

VIRGINIA HEMOPHILIA FOUNDATION

FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2021 and JUNE 30, 2020

VIRGINIA HEMOPHILIA FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

August 31, 2021

Board of Directors
Virginia Hemophilia Foundation
Richmond, VA

We have audited the accompanying financial statements of Virginia Hemophilia Foundation (a Virginia nonprofit corporation) which comprise the statement of financial position as of June 30, 2021 and June 30, 2020 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 generally accepted accounting principles; 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

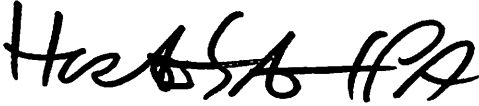
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 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 Virginia Hemophilia Foundation, as of June 30, 2021 and June 30, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Hostetler Stott CPA", written in a cursive style.

Hostetler Stott CPA
Charlottesville, VA

VIRGINIA HEMOPHILIA FOUNDATIONStatement of Financial Position
June 30, 2021 and June 30, 2020

Assets		
	2021	2020
Cash and cash equivalents	\$ 117,890	\$ 192,020
Accounts receivable	-	3,400
Pledges receivable	12,500	18,250
Prepaid expenses	11,126	7,959
Inventory	-	3,500
Investments	1,517,737	1,263,612
Property and equipment		
Equipment	10,644	7,750
Furniture	-	2,296
Less: accumulated depreciation	(6,798)	(9,190)
	<u>3,846</u>	<u>856</u>
Total assets	<u><u>\$ 1,663,099</u></u>	<u><u>\$ 1,489,597</u></u>
Liabilities and Net Assets		
Liabilities		
Credit cards	\$ 8,400	\$ 2,230
Accrued payroll and taxes	8,035	3,813
Accrued expenses	3,170	3,782
Deferred advertising revenue	6,800	5,100
Conditional contributions	-	44,000
PPP loan	44,280	47,012
Total liabilities	<u>70,685</u>	<u>105,937</u>
Net assets		
Without donor restrictions	1,549,540	1,331,672
With donor restrictions	<u>42,874</u>	<u>51,988</u>
Total net assets	<u>1,592,414</u>	<u>1,383,660</u>
Total liabilities and net assets	<u><u>\$ 1,663,099</u></u>	<u><u>\$ 1,489,597</u></u>

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Activities For the Year Ending June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and losses:			
Contributions and grants	\$ 372,452	\$ 41,187	\$ 413,639
Fundraising and special events	37,303	-	37,303
Less: direct donor benefits	(5,583)	-	(5,583)
Advertising income	26,300	-	26,300
Investment income	16,968	-	16,968
Realized & unrealized gains, net of related expenses	37,157	-	37,157
Gain (loss) on disposal of assets	(275)	-	(275)
Gain on extinguishment of debt	44,254	-	44,254
Total support, revenue and losses	528,576	41,187	569,763
Reclassifications:			
Net assets released from restrictions	50,301	(50,301)	-
Total reclassifications	50,301	(50,301)	-
Total revenue and reclassifications	578,877	(9,114)	569,763
Expenses			
Program services	282,182	-	282,182
Management and general	36,350	-	36,350
Fundraising	42,477	-	42,477
Total expenses	361,009	-	361,009
Change in net assets before income taxes	217,868	(9,114)	208,754
Income taxes	-	-	-
Change in net assets	217,868	(9,114)	208,754
Net assets at beginning of year	1,331,672	51,988	1,383,660
Net assets at end of year	\$ 1,549,540	\$ 42,874	\$ 1,592,414

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Activities For the Year Ending June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and losses:			
Contributions and grants	\$ 325,114	\$ 46,250	\$ 371,364
Fundraising and special events	51,544	-	51,544
Less: direct donor benefits	(12,293)	-	(12,293)
Advertising income	13,750	-	13,750
Investment income	23,716	-	23,716
Realized & unrealized gains, net of related expenses	16,658	-	16,658
Total support, revenue and losses	418,489	46,250	464,739
Reclassifications:			
Net assets released from restrictions	34,773	(34,773)	-
Total reclassifications	34,773	(34,773)	-
Total revenue and reclassifications	453,262	11,477	464,739
Expenses			
Program services	323,475	-	323,475
Management and general	50,621	-	50,621
Fundraising	42,743	-	42,743
Total expenses	416,839	-	416,839
Change in net assets before income taxes	36,423	11,477	47,900
Income taxes	-	-	-
Change in net assets	36,423	11,477	47,900
Net assets at beginning of year	1,295,249	40,511	1,335,760
Net assets at end of year	\$ 1,331,672	\$ 51,988	\$ 1,383,660

