



AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016



**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
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AUDITED FINANCIAL STATEMENTS

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AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western PA Chapter of the National Hemophilia Foundation

We have audited the accompanying financial statements of Western PA Chapter of the National Hemophilia Foundation, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's 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. Those standards require that we plan and perform the audits 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 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 that 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 Western PA Chapter of the National Hemophilia Foundation as of June 30, 2017 and 2016, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The analysis of temporarily restricted net assets on page 16 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 audits 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP
Erie, Pennsylvania
November 30, 2017

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 219,075	\$ 168,097
Accounts Receivable	4,000	-
Prepaid Expenses	<u>5,703</u>	<u>6,207</u>
TOTAL CURRENT ASSETS	228,778	174,304
INVESTMENTS <i>(Note B, Note D)</i>	441,245	346,520
OTHER ASSETS	1,300	1,300
FURNITURE, FIXTURES, AND EQUIPMENT, net <i>(Note C)</i>	<u>12,696</u>	<u>15,339</u>
TOTAL ASSETS	<u>\$ 684,019</u>	<u>\$ 537,463</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,523	\$ 571
Accrued Expenses	5,625	5,028
Deferred Revenue	<u>41,113</u>	<u>23,445</u>
TOTAL CURRENT LIABILITIES	48,261	29,044
NET ASSETS		
Unrestricted		
Undesignated	225,373	146,399
Board-Designated <i>(Note E)</i>	<u>400,000</u>	<u>350,000</u>
Total Unrestricted	625,373	496,399
Temporarily Restricted <i>(Note F)</i>	<u>10,385</u>	<u>12,020</u>
TOTAL NET ASSETS	<u>635,758</u>	<u>508,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 684,019</u>	<u>\$ 537,463</u>

See accompanying notes.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
SUPPORT			
Contributions	\$ 269,528	\$ 5,650	\$ 275,178
Special Events	<u>139,229</u>	<u>-</u>	<u>139,229</u>
TOTAL SUPPORT	408,757	5,650	414,407
REVENUE			
Investment Income	<u>48,717</u>	<u>-</u>	<u>48,717</u>
TOTAL REVENUE	48,717	-	48,717
Net Assets Released from Restrictions	<u>7,285</u>	<u>(7,285)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	464,759	(1,635)	463,124
EXPENSES			
PROGRAM SERVICES			
Patient Services	123,348	-	123,348
Public Awareness and Education	<u>48,144</u>	<u>-</u>	<u>48,144</u>
TOTAL PROGRAM SERVICES	171,492	-	171,492
SUPPORTIVE SERVICES			
Management and General	65,512	-	65,512
Fundraising	<u>98,781</u>	<u>-</u>	<u>98,781</u>
TOTAL SUPPORTIVE SERVICES	<u>164,293</u>	<u>-</u>	<u>164,293</u>
TOTAL EXPENSES	<u>335,785</u>	<u>-</u>	<u>335,785</u>
CHANGE IN NET ASSETS	128,974	(1,635)	127,339
NET ASSETS, BEGINNING OF THE YEAR	<u>496,399</u>	<u>12,020</u>	<u>508,419</u>
NET ASSETS, END OF YEAR	<u>\$ 625,373</u>	<u>\$ 10,385</u>	<u>\$ 635,758</u>

See accompanying notes.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
SUPPORT			
Contributions	\$ 283,340	\$ 5,579	\$ 288,919
Special Events	<u>148,960</u>	<u>-</u>	<u>148,960</u>
TOTAL SUPPORT	432,300	5,579	437,879
REVENUE			
Investment Income	<u>(4,770)</u>	<u>-</u>	<u>(4,770)</u>
TOTAL REVENUE	(4,770)	-	(4,770)
Net Assets Released from Restrictions	<u>7,448</u>	<u>(7,448)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	434,978	(1,869)	433,109
EXPENSES			
PROGRAM SERVICES			
Patient Services	94,296	-	94,296
Public Awareness and Education	<u>60,293</u>	<u>-</u>	<u>60,293</u>
TOTAL PROGRAM SERVICES	154,589	-	154,589
SUPPORTIVE SERVICES			
Management and General	47,804	-	47,804
Fundraising	<u>116,834</u>	<u>-</u>	<u>116,834</u>
TOTAL SUPPORTIVE SERVICES	<u>164,638</u>	<u>-</u>	<u>164,638</u>
TOTAL EXPENSES	<u>319,227</u>	<u>-</u>	<u>319,227</u>
CHANGE IN NET ASSETS	115,751	(1,869)	113,882
NET ASSETS, BEGINNING OF THE YEAR	<u>380,648</u>	<u>13,889</u>	<u>394,537</u>
NET ASSETS, END OF YEAR	<u>\$ 496,399</u>	<u>\$ 12,020</u>	<u>\$ 508,419</u>

