



**The National Hemophilia
Foundation**

Financial Statements
Year Ended June 30, 2008



BDO Seidman, LLP
Accountants and Consultants



**The National Hemophilia
Foundation**

Financial Statements
Year Ended June 30, 2008

The National Hemophilia Foundation

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Independent Auditors' Report

The Board of Directors
The National Hemophilia Foundation
New York, New York

We have audited the accompanying statement of financial position of The National Hemophilia Foundation (the "Foundation") as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The National Hemophilia Foundation as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended June 30, 2007 is presented for comparative purposes only and was extracted from the financial statements of the Foundation for that year, dated September 4, 2007.

BDO Seidman, LLP

October 8, 2008

The National Hemophilia Foundation

Statement of Financial Position (with comparative totals for 2007)

<i>June 30,</i>	2008	2007
Assets		
Current assets:		
Cash and cash equivalents (Notes 2 and 10)	\$2,829,278	\$2,331,839
Investments at fair value (Notes 2 and 3)	5,615,946	5,756,188
Government grants receivable	150,185	346,607
Grants and other receivables, less uncollectible accounts of \$22,503 in 2008 and \$94,380 in 2007	846,640	1,016,241
Prepaid expenses and other assets	211,025	138,832
Total current assets	9,653,074	9,589,707
Noncurrent assets:		
Grants receivable	-	375,000
Fixed assets, net (Notes 2 and 4)	2,297	32,107
Total noncurrent assets	2,297	407,107
	\$9,655,371	\$9,996,814
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 423,203	\$ 470,681
Accrued expenses	501,329	281,490
Accrued payroll and accrued vacation	245,625	217,725
Grants payable	11,686	112,148
Deferred revenue	1,855,901	1,184,655
Total liabilities	3,037,744	2,266,699
Commitments and contingencies (Notes 7 and 8)		
Net assets:		
Unrestricted	2,172,647	1,804,765
Temporarily restricted (Note 5)	4,444,980	5,925,350
Total net assets	6,617,627	7,730,115
	\$9,655,371	\$9,996,814

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Activities (with comparative totals for 2007)

Year ended June 30,

	Unrestricted	Temporarily restricted	Total	
			2008	2007
Public support and revenue:				
Special event revenue	\$ 258,044	\$ -	\$ 258,044	\$ 579,826
Less: Direct costs	(131,303)	-	(131,303)	(465,446)
	126,741	-	126,741	114,380
Government grants	1,627,565	-	1,627,565	2,305,877
Contributions and grants	1,397,035	50,828	1,447,863	1,504,303
Legacies and bequests	491,687	-	491,687	205,817
Revenues generated from affiliated chapters	28,500	70,506	99,006	38,851
Contributions from Combined Federal Campaign	32,433	-	32,433	29,556
Educational seminars and programs	2,903,432	-	2,903,432	1,861,644
Investment income	241,883	37,500	279,383	283,579
Realized gains on investments	66,196	-	66,196	270,404
Unrealized (losses) gains on investments	(317,514)	-	(317,514)	84,119
Membership	75,345	-	75,345	58,468
Publication income	24,157	-	24,157	26,372
Educational/medical literature	1,245,322	-	1,245,322	1,216,245
In-kind	4,252	1,198	5,450	30,633
Other income	103,212	-	103,212	54,394
Net assets released from restrictions	1,640,402	(1,640,402)	-	-
Total public support and revenue	9,690,648	(1,480,370)	8,210,278	8,084,642
Expenses:				
Program services:				
Health education and training	3,676,702	-	3,676,702	3,882,488
Community services	2,057,070	-	2,057,070	2,125,584
Chapter development	317,543	-	317,543	-
Research	1,942,314	-	1,942,314	1,157,103
Total program services	7,993,629	-	7,993,629	7,165,175
Supporting services:				
Management and general	775,428	-	775,428	770,484
Fundraising	553,709	-	553,709	493,223
Total supporting services	1,329,137	-	1,329,137	1,263,707
Total expenses	9,322,766	-	9,322,766	8,428,882
Change in net assets	367,882	(1,480,370)	(1,112,488)	(344,240)
Net assets, beginning of year	1,804,765	5,925,350	7,730,115	8,074,355
Net assets, end of year	\$2,172,647	\$ 4,444,980	\$ 6,617,627	\$7,730,115

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Functional Expenses (with comparative totals for 2007)

Year ended June 30.