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Functional Expenses

For the Year Ending June 30, 2021

		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Salaries	\$ 166,043	\$ 6,645	\$ 24,966	\$ 197,654
Payroll tax	11,845	476	1,732	14,053
Employee benefits	30,416	1,170	6,056	37,642
Total compensation	208,304	8,291	32,754	249,349
Professional fees	21,298	24,937	3,000	49,235
Rent	13,330	530	2,095	15,955
Scholarships	8,000	-	-	8,000
Office expense	6,521	1,702	1,305	9,528
Insurance	5,822	232	916	6,970
Telephone	4,971	-	15	4,986
Family assistance	3,849	-	-	3,849
Program support	3,801	-	7	3,808
Postage & printing	3,018	134	2,040	5,192
Donations	1,000	-	-	1,000
Dues	936	240	225	1,401
Depreciation	667	27	105	799
Travel & training	368	-	15	383
Licenses	200	235	-	435
Meeting expense	97	22	-	119
Total expenses before direct donor benefits	282,182	36,350	42,477	361,009
Direct donor benefits	-	-	5,583	5,583
Total expenses including direct donor benefits	\$ 282,182	\$ 36,350	\$ 48,060	\$ 366,592

See accompanying notes to financial statements.

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Functional Expenses For the Year Ending June 30, 2020

		Supporting Services		
	Program Services	Management & General	Fundraising	Total
Salaries	\$ 152,135	\$ 6,275	\$ 28,244	\$ 186,654
Payroll tax	10,841	449	1,983	13,273
Employee benefits	28,779	1,127	6,245	36,151
Total compensation	191,755	7,851	36,472	236,078
Program support	79,360	-	-	79,360
Professional fees	8,338	34,417	217	42,972
Rent	12,827	525	2,440	15,792
Scholarships & donations	8,596	-	-	8,596
Travel & training	6,752	185	318	7,255
Office expense	2,884	1,504	982	5,370
Insurance	-	5,185	-	5,185
Telephone	4,995	-	-	4,995
Meeting expense	4,278	155	258	4,691
Postage & printing	993	386	1,610	2,989
Dues	1,436	90	225	1,751
Depreciation	1,161	48	221	1,430
Licenses	100	275	-	375
Total expenses before direct donor benefits	323,475	50,621	42,743	416,839
Direct donor benefits	-	-	12,293	12,293
Total expenses including direct donor benefits	\$ 323,475	\$ 50,621	\$ 55,036	\$ 429,132

See accompanying notes to financial statements.

VIRGINIA HEMOPHILIA FOUNDATION
Statement of Cash Flows
For the Years Ending June 30, 2021 and June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 208,754	\$ 47,900
Depreciation	799	1,430
Loss on disposal of assets	275	-
Realized & unrealized gain on investments, net of related expenses	(37,157)	(16,658)
Gain on extinguishment of debt	(44,254)	-
(Increase)/decrease in accounts receivable	3,400	(1,300)
(Increase)/decrease in pledges receivable	5,750	(3,000)
(Increase)/decrease in prepaid expenses	(3,167)	6,213
(Increase)/decrease in inventory	3,500	(3,500)
Increase/(decrease) in credit cards and accrued expenses	5,558	(18,722)
Increase/(decrease) in accrued payroll and taxes	4,222	2,848
Increase/(decrease) in deferred advertising revenue	1,700	5,100
Increase/(decrease) in conditional contributions	(44,000)	44,000
Net cash provided by operating activities	<u>105,380</u>	<u>64,311</u>
Cash flows from investing activities:		
Purchase of investments	(216,968)	(783,107)
Purchase of property and equipment	(4,064)	-
Net cash used by investing activities:	<u>(221,032)</u>	<u>(783,107)</u>
Cash flows from financing activities:		
Proceeds from PPP loan	44,280	47,012
Payment on PPP loan	(2,758)	-
Net cash provided by financing activities:	<u>41,522</u>	<u>47,012</u>
Net increase/(decrease) in cash and cash equivalents	(74,130)	(671,784)
Cash and cash equivalents at beginning of year	<u>192,020</u>	<u>863,804</u>
Cash and cash equivalents at end of year	<u>\$ 117,890</u>	<u>\$ 192,020</u>
Supplemental data:		
Interest paid	\$ -	
Income taxes paid	\$ -	

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements
June 30, 2021 and June 30, 2020

Organization and Nature of Activities

The Virginia Hemophilia Foundation (the Organization) is a tax-exempt, nonprofit Virginia corporation (IRS Code Section 501(c)(3)) which provides services and support in Virginia to individuals impacted by inherited bleeding disorders, and also provides education concerning inherited bleeding disorders to the general public. Revenue sources are corporate and individual contributions and grants, fundraising events, sponsorships and advertising revenue. There is no charge for client services.