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services			Supportive Services			Total Supportive Services	Total Expenses
	Patient Services	Public		Management and General	Fundraising	Total		
		Awareness and Education	Total Program Services					
PERSONNEL SERVICES								
Salaries	\$ 30,152	\$ 27,744	\$ 57,896	\$ 37,752	\$ 34,630	\$ 72,382	\$ 130,278	
Payroll Taxes and Related	2,473	2,275	4,748	3,097	2,840	5,937	10,685	
TOTAL PERSONNEL SERVICES	32,625	30,019	62,644	40,849	37,470	78,319	140,963	
OPERATING EXPENSES								
Professional Fees	5,079	4,674	9,753	6,360	5,834	12,194	21,947	
Supplies	1,955	1,799	3,754	2,448	2,245	4,693	8,447	
Telephone	686	632	1,318	860	788	1,648	2,966	
Postage	1,966	1,809	3,775	2,462	2,258	4,720	8,495	
Occupancy	3,981	3,663	7,644	4,985	4,573	9,558	17,202	
Equipment Rent & Maintenance	55	50	105	68	63	131	236	
Printing and Publications	2,015	1,854	3,869	2,522	2,314	4,836	8,705	
Travel	1,986	1,828	3,814	2,487	2,282	4,769	8,583	
Conferences, Conventions and Meetings	610	561	1,171	764	701	1,465	2,636	
Specific Assistance to Individuals	69,027	-	69,027	-	-	-	69,027	
Special Events	-	-	-	-	38,688	38,688	38,688	
Membership Dues	265	244	509	332	304	636	1,145	
Awards and Grants	2,000	-	2,000	-	-	-	2,000	
TOTAL OPERATING EXPENSES	89,625	17,114	106,739	23,288	60,050	83,338	190,077	
Depreciation Expense	1,030	948	1,978	1,290	1,183	2,473	4,451	
Loss on Disposal of Asset	68	63	131	85	78	163	294	
TOTAL FUNCTIONAL EXPENSES	\$ 123,348	\$ 48,144	\$ 171,492	\$ 65,512	\$ 98,781	\$ 164,293	\$ 335,785	

See accompanying notes.

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services			Supportive Services			Total Supportive Services	Total Expenses
	Patient Services	Public		Management and General	Fundraising	Total Program Services		
		Awareness and Education	Education					
PERSONNEL SERVICES								
Salaries	\$ 28,319	\$ 32,882	\$ 61,201	\$ 26,071	\$ 36,067	\$ 62,138	\$ 123,339	
Payroll Taxes and Related	2,398	2,785	5,183	2,208	3,054	5,262	10,445	
TOTAL PERSONNEL SERVICES	30,717	35,667	66,384	28,279	39,121	67,400	133,784	
OPERATING EXPENSES								
Professional Fees	5,122	5,947	11,069	4,716	6,523	11,239	22,308	
Supplies	2,601	3,020	5,621	2,394	3,313	5,707	11,328	
Telephone	663	770	1,433	610	845	1,455	2,888	
Postage	2,801	3,252	6,053	2,579	3,567	6,146	12,199	
Occupancy	3,684	4,278	7,962	3,392	4,693	8,085	16,047	
Equipment Rent & Maintenance	33	38	71	31	42	73	144	
Printing and Publications	2,728	3,167	5,895	2,511	3,474	5,985	11,880	
Travel	1,485	1,725	3,210	1,367	1,892	3,259	6,469	
Conferences, Conventions and Meetings	572	665	1,237	527	729	1,256	2,493	
Specific Assistance to Individuals	37,071	-	37,071	-	-	-	37,071	
Special Events	-	-	-	-	-	-	-	
Membership Dues	380	441	821	349	484	833	1,654	
Awards and Grants	5,300	-	5,300	-	-	-	5,300	
TOTAL OPERATING EXPENSES	62,440	23,303	85,743	18,476	76,262	94,738	180,481	
Depreciation Expense	1,139	1,323	2,462	1,049	1,451	2,500	4,962	
TOTAL FUNCTIONAL EXPENSES	\$ 94,296	\$ 60,293	\$ 154,589	\$ 47,804	\$ 116,834	\$ 164,638	\$ 319,227	

