

**WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
D/B/A WESTERN PENNSYLVANIA BLEEDING DISORDERS FOUNDATION**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022
&
INDEPENDENT AUDITORS' REPORT**



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McCall Scanlon & Tice, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Western Pennsylvania Chapter of the National Hemophilia Foundation
d/b/a Western Pennsylvania Bleeding Disorders Foundation:

Opinion

We have audited the financial statements of the Western Pennsylvania Chapter of the National Hemophilia Foundation d/b/a Western Pennsylvania Bleeding Disorders Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Foundation adopted a new accounting policy related to leases. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

McCall Scanlon & Tice, LLC

Pittsburgh, Pennsylvania

December 20, 2023

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
d/b/a WESTERN PENNSYLVANIA BLEEDING DISORDERS FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>		
	2023	2022
CURRENT ASSETS:		
Cash	\$ 115,017	\$ 144,870
Cash - board designated	20,143	20,143
Cash - restricted to use	10,070	11,425
Total cash	145,230	176,438
Accounts receivable	11,000	35
Prepaid expenses	28,798	18,908
Total current assets	185,028	195,381
INVESTMENTS	1,017,554	953,381
SECURITY DEPOSIT	900	900
FURNITURE AND FIXTURES, net	11,584	-
RIGHT OF USE ASSETS, net	40,103	-
TOTAL ASSETS	\$ 1,255,169	\$ 1,149,662
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,522	\$ 5,207
Accrued expenses	10,197	8,656
Deferred revenue	113,157	113,778
Current portion of lease liabilities	12,714	-
Total current liabilities	138,590	127,641
LEASE LIABILITIES	27,714	-
NET ASSETS:		
Without donor restrictions:		
Undesignated	458,652	390,453
Board designated	620,143	620,143
With donor restrictions	10,070	11,425
Total net assets	1,088,865	1,022,021
TOTAL LIABILITIES AND NET ASSETS	\$ 1,255,169	\$ 1,149,662

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
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STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUES:				
Contributions	\$ 523,120	\$ -	\$ 21,000	\$ 544,120
Special events	4,031	-	-	4,031
Interest income	52	-	-	52
Investment income (loss), net	94,186	-	-	94,186
Life insurance proceeds	12,854	-	-	12,854
Net assets released from restrictions	22,355	-	(22,355)	-
Total support and revenues	656,598	-	(1,355)	655,243
EXPENSES:				
Program services:				
Patient services	386,064	-	-	386,064
Public awareness and education	62,193	-	-	62,193
Supportive services:				
Management and general	45,735	-	-	45,735
Fundraising	94,407	-	-	94,407
Total expenses	588,399	-	-	588,399
INCREASE (DECREASE) IN NET ASSETS	68,199	-	(1,355)	66,844
NET ASSETS, BEGINNING OF YEAR	390,453	620,143	11,425	1,022,021
NET ASSETS, END OF YEAR	\$ 458,652	\$ 620,143	\$ 10,070	\$ 1,088,865

See Notes To Financial Statements

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STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
SUPPORT AND REVENUES:				
Contributions	\$ 334,283	\$ 20,143	\$ 11,500	\$ 365,926
Special events	467	-	-	467
Interest income	46	-	-	46
Investment income (loss), net	(101,321)	-	-	(101,321)
Gain (loss) on disposal of assets	(4,309)	-	-	(4,309)
PPP loan forgiveness	31,268	-	-	31,268
Net assets released from restrictions	40,336	(14,563)	(25,773)	-
Total support and revenues	300,770	5,580	(14,273)	292,077
EXPENSES:				
Program services:				
Patient services	244,351	-	-	244,351
Public awareness and education	57,815	-	-	57,815
Supportive services:				
Management and general	41,301	-	-	41,301
Fundraising	69,949	-	-	69,949
Total expenses	413,416	-	-	413,416
INCREASE (DECREASE) IN NET ASSETS	(112,646)	5,580	(14,273)	(121,339)
NET ASSETS, BEGINNING OF YEAR	503,099	614,563	25,698	1,143,360
NET ASSETS, END OF YEAR	\$ 390,453	\$ 620,143	\$ 11,425	\$ 1,022,021