	Program services					Support services			Total	
	Health education and training	Community services	Chapter Development	Research	Total	Management and general	Fundraising	Total	2008	2007
Salaries and related expenses:										
Salaries	\$1,196,833	\$ 775,716	\$ 92,492	\$ 185,491	\$2,250,532	\$497,642	\$289,323	\$ 786,965	\$3,037,497	\$3,046,728
Employee benefits and payroll taxes	266,913	105,605	16,582	42,182	431,282	32,711	39,849	72,560	503,842	533,292
Pension expense (Note 8)	110,529	42,130	2,656	14,827	170,142	19,413	22,660	42,073	212,215	195,410
Total salaries and related expenses	1,574,275	923,451	111,730	242,500	2,851,956	549,766	351,832	901,598	3,753,554	3,775,430
Other expenses:										
Supplies	43,945	6,640	556	1,404	52,545	11,181	11,898	23,079	75,624	89,240
Stationery and printing	92,240	138,256	6,434	9,902	246,832	1,045	23,648	24,693	271,525	362,725
Telephone	18,317	5,539	1,079	1,494	26,429	15,437	3,469	18,906	45,335	59,263
Rent and utilities (Note 7)	142,001	52,180	1,849	26,716	222,746	93,035	11,467	104,502	327,248	342,018
Insurance	6,300	4,651	181	2,560	13,692	12,769	1,010	13,779	27,471	29,026
Equipment rental and maintenance	166,007	36,458	4,198	18,021	224,684	23,392	8,007	31,399	256,083	259,191
Travel, conferences, conventions	1,017,366	119,677	94,111	192,924	1,424,078	28,551	22,778	51,329	1,475,407	1,116,065
Accounting and auditing	18,662	9,514	1,231	3,118	32,525	8,199	3,212	11,411	43,936	41,119
Consulting and professional fees	315,885	700,309	90,933	2,087	1,109,214	5,601	78,235	83,836	1,193,050	926,895
Membership dues	5,913	4,410	527	961	11,811	3,229	14,667	17,896	29,707	49,629
Awards and grants	179,023	790	-	1,431,376	1,611,189	-	-	-	1,611,189	1,127,734
Postage and shipping	57,006	40,791	1,860	3,635	103,292	4,897	16,066	20,963	124,255	105,966
Employment recruiting	82	44	401	13	540	46	1,000	1,046	1,586	2,715
Depreciation and amortization	11,746	6,398	908	1,820	20,872	6,634	2,304	8,938	29,810	78,157
In-kind expenses	-	-	403	1,547	1,950	3,500	-	3,500	5,450	30,633
Banking and investment fees	10,954	5,967	847	1,698	19,466	6,186	2,148	8,334	27,800	19,161
Miscellaneous	16,980	1,995	295	538	19,808	1,960	1,968	3,928	23,736	13,915
Total expenses	\$3,676,702	\$2,057,070	\$317,543	\$1,942,314	\$7,993,629	\$775,428	\$553,709	\$1,329,137	\$9,322,766	\$8,428,882

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Cash Flows (with comparative totals for 2007)

<i>Year ended June 30,</i>	2008	2007
Cash flows from operating activities:		
Change in net assets	\$(1,112,488)	\$ (344,240)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense		
Depreciation and amortization	29,810	78,156
Realized gains from investments	(66,196)	(270,404)
Unrealized losses (gains) from investments	317,514	(84,119)
(Increase) decrease in liabilities:		
Government grants receivable	196,422	70,309
Pledges receivable	-	90,000
Grants and other receivables	169,601	77,787
Prepaid expenses and other assets	(72,193)	(20,021)
Grants receivable - long term	375,000	625,000
Pledge receivable - long term	-	150,000
Increase (decrease) in liabilities:		
Accounts payable	(47,478)	98,541
Accrued expenses	219,839	(196,948)
Accrued payroll and vacation	27,900	53,956
Grants payable - short term	(100,462)	(973,498)
Deferred revenue	671,246	153,074
Grants payable - long term	-	(357,075)
Net cash provided by (used in) operating activities	608,515	(849,482)
Cash flows from investing activities:		
Purchases of investments	(2,283,280)	(3,553,516)
Proceeds from sale of investments	2,172,204	2,527,256
Net cash used in investing activities	(111,076)	(1,026,260)
Net increase (decrease) in cash and cash equivalents	497,439	(1,875,742)
Cash and cash equivalents, beginning of year	2,331,839	4,207,581
Cash and cash equivalents, end of year	\$ 2,829,278	\$ 2,331,839

See accompanying notes to financial statements.

The National Hemophilia Foundation

Notes to Financial Statements

- 1. Organization and Purpose**

The National Hemophilia Foundation (the "Foundation" or "NHF") was incorporated in the State of New York on June 15, 1948.

The Foundation is dedicated to finding better treatments and cures for bleeding and clotting disorders and to prevent the complications of these disorders through education, advocacy and research.

The Foundation and other independent organizations (member chapters) actively collaborate in furthering the Foundation's mission throughout the United States. These financial statements represent only the financial position and activities of the National Hemophilia Foundation and do not include the accounts of the member chapters.

- 2. Summary of Significant Accounting Policies**

 - (a) Basis of Presentation*

The financial statements of the Foundation are prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.
 - (b) Financial Statement Presentation*

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

The National Hemophilia Foundation

Notes to Financial Statements

These classes are defined as follows:

- (i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.
 - (ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
 - (iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.
- (c) *Contributions and Grants Receivable*

Contributions and grants, including unconditional promises to give that are expected to be collected within one year, are recognized as revenues in the period earned and are either classified as temporarily restricted or unrestricted. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. An allowance for uncollectible accounts is recorded by management for reimbursable expenses either in dispute with the funding agency or deemed uncollectible.

