

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019
&
INDEPENDENT AUDITORS' REPORT**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS:	
STATEMENTS OF FINANCIAL POSITION.....	4
STATEMENTS OF ACTIVITIES.....	5
STATEMENTS OF FUNCTIONAL EXPENSES.....	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



McCall Scanlon & Tice, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Western Pennsylvania Chapter of the National Hemophilia Foundation:

We have audited the accompanying financial statements of Western Pennsylvania Chapter of the National Hemophilia Foundation (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to 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 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 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.

5500 Corporate Drive, Suite 240
Pittsburgh, PA 15237
412.635.9314 Fax:412.635.9358

Members of the American
and Pennsylvania Institutes of
Certified Public Accountants

11931 State Route 85, Suite G
Kittanning, PA 16201
724.543.1135 Fax:724.919.8587

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Pennsylvania Chapter of the National Hemophilia Foundation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted new accounting policies relating to the recognition of revenue, equity investments, and contributions received. Prior year disclosures have been revised to reflect the modified retrospective and prospective applications of adopting these changes in accounting. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Organization for the year ended June 30, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on November 21, 2019.

McCall Scanlon & Tice, LLC

Pittsburgh, Pennsylvania
November 13, 2020

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 250,981	\$ 149,205
Cash - restricted to use	11,570	4,820
Total cash	<u>262,551</u>	<u>154,025</u>
Accounts receivable	1,910	5,503
Prepaid expenses	<u>10,939</u>	<u>9,294</u>
Total current assets	275,400	168,822
INVESTMENTS	688,439	700,199
NONCURRENT ASSETS:		
Security deposit	1,300	1,300
Prepaid expenses	<u>3,448</u>	<u>5,247</u>
Total noncurrent assets	4,748	6,547
FURNITURE, FIXTURES, AND EQUIPMENT, net	<u>5,593</u>	<u>7,151</u>
TOTAL ASSETS	<u>\$ 974,180</u>	<u>\$ 882,719</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 216	\$ 1,954
Accrued expenses	7,020	3,712
Deferred revenue	67,046	37,319
Current portion of PPP loan	<u>11,972</u>	<u>-</u>
Total current liabilities	86,254	42,985
PPP LOAN	15,228	-
NET ASSETS:		
Without donor restrictions:		
Undesignated	261,128	234,914
Board designated	600,000	600,000
With donor restrictions	<u>11,570</u>	<u>4,820</u>
Total net assets	<u>872,698</u>	<u>839,734</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 974,180</u>	<u>\$ 882,719</u>

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUES:				
Contributions	\$ 363,409	\$ -	\$ 22,500	\$ 385,909
Special events	1,734	-	-	1,734
Interest income	323	-	-	323
Investment income (loss), net	(11,760)	-	-	(11,760)
Net assets released from restrictions	15,750	-	(15,750)	-
Total support and revenues	369,456	-	6,750	376,206
EXPENSES:				
Program services:				
Patient services	163,633	-	-	163,633
Public awareness and education	53,097	-	-	53,097
Supportive services:				
Management and general	37,166	-	-	37,166
Fundraising	89,346	-	-	89,346
Total expenses	343,242	-	-	343,242
INCREASE (DECREASE) IN NET ASSETS	26,214	-	6,750	32,964
NET ASSETS, BEGINNING OF YEAR	234,914	600,000	4,820	839,734
NET ASSETS, END OF YEAR	\$ 261,128	\$ 600,000	\$ 11,570	\$ 872,698

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUES:				
Contributions	\$ 403,981	\$ -	\$ 2,250	\$ 406,231
Special events	7,089	-	-	7,089
Interest income	283	-	-	283
Investment income (loss), net	33,797	-	-	33,797
Net assets released from restrictions	695	-	(695)	-
Total support and revenues	445,845	-	1,555	447,400
EXPENSES:				
Program services:				
Patient services	180,944	-	-	180,944
Public awareness and education	42,720	-	-	42,720
Supportive services:				
Management and general	31,065	-	-	31,065
Fundraising	85,301	-	-	85,301
Total expenses	340,030	-	-	340,030
INCREASE (DECREASE) IN NET ASSETS	105,815	-	1,555	107,370
NET ASSETS, BEGINNING OF YEAR	229,099	500,000	3,265	732,364
Transfer	(100,000)	100,000	-	-
NET ASSETS, END OF YEAR	<u>\$ 234,914</u>	<u>\$ 600,000</u>	<u>\$ 4,820</u>	<u>\$ 839,734</u>