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Supportive Services		Total
	Patient Services	Public Awareness and Education	Management and General	Fundraising	
Salaries	\$ 73,151	\$ 32,512	\$ 22,758	\$ 34,137	\$ 162,558
Payroll taxes	5,656	2,514	1,760	2,639	12,569
Employee benefits	11,898	5,288	3,702	5,553	26,441
Professional fees	13,288	5,906	4,133	6,201	29,528
Supplies	4,540	2,018	1,412	2,118	10,088
Telephone	2,613	1,161	814	1,219	5,807
Postage	2,175	967	676	1,015	4,833
Occupancy	8,420	3,742	2,620	3,930	18,712
Printing and publications	7,513	3,339	2,337	3,506	16,695
Travel	7,401	3,289	2,303	3,454	16,447
Conferences, conventions, and meetings	1,477	656	460	689	3,282
Depreciation	413	183	128	193	917
Specific assistance to individuals	238,329	-	-	-	238,329
Special events	-	-	-	29,104	29,104
Membership dues	1,068	475	332	499	2,374
Awards and grants	7,800	-	-	-	7,800
Interest	322	143	101	150	716
Miscellaneous	-	-	2,199	-	2,199
Total expenses	\$ 386,064	\$ 62,193	\$ 45,735	\$ 94,407	\$ 588,399

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services		Supportive Services		Total
	Patient Services	Public Awareness and Education	Management and General	Fundraising	
Salaries	\$ 70,101	\$ 31,156	\$ 21,809	\$ 32,714	\$ 155,780
Payroll taxes	5,414	2,406	1,685	2,527	12,032
Employee benefits	10,823	4,810	3,367	5,051	24,051
Professional fees	12,577	5,590	3,913	5,869	27,949
Supplies	6,197	2,754	1,927	2,892	13,770
Telephone	3,074	1,366	957	1,435	6,832
Postage	3,154	1,402	980	1,472	7,008
Occupancy	8,790	3,907	2,735	4,102	19,534
Printing and publications	7,840	3,485	2,439	3,659	17,423
Travel	591	263	183	276	1,313
Conferences, conventions, and meetings	299	133	93	139	664
Depreciation	51	23	15	24	113
Specific assistance to individuals	105,771	-	-	-	105,771
Special events	-	-	-	9,244	9,244
Membership dues	1,134	504	352	529	2,519
Awards and grants	8,500	-	-	-	8,500
Interest	35	16	11	16	78
Miscellaneous	-	-	835	-	835
Total expenses	\$ 244,351	\$ 57,815	\$ 41,301	\$ 69,949	\$ 413,416

See Notes To Financial Statements

WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 66,844	\$ (121,339)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	917	113
Net realized and unrealized (gain) loss on investments	(79,981)	116,288
(Gain) loss on disposal of assets	-	4,309
PPP loan forgiveness	-	(31,268)
Amortization of right of use assets	12,779	-
(Increase) decrease in:		
Accounts receivable	(10,965)	22,025
Security deposit	-	1,300
Prepaid expenses	(9,890)	(1,081)
Increase (decrease) in:		
Accounts payable	(2,685)	2,279
Accrued expenses	1,541	852
Deferred revenue	(621)	50,192
Lease liabilities	(12,454)	-
Net cash provided by (used in) operating activities	(34,515)	43,670
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and fixtures	(12,501)	-
Proceeds from sale of investments	37,620	29,182
Purchases of investments	(21,812)	(23,649)
Net cash provided by (used in) investing activities	3,307	5,533
CASH FLOWS FROM FINANCING ACTIVITIES,		
Proceeds from PPP loan	-	186
Net cash provided by (used in) financing activities	-	186
NET INCREASE (DECREASE) IN CASH	(31,208)	49,389
CASH, BEGINNING OF YEAR	176,438	127,049
CASH, END OF YEAR	\$ 145,230	\$ 176,438
NONCASH OPERATING ACTIVITIES,		
Addition of right of use assets for operating leases	\$ 52,882	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION,		
Interest paid	\$ 716	\$ 78

See Notes To Financial Statements

**WESTERN PENNSYLVANIA CHAPTER OF THE NATIONAL HEMOPHILIA FOUNDATION
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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 d/b/a Western Pennsylvania Bleeding Disorders Foundation (the "Foundation") was founded to help meet the vast education and support needs of the bleeding disorders community in Western Pennsylvania. The Foundation is leading the way in Western Pennsylvania by improving the quality of care and enriching the lives of those with bleeding disorders through education, advocacy, resource, and referral. The Foundation is supported through contributions from the public and companies within the medical industry, grants, and investment income.

