



THE
NORTHERN
OHIO
HEMOPHILIA
FOUNDATION,
INC.

Annual Financial Report

June 30, 2008

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PATTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Trustees
The Northern Ohio Hemophilia Foundation, Inc.

We have audited the accompanying statement of financial position of The Northern Ohio Hemophilia Foundation, Inc. as of June 30, 2008, and the related statement of activities, statement of functional expenses, and statement of cash flows for the year then ended. These financial statements are the responsibility of the management of The Northern Ohio Hemophilia Foundation, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior-year summarized comparative information has been derived from the financial statements of The Northern Ohio Hemophilia Foundation, Inc. as of June 30, 2007 and for the year then ended, and in our report dated September 15, 2007 we expressed an unqualified opinion on those statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Northern Ohio Hemophilia Foundation, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

September 20, 2008

Patton & Company

The Northern Ohio Hemophilia Foundation, Inc.

Statement of Financial Position

As of June 30, 2008

(With comparative totals as of June 30, 2007)

	<u>2008</u>	<u>2007</u>
<i>Assets</i>		
Cash, operating	\$ 172,302	174,174
Cash, held for others	4,126	46,844
Investments	148,338	161,208
Contributions, grants, bequests receivable	125,301	106,982
Prepaid expenses	9,732	3,289
Property and equipment, net	<u>16,449</u>	<u>5,242</u>
Total assets	<u><u>476,248</u></u>	<u><u>497,739</u></u>
 <i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable	6,153	8,931
Funds held for others	4,126	46,844
Accrued expenses	16,467	1,467
Deferred revenue	<u>6,500</u>	-
Total liabilities	<u>33,246</u>	<u>57,242</u>
 <i>Net assets</i>		
Unrestricted	311,193	320,425
Temporarily restricted	<u>131,809</u>	<u>120,072</u>
Total net assets	<u><u>443,002</u></u>	<u><u>440,497</u></u>
Total liabilities and net assets	<u><u>\$ 476,248</u></u>	<u><u>497,739</u></u>

See accompanying notes to financial statements.

The Northern Ohio Hemophilia Foundation, Inc.

Statement of Activities

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	2008			2007
	Unrestricted	Temporarily Restricted	Total	
<i>Revenues and support</i>				
United Way Services	\$ -	123,603	123,603	101,258
Grants, gifts, bequests	30,174	44,125	74,299	82,769
Industry sponsorships	88,425	-	88,425	84,888
Fundraising events, net of expenses	65,744	1,700	67,444	52,736
Interest and dividend income	14,285	-	14,285	12,748
Memberships	3,937	-	3,937	3,115
Other revenues	85	-	85	8,843
Realized (loss) on investments	(13,273)	-	(13,273)	-
Unrealized (loss) on investments	(8,269)	-	(8,269)	(2,338)
Net assets released from restrictions	157,691	(157,691)	-	-
Total revenues and support	338,799	11,737	350,536	344,019
<i>Program expenses</i>				
Program services	303,381	-	303,381	264,940
<i>Administrative expenses</i>				
Management and general	28,481	-	28,481	23,511
Fundraising and development	16,169	-	16,169	13,276
Total administrative expenses	44,650	-	44,650	36,787
Total expenses	348,031	-	348,031	301,727
Changes in net assets	(9,232)	11,737	2,505	42,292
Net assets, beginning	320,425	120,072	440,497	398,205
Net assets, ending	\$ 311,193	131,809	443,002	440,497

See accompanying notes to financial statements.

The Northern Ohio Hemophilia Foundation, Inc.