See accompanying notes.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 127,339	\$ 113,882
ADJUSTMENTS TO RECONCILE THE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Depreciation	4,451	4,962
Loss on Disposal of Asset	294	-
Net Realized and Unrealized (Gain) Losses on Investments	(39,006)	16,859
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(4,000)	-
(Increase) Decrease in Prepaid Expenses	504	(1,062)
Increase (Decrease) in Accounts Payable	952	(961)
Increase (Decrease) in Accrued Expenses	597	(2,907)
Increase (Decrease) in Deferred Revenue	<u>17,668</u>	<u>(10,155)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>108,799</u>	<u>120,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Furniture, Fixtures and Equipment	(2,102)	-
Purchases of Investments	<u>(55,719)</u>	<u>(58,762)</u>
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(57,821)</u>	<u>(58,762)</u>
NET CHANGE IN CASH	50,978	61,856
CASH, BEGINNING OF YEAR	<u>168,097</u>	<u>106,241</u>
CASH, END OF YEAR	<u>\$ 219,075</u>	<u>\$ 168,097</u>

See accompanying notes.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Western PA Chapter of the National Hemophilia Foundation ("the Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Organization

The Organization was founded to help meet the vast education and support needs of the bleeding disorders community in Western, Pennsylvania. The Organization is leading the way in Western Pennsylvania in improving the quality of care and enriching the lives of those with bleeding disorders through education, advocacy, resource, and referral. The Organization is supported through contributions from the public and companies within the medical industry, grants, and investment income.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual method of accounting for financial statement presentation purposes.

Financial Statement Presentation

The Financial Accounting Standards Board, Accounting Standards Codification ("FASB ASC") requires the Organization to report 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.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction is fulfilled in the reporting period in which the support is recognized.

All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction is fulfilled, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities approximate fair value based on quoted market prices or discounted cash flow analysis.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash equivalents. Cash is comprised solely of deposits in financial institutions. The Organization had no cash equivalents at June 30, 2017 and 2016.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding receivables. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Concentration of Credit Risk

The Organization maintains cash balances at one financial institution. The cash accounts at this financial institution are insured by the FDIC for up to \$250,000. The balances, at times, may exceed federally insured limits. As of June 30, 2017 and 2016, the Organization's cash balances were within the federally insured limits. Additionally, at June 30, 2017 and 2016, the Organization had \$441,245 and \$346,520, respectively, in investment accounts not covered by FDIC insurance. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Organization accounts for investments in accordance with generally accepted accounting principles, which requires investments to be measured at fair value. The cost basis of equity securities is actual cost or fair value at date of donation in the case of contributed securities. The cost basis of debt securities is amortized cost. Generally accepted accounting principles also requires dividends, interest, and realized and unrealized gains and losses to be reported in the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently limited to externally-imposed restrictions.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near future, and that such changes could materially affect the amounts reported in the financial statements.

Transfers in and out of level 1 (quoted market prices), level 2 (other significant observable inputs) and level 3 (significant unobservable inputs) are recognized on the last day of the fiscal year, unless circumstances dictate otherwise.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are stated at cost. Expenditures for maintenance, repairs, and minor renewals are charged against income as incurred. Expenditures for additions, replacements, and major renewals are capitalized. Depreciation of equipment is computed by the straight-line method for financial reporting.

Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities based on estimates developed by management. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Interest and penalties related to tax reporting are recognized when incurred and are included as Management and General under Supportive Services Expenses in the Statement of Activities. There were no interest or penalties incurred related to tax reporting for the years ended June 30, 2017 and 2016. The Organization's tax returns are subject to audit by various taxing authorities. The open audit periods for the Organization are the fiscal years ending in 2014, 2015, 2016, and 2017. The Organization follows the topic of Income Taxes from the FASB ASC with regard to the accounting and recognition of income tax positions taken or expected to be taken in the Organization's tax returns.