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services		Supportive Services		Total
	Patient Services	Public Awareness and Education	Management and General	Fundraising	
Salaries	\$ 65,382	\$ 29,059	\$ 20,340	\$ 30,512	\$ 145,293
Payroll taxes	5,029	2,235	1,565	2,347	11,176
Employee benefits	6,009	2,671	1,870	2,804	13,354
Professional fees	11,235	4,993	3,496	5,243	24,967
Supplies	5,661	2,516	1,760	2,642	12,579
Telephone	2,661	1,183	828	1,242	5,914
Postage	3,839	1,706	1,194	1,791	8,530
Occupancy	7,560	3,360	2,351	3,528	16,799
Printing and publications	5,463	2,428	1,700	2,549	12,140
Travel	3,286	1,460	1,023	1,533	7,302
Conferences, conventions, and meetings	968	430	301	452	2,151
Depreciation	701	312	218	327	1,558
Specific assistance to individuals	43,916	-	-	-	43,916
Special events	-	-	-	33,595	33,595
Membership dues	1,673	744	520	781	3,718
Awards and grants	250	-	-	-	250
Total expenses	\$ 163,633	\$ 53,097	\$ 37,166	\$ 89,346	\$ 343,242

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services		Supportive Services		Total
	Patient Services	Public Awareness and Education	Management and General	Fundraising	
Salaries	\$ 52,682	\$ 23,414	\$ 16,826	\$ 24,150	\$ 117,072
Payroll taxes	4,371	1,959	1,445	2,021	9,796
Employee benefits	-	-	-	-	-
Professional fees	9,386	4,207	3,103	4,339	21,035
Supplies	4,788	2,146	1,583	2,213	10,730
Telephone	1,766	791	584	816	3,957
Postage	2,762	1,238	913	1,277	6,190
Occupancy	7,701	3,452	2,545	3,560	17,258
Printing and publications	4,516	2,024	1,493	2,088	10,121
Travel	2,981	1,336	985	1,378	6,680
Conferences, conventions, and meetings	1,039	466	344	480	2,329
Depreciation	1,102	494	364	510	2,470
Specific assistance to individuals	82,325	-	-	-	82,325
Special events	-	-	-	41,239	41,239
Membership dues	2,662	1,193	880	1,230	5,965
Awards and grants	2,863	-	-	-	2,863
Total expenses	\$ 180,944	\$ 42,720	\$ 31,065	\$ 85,301	\$ 340,030

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 32,964	\$ 107,370
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,558	2,470
Net realized and unrealized (gain) loss on investments	25,301	(14,512)
(Increase) decrease in:		
Accounts receivable	3,593	(961)
Prepaid expenses	154	2,128
Increase (decrease) in:		
Accounts payable	(1,738)	(732)
Accrued expenses	3,308	(1,709)
Deferred revenue	29,727	14,383
	94,867	108,437
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	819,092	170,083
Purchases of investments	(832,633)	(289,368)
	(13,541)	(119,285)
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES,		
Proceeds from PPP loan	27,200	-
	27,200	-
Net cash provided by (used in) financing activities		
NET INCREASE (DECREASE) IN CASH	108,526	(10,848)
CASH, BEGINNING OF YEAR	154,025	164,873
CASH, END OF YEAR	\$ 262,551	\$ 154,025

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Western Pennsylvania Chapter of the National Hemophilia Foundation (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.

The Organization is an independent chapter of the National Hemophilia Foundation and also a member of the Hemophilia Federation of America.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, report all significant receivables, payables, and other liabilities as prescribed by accounting principles generally accepted in the United States of America ("GAAP").