Statement of Functional Expenses

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	2008			2007
	Program Services	Administrative General	Services Fundraising	
<i>Personnel expenses</i>				
Salaries, wages	\$ 108,626	16,294	10,863	105,571
Automobile, travel	5,312	170	170	3,862
Employee benefits	717	108	72	772
Payroll taxes	8,672	1,301	867	8,392
Total personnel expenses	<u>123,327</u>	<u>17,873</u>	<u>11,972</u>	<u>118,597</u>
<i>General expenses</i>				
Bank charges	-	5,063	-	2,858
Depreciation	1,843	277	185	1,721
Dues, subscriptions	1,624	52	52	2,979
Educational events	51,557	-	-	41,765
Equipment rental	3,762	564	377	3,945
Individual financial assistance	41,644	-	-	35,832
Insurance	3,397	509	340	6,494
Newsletter, printing	12,589	402	402	18,008
Postage	4,543	144	144	3,579
Professional fees	23,968	1,747	1,155	27,859
Rent, utilities	9,464	302	302	9,893
Supplies	7,603	243	243	12,203
Telephone	6,174	926	618	5,470
Travel, meetings, education	11,886	379	379	10,524
Total general expenses	<u>180,054</u>	<u>10,608</u>	<u>4,197</u>	<u>183,130</u>
Totals 2008	<u>\$ 303,381</u>	<u>28,481</u>	<u>16,169</u>	<u>348,031</u>
Totals 2007	<u>\$ 264,940</u>	<u>23,511</u>	<u>13,276</u>	<u>301,727</u>

See accompanying notes to financial statements.

The Northern Ohio Hemophilia Foundation, Inc.

Statement of Cash Flows

For the year ended June 30, 2008

(With comparative totals for the year ended June 30, 2007)

	<u>2008</u>	<u>2007</u>
<i>Cash Flows From Operating Activities</i>		
Increase in net assets	\$ 2,505	42,292
Unrealized loss on investments	8,269	2,338
	<u>10,774</u>	<u>44,630</u>
<i>Adjustments to Reconcile Changes in Net Assets to Cash Provided by Operations</i>		
Depreciation of property and equipment	2,305	1,721
(Increase) decrease in accounts receivable	(18,319)	65,999
(Increase) decrease in prepaid expenses	(6,443)	(459)
Increase (decrease) in accounts payable	(2,778)	4,575
Increase (decrease) in funds held for others	(42,718)	32,494
Increase (decrease) in accrued expenses	15,000	489
Increase (decrease) in deferred revenue	6,500	-
	<u>(35,679)</u>	<u>149,449</u>
Net cash provided (used) by operating activities		
	(35,679)	149,449
<i>Cash Flows From Investing Activities</i>		
Purchases of property and equipment	(15,586)	(5,145)
Purchases of investments, net of sales	7,468	(158,611)
	<u>(8,118)</u>	<u>(163,756)</u>
Net cash (used) by investing activities		
	(8,118)	(163,756)
Increase (decrease) in cash and equivalents	(43,797)	(14,307)
Cash and equivalents, beginning	<u>225,953</u>	<u>240,260</u>
Cash and equivalents, ending	<u>\$ 182,156</u>	<u>225,953</u>

See accompanying notes to financial statements.

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 1 Summary of Significant Accounting Policies

Nature of Activities

The Northern Ohio Hemophilia Foundation, Inc. (NOHF or the Organization) is a nonprofit organization that serves 24 counties in northern Ohio. The Organization is dedicated to the treatment and cure of hemophilia and related bleeding disorders and their complications. The Organization provides patient and community service, public and professional education, hemophilia and AIDS/HIV education and support activities, government relations effort, and support for research.

Basis of Accounting

The financial statements of NOHF have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Basis of Presentation

The accompanying financial statements of The Northern Ohio Hemophilia Foundation, Inc. have been prepared, in all material respects, as recommended by the American Institute of Certified Public Accountants (AICPA) audit and accounting guide, *Not-for-Profit Organizations*. The audit guide includes the requirements of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. This accounting guidance requires the Organization to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires or is substantially met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets whose restrictions are met in the same accounting period in which the donation is received, are reported as unrestricted contributions.

Permanently restricted net assets - Net assets subject to laws or donor imposed stipulations requiring the assets to be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2008, the Organization had no permanently restricted net assets.

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 1 Summary of Significant Accounting Policies, continued

Fund Accounting

To ensure observance of the limitations and restrictions placed on the use of resources available to the Organization, the accounting records of NOHF are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates utilized in the preparation of the financial statements include the fair value of investments, allowance for uncollectible accounts and grants receivable, depreciation of furniture and equipment, and the functional allocation of expenses. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Valuation of Financial Instruments

NOHF follows Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with this statement, the Organization reports financial instruments at current market value and reports realized and unrealized gains and losses as a component of the statement of activities. The financial statement value (cost) of cash and money market investments approximates market value because of the short maturity of the investments.

