

HEMOPHILIA FEDERATION OF AMERICA, INC.

FINANCIAL REPORT

DECEMBER 31, 2016

Winter, Kloman, Moter & Repp, S.C.

CPAs SUPPORTING YOUR SUCCESS

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
<u>FINANCIAL STATEMENTS</u>	
Statements of financial position	4
Statement of activities	5
Statements of cash flows	6
Statement of functional expenses	7
Notes to financial statements	8 - 15
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of expenditures of federal awards	16
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	17 - 18
Schedule of findings and responses	19 - 20
Corrective action plan	21



Independent Auditor's Report

To the Board of Directors
Hemophilia Federation of America, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Hemophilia Federation of America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows and functional expenses for the year 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 Hemophilia Federation of America, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and our report dated July 21, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *The U.S. Department of Health and Human Services, Centers for Disease Control and Prevention*, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017 on our consideration of Hemophilia Federation of America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hemophilia Federation of America, Inc.'s internal control over financial reporting and compliance.

Winter, Kloman, Matus & Repp, A.C.

Brookfield, WI
September 19, 2017

HEMOPHILIA FEDERATION OF AMERICA, INC.

**STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015**

<u>ASSETS</u>	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,026,637	\$ 1,479,869
Investments	2,139,380	255,354
Receivables	1,216,281	814,745
Prepaid expenses	<u>722</u>	<u>19,022</u>
Total current assets	4,383,020	2,568,990
PROPERTY AND EQUIPMENT		
Office furniture and equipment, net of accumulated depreciation of \$23,927 and \$19,578 in 2016 and 2015, respectively	<u>5,905</u>	<u>10,255</u>
Total assets	<u>\$ 4,388,925</u>	<u>\$ 2,579,245</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 231,318	\$ 134,313
Accrued liabilities	45,235	31,609
Deferred revenue	<u>1,427,490</u>	<u>1,269,910</u>
Total current liabilities	<u>1,704,043</u>	<u>1,435,832</u>
NET ASSETS		
Unrestricted	2,295,955	1,129,486
Temporarily restricted	<u>388,927</u>	<u>13,927</u>
Total net assets	<u>2,684,882</u>	<u>1,143,413</u>
Total liabilities and net assets	<u>\$ 4,388,925</u>	<u>\$ 2,579,245</u>

The Notes to Financial Statements are an integral part of these statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016 with Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	----- Total -----	
			2016	2015
<u>REVENUES</u>				
Grants and donations	\$3,054,610	\$ 375,000	\$3,429,610	\$1,688,367
Member dues	49,935	0	49,935	55,477
Symposium revenue	1,283,340	0	1,283,340	1,077,538
Directory and advertising	464,212	0	464,212	330,500
Interest and dividends	2,555	0	2,555	10,267
Gain (loss) on investments	48,784	0	48,784	(13,736)
	<u>4,903,436</u>	<u>375,000</u>	<u>5,278,436</u>	<u>3,148,413</u>
Net assets released from restrictions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>4,903,436</u>	<u>375,000</u>	<u>5,278,436</u>	<u>3,148,413</u>
<u>EXPENSES</u>				
Program services	3,529,207	0	3,529,207	2,443,273
Supporting services:				
Management and general	153,151	0	153,151	120,869
Fundraising	54,609	0	54,609	66,717
	<u>3,736,967</u>	<u>0</u>	<u>3,736,967</u>	<u>2,630,859</u>
Change in net assets	1,166,469	375,000	1,541,469	517,554
<u>NET ASSETS</u>				
Beginning of year	<u>1,129,486</u>	<u>13,927</u>	<u>1,143,413</u>	<u>625,859</u>
End of year	<u>\$ 2,295,955</u>	<u>\$ 388,927</u>	<u>\$ 2,684,882</u>	<u>\$ 1,143,413</u>

The Notes to Financial Statements are an integral part of these statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.

