

HEMOPHILIA FEDERATION OF AMERICA, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018



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HEMOPHILIA FEDERATION OF AMERICA, INC.

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INDEPENDENT AUDITORS' REPORT

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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States and the *U.S. Department of Health Services Audit Guide*, issued by the U.S. Department of Health Services. . Those standards require that we plan and perform the audit 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

Board of Directors
Hemophilia Federation of America, Inc.

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, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 basic 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, and the *U.S. Department of Health Services Audit Guide*, we have also issued our report dated July 13, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Hemophilia Federation of America, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *U. S. Department of Health Services Audit Guide* in considering Hemophilia Federation of America, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 13, 2020

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,184,237	\$ 2,299,167
Investments	4,465,950	2,154,040
Receivables	1,455,900	1,842,886
Prepaid Expenses	26,093	33,833
Total Assets	\$ 8,132,180	\$ 6,329,926
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 165,655	\$ 213,090
Accrued Liabilities	47,458	27,994
Deferred Revenue	3,313,295	2,102,510
Deferred Rent Payable	239,970	170,058
Total Current Liabilities	3,766,378	2,513,652
NET ASSETS		
Without Donor Restrictions	4,295,331	3,571,664
With Donor Restrictions	70,471	244,610
Total Net Assets	4,365,802	3,816,274
Total Liabilities and Net Assets	\$ 8,132,180	\$ 6,329,926

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>
PUBLIC SUPPORT AND REVENUE			
Grants and Donations	\$ 3,426,134	\$ 52,357	\$ 3,478,491
Member Dues	100,805	-	100,805
Directory and Advertising	543,746	-	543,746
Symposium Revenue	2,081,847	-	2,081,847
Interest and Dividends	82,483	-	82,483
Gain (Loss) on Investments	229,427	-	229,427
Net assets released from Donor Restrictions	<u>226,496</u>	<u>(226,496)</u>	<u>-</u>
Total Public Support and Revenue	<u>6,690,938</u>	<u>(174,139)</u>	<u>6,516,799</u>
EXPENSES			
Program Services Expense:			
Program Services	5,588,067	-	5,588,067
Supporting Services:			
Management and General	124,955	-	124,955
Fundraising and Development	254,249	-	254,249
Total Expenses	<u>5,967,271</u>	<u>-</u>	<u>5,967,271</u>
CHANGE IN NET ASSETS	723,667	(174,139)	549,528
Net Assets - Beginning of Year	<u>3,571,664</u>	<u>244,610</u>	<u>3,816,274</u>
NET ASSETS - END OF YEAR	<u><u>\$ 4,295,331</u></u>	<u><u>\$ 70,471</u></u>	<u><u>\$ 4,365,802</u></u>

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENT OF ACTIVITES
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2018
PUBLIC SUPPORT AND REVENUE			
Grants and Donations	\$ 3,130,817	\$ 253,330	\$ 3,384,147
Member Dues	65,685	-	65,685
Directory and Advertising	514,601	-	514,601
Symposium Revenue	1,592,470	-	1,592,470
Interest and Dividends	26,948	-	26,948
Gain (Loss) on Investments	(111,741)	-	(111,741)
Net assets released from Donor Restrictions	<u>131,488</u>	<u>(131,488)</u>	<u>-</u>
Total Public Support and Revenue	<u>5,350,268</u>	<u>121,842</u>	<u>5,472,110</u>
EXPENSES			
Program Services Expense:			
Program Services	5,105,728	-	5,105,728
Supporting Services:			
Management and General	156,837	-	156,837
Fundraising and Development	184,053	-	184,053
Total Expenses	<u>5,446,618</u>	<u>-</u>	<u>5,446,618</u>
CHANGE IN NET ASSETS	(96,350)	121,842	25,492
Net Assets - Beginning of Year	<u>3,668,014</u>	<u>122,768</u>	<u>3,790,782</u>
NET ASSETS - END OF YEAR	<u>\$ 3,571,664</u>	<u>\$ 244,610</u>	<u>\$ 3,816,274</u>

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 549,528	\$ 25,492
Adjustments to Reconcile Change in Net Assets to Net Cash		
Flows from Operating Activities:		
Realized and Unrealized (Gain) Loss on Operating Investments	(229,427)	111,741
Changes in Operating Assets and Liabilities:		
Receivables	386,986	(258,503)
Prepaid Expenses	7,740	10,500
Accounts Payable	(47,435)	19,760
Accrued Liabilities	19,464	(10,597)
Deferred Revenue	1,210,785	703,030
Deferred Rent Payable	69,912	170,058
Net Cash Flows from Operating Activities	1,967,553	771,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,713,926)	(147,606)
Proceeds from Sale of Investments	631,443	135,315
Net Cash Flows from Investing Activities	(2,082,483)	(12,291)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(114,930)	759,190
Cash and Cash Equivalents - Beginning of Year	2,299,167	1,539,977
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,184,237	\$ 2,299,167

