

VIRGINIA HEMOPHILIA FOUNDATION

FINANCIAL STATEMENTS
YEARS ENDED
JUNE 30, 2022 AND JUNE 30, 2021

VIRGINIA HEMOPHILIA FOUNDATION

CONTENTS

	Page
Independent Auditor's Report	1-2
Statement of Financial Position – as of June 30, 2022 and June 30, 2021	3
Statement of Activities - for the Year Ending June 30, 2022	4
Statement of Activities - for the Year Ending June 30, 2021	5
Statement of Functional Expenses - for the Year Ending June 30, 2022	6
Statement of Functional Expenses - for the Year Ending June 30, 2021	7
Statement of Cash Flows - for the Year Ending June 30, 2022 and June 30, 2021.....	8
Notes to Financial Statements	9-13



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INDEPENDENT AUDITOR'S REPORT

September 21, 2022

Board of Directors
Virginia Hemophilia Foundation
Richmond, VA

Opinion

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, 2022 and June 30, 2021 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 financial statements referred to above present fairly, in all material respects, the financial position of Virginia Hemophilia Foundation, as of June 30, 2022 and June 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Virginia Hemophilia 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.

Responsibility 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 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 Virginia Hemophilia Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one from 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate and circumstances, but not for the purpose of expressing an opinion on the effectiveness of Virginia Hemophilia Foundation's internal control. Accordingly, no such opinion is expressed.
- 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virginia Hemophilia 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.



Hostetler Stott CPA
Charlottesville, VA

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Financial Position
June 30, 2022 and June 30, 2021

Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 138,576	\$ 117,890
Pledges and grants receivable	10,750	12,500
Prepaid expenses	8,704	11,126
Investments	1,514,450	1,517,737
Property and equipment		
Equipment	7,711	10,644
Less: accumulated depreciation	<u>(4,919)</u>	<u>(6,798)</u>
	2,792	3,846
Total assets	<u><u>\$ 1,675,272</u></u>	<u><u>\$ 1,663,099</u></u>
Liabilities and Net Assets		
Liabilities		
Credit cards	\$ 8,802	\$ 8,400
Accrued payroll and taxes	3,861	8,035
Accrued expenses	3,772	3,170
Deferred advertising revenue	1,700	6,800
Conditional contributions	64,500	-
PPP Loan	-	44,280
Total liabilities	<u>82,635</u>	<u>70,685</u>
Net assets		
Without donor restrictions	1,562,257	1,549,540
With donor restrictions	<u>30,380</u>	<u>42,874</u>
Total net assets	1,592,637	1,592,414
Total liabilities and net assets	<u><u>\$ 1,675,272</u></u>	<u><u>\$ 1,663,099</u></u>

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Activities For the Year Ending June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and losses:			
Contributions and grants	\$ 293,427	\$ 32,000	\$ 325,427
Fundraising and special events	27,192	-	27,192
Add: direct donor benefits refund	1,398	-	1,398
Advertising income	13,600	-	13,600
Investment income	17,686	-	17,686
Realized & unrealized gain/(loss), net of related expenses	(60,973)	-	(60,973)
Gain (loss) on disposal of assets	(837)	-	(837)
Gain on extinguishment of debt	44,280	-	44,280
Total support, revenue and losses	335,773	32,000	367,773
Reclassifications:			
Net assets released from restrictions	44,494	(44,494)	-
Total reclassifications	44,494	(44,494)	-
Total revenue and reclassifications	380,267	(12,494)	367,773
Expenses			
Program services	308,889	-	308,889
Management and general	22,794	-	22,794
Fundraising	35,867	-	35,867
Total expenses	367,550	-	367,550
Change in net assets before income taxes	12,717	(12,494)	223
Income taxes	-	-	-
Change in net assets	12,717	(12,494)	223
Net assets at beginning of year	1,549,540	42,874	1,592,414
Net assets at end of year	\$ 1,562,257	\$ 30,380	\$ 1,592,637

VIRGINIA HEMOPHILIA FOUNDATION

Statement of Activities

For the Year Ending June 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
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	<u>528,576</u>	<u>41,187</u>	<u>569,763</u>
Reclassifications:			
Net assets released from restrictions	50,301	(50,301)	-
Total reclassifications	<u>50,301</u>	<u>(50,301)</u>	<u>-</u>
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	<u>361,009</u>	<u>-</u>	<u>361,009</u>
Change in net assets before income taxes	217,868	(9,114)	208,754
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	217,868	(9,114)	208,754
Net assets at beginning of year	<u>1,331,672</u>	<u>51,988</u>	<u>1,383,660</u>
Net assets at end of year	<u>\$ 1,549,540</u>	<u>\$ 42,874</u>	<u>\$ 1,592,414</u>

VIRGINIA HEMOPHILIA FOUNDATION
Statement of Functional Expenses
For the Year Ending June 30, 2022