**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015**

	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$1,541,469	\$ 517,554
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,349	4,499
(Gain) Loss on investments, net	(48,784)	13,736
(Increase) decrease in:		
Receivables	(401,536)	(549,089)
Prepaid expenses	18,300	(9,190)
Increase (decrease) in:		
Accounts payable	97,005	53,843
Accrued liabilities	13,626	(5,734)
Deferred revenue	<u>157,580</u>	<u>1,035,085</u>
Net cash flows from operating activities	<u>1,382,009</u>	<u>1,060,704</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	735,560	50,329
Purchase of investments	<u>(2,570,801)</u>	<u>(57,864)</u>
Net cash flows from investing activities	<u>(1,835,241)</u>	<u>(7,535)</u>
Net change in cash and cash equivalents	(453,232)	1,053,169
Cash and cash equivalents - beginning of year	<u>1,479,869</u>	<u>426,700</u>
Cash and cash equivalents - end of year	<u>\$1,026,637</u>	<u>\$1,479,869</u>

The Notes to Financial Statements are an integral part of these statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.

STATEMENT OF FUNTIONAL EXPENSES
For the Year Ended December 31, 2016 with Comparative Totals for 2015

	Program Services	-----Supporting Services ----- Management and General		----- Total ----- 2016		2015
			Fundraising			
Wages and salaries	\$ 1,142,446	\$ 61,732	\$ 44,887	\$ 1,249,065		\$ 914,167
Payroll taxes and benefits	99,735	41,792	3,848	145,375		107,380
Insurance	5,291	2,810	6	8,107		7,205
Program expenses	411,498	0	0	411,498		284,755
Specific assistance	403,013	0	0	403,013		191,878
Scholarships	10,000	0	0	10,000		10,000
Professional fees	47,422	1,593	858	49,873		51,382
Conference and meetings	70,588	0	453	71,041		62,749
Speaker fees	0	0	0	0		28,811
Advertising	46,356	0	0	46,356		58,986
Supplies and postage	222,579	3,027	395	226,001		111,715
Printing and publications	0	0	0	0		78,581
Dues and subscriptions	71,143	1,349	0	72,492		51,489
Taxes and licenses	225	308	0	533		0
Telephone	33,689	1,795	1,153	36,637		23,401
Rent	79,164	23,759	0	102,923		104,315
Office expense	14,109	9,834	0	23,943		14,449
Travel	800,278	587	3,009	803,874		479,305
Equipment rental and maintenance	68,849	4,957	0	73,806		44,089
Depreciation	0	4,349	0	4,349		4,499
Miscellaneous	2,822	(4,741)	0	(1,919)		1,703
	<u>\$ 3,529,207</u>	<u>\$ 153,151</u>	<u>\$ 54,609</u>	<u>\$ 3,736,967</u>		<u>\$ 2,630,859</u>
Total functional expenses						

The Notes to Financial Statements are an integral part of these statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1.

Summary of Significant Accounting Policies

Nature of business and basis of presentation

Hemophilia Federation of America, Inc. (the Organization) is a national nonprofit organization that assists and advocates for the bleeding community and numbers 43 chapters in its national network and is headquartered in Washington, D.C. The Organization receives the majority of its funding through private donations along with sponsorship income from a symposium it holds annually. The Organization promotes blood safety education, undertaking joint efforts with other bleeding-disorders and blood-safety groups. The following is a description of the various programs and initiatives:

Blood Brotherhood –

Blood Brotherhood is a national program for adult men, living with hemophilia or von Willebrand disease. It is designed to be a multi-avenue outreach, to provide education and support, promote good health, and establish a sense of community for adult men.

Blood Sisterhood –

Blood Sisterhood is a national program for women and girls who have a doctor diagnosed bleeding disorder or who experience symptoms of a bleeding disorder. Blood Sisters receive education and stay connected and supported through face to face events at local partnering member organizations, educational webcasts and online story sharing

Families –

The HFA Families program includes the Dads in Action, Moms in Action, and Kids in Action programs. Since 1997, Families has helped to serve an unmet need in the community both providing national and local educational training and resources to help families build strong bonds with their children, tools to improve advocacy skills, and offer a place for belonging and support.