COMPARATIVE DATA

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

FINANCIAL STATEMENT PRESENTATION

Accounting Standards require the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following is a description of the two net asset categories:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of resources available for any purpose in performing the primary objectives of the Organization, which have not been restricted by donor or grantor.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or are those required to be maintained permanently by donors.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization considers all of its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution located in Pittsburgh, Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of June 30, 2020 and 2019, the Organization's cash balances were within the federally insured limits. Additionally, the Organization had \$688,439 and \$700,199 in investment accounts not covered by FDIC insurance as of June 30, 2020 and 2019, respectively. Management believes the Organization is not exposed to any significant credit risk on cash and investments.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at fair value in the statements of financial position. Investment income (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the change in net assets without donor restrictions.

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

Although the Organization's investments are invested in a variety of financial instruments managed by investment advisors, the fair values, reported in the statements of financial position, are subject to various market risks including changes in the equity markets, the interest rate environment, and economic conditions. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the fair value of investments reported in the accompanying statements of financial position could change materially in the near term.

FURNITURE, FIXTURES, AND EQUIPMENT, NET

It is the Organization's policy to capitalize furniture, fixtures, and equipment expenditures over \$1,000. Purchased furniture, fixtures, and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which are generally 3 to 5 years for furniture, fixtures, and equipment. Leasehold improvements are depreciated over 15 years.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties under the management and general class within supportive services.

In general, the Organization's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Organization operates.

SUPPORT AND REVENUES

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor and is received up front is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor-restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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.

Special event income is recognized when control of the promised goods or services is transferred to the Organization's attendants, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. Special event income is recognized when the event is held.

CONCENTRATION OF SUPPORT

The Organization receives a large portion of its support from one donor. For both years ended June 30, 2020 and 2019, this contribution totaled \$125,000, which represents 34% and 30% of total support, respectively.

DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time to the Organization's administrative operations and program services. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition under Accounting Standards.

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, 2020 and 2019 were \$8,464 and \$5,743, respectively.

ADOPTED PRONOUNCEMENTS

The requirements of the following Financial Accounting Standards Board ("FASB") statements were adopted for the Organization's financial statements:

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, along with related amendments, is a comprehensive new revenue recognition standard that supersedes most existing revenue recognition guidance under GAAP. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration it expects to be entitled in exchange for those goods or services. ASU 2014-09 prescribes a five-step process to accomplish this core principle, including: (1) identification of the contract with the customer; (2) identification of the performance obligation(s) under the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the identified performance obligation(s); (5) recognition of revenue as (or when) an entity satisfies the identified performance obligation(s). The Organization adopted the new guidance effective July 1, 2019 using the modified retrospective approach and applied the new guidance to all open contracts at the date of adoption. The impact of adopting this standard on the Organization's financial statements was not material and there was no cumulative transition adjustment required.

In January 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 changes accounting for equity investments, financial liabilities under the fair value option, and presentation and disclosure requirements for financial instruments. ASU 2016-01 does not apply to equity investments in consolidated subsidiaries or those accounted for under the equity method of accounting. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. Equity investments with readily determinable fair values will be measured at fair value with changes in fair value recognized in net income. The Organization adopted the new standard as of and for the year ended June 30, 2020, and there were no material changes to the statements of financial position, statements of activities, statements of functional expenses, or statements of cash flows as a result of the adoption.

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which reduces diversity in reporting by clarifying (1) whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance, and (2) whether a contribution is conditional. The amendment in ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and has been adopted utilizing the modified prospective approach. The Organization adopted the new standard as of and for the year ended June 30, 2020, and there were no material changes to the statements of financial position, statements of activities, statements of functional expenses, or statements of cash flows as a result of the adoption.

SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 13, 2020, the date the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

The Organization follows Accounting Standards that define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

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

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Organization’s investments in money market funds, equity funds, alternative investments, corporate bonds, and certificates of deposit are valued according to unadjusted quoted market prices in an active market for identical securities. There have been no changes in the methodologies used at June 30, 2020 and 2019.