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising and Development	
Wages and salaries	\$ 2,121,614	\$ 61,078	\$ 80,541	\$ 2,263,233
Payroll taxes and benefits	245,846	14,534	30,866	291,246
Insurance	20,128	4,819	-	24,947
Program expenses	441,109	-	-	441,109
Specific assistance	945,989	-	-	945,989
Scholarships	17,500	-	-	17,500
Professional fees	78,668	3,262	3,058	84,988
Conference and meetings	47,669	8,698	133	56,500
Advertising	-	-	98,871	98,871
Supplies and postage	189,938	2,482	15,684	208,104
Dues and subscriptions	105,461	1,513	9,690	116,664
Taxes and licenses	113	-	-	113
Telephone	37,508	2,085	1,093	40,686
Rent	216,871	5,102	5,355	227,328
Office expense	-	9,301	-	9,301
Travel	1,083,720	7,795	5,392	1,096,907
Equipment rental and maintenance	35,548	2,661	3,566	41,775
Miscellaneous	385	1,625	-	2,010
Total functional expenses	\$ 5,588,067	\$ 124,955	\$ 254,249	\$ 5,967,271

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising and Development	
Wages and salaries	\$ 1,839,654	\$ 33,925	\$ 73,541	\$ 1,947,120
Payroll taxes and benefits	220,834	14,115	10,651	245,600
Insurance	7,349	7,514	82	14,945
Program expenses	565,454	-	-	565,454
Specific assistance	808,515	-	-	808,515
Scholarships	19,000	-	-	19,000
Professional fees	51,694	9,374	1,450	62,518
Conference and meetings	66,370	-	260	66,630
Advertising	-	-	70,730	70,730
Supplies and postage	205,199	4,109	14,419	223,727
Dues and subscriptions	95,189	1,513	9,690	106,392
Taxes and licenses	257	1,500	-	1,757
Telephone	41,599	2,938	373	44,910
Rent	168,667	39,113	1,954	209,734
Office expense	5,988	16,398	-	22,386
Travel	912,162	2,421	903	915,486
Equipment rental and maintenance	95,464	23,329	-	118,793
Miscellaneous	2,333	588	-	2,921
Total functional expenses	\$ 5,105,728	\$ 156,837	\$ 184,053	\$ 5,446,618

See accompanying Notes to Financial Statements.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

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-venue 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.

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.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Business and Basis of Presentation (continued)

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.

Method of Accounting

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

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used for the acquisition of long-lived assets are recognized as revenue with donor restrictions. The Organization reports expirations of donor's restrictions when the donated or acquired assets are placed in service. Donor –imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

With the exception of Disaster Relief funds, the Organization reports contributions restricted by donors for programs as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Disaster Relief funds are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

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. The Organization classifies its cash and cash equivalents held with its investment management firm as investments.

Accounts/Grants Receivable

Receivables consist of amounts due from third-party funding sources for sponsorships, symposium revenues, and program services. They are stated at the amount management expects to collect from outstanding balances. The Organization does not provide an allowance for uncollectible accounts since none is considered necessary based on management's review of outstanding receivables, historical collection information and existing economic conditions.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

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 over \$5,000 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.

There was no property and equipment as of December 31, 2019 or 2018.

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.

Functional Allocation of Expenditures

Payroll and related expenses are allocated to the programs based upon estimated time spent in each program. Expenses specifically identifiable with a program are charged to that program. Other expenses not specifically identifiable with a program are allocated to the programs using percentages derived based upon estimated time spent in each program.

Donated 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.