Outreach Education -

HFA helps individuals with bleeding disorders and their caregivers learn how to become better advocates on their own behalf through in-person and online training, tool kits and web resources. Education and tools are provided to participate in monitoring, learning to self-advocate, and educating about federal and state public policies that impact the lives of people living with bleeding disorders. Social and print media are actively utilized to extend outreach efforts and bring community together.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Nature of business and basis of presentation (continued)

Research –

HFA Research is a Community Centered, Community Focused, and Community Driven program aimed at improving the lives of bleeding disorders community members. Research topics are identified by the community population and focused on patient/community reported data. Data is collected nationally online as well as locally through HFA's 40+ member organizations across the country.

Helping Hands –

The Helping Hands program is designed to establish a rapid, non-invasive source of relief for emergency situations for individuals and families in the bleeding disorders community. Each application is given careful consideration to the personal circumstances, while ensuring a minimum invasion of privacy for community members. The program also assists individuals with the cost of medically necessary items and durable medical equipment.

Gears for Good Charity Bike Ride-

HFA encourages people with bleeding disorders to live healthy, active lifestyles. Gears for Good is a charity bike ride offered to raise funds for HFA's Helping Hands financial assistance program. Riders enjoy meeting new people and building stronger friendships along the way while raising funds for this important cause.

Symposium –

Symposium is an annual community-centered educational conference event that draws hundreds of patients and their families. This national educational meeting is a place where community members come together to share information, learn new advancements, and build a network of support.

Other Activities –

The Organization provides educational and artistic scholarships to members of the bleeding disorders community, a resource guide for consumers and maintains a website with information about its programs and services. The Organization also produces a newsletter called Dateline Federation, which is published quarterly. In addition, the Organization covers the cost of attendance to meetings of the Department of Health and Human Services, the Blood Products Advisory Committee of the FDA, the Advisory Committee on Blood Safety and Availability, and participation in conferences at the invitation of the Center for Disease Control.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Method of accounting:

The Organization follows the accrual basis of accounting wherein revenues and expenses are reflected in the period earned or incurred.

Basis of presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When the donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted support earned in the same period as received are reported as unrestricted support.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2016 and 2015.

Cash and cash equivalents:

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity of three months or less. The Organization maintains cash balances at two financial institutions. Cash deposits periodically exceed the Federal Deposit Insurance Corporation (FDIC) limit.

Investments:

Investments are recorded at fair value. Interest and dividend income is recorded when received. Gains or losses are reported in the accompanying statement of activities. Investments are exposed to various risks such as interest rate, market, and credit risks.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Property and equipment:

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the change in net assets.

Depreciation is computed using the straight-line method over the estimated useful life of five to seven years for office furniture and equipment.

Impairment of long-lived assets:

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There have been no such losses in 2016 or 2015.

Expense allocation:

The cost of providing program, management and general, and fundraising has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions and grants received and made:

Unconditional contributions and grants are recorded as revenue when received or earned net of allowances for uncollectible amounts and unamortized discounts. There were no allowances or unamortized discounts at December 31, 2016 or 2015.

Conditional contributions and grants received are not recorded until the conditions are met. There were no conditional contributions or grants received in 2016 or 2015.

Unconditional contributions and grants to others are recorded as expenses when made. Conditional contributions and grants to others are not recorded as expenses until the conditions have been met. The Organization made no conditional contributions or grants in 2016 or 2015.

Donated goods and services:

The financial statements do not include amounts for donated services, since the Organization pays for most services requiring specific expertise. However, many volunteers have donated their time to the Organization for its program services.

Deferred revenue:

Service fees and other revenue billed and/or collected during the year relative to an event or service performed in a subsequent year are recorded as deferred revenue.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Use of estimates:

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

Income taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include any amounts for capital stock and corporate income taxes.

The federal information tax returns for 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after the returns are filed.

