Balance Sheet

As at December 31, 2009

(expressed in US dollars)

	2009 \$	2008 \$
Assets		
Cash and cash equivalents	210,264	121,141
Accounts receivable	18,190	36,480
Prepaid expenses	1,647	-
	<u>230,101</u>	<u>157,621</u>
Liabilities		
Accounts payable and accrued liabilities	<u>61,787</u>	<u>3,000</u>
Net Assets		
Unrestricted surplus	85,508	105,519
Amount allocated to restricted fund (note 5)	<u>82,806</u>	<u>49,102</u>
	<u>168,314</u>	<u>154,621</u>
	<u>230,101</u>	<u>157,621</u>

Approved by the Executive Committee

_____ Director

_____ Director

World Federation of Hemophilia – USA

Statement of Revenue and Expenses

For the year ended December 31, 2009

(expressed in US dollars)

	2009 \$	2008 \$
Revenue		
Donations	3,062	6,124
Foundations and Trusts	700	30,000
National Member Organizations (NMO) – Chapters – HTC contributions	8,750	13,300
Corporate donors	30,516	21,000
World Federation of Hemophilia	5,697	99,678
	<hr/>	<hr/>
	48,725	170,102
Product donations	15,566,347	1,460,958
Other revenue	178	190
	<hr/>	<hr/>
	15,615,250	1,631,250
Expenses		
Awareness building programs	26,175	35,043
	<hr/>	<hr/>
Humanitarian aid and products donated		
Value of product donations	15,566,347	1,460,958
Handling, shipping and other	17,204	7,142
	<hr/>	<hr/>
	15,583,551	1,468,100
Fundraising	6,737	12,366
	<hr/>	<hr/>
Administration	18,798	9,236
	<hr/>	<hr/>
	15,635,261	1,524,745
Excess (deficiency) of revenue over expenses for the year	<hr/> (20,011)	<hr/> 106,505

World Federation of Hemophilia – USA

Statement of Changes in Net Assets

For the year ended December 31, 2009

(expressed in US dollars)

	2009	2008
	\$	\$
Unrestricted surplus (deficit) – Beginning of year	105,519	(986)
Excess (deficiency) of revenue over expenses for the year	(20,011)	106,505
Unrestricted surplus – End of year	<u>85,508</u>	<u>105,519</u>
Amount allocated to restricted fund (note 5)	<u>82,806</u>	<u>49,102</u>

World Federation of Hemophilia – USA

Statement of Cash Flows

For the year ended December 31, 2009

(expressed in US dollars)

	2009 \$	2008 \$
Funds from		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(20,011)	106,505
Changes in non-cash working capital items		
Accounts receivable	18,290	(33,846)
Prepaid expenses	(1,647)	1,000
Accounts payable and accrued liabilities	58,787	(33,911)
	<u>75,430</u>	<u>(66,757)</u>
	55,419	39,748
Financing activities		
Amount allocated to restricted fund	<u>33,704</u>	18,400
Increase in cash and cash equivalents during the year	89,123	58,148
Cash and cash equivalents – Beginning of year	<u>121,141</u>	62,993
Cash and cash equivalents – End of year	<u>210,264</u>	<u>121,141</u>

World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2009

(expressed in US dollars)

1 Incorporation, purpose and nature of 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 pharmaceutical companies and distributes those products to health organizations and other agencies located around the world.

The Federation is an affiliated organization of the World Federation of Hemophilia, an international organization based in Montréal, Canada, and composed of representatives from hemophilia organizations in 113 countries.

2 Restatement of financial statements

Subsequent to the issuance of the Federation’s financial statements on April 28, 2010, management determined that notes 1 and 3 lacked disclosures which would assist the reader in understanding the relationship between the Federation and its Canadian counterpart, the World Federation of Hemophilia. These disclosures have now been added to these financial statements in note 1 and in note 3 under the caption “Basis of presentation”.

Furthermore, management determined that the amounts disclosed in note 5 of donations received for the Susan Skinner Memorial Fund included in the Federation’s accounts receivable for 2009 and 2008 were overstated by \$25,288 and \$50,967 respectively. The disclosure has been modified. There was no impact on the balance sheet or the statement of revenue and expenses.

3 Significant accounting policies

Basis of presentation

As an affiliated organization of the World Federation of Hemophilia, the financial statements of the Federation are prepared in conformity with Canadian generally accepted accounting principles.

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.

World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2009

(expressed in US dollars)

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 as 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.

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.

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.

4 New accounting standards

Accounting policy adopted during the year

The Emerging Issues Committee of the Canadian Accounting Standards Board reached a consensus that Abstract EIC-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 in determining whether the entity should present revenue based on the gross or net fundraising amounts.

World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2009

(expressed in US dollars)

There is no impact on the financial statements since revenue has already been presented on a gross basis. No additional disclosures are required.

Accounting pronouncement not yet implemented

In June 2009, the CICA amended Section 1506, “Accounting Changes”, to exclude from the scope of this Section changes in accounting policies upon the complete replacement of an entity’s primary basis of accounting. This amendment is effective for years beginning after July 1, 2009.

5 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, 2009 is summarized in the following table:

	\$
Fund balance	
Unrestricted	85,508
Internally restricted	<u>82,806</u>
	<u>168,314</u>

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

Statement of movements in restricted fund	\$
Beginning of year	49,102
Donations received for SSMF	35,575
Interest on SSMF	129
Scholarships granted	<u>(2,000)</u>
End of year	<u>82,806</u>

Included in the accounts receivable of the Federation are donations received for SSMF of \$10,415 (2008 – \$1,135), and included in the accounts payable and accrued liabilities of the Federation are scholarship amounts payable of \$2,000 (2008 – \$3,000).

World Federation of Hemophilia – USA

Notes to Financial Statements

December 31, 2009

(expressed in US dollars)

6 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.

7 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 time contributed by staff of World Federation of Hemophilia which is not charged back to the Federation.

8 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.

9 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

World Federation of Hemophilia – USA

Appendix

(Unaudited)

December 31, 2009

(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 \$131,132 for the year ended December 31, 2009 (2008 – \$83,137). This amount has not been recorded in the financial statements.