Summary of Significant Accounting Policies

Financial Statement Presentation

The Organization reports its financial statements using the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions and Grants

All contributions are recognized when promised by or received from the donor and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are reported as without or with donor restrictions based on the existence in nature of any donor restrictions.

Conditional Contributions

During the fiscal year ended June 30, 2020, the Organization received contributions in the form of sponsorships for planned conference events. Sponsors were to be provided space for an exhibit at these events. Management considers these sponsorships to be contributions that are conditional upon the commencement of the conferences. As a result of COVID-19, these events needed to be postponed, and the format of the events was changed to online. As of June 30, 2020, a replacement event had not occurred. Accordingly, \$44,000 of sponsorship contributions for these events have been classified as conditional contributions in the liabilities section of the Statement of Financial Position. There were no conditional contributions in the liabilities section of the Statement of Financial Position at June 30, 2021.

Advertising Income

Income from advertising is recognized when the advertisement is published. At June 30, 2021, \$6,800 of payments from advertising customers were not yet recognized since the advertisements had not yet been published. At June 30, 2020, \$5,100 of payments from advertising customers were not yet recognized since the advertisements had not yet been published. These amounts are reported as deferred advertising revenue in the liabilities sections of the Statement of Financial Position.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. However, cash held in the investment account is included in the investments balance on the accompanying Statement of Financial Position.

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements June 30, 2021 and June 30, 2020

Investments

Investments consisted of cash, money markets, corporate bonds, and equities. The Organization estimates that the fair market values at June 30, 2021 and at June 30, 2020 do not differ materially from the carrying value recorded in the accompanying Statement of Financial Position.

Fair Values of Financial Instruments

The Financial Accounting Standards Board Codification of Accounting Standards Topic 820 established a framework for measuring fair value under accounting principles generally accepted in the United States of America. 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 three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices in active markets for identical assets the Organization has the ability to access at the measurement date. These types of quoted prices would include publicly traded securities.

Level 2 – Pricing inputs (other than quoted prices included in Level 1) that are observable for the asset, either directly or indirectly. Observable inputs are those that reflect the assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the Organization. These types of sources would include quoted prices for similar assets, models or other valuation methodologies.

Level 3 – Pricing inputs that are unobservable for the asset. Unobservable inputs are those that reflect their own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available. These types of sources would include investment manager pricing for private equities.

The carrying amounts for current assets and liabilities reported in the Statement of Financial Position approximate the fair market values.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2021:

	Fair Value	Level 1	Level 2
Checking and savings	\$ 117,890	\$ 117,890	\$ -
Investment portfolio:			
Cash	215,070	215,070	-
Money market	639,920	639,920	-
Corporate bonds	492,291	-	492,291
Equities	170,456	170,456	-
Total	<u>\$ 1,635,627</u>	<u>\$ 1,143,336</u>	<u>\$ 492,291</u>

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements June 30, 2021 and June 30, 2020

Fair Values of Financial Instruments (continued)

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2020:

	Fair Value	Level 1	Level 2
Checking and savings	\$ 192,020	\$ 192,020	\$ -
Investment portfolio:			
Cash	267,195	267,195	-
Money market	439,724	439,724	-
Corporate bonds	404,924	-	404,924
Equities	151,769	151,769	-
Total	<u>\$ 1,455,632</u>	<u>\$ 1,050,708</u>	<u>\$ 404,924</u>

Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. At times, the Organization may have cash at a financial institution in excess of the federally insured limit of \$250,000. Investments are not federally insured but instead are insured by the Securities Investor Protection Corporation. The Organization places its cash with financial institutions whose credit ratings are monitored by management to minimize concentration of credit risk. As of June 30, 2021 and June 30, 2020, cash balances did not exceed FDIC limits.