Date of management's review:

Management evaluated subsequent events through September 19, 2017, the date the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

The Organization follows fair value measurement accounting standards, which provide a comprehensive framework for measuring fair value and expands disclosures which are required about fair value measurements. Specifically, this accounting standard sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value inputs. The levels within the hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets and liabilities in active markets;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Valuation derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments and Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2016.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	\$ 0	\$ 335,059	\$ 0	\$ 335,059
Fixed Income	893,518	552,864	0	1,446,382
Equities	249,227	0	0	249,227
Real Estate Investment Trusts	<u>99,197</u>	<u>9,515</u>	<u>0</u>	<u>108,712</u>
Total	<u>\$ 1,241,942</u>	<u>\$ 897,438</u>	<u>\$ 0</u>	<u>\$ 2,139,380</u>

Net investment income consists of the following for the year ended December 31, 2016:

Interest and dividends	\$ 2,555
Realized and unrealized gains (losses)	<u>48,784</u>
	<u>\$ 51,339</u>

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 255,354</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 255,354</u>
Total	<u>\$ 255,354</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 255,354</u>

Net investment income consists of the following for the year ended December 31, 2015:

Interest and dividends	\$ 10,267
Realized and unrealized gains (losses)	<u>(13,736)</u>
	<u>\$ (3,469)</u>

The Organization's investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts disclosed at fair value in these financial statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Lease Commitments

The Organization leases its office facilities under a lease that expires in December 2020 with a base rent of \$7,812 plus annual increases as stipulated by the lease agreement. Total rent expense was \$102,923 and \$104,315, including monthly parking rent, for 2016 and 2015, respectively.

Estimated minimum lease payments required as of December 31 are as follows:

2017	\$ 96,802
2018	99,706
2019	102,697
2020	<u>105,778</u>
	<u>\$ 404,983</u>

Note 4. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or the expiration of time. Net assets released from restrictions were \$0 and \$1,603 in 2016 and 2015, respectively.

Temporarily restricted net assets at December 31, are available for the following purposes:

	2016	2015
Programs:		
Blood Brotherhood	\$ 5,000	\$ 0
Blood Sisterhood	80,000	0
Families	210,000	0
Helping Hands	20,000	0
General advocacy/outreach	20,000	0
Educational Scholarships	35,000	0
Project CALLS	5,000	0
Disaster Relief Funds	<u>13,927</u>	<u>13,927</u>
Total	<u>\$388,927</u>	<u>\$13,927</u>

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Potential Public Support Redetermination and Major Funding Sources

The Organization has entered into a contractual relationship with a governmental agency which provides, in part, for the potential audit and adjustment by the agency of payments made to the Organization. No governmental audits or proposed adjustments of payments are pending at this time.

The Organization received 11% and 11% of its total revenues from this governmental agency in 2016 and 2015, respectively. In 2016, 3% of its total accounts receivable balance is from this governmental agency. In 2015, 2% of its total accounts receivable balance is from this governmental agency.

In 2016, the Organization received 22% of its total revenues from one private funding sources. In 2015, the Organization received 52% of its total revenues from three private funding sources. In 2016, 28% of its total accounts receivable balance is from this one private funding source. In 2015, 16% of its total accounts receivable balance is from one of these three private funding sources.

In addition, the Organization received donations of \$16,050 and \$39,320 in 2016 and 2015, respectively, from organizations related to various board members.

Note 6. Prior Year Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

HEMOPHILIA FEDERATION OF AMERICA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Federal Grantor/ Program Title	Federal CFDA Number	Cumulative Grant Award	Costs Incurred Prior To January 1, 2016	Costs Incurred Year Ended December 31, 2016	Cumulative Costs Incurred	Unexpended Funds on Expired Grants	Unexpended Funds on Unexpired Grants
U.S. Department of Health and Human Services, Centers for Disease Control and Prevention							
Evaluation of health promotion and prevention for blood disorders							
Budget period September 30, 2015 through September 29, 2016	93.080	\$ 550,000	\$ 41,131	\$ 508,869	\$ 550,000	\$ 0	\$ 0
Budget period September 30, 2016 through September 29, 2017	93.080	<u>550,000</u>	<u>0</u>	<u>57,346</u>	<u>57,346</u>	<u>0</u>	<u>492,654</u>
		<u>\$ 1,100,000</u>	<u>\$ 41,131</u>	<u>\$ 566,215</u>	<u>\$ 607,346</u>	<u>\$ 0</u>	<u>\$ 492,654</u>

HEMOPHILIA FEDERATION OF AMERICA, INC.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hemophilia Federation of America, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Government Auditing Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Independent Auditor's Report.