Revenue Recognition

Revenue is recognized when earned. Symposium Revenue, Directory and Advertising, and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Member dues are primarily a contribution and recognized when received. Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization received cost-reimbursable grants of \$499,627 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Change in Accounting Principle

In June, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists 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 an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

Recent Accounting Guidance

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will supersede all existing U.S. GAAP guidance on revenue recognition and is expected to require the use of more judgment and result in additional disclosures. The FASB has issued several amendments to the original standard, which is effective for the Organization's year ending December 31, 2020. Adoption is to be applied retrospectively. Management will be evaluating the effects of this new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is expected to increase transparency and comparability among organizations. The core principle of this guidance is that a lessee should recognize the assets and liabilities that arise from leases. The standard requires lessees to reflect most leases on their balance sheet as lease liabilities with a corresponding right-of-use asset, while leaving presentation of lease expense in the statement of operations largely unchanged. The standard also eliminates the real-estate specific provisions that exist under current U.S. GAAP and modifies the classification criteria and accounting which lessors must apply to sales-type and direct financing leases. In May 2020, the FASB approved the delay of the effective date of ASU 2016-02 which is now effective for the Organization's year ending December 31, 2022. Management will be evaluating the effects of the new standard.

Subsequent Events

Management evaluated subsequent events through July 13, 2020, the date the financial statements were available to be issued.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

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.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,014,143	\$ 78,883	\$ -	\$ 1,093,026
Fixed Income	-	935,108	-	935,108
Equities	<u>2,437,816</u>	<u>-</u>	<u>-</u>	<u>2,437,816</u>
Total	<u>\$ 3,451,959</u>	<u>\$ 1,013,991</u>	<u>\$ -</u>	<u>\$ 4,465,950</u>

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 261,934	\$ 1,130,689	\$ -	\$ 1,392,623
Fixed Income	-	188,440	-	188,440
Equities	<u>572,977</u>	<u>-</u>	<u>-</u>	<u>572,977</u>
Total	<u>\$ 834,911</u>	<u>\$ 1,319,129</u>	<u>\$ -</u>	<u>\$ 2,154,040</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
December 31, 2019 AND 2018

NOTE 3 LEASE COMMITMENTS

The Organization leases office facilities under a lease that expires in January 2021 with a base rent of \$7,812 plus annual increases as stipulated by the lease agreement. The Organization began subletting this space in April 2018.

The Organization entered into a new lease beginning March 2018 for office facilities. The lease expires in May 2029, with monthly base rent of \$16,556, plus annual increases as stipulated by the lease agreement.

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

2020	\$ 313,662
2021	222,119
2022	218,402
2023	223,876
2024	229,477
Thereafter	<u>1,084,278</u>
	<u>\$ 2,291,814</u>

Estimated minimum lease payments to be received on the subletting of the old office facilities as of December 31, 2019 are as follows:

2020	\$ 92,006
2021	<u>7,733</u>
	<u>\$ 99,739</u>

Total rent expense, net of \$71,905 of sublease income, was \$227,328 for 2019. Total rent expense, net of \$70,254 sublease income, was \$209,734 for 2018.

The new lease has deferred lease incentives and scheduled rent increases that the Organization has recorded on a straight line basis over the term of the lease, in rent expense. A deferred rent payable of \$239,970 and \$170,058 at December 31, 2019 and 2018, respectively, has been recorded, which represents the excess of rent expense over cash payments.

NOTE 4 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 10% and 6% of its total revenues from this governmental agency in 2019 and 2018, respectively. In 2019, 14% of its total accounts receivable balance is from this governmental agency. In 2018, 3% of its total accounts receivable balance is from this governmental agency.

The Organization received 47% of its total revenues from four private funding sources in 2019. In 2019, 18% of its total accounts receivable balance is from these four private funding sources. The Organization received 53% of its total revenues from three private funding sources in 2018. In 2018, 56% of its total accounts receivable balance is from these three private funding sources.

In addition, the Organization received donations of \$35,580 and \$28,000 in 2019 and 2018, respectively, from organizations related to various board members.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

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 \$226,496 and \$131,488 in 2019 and 2018, respectively.

Net assets with donor restrictions are restricted for the following purposes:

	2019	2018
Programs:		
Blood Brotherhood	\$ -	\$ 5,000
Blood Sisterhood	-	155,000
Families	-	10,000
Helping Hands	-	-
General Advocacy/Outreach	50,000	50,000
Disaster Relief Funds	20,471	24,610
Total	\$ 70,471	\$ 244,610

NOTE 6 PENSION PLAN

The Organization maintains a 403(b) pension plan for eligible employees. Employees can defer up to 100% of their compensation, subject to limitations imposed by the Internal Revenue Code (IRC). The Organization contributed a matching contribution of 6% of participating employee wages. Employer contributions were \$78,154 and \$61,620 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 2,184,237	
Investments	4,465,950	
Receivables	1,455,900	
Total	\$ 8,106,087	

The Organization regularly monitors liquidity required to meet its program and operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

HEMOPHILIA FEDERATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 AND 2018

NOTE 8 RISKS AND UNCERTAINTIES

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Hemophilia Federation of America, Inc., COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Hemophilia Federation of America, Inc. is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

During the period from January 1, 2020 through July 13, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended December 31, 2019 as these events occurred subsequent to year end and are still developing.