Allowance for Doubtful Receivables

The Organization follows the policy of recording an allowance for uncollectible program fees, contributions and grants receivable, and other receivables in the financial statements. Management estimates this allowance, based on an analysis of the individual amounts due and the historical bad debt experience. As of June 30, 2008, no allowance for doubtful receivables is required.

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 1 Summary of Significant Accounting Policies, continued

Asset Capitalization

The Organization records individual expenditures for property and equipment totaling \$500 or more as assets subject to depreciation. Lesser amounts are expensed. Depreciation is calculated using the straight-line method over the useful lives assigned to the assets.

Revenue Recognition

Grants, gifts, and bequests, memberships, federated giving, and industry sponsorships, including unconditional promises to give, are recorded as made (promised) in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. All contributions are available for unrestricted use when the promise is made, unless specifically restricted by the donor. Conditional promises to give are recognized as revenue when the conditions are substantially met. Unconditional promises to give due to be received in future years are reported at the present value of the contribution using risk-free interest rates.

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

Revenues from sales of merchandise or services are recognized at the time of the sale or rendering of the service. Interest and dividend income is recognized at the time the dividend is declared or the interest is earned. Fundraising event revenues are recognized when the event is held. Contributions received at or related to a fundraising event are recorded as fundraising event revenue in the financial statements.

Donated Services and Materials

Support arising from contributed goods, services, and facilities has been recognized in the accompanying financial statements in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. This accounting pronouncement requires the fair value of donated goods and facilities be recorded in the financial statements, at the time of receipt. Donated services are recognized in the financial statements only if the services create or enhance a nonfinancial asset or, require a specialized skill, are provided by individuals or entities possessing these skills, and would need to be purchased if not donated. Services provided by general volunteers do not meet the requirements for recording in the financial statements and therefore, no provision has been made for the fair value of services provided by members of the Board of Trustees and certain other volunteers. A requirement for the recording of any donated goods, services, or facilities is the ability to document the receipt and fair value of the donation.

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 1 Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities of The Northern Ohio Hemophilia Foundation, Inc. have been reported on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated, by management, between the programs and supporting services provided. Management's functional allocations are based on periodic studies of the activities of employees and the expenses incurred in operations.

Promotional Expenses

Expenses for promotional and fundraising activities are expensed as incurred. The costs of video and other materials designed to promote the programs of the Organization are considered promotional expenses.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements as of and for the year ended June 30, 2007, from which the summarized information was derived.

Federal Income Taxes

The Organization has received notification from the Internal Revenue Service indicating an exemption from Federal Income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization is classified as a publicly supported entity.

Note 2 Cash in Banks

Cash in banks as of June 30, 2008 and 2007 is comprised of the following:

	<u>2008</u>	<u>2007</u>
Cash, checking	\$ 71,747	51,018
Cash, savings	100,555	123,156
Cash, held for others	4,126	46,844
	<u>\$ 176,428</u>	<u>221,018</u>

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 3 Contributions , Grants, Bequests Receivable

Contributions , grants, and bequests receivable represents amounts promised during the year but not received as of the financial statement date. The Organization projects all contributions, grants, and bequests receivable will be received in full during the following year and therefore, no allowance for uncollectible accounts or discounts for deferred payment programs are required. The following is information regarding contributions , grants, and bequests receivable as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unrestricted , general	\$ 12,737	2,603
Unrestricted, bequest	-	2,500
Temporarily restricted	112,564	101,879
	<u>\$ 125,301</u>	<u>106,982</u>

Note 4 Investments and Cash Equivalent s

Investments in equity and debt securities are reported at their fair values in the statement of financial position. Gains and losses realized from the sale of investments and unrealized gains and losses resulting from the increase or decrease in the fair value of investments held, are reported as a component of revenue and support in the statement of activities. Substantially all investments are held in publicly traded mutual funds that invest in equity and debt securities . The following is information regarding the fair value, financial statement value, and cost of the investments as of June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Money market account, cash equivalent	\$ 5,728	5,728	5,728
Equity invested funds	96,583	85,752	85,752
Debt invested funds	56,858	56,858	56,858
	<u>\$ 159,169</u>	<u>148,338</u>	<u>148,338</u>