Donated Services

A number of volunteers have donated significant amounts of their time in the Organization's administrative operations and program services. In accordance with requirements under FASB ASC 958, no amounts have been reflected in the financial services for those services because their time did not meet the requirements of the accounting standard.

Concentration of Revenues

The Organization receives a large portion of its support from one donor. During the years ended June 30, 2017 and 2016, this contribution totaled \$125,000 and \$119,500, respectively, representing 30% and 27% of total support, respectively.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of gift cards, memberships, etc. from various donors that are used during fundraising events. These items are recorded at their estimated fair value as an expense in the Organization's financial statements, and similarly increase special event revenue by a like amount. In-kind contributions received for the years ended June 30, 2017 and 2016 were \$4,888 and \$2,969, respectively.

Reclassification

Certain 2016 amounts have been reclassified in the financial statements in order for them to provide comparable presentation between years.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 30, 2017, the date the financial statements were available to be issued.

NOTE B INVESTMENTS

The Organization's investments are recorded at fair value. Fair value and unrealized appreciation (depreciation) at June 30, 2017, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Appreciation (Depreciation)</u>
Money Market Funds	\$ 5,193	\$ 5,193	\$ -
Mutual Funds	<u>408,565</u>	<u>436,052</u>	<u>27,487</u>
Total Investments	<u>\$ 413,758</u>	<u>\$ 441,245</u>	<u>\$ 27,487</u>

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE B INVESTMENTS (CONTINUED)

Fair value and unrealized appreciation (depreciation) at June 30, 2016, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Appreciation (Depreciation)</u>
Money Market Funds	\$ 2,901	\$ 2,901	\$ -
Mutual Funds	<u>354,516</u>	<u>343,619</u>	<u>(10,897)</u>
Total Investments	<u>\$ 357,417</u>	<u>\$ 346,520</u>	<u>\$ (10,897)</u>

Investment income (loss) for the years ended June 30, 2017 and 2016 includes:

	<u>2017</u>	<u>2016</u>
Bank Account Interest	\$ 272	\$ 208
Interest and Dividends	9,439	11,881
Net Realized Gains (Losses)	736	(13,273)
Net Unrealized Gains (Losses)	<u>38,270</u>	<u>(3,586)</u>
Total Investment Income	<u>\$ 48,717</u>	<u>\$ (4,770)</u>

NOTE C FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, Fixtures, and Equipment consist of the following as of June 30, 2017 and 2016:

	<u>Estimated Useful Life in Years</u>	<u>2017</u>	<u>2016</u>
Furniture, Fixtures, and Equipment	3 - 5	\$ 23,952	\$ 27,723
Leasehold Improvements	15	<u>10,207</u>	<u>10,207</u>
Total Furniture, Fixtures, and Equipment		34,159	37,930
Less: Accumulated Depreciation		<u>21,463</u>	<u>22,591</u>
Net Furniture, Fixtures, and Equipment		<u>\$ 12,696</u>	<u>\$ 15,339</u>

Depreciation expense for the fiscal years ended June 30, 2017 and 2016 totaled \$4,451 and \$4,962, respectively.

NOTE D FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations based on quoted market prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE D FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money Market Funds – These investments are public investment vehicles valued using \$1 for the net asset value (NAV). The money market funds are classified within Level 1 of the valuation hierarchy.

Mutual Funds – These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 5,193	\$ -	\$ -	\$ 5,193
Mutual Funds:				
Large Blend	71,059	-	-	71,059
Large Growth	13,700	-	-	13,700
Large Value	12,096	-	-	12,096
Small-Mid Blend	22,093	-	-	22,093
Small-Mid Growth	12,596	-	-	12,596
Small-Mid Value	11,809	-	-	11,809
Intermediate Bond	73,328	-	-	73,328
High Yield Bond	30,661	-	-	30,661
Corporate Bond	19,107	-	-	19,107
Alternative Fixed Income	38,893	-	-	38,893
International Equity	86,849	-	-	86,849
Emerging Markets Equity	13,747	-	-	13,747
Alternative Equity	30,114	-	-	30,114
Total Investments	<u>\$ 441,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,245</u>

**WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE D FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,901	\$ -	\$ -	\$ 2,901
Mutual Funds:				
Large Blend	52,855	-	-	52,855
Large Growth	15,006	-	-	15,006
Large Value	10,158	-	-	10,158
Small-Mid Blend	26,480	-	-	26,480
Small-Mid Growth	9,350	-	-	9,350
Small-Mid Value	9,938	-	-	9,938
Intermediate	61,862	-	-	61,862
High Yield	20,590	-	-	20,590
International	18,958	-	-	18,958
Alternative Fixed Income	23,975	-	-	23,975
International Equity	62,231	-	-	62,231
Emerging Markets Equity	11,214	-	-	11,214
Alternative Equity	21,002	-	-	21,002
Total Investments	<u>\$ 346,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,520</u>

NOTE E BOARD DESIGNATED NET ASSETS

On September 25, 2014, the Board of Directors voted to designate \$300,000 of unrestricted net assets for future operating expenses. On September 24, 2015, the Board of Directors voted to transfer an additional \$50,000 of unrestricted net assets. On September 22, 2016, the Board of Directors voted to transfer an additional \$50,000 of unrestricted net assets. At June 30, 2017 and 2016, the balance of board designated net assets totaled \$400,000 and \$350,000, respectively. After year end, the Board of Directors voted to transfer an additional \$100,000 of unrestricted net assets into the investment account. This transfer was completed on October 3, 2017.

NOTE F TEMPORARILY RESTRICTED NET ASSETS

Certain amounts have been received or are receivable by the Organization with donor restrictions. These amounts are held until such time as monies are expended for the purposes specified by the donors or by the passage of time. The detail of amounts currently being held at June 30, 2017 and 2016, respectively and the purposes for which they must be expended are detailed in the table below.

	2017	2016
Nurse Outreach	\$ 2,570	\$ 2,570
Hemophilia Alliance Foundation	650	5,462
Camp - Tech	2,165	3,988
Colburn-Keenan Foundation	5,000	-
Total	<u>\$ 10,385</u>	<u>\$ 12,020</u>

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE G LEASE COMMITMENTS

On January 1, 2013, the Organization entered into an operating lease for their office space. The lease requires 84 monthly payments of \$650, with a maturity date of December 31, 2019. The Organization also entered into an operating lease for a Sharp copier on July 22, 2013. The lease required 60 monthly payments of \$190, with an original maturity date of June 22, 2018. This lease was terminated early in July 2017. A new copier lease was signed on July 31, 2017, requiring 60 monthly payments of \$190, with a maturity date of June 30, 2022. Additionally, the Organization entered into an operating lease for storage space. The lease requires monthly payments of \$95.40. This lease does not have an expiration date and will be ongoing until the Organization terminates the lease agreement. The total lease expense for the years ended June 30, 2017 and 2016 was \$11,225 and \$11,066, respectively.

The minimum future lease payments are as follows for the years ended June 30,

2018	\$ 11,225
2019	11,225
2020	7,325
2021	3,425
2022	<u>3,425</u>
Total	<u>\$ 36,625</u>

SUPPLEMENTARY INFORMATION

WESTERN PA CHAPTER OF THE NATIONAL
HEMOPHILIA FOUNDATION
ANALYSIS OF TEMPORARILY RESTRICTED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Reduction of Balance	Additions to Balance	Balance 6/30/2017	Disposition of Balance	Source of Additions to Balance	Restriction of Balance	By Whom Restricted
Nurses Outreach	\$ 2,570	\$ -	\$ -	\$ 2,570	N/A	N/A	To Support Nurses Outreach Program	Donors
Camp - Tech	3,988	(1,823)	-	2,165	To Unrestricted Net Assets	N/A	Camp Website	Donors
Hemophilia Alliance Foundation	5,462	(5,462)	650	650	To Unrestricted Net Assets	Hemophilia Alliance Foundation	To Purchase Equipment, Services, and to Provide Assistance to Members	Donor
Colburn-Keenan Foundation Grant	-	-	5,000	5,000	N/A	Colburn- Keenan Foundation Marcy Shulman Memorial Organization Grant	Spring 2018 CARE Retreat	Donor
Total	\$ 12,020	\$ (7,285)	\$ 5,650	\$ 10,385				

See Independent Auditor's Report