The following table sets forth the Organization’s investments at fair value as of June 30, 2020 and 2019 by level, within the fair value hierarchy:

	Investments at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 13,589	\$ -	\$ -	\$ 13,589
Equity funds	332,376	-	-	332,376
Alternative investments	50,075	-	-	50,075
Corporate bonds	221,506	-	-	221,506
Certificates of deposit	70,893	-	-	70,893
Total investments at fair value	<u>\$688,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$688,439</u>
	Investments at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,139	\$ -	\$ -	\$ 6,139
Equities	694,060	-	-	694,060
Total investments at fair value	<u>\$700,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$700,199</u>

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

Investment income (loss), net is comprised of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Net realized gains (losses)*	\$ (27,972)	\$ 25,317
Net unrealized gains (losses)	2,671	(10,805)
Interest and dividends	19,573	24,906
Investment expenses	<u>(6,032)</u>	<u>(5,621)</u>
Total investment income (loss), net	<u>\$ (11,760)</u>	<u>\$ 33,797</u>

*Realized gains (losses) are calculated based on historical cost.

3. FURNITURE, FIXTURES, AND EQUIPMENT, NET

A summary of furniture, fixtures, and equipment, net at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 23,952	\$ 23,952
Leasehold improvements	<u>10,207</u>	<u>10,207</u>
Total	34,159	34,159
Less accumulated depreciation	<u>28,566</u>	<u>27,008</u>
Furniture, fixtures, and equipment, net	<u>\$ 5,593</u>	<u>\$ 7,151</u>

Depreciation expense was \$1,558 and \$2,470 for the years ended June 30, 2020 and 2019, respectively.

4. PAYCHECK PROTECTION PROGRAM LOAN

On May 8, 2020, the Organization was granted a loan from PNC Bank in the amount of \$27,200 under the Paycheck Protection Program (“PPP”), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The loan matures on May 8, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing December 2020. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable as long as the Organization uses the loan proceeds for eligible purposes, including payroll costs, mortgage interest payments, rent and utilities.

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

Scheduled principal payments on the loan are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 11,972
2022	<u>15,228</u>
Total	<u>\$ 27,200</u>

The Organization used the entire loan amount for qualifying expenses and believes the loan will be forgiven.

5. OPERATING LEASES

The Organization has operating leases for its office space and equipment. In addition, the Organization is committed to a month-to-month lease for storage space. Rental expense for the years ended June 30, 2020 and 2019 were \$11,824 and \$11,700, respectively. The following schedule reflects the future non-cancellable minimum lease payments under the Organization's operating leases:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 10,680
2022	10,680
2023	<u>8,590</u>
Total	<u>\$ 29,950</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2020 and 2019:

<u>Grant Description</u>	<u>06/30/19 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/20 Balance</u>
Nurses Outreach	\$ 2,570	\$ -	\$ -	\$ 2,570
Hemophilia Alliance Foundation	670	13,500	14,170	-
CVS Health	1,580	4,000	1,580	4,000
COVID-19 Emergency Action Fund	-	5,000	-	5,000
Total	<u>\$ 4,820</u>	<u>\$ 22,500</u>	<u>\$ 15,750</u>	<u>\$ 11,570</u>

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

Description	06/30/18 Balance	Increases	Decreases	06/30/19 Balance
Nurses Outreach	\$ 2,570	\$ -	\$ -	\$ 2,570
Camp - Tech	695	-	695	-
Hemophilia Alliance Foundation	-	670	-	670
CVS Health	-	1,580	-	1,580
Total	<u>\$ 3,265</u>	<u>\$ 2,250</u>	<u>\$ 695</u>	<u>\$ 4,820</u>

7. FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis (i.e. time and effort) that was consistently applied.

8. LIQUIDITY

In managing the Organization's financial assets, an important consideration is to ensure sufficient liquidity. Financial asset liquidity as of June 30, 2020 is as follows:

Financial assets, at year end:	
Cash	\$ 262,551
Accounts receivable	1,910
Investments	<u>688,439</u>
Total financial assets at year end	952,900
Less those unavailable for general expenditures within one year, due to:	
Board designations,	
Investments	600,000
Donor restrictions,	
Cash	<u>11,570</u>
	<u>611,570</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 341,330</u>

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

The Organization is primarily supported by donations, grants, and sponsorships, which are used to provide services to individuals and families in western Pennsylvania, as well as pay for the management and administrative expenses of the Organization. To provide financial stability and meet any immediate liquidity need, the Board designated \$600,000 of investments for future operating expenses.