Winter, Kloman, Moter & Repp, S.C.

CPAs SUPPORTING YOUR SUCCESS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Hemophilia Federation of America, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hemophilia Federation of America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hemophilia Federation of America, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hemophilia Federation of America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2016-01 and 2016-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hemophilia Federation of America, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Hemophilia Federation of America, Inc.'s Response to Findings

Hemophilia Federation of America, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses and corrective action plan. Hemophilia Federation of America, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winter, Kloman, Matus & Repp, A.C.

Brookfield, WI
September 19, 2017

HEMOPHILIA FEDERATION OF AMERICA, INC.

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2016

A. Summary of Auditor's Results

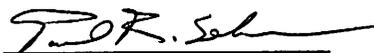
Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued? | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

B. Financial Statement Findings

See pages 20 - 21

C. Other Issues

- | | |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Government Auditing Standards</i> :
U.S. Department of Health and Human Services | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. Name and signature of partner | 
Paul R. Sehmer, CPA |
| 5. Date of report | September 19, 2017 |

HEMOPHILIA FEDERATION OF AMERICA, INC.

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2016**

2016-01: Significant deficiency – internal control:

Preparation of full disclosure financial statements

Condition:	The Organization has not demonstrated the ability to prepare and assemble a full set of financial statements, with required disclosures, in accordance with accounting principles generally accepted in the United States of America (GAAP) without the assistance of us as your independent auditor.
Criteria:	The Organization should be able to prepare their own GAAP financial statements and provide oversight of the financial reporting process.
Effect:	A lack of internal oversight of the financial reporting process could affect the Organization's ability to prepare accurate financial statements.
Recommendation:	This deficiency is not uncommon with small, nonprofit entities that do not have the financial resources to justify adding a financial professional to its accounting department who has the necessary knowledge and experience with GAAP and other financial reporting requirements. We also do not consider this significant deficiency to be a material weakness since the Organization's internal control structure would currently not allow a GAAP basis financial report to be issued to any outside users without the review or analysis by a qualified CPA firm.
Comments:	The Organization concurs with the finding and recommendation.

This same finding was reported in the previous year.

2016-02: Significant deficiency – internal control:

Material audit adjustments

Condition:	During the course of performing our financial audit for the year ended December 31, 2016, we proposed and management accepted certain year-end adjustments that were material to the financial statements as a whole that we believe would not have been detected by the Company's internal control structure without our review and analysis.
Criteria:	The Organization should be able to provide oversight of the financial reporting process.
Effect:	A lack of internal oversight of the financial reporting process could affect the Organization's ability to prepare accurate financial statements.
Recommendation:	This deficiency is not uncommon with small, nonprofit entities that do not have the financial resources to justify adding a financial professional to its accounting department who has the necessary knowledge and experience with GAAP and other financial reporting requirements. We did not consider this significant deficiency to be a material weakness since, again, the Company's internal control structure would not allow any of its internal financial statements to be released to third parties without the review or analysis of this financial data by a qualified CPA firm.
Comments:	The Organization concurs with the finding and recommendation.

CORRECTIVE ACTION PLAN

Winter, Kloman, Moter & Repp, S.C.
December 31, 2016

Section I - Internal Control

Preparation of full disclosure financial statements

- A. Comments on Findings and Recommendation:
The Organization agrees with the auditor's finding and recommendation.
- B. Actions Taken or Planned:
The Organization will continue to not allow a GAAP basis financial report to be issued to any outside users without the review or analysis of the financial statements by a qualified CPA firm.

Material audit adjustments

- A. Comments on Findings and Recommendation:
The Organization agrees with the auditor's finding and recommendation.
- B. Actions Taken or Planned:
The Organization will continue to not allow a GAAP basis financial report to be issued to any outside users without the review or analysis of the financial statements by a qualified CPA firm.

Section II - Compliance

No matters noted.

Hemophilia Federation of America, Inc.

By: 
Kimberly Haugstad, President & CEO