The Foundation 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 Foundation 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 ("U.S. 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 Foundation 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 Foundation, which have not been restricted by donor or grantor. Board designated net assets consist of \$20,143 in cash and \$600,000 in investments to cover future operating expenses.

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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 Foundation 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 U.S. GAAP 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 Foundation considers all of its receivables to be fully collectible; accordingly, no valuation allowance is considered necessary.

CONCENTRATION OF CREDIT RISK

The Foundation 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, 2023 and 2022, the Foundation's cash balances were within the federally insured limits. Additionally, the Foundation had \$1,017,554 and \$953,381 in investment accounts not covered by FDIC insurance as of June 30, 2023 and 2022, respectively. Management believes the Foundation 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.

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Although the Foundation'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 AND FIXTURES, NET

It is the Foundation's policy to capitalize furniture and fixtures expenditures over \$1,000. Purchased furniture and fixtures 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 and fixtures.

INCOME TAXES

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation'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 Foundation's tax positions for open tax years remain subject to examination by the tax authorities in the jurisdictions in which the Foundation 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 Foundation's attendants, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services, which is primarily when the event is held.

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CONCENTRATION OF SUPPORT AND REVENUES

The Foundation receives a large portion of its support from one donor. For both years ended June 30, 2023 and 2022, this contribution totaled \$125,000, which represents 19% and 43% of total support and revenues, respectively.

DONATED SERVICES

A substantial number of volunteers have donated significant amounts of their time to the Foundation'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 Foundation 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 Foundation's financial statements, and similarly increase contribution revenue by a like amount. In-kind contributions received for the years ended June 30, 2023 and 2022 were \$7,457 and \$4,936, respectively.

SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 20, 2023, the date the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

The Foundation 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:

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

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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 Foundation’s investments in money market funds, equity funds, alternative investments, municipal bonds, 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, 2023 and 2022.

The following table sets forth the Foundation’s investments at fair value as of June 30, 2023 and 2022 by level, within the fair value hierarchy:

	Investments at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 20,339	\$ -	\$ -	\$ 20,339
Equity funds	521,546	-	-	521,546
Alternative investments	166,914	-	-	166,914
Municipal bonds	12,748	-	-	12,748
Corporate bonds	286,203	-	-	286,203
Certificates of deposit	9,804	-	-	9,804
Total investments at fair value	\$ 1,017,554	\$ -	\$ -	\$ 1,017,554
	Investments at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 17,518	\$ -	\$ -	\$ 17,518
Equity funds	442,706	-	-	442,706
Alternative investments	151,483	-	-	151,483
Municipal bonds	13,201	-	-	13,201
Corporate bonds	318,661	-	-	318,661
Certificates of deposit	9,812	-	-	9,812
Total investments at fair value	\$ 953,381	\$ -	\$ -	\$ 953,381

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NOTES TO FINANCIAL STATEMENTS**

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

	<u>2023</u>	<u>2022</u>
Net realized gains (losses)*	\$ (4,907)	\$ 41,131
Net unrealized gains (losses)	84,888	(157,419)
Interest and dividends	21,812	23,619
Capital gain distributions	-	30
Investment expenses	<u>(7,607)</u>	<u>(8,682)</u>
Total investment income (loss), net	<u>\$ 94,186</u>	<u>\$ (101,321)</u>

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

3. FURNITURE AND FIXTURES, NET

A summary of furniture and fixtures at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	<u>\$ 17,652</u>	<u>\$ 13,103</u>
Total	17,652	13,103
Less accumulated depreciation	<u>6,068</u>	<u>13,103</u>
Furniture and fixtures, net	<u>\$ 11,584</u>	<u>\$ -</u>

Depreciation expense was \$917 and \$113 for the years ended June 30, 2023 and 2022, respectively.