Property and Equipment

Acquisition of property and equipment are recorded at cost. Improvements and replacements of property and equipment with an original cost of \$500 or more are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation and amortization are provided over the estimated useful life of each class life of depreciable assets and is computed using the straight-line method, as follows:

Assets	6/30/2021 Balance	6/30/2020 Balance	Estimated Life
Equipment	\$ 10,644	\$ 7,750	5 -7 years
Furniture	-	2,296	5 -7 years
Accumulated depreciation	(6,798)	(9,190)	
Net Property & equipment	<u>\$ 3,846</u>	<u>\$ 856</u>	

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements June 30, 2021 and June 30, 2020

PPP Loan

During fiscal year 2021, the Organization entered into a contract on February 14, 2021 with Bank of America for a loan pursuant to the Payroll Protection Program under the Coronavirus Aid, Relief, and Economic Security Act. The \$44,280 loan is deferred for 10 months, then accrues interest at 1%. At the end of the deferment period, if the loan has not been forgiven, loan payments will be made for two years until maturity. Management intends to apply for forgiveness of this loan through the Small Business Administration. Approximate principal payments due over the next five years are as follows:

Fiscal Year Ending 6/30/22	\$ 0
Fiscal Year Ending 6/30/23	4,300
Fiscal Year Ending 6/30/24	8,700
Fiscal Year Ending 6/30/25	8,800
Fiscal Year Ending 6/30/26	8,900
After 6/30/26	<u>13,580</u>
Total:	<u>\$44,280</u>

During fiscal year 2020, the Organization entered into a contract on May 1, 2020 with Bank of America for a loan pursuant to the Payroll Protection Program under the Coronavirus Aid, Relief, and Economic Security Act. The \$47,012 loan was deferred for 6 months, then accrued interest at 1%. At the end of the deferment period, if the loan has not been forgiven, loan payments would have been made for two years until maturity. Management intended to apply for forgiveness of this loan through the Small Business Administration. Approximate principal payments due over the next three year are as follows:

Fiscal Year Ending 6/30/21	\$13,600
Fiscal Year Ending 6/30/22	23,500
Fiscal Year Ending 6/30/23	<u>9,912</u>
Total:	<u>\$47,012</u>

During fiscal year 2021, \$2,758 of this loan was repaid, and the remaining \$44,254 was forgiven. Accordingly, a gain on extinguishment of debt has been reported on the Statement of Activities for the Year Ending June 30, 2021.

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements June 30, 2021 and June 30, 2020

Liquidity and Availability to Meet Cash Needs

The following represents the Organization's financial assets as of the June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year after that date:

Financial assets	6/30/2021	6/30/2020
Cash and cash equivalents	\$ 117,890	\$ 192,020
Investments	<u>1,517,737</u>	<u>1,263,612</u>
Net financial assets	1,635,627	1,455,632
Less: PPP loan	(44,280)	(47,012)
Less: donor restricted cash	<u>(30,374)</u>	<u>(33,738)</u>
Available to meet general expenditures	<u>\$1,560,973</u>	<u>\$1,374,882</u>

Net Assets Released from Donor Restrictions

The Organization's net assets released from restrictions result from satisfaction of program restrictions and from the receipt of pledges recognized in the prior year.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may impact future periods.

Income Taxes

As defined in Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal and state income taxes on its exempt purpose income. For the fiscal years ended June 30, 2021 and June 30, 2020, the Organization incurred no federal or state tax expense due to unrelated business income.

Uncertain Tax Positions

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The federal income tax returns of the Organization for fiscal year 2018 and forward are subject to examination by the Internal Revenue Service.

Donated Services

Many of the Organization's functions are carried out with the assistance of volunteers. No amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer efforts under FASB Codification 720 "Accounting for Contributions Received and Contributions Made" have not been satisfied.

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements
June 30, 2021 and June 30, 2020

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are held for the following purposes:

	6/30/2021	6/30/2020
Advocacy	\$ 26,865	\$ 21,380
Pledges receivable	12,500	18,250
Other purposes	3,509	12,358
Total	<u>\$ 42,874</u>	<u>\$ 51,988</u>

Operating Leases

The Organization was in a lease agreement for the use of office space through June 30, 2021 when the lease was terminated. There is no commitment in place for future minimum lease payments for the next fiscal year.

Functional Allocation of Expense

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll costs and other payroll related expenses, as well as rent, professional fees and depreciation expenses, are allocated based on management's estimated percentage of time spent by each employee in each program. Other expenses have been directly assigned to their associated function.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 31, 2021, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.