HEMOPHILIA FEDERATION OF AMERICA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

	Federal CFDA Number	Cumulative Grant Award	Costs Incurred Prior To January 1, 2019	Costs Incurred Year Ended December 31, 2019	Cumulative Costs Incurred	Unexpended Funds on Expired Grants	Unexpended Funds on Unexpired Grants
<u>FEDERAL AWARDS</u>							
U.S. Department of Health and Human Services, Centers for Disease Control and Prevention							
<i>Blood Disorder Program; Prevention, Surveillance, and Research</i>							
Budget period September 30, 2018 through September 29, 2019	93.080	\$ 550,000	\$ 1,730	\$ 501,056	\$ 502,786	\$ 47,214	\$ -
Budget period September 30, 2019 through September 29, 2020	93.080	<u>550,000</u>	<u>-</u>	<u>200,229</u>	<u>200,229</u>	<u>-</u>	<u>349,771</u>
		<u>\$ 1,100,000</u>	<u>\$ 1,730</u>	<u>\$ 701,285</u>	<u>\$ 703,015</u>	<u>\$ 47,214</u>	<u>\$ 349,771</u>

HEMOPHILIA FEDERATION OF AMERICA, INC.

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019**

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. The Organization has elected to not use the 10 percent de minimis indirect cost rate.

See Independent Auditors' Report.



**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**

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, 2019, 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 July 13, 2020.

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 Hemophilia Federation of America, Inc.'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 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. 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: 2019-01 and 2019-02.

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 purposes.



CliftonLarsonAllen LLP

July 13, 2020
Milwaukee, WI

HEMOPHILIA FEDERATION OF AMERICA, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2019

A. Summary of Auditor's Results

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

B. Financial Statement Findings

2019-01: Significant deficiency – internal control:

Preparation of full disclosure financial statements

Criteria and Condition: The Organization's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Organization's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Effect: Under these conditions, errors or omissions in reporting could occur.

Cause: The Organization is a small organization that has a limited number of accounting staff members.

Recommendation: Management and the board should continue to monitor financial results on a monthly basis. The organization could consider using a disclosure checklist during its review of the draft financial statements prepared by the audit firm.

Comments: The Organization concurs with the finding and recommendation.

This same finding was reported in the previous year.

HEMOPHILIA FEDERATION OF AMERICA, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2019

2019-02: Significant deficiency – internal control:

Assistance with journal entries

Criteria and Condition: The Organization's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Organization's financial statements, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Effect: Under these conditions, errors or omissions in reporting could occur.

Cause: Hemophilia Federation of America, Inc. is a small organization that has a limited number of accounting staff members.

Recommendation: Management and the board should continue to monitor financial results on a monthly basis.

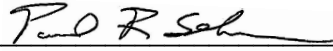
Comments: The Organization concurs with the finding and recommendation.

This same finding was reported in the previous year.

C. Status of prior year findings

No action was required.

D. 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, non-material 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 | July 13, 2020 |

CORRECTIVE ACTION PLAN

CliftonLarsonAllen, LLC
December 31, 2019

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:
Due to the size of the Organization, providing the time and training necessary to prepare the financial statements and disclosures internally is not cost effective. Management and the board will continue to monitor financial results on a monthly basis and will continue to engage the independent auditor to prepare the financial statements and disclosures. Management and the board review the annual financial statements prepared by the auditors.

Assistance with journal entries

- A. Comments on Findings and Recommendation:
The Organization agrees with the auditor's finding and recommendation.
- B. Actions Taken or Planned:
Due to the size of the Organization, providing the time and training necessary to prepare the financial statements internally is not cost effective. Management and the board will continue to monitor financial results on a monthly basis and will continue to engage the independent auditor to prepare the financial statements and disclosures. Management and the board review the annual financial statements prepared by the auditors.

Section II - Compliance

No matters noted.

Hemophilia Federation of America, Inc.

By: Sharon Meyers
Sharon Meyers, President & CEO

Digitally signed by Sharon Meyers
DN: cn=Sharon Meyers, o=Hemophilia
Federation of America, ou=Development,
email=s.meyers@hemophilafed.org, c=US
Date: 2020.07.13 19:37:22 -0600