Note 5 Property and Equipment

The Organization owns furniture and equipment used in conducting its operations. Additionally, certain improvements made to leased office space have been recorded as property subject to depreciation. Depreciation is calculate d using the straight line method and estimated useful lives of 5 years for furniture and equipment and 10 years for leasehold improvements. Depreciation expense was \$ 2,305 and \$1,721 during the years ended June 30, 2008 and 2007, respectively . The following is information regarding property and equipment as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Office furniture and equipment	\$ 46,906	33,760
Leasehold improvements	3,494	3,494
	50,400	37,254
Less accumulated depreciation	(33,951)	(32,012)
	<u>\$ 16,449</u>	<u>5,242</u>

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 6 Cash Held For Others

The Organization holds funds for certain other nonprofit organizations. These funds are held pursuant to an agency agreement in which The Northern Ohio Hemophilia Foundation, Inc. acts as the fiscal agent for funds provided by a donor. These funds are available to the other organizations on an as needed basis. Funds held on behalf of others were \$4,126 and \$46,844 as of June 30, 2008 and 2007, respectively.

Note 7 Temporarily Restricted Net Assets

Temporarily restricted net assets include revenues which continue to be subject to donor-imposed restrictions as of the financial statement date. These continuing donor restrictions relate to the year in which the funds can be utilized and/or the purpose for which the funds can be expended. All temporarily restricted net assets are available for use during the following year. Temporarily restricted net assets are available, as of June 30, 2008, for the following purposes:

	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
General program services	\$ 95,086	135,033	(114,046)	116,073
Individual financial assistance	24,986	34,395	(43,645)	15,736
	<u>\$ 120,072</u>	<u>169,428</u>	<u>(157,691)</u>	<u>131,809</u>

Note 8 Donated Goods, Services, and Facilities

The Organization received no significant donated goods, services, and facilities that have been recorded in the financial statements during the years ended June 30, 2008 and 2007. The Organization benefits greatly from a substantial amount of time donated by the members of its Board of Trustees and other general volunteers. This donated time does not meet the criteria established by accounting principles generally accepted in the United States of America, for recognition in the accompanying financial statements and accordingly, is not reflected in the statement of activities.

Note 9 Fundraising Events

The Organization hosts various fundraising events for the purposes of promoting its activities, recognizing its supporters, and raising funds. Revenues relating to the events, including donations received at or in conjunction with the events and charges for goods and services provided at the events, are classified as fundraising event revenue in the statement of revenues. Expenses relating to the promotion and conduct of the events are offset against fundraising revenues in the statement of activities. The following is information relating to the events conducted during the year ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Event revenues	\$ 90,313	66,455
Event expenses	(22,869)	(13,719)
	<u>\$ 67,444</u>	<u>52,736</u>

The Northern Ohio Hemophilia Foundation, Inc.

Notes to Financial Statements

June 30, 2008

Note 10 Commitments

The Organization leases office space for use in its operations. Rent expense was \$9,102 during the year ended June 30, 2008. Additionally, certain office equipment is leased. Rental expense, relating to the office equipment, was \$4,703 during the year ended June 30, 2008. The future minimum lease payments pursuant to the terms of these leases at June 30, 2008, are as follows:

Year ending June 30, 2009	\$ 12,328
2010	12,828
2011	12,022
2012	8,000
	<u>\$ 45,178</u>

Note 11 Significant Concentrations of Risk

The Northern Ohio Hemophilia Foundation, Inc. receives substantial support from industry sponsorships and federated giving, operations are concentrated in the northern Ohio area, and program activities are limited to activities concerning hemophilia and those afflicted with it. Unrestricted assets include significant financial instruments that are subject to market and credit risk that might negatively affect the recorded value of the instruments. The Organization maintains cash balances at financial institutions in excess of the federal deposit insurance limits; exceeding the limits by \$76,428 as of June 30, 2008. Subsequent to June 30, 2008, the federal depository insurance limit was increased to \$250,000 from \$100,000.