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Salaries	\$ 172,051	\$ 7,047	\$ 20,364	\$ 199,462
Payroll tax	12,364	508	1,416	14,288
Employee benefits	29,053	1,149	4,877	35,079
Total compensation	213,468	8,704	26,657	248,829
Professional fees	36,816	9,854	6,186	52,856
Scholarships	13,000	-	-	13,000
Program support	11,649	-	-	11,649
Meeting expense	9,866	20	16	9,902
Office expense	4,773	1,268	1,113	7,154
Insurance	5,218	213	652	6,083
Telephone	4,539	-	-	4,539
Postage & printing	2,132	22	743	2,897
Family assistance	2,457	-	-	2,457
Travel & training	2,191	43	156	2,390
Rent	-	2,175	-	2,175
Dues	936	240	250	1,426
Donations	1,000	-	-	1,000
Depreciation	744	30	94	868
Licenses	100	225	-	325
Total expenses before direct donor benefits	308,889	22,794	35,867	367,550
Direct donor benefits	-	-	(1,398)	(1,398)
Total expenses including direct donor benefits	\$ 308,889	\$ 22,794	\$ 34,469	\$ 366,152

VIRGINIA HEMOPHILIA FOUNDATIONStatement of Functional Expenses
For the Year Ending June 30, 2021

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
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

VIRGINIA HEMOPHILIA FOUNDATION
Statement of Cash Flows
For the Years Ending June 30, 2022 and June 30, 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 223	\$ 208,754
Depreciation	868	799
Loss on disposal of assets	837	275
Realized & unrealized (gain) or loss on investments	60,973	(37,157)
Gain on extinguishment of debt	(44,280)	(44,254)
(Increase)/decrease in accounts receivable	-	3,400
(Increase)/decrease in pledges and grants receivable	1,750	5,750
(Increase)/decrease in prepaid expenses	2,422	(3,167)
(Increase)/decrease in inventory	-	3,500
Increase/(decrease) in credit cards and accrued expenses	1,004	5,558
Increase/(decrease) in accrued payroll and taxes	(4,174)	4,222
Increase/(decrease) in deferred advertising revenue	(5,100)	1,700
Increase/(decrease) in conditional contributions	64,500	(44,000)
Net cash provided by operating activities	<u>79,023</u>	<u>105,380</u>
Cash flows from investing activities:		
Purchase of investments	(57,686)	(216,968)
Purchase of property and equipment	(800)	(4,064)
Sale of property and equipment	149	-
Net cash used by investing activities:	<u>(58,337)</u>	<u>(221,032)</u>
Cash flows from financing activities:		
Proceeds from PPP loan	-	44,280
Payment on PPP loan	-	(2,758)
Net cash provided by financing activities:	<u>-</u>	<u>41,522</u>
Net increase/(decrease) in cash and cash equivalents	20,686	(74,130)
Cash and cash equivalents at beginning of year	<u>117,890</u>	<u>192,020</u>
Cash and cash equivalents at end of year	<u>\$ 138,576</u>	<u>\$ 117,890</u>
Supplemental data:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements

June 30, 2022

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, 2022, the Organization received contributions in the form of sponsorships for events and a conference planned for the following fiscal year. Management considers these sponsorships to be contributions that are conditional upon the commencement of the events and conference. Accordingly, \$24,500 and \$40,000 of sponsorship contributions for these events and conference, respectively, 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, 2022, \$1,700 of payments from advertising customers were not yet recognized since the advertisements had not yet been published. At June 30, 2021, \$6,800 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, 2022

Investments

Investments consisted of cash, money markets, corporate bonds, and equities. The Organization estimates that the fair market values at June 30, 2022 and at June 30, 2021 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, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Checking and savings	\$ 138,576	\$ 138,576	\$ -
Investment portfolio:			
Cash	224,373	224,373	-
Money market	680,411	680,411	-
Corporate bonds	466,182	-	466,182
Equities	143,484	143,484	-
Total	<u>\$ 1,653,026</u>	<u>\$ 1,186,844</u>	<u>\$ 466,182</u>

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements

June 30, 2022

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, 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>

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, 2022, 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	6/30/2022 Balance	6/30/2021 Balance	Estimated Life
Equipment	\$ 7,711	\$ 10,644	5 -7 years
Furniture	-	-	5 -7 years
Accumulated depreciation	(4,919)	(6,798)	
Net Property & equipment	<u>\$ 2,792</u>	<u>\$ 3,846</u>	

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements

June 30, 2022

PPP Loan

During the 2021 fiscal year, the Organization entered into a contract with Bank of America for a \$44,280 loan pursuant to the Payroll Protection Program under the Coronavirus Aid, Relief, and Economic Security Act. On August 17, 2021, the loan was forgiven in full by the Small Business Administration. No interest was accrued by the lender.

Liquidity and Availability to Meet Cash Needs

The following represents the Organization's financial assets as of the June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year after that date:

Financial assets	6/30/2022	6/30/2021
Cash and cash equivalents	\$ 138,576	\$ 117,890
Investments	1,514,450	1,517,737
Net financial assets	1,653,026	1,635,627
Less: PPP Loan	-	(44,280)
Less: donor restricted cash	(19,630)	(30,374)
Available to meet general expenditures	<u>\$ 1,633,396</u>	<u>\$ 1,560,973</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 year ended June 30, 2022, the Organization incurred no federal or state tax expense due to unrelated business income.

VIRGINIA HEMOPHILIA FOUNDATION

Notes to Financial Statements

June 30, 2022

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 2019 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.

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 are held for the following purposes:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Advocacy	\$ 13,065	\$ 26,865
Pledges receivable	10,750	12,500
Other purposes	6,565	3,509
Total	<u>\$ 30,380</u>	<u>\$ 42,874</u>

Operating Leases

The Organization's lease agreement for the use of office space through June 30 2021 was terminated thereon. There is no commitment in place for minimum lease payments for as of June 30, 2022 and future years.

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 September 21, 2022, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.