The National Hemophilia Foundation

Notes to Financial Statements

(d) *Cash and Cash Equivalents*

The Foundation considers money market accounts, certificates of deposit and all highly liquid debt securities purchased with original maturities of three months or less to be cash and cash equivalents.

(e) *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

(f) *Fixed Assets*

Fixed assets are recorded at cost or, if donated, at their fair value at the date of the gift. Fixed assets are depreciated using the straight-line method over the estimated useful life of the assets ranging from five to seven years. Leasehold improvements are amortized over the shorter of the life of the lease or their useful lives.

The Foundation capitalizes fixed asset purchases greater than \$5,000 with an estimated useful life greater than one year.

(g) *Membership Dues*

Under the terms of the Foundation's bylaw provisions, local nonprofit organizations concerned with inherited bleeding disorders are offered the opportunity to become NHF chapter members, entitled to all the rights and privileges designated in Article III of such bylaws. Each chapter member is required to pay an annual fee determined by the Board of Directors, which is presently either \$750 or \$1,500 based on the chapter member's annual budget. Individuals may also become non-voting members by paying an annual fee ranging from \$25 to \$100, based on their status as either consumers or providers. This amount is determined by the Board of Directors.

The National Hemophilia Foundation

Notes to Financial Statements

(h) Subcontracts and Chapter Support Funding

Subcontracts and chapter support funding represent chapter outreach grants and treatment center monies designated for research. These subcontracts are funded through the Federal government and other agencies and are administered by the Foundation.

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) Income Taxes

The Foundation is a nonprofit voluntary health organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified by the IRS as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax payable for the year ended June 30, 2008.

(k) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived. With respect to statement of activities, prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by functional category.

The National Hemophilia Foundation

Notes to Financial Statements

(l) *Use of Estimates*

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) *Reclassifications*

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation. The reclassifications had no impact on change in net assets.

3. Investments at Fair Value

The cost and respective fair values of investments are as follows:

<i>June 30, 2008</i>	Fair value	Cost
Equity securities	\$5,615,946	\$5,810,713

The fair value of the investments detailed above is determined by reference to market quotations at June 30, 2008. The investments are managed by professional investment advisors and managers.

The National Hemophilia Foundation

Notes to Financial Statements

4. Fixed Assets

The Foundation's fixed assets consist of the following:

June 30, 2008

Furniture, fixtures and equipment	\$ 179,409
Computers	984,775
Leasehold improvements	150,982
	<u>1,315,166</u>
Less: Accumulated depreciation and amortization	<u>1,312,869</u>
	<u>\$ 2,297</u>

5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions received and certain income related to the following:

Research	\$ 692,799
Soozie Courter	90,000
Capital Campaigns I and II	2,330,874
Scholarship Fund	11,600
Clinical Fellowship	1,060,306
Dale Smith	250,000
Katrina Relief Fund	1,177
Planned Giving	8,224
	<u>\$4,444,980</u>

The National Hemophilia Foundation

Notes to Financial Statements

6. Net Assets Released from Restrictions

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

Katrina Relief Fund	\$ 790
Capital Campaigns I and II	1,105,099
Soozie Courter	13,699
Dale Smith	39,945
JGP	143,376
Scholarship Fund	11,387
Clinical Fellowship	326,106
	<u>\$1,640,402</u>

7. Commitments

The Foundation leases office space under operating leases. Rent expense for the year ended June 30, 2008 was \$296,907. At June 30, 2008, future minimum rental payments under these operating leases, inclusive of the effect of the office lease escalation clause, are as follows:

<i>Year ended June 30,</i>	
2009	\$ 352,625
2010	363,204
2011	374,100
2012	385,323
2013	396,323
Thereafter	722,228
	<u>\$2,593,803</u>

The National Hemophilia Foundation

Notes to Financial Statements

- 8. Pension Plan**
- The Foundation has a defined contribution plan organized under Section 403(b) of the Internal Revenue Code administered by TIAA-CREF Individual and Institutional Services, Inc. covering substantially all of its employees. The Foundation makes contributions for each participant in the amount of a stated percentage of annual compensation based on the number of years such participant is in the employ of the Foundation. Employees may contribute to the plan subject to the maximum annual contribution limit prescribed by the Employee Retirement Income Security Act of 1974 guidelines.
- For the year ended June 30, 2008, benefit plan expense was \$212,215.
- 9. Revenue Concentrations**
- During the year ended June 30, 2008, the Foundation earned 19.5% of its revenue from the Center for Disease Control which is a division of the Federal Government's Department of Health and Human Services.
- 10. Concentration of Credit Risk**
- The financial instruments that potentially subject the Foundation concentration of credit risk, consist primarily of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage ("FDIC") limit.