4. PAYCHECK PROTECTION PROGRAM LOAN

On February 23, 2021, the Foundation was granted a PPP loan from PNC Bank in the amount of \$31,082. The loan, including accrued interest, was forgiven in its entirety during September 2021, and was reported as PPP loan forgiveness on the statement of activities for the year ended June 30, 2022.

5. LEASES

In February 2016, the Financial Accounting Standards Board (“FASB”) established Topic 842, “Leases”, by issuing Accounting Standards Update (“ASU”) No. 2016-02, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation adopted the new guidance effective July 1, 2022 and has elected to apply the guidance to existing leases on a modified retrospective basis with the cumulative-effect adjustment from transition recognized as of June 30, 2023.

Under ASC 842-10-65-1(f), the Foundation has elected the following practical expedients, which must be elected as a package and applied consistently to all of its leases:

- The Foundation need not reassess whether any expired or existing contracts are or contain leases.
- The Foundation need not reassess the lease classification for any expired or existing leases. All existing leases that were classified as operating leases in accordance with Topic 840 will be classified as operating leases, and all existing leases that were classified as capital leases in accordance with Topic 840 will be classified as finance leases.
- The Foundation need not reassess initial direct costs for any existing leases.

The new standard establishes a right of use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. ROU assets are reduced each period by an amount equal to the difference between the operating lease expense and the amount of accretion on the lease liability, using the effective interest method. The Foundation uses the incremental borrowing rate, which is derived using a collateralized borrowing rate for the same currency and term as the associated lease. The Foundation recognizes lease expense on a straight-line basis over the leased term on the statement of activities. The Foundation recognized \$52,882 of ROU assets with corresponding lease liabilities based on the present value of the remaining minimum rental payments under the current leasing standards for existing operating leases.

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The Foundation has operating leases for its office space and equipment. Rental expense for the years ended June 30, 2023 and 2022 was \$12,593 and \$13,212, respectively. The following schedule reflects the future non-cancellable minimum lease payments under the Foundation's operating leases:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 12,960
2025	13,290
2026	13,320
2027	<u>1,290</u>
Total	<u>\$ 40,860</u>

6. RETIREMENT PLAN

The Foundation sponsors a defined contribution pension plan under Section 401(k) of the Internal Revenue Code. Contributions were \$4,825 and \$4,487 for the years ended June 30, 2023 and 2022, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2023 and 2022:

<u>Grant Description</u>	<u>06/30/22 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/23 Balance</u>
Nurses Outreach	\$ 2,570	\$ -	\$ -	\$ 2,570
CVS Health	3,500	3,500	7,000	-
CK Colburn Keenan Foundation	-	7,500	-	7,500
National Hemophilia Foundation	5,355	10,000	15,355	-
Total	<u>\$ 11,425</u>	<u>\$ 21,000</u>	<u>\$ 22,355</u>	<u>\$ 10,070</u>

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Description	06/30/21 Balance	Increases	Decreases	06/30/22 Balance
Nurses Outreach	\$ 2,570	\$ -	\$ -	\$ 2,570
CVS Health	5,000	3,500	5,000	3,500
CK Colburn Keenan Foundation	2,188	-	2,188	-
National Hemophilia Foundation	15,940	-	10,585	5,355
Hemophilia Alliance Foundation	-	8,000	8,000	-
Total	<u>\$ 25,698</u>	<u>\$ 11,500</u>	<u>\$ 25,773</u>	<u>\$ 11,425</u>

8. 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.

9. LIQUIDITY

In managing the Foundation's financial assets, an important consideration is to ensure sufficient liquidity. Financial asset liquidity as of June 30, 2023 is as follows:

Financial assets, at year end:

Cash	\$ 145,230
Accounts receivable	11,000
Investments	<u>1,017,554</u>
Total financial assets at year end	<u>1,173,784</u>

Less those unavailable for general expenditures within one year due to:

Board designations:

Cash	\$ 20,143
Investments	600,000

Donor restrictions,

Cash	<u>10,070</u>
	<u>630,213</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 543,571

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The Foundation 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 Foundation. To provide financial stability and meet any immediate liquidity need, the Board designated \$600,000 of investments for future operating expenses.
