

Financial Statements of
(Expressed in Canadian dollars)

**WORLD FEDERATION OF HEMOPHILIA -
FÉDÉRATION MONDIALE DE L'HÉMOPHILIE**

Year ended December 31, 2019

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Table of Contents
(Expressed in Canadian dollars)

	Page
Independent Auditors' Report	
Financial Statements of World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie	
Statement of Financial Position	1
Statement of Revenues and Expenses	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 18



KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie

Opinion

We have audited the financial statements of World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of revenues and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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.

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP**

Montréal, Canada

July 28, 2020

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Financial Position
(Expressed in Canadian dollars)

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,121,700	\$ 6,692,961
Short-term investments (note 2)	2,658,566	2,600,774
Contributions and other receivables	541,636	851,427
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA	110,304	106,858
Prepaid expenses - Congress 2020	924,906	-
Prepaid expenses - Other	63,600	57,418
	<u>7,420,712</u>	<u>10,309,438</u>
Prepaid expenses - Congress 2020	-	349,002
Long-term investments (note 2)	9,947,553	5,411,236
Capital assets (note 3)	194,518	131,576
	<u>\$ 17,562,783</u>	<u>\$ 16,201,252</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,927,933	\$ 1,578,735
Accounts payable to the affiliated organization, World Federation of Hemophilia USA	25,314	34,412
Deferred contributions (note 5)	3,683,218	490,924
	<u>5,636,465</u>	<u>2,104,071</u>
Deferred lease inducement	178,790	173,284
	<u>5,815,255</u>	<u>2,277,355</u>
Net assets (note 6):		
Internally restricted net assets	5,000,000	2,500,000
Invested in capital assets	194,518	131,576
Unrestricted net assets	6,553,010	11,292,321
	<u>11,747,528</u>	<u>13,923,897</u>
Commitments (note 11)		
Subsequent event (note 13)		
	<u>\$ 17,562,783</u>	<u>\$ 16,201,252</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Revenues and Expenses
(Expressed in Canadian dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenues:		
Contributions:		
Sponsored programs	\$ 4,031,789	\$ 3,242,676
Corporate donors	2,599,999	2,162,448
Donations	544,549	486,366
Humanitarian aid program (note 10)	1,722,648	1,290,534
Total contributions	8,898,985	7,182,024
Events registration and housing fees	573,718	-
World Federation of Hemophilia USA (note 10)	242,912	217,409
Publications	160,076	222,270
National member organizations ("NMOs") and memberships	138,418	126,870
Other miscellaneous and investment income	752,246	229,942
	10,766,355	7,978,515
Product donations (note 7)	143,565,405	81,712,043
Total revenues before Congresses	154,331,760	89,690,558
Expenses (note 8):		
Health Care Development Programs:		
GAP / Country / Cornerstone programs	1,190,534	1,221,128
NMOs development	1,474,334	1,118,921
Multidisciplinary activities	555,940	465,772
Twinning programs	586,659	570,005
International training fellowships	251,618	244,609
	4,059,085	3,620,435
Education and public policy:		
Research program, data and demographics	975,128	1,079,074
Educational materials	1,114,006	339,296
Blood products - Safety and supply	352,339	101,706
	2,441,473	1,520,076
Humanitarian aid and products:		
Value of product donations (note 7)	143,565,405	81,712,043
Humanitarian aid program	2,744,130	1,595,870
	146,309,535	83,307,913
Fundraising and corporate relations	814,807	700,578
Administration	1,206,883	1,003,672
Governance and communications	770,189	745,283
Fluctuation of foreign exchange loss	42,138	(105,916)
Total expenses before Congresses	155,644,110	90,792,041
Deficiency before Congresses	(1,312,350)	(1,101,483)
Congresses:		
Revenues - Congress 2018	-	10,347,467
Expenses - Congress 2018	-	5,750,574
Expenses - Congress 2020	858,851	-
Excess of (expenses over revenues) revenues over expenses for the Congress	(858,851)	4,596,893
Expenses - Future Congresses	5,168	91,806
Excess of (expenses over revenues) revenues over expenses for the Congresses	(864,019)	4,505,087
Excess of (expenses over revenues) revenues over expenses	\$ (2,176,369)	\$ 3,403,604

See accompanying notes to financial statements.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Changes in Net Assets
(Expressed in Canadian dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 2,500,000	\$ 131,576	\$ 11,292,321	\$ 13,923,897
Increase in restricted surplus	2,500,000	–	(2,500,000)	–
Excess of expenses over revenues	–	(48,093) ⁽ⁱ⁾	(2,128,276)	(2,176,369)
Acquisition of capital assets	–	111,035	(111,035)	–
Balance, end of year	\$ 5,000,000	\$ 194,518	\$ 6,553,010	\$ 11,747,528

	2018			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 2,500,000	\$ 90,996	\$ 7,929,297	\$ 10,520,293
Excess of revenues over expenses	–	(43,947) ⁽ⁱ⁾	3,447,551	3,403,604
Acquisition of capital assets	–	84,527	(84,527)	–
Balance, end of year	\$ 2,500,000	\$ 131,576	\$ 11,292,321	\$ 13,923,897

⁽ⁱ⁾ Represents amortization of capital assets.

See accompanying notes to financial statements.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Excess of (expenses over revenues) revenues over expenses	\$ (2,176,369)	\$ 3,403,604
Adjustments for:		
Amortization of capital assets	48,093	43,947
Amortization of deferred lease inducement	5,506	5,505
(Gain) loss on disposal of investments	(34,141)	19,418
(Increase) decrease in unrealized gain on investments	(409,859)	116,654
Changes in non-cash operating working capital items (note 9)	3,256,653	(2,469,589)
	689,883	1,119,539
Investing:		
Purchase of capital assets	(111,035)	(84,527)
Acquisition of investments	(5,194,198)	(1,817,269)
Proceeds from disposal of investments	1,044,089	923,563
	(4,261,144)	(978,233)
Net (decrease) increase in cash and cash equivalents	(3,571,261)	141,306
Cash and cash equivalents, beginning of year	6,692,961	6,551,655
Cash and cash equivalents, end of year	\$ 3,121,700	\$ 6,692,961
Cash and cash equivalents consist of:		
Bank balances	\$ 3,121,700	\$ 6,242,775
Cash equivalents	-	450,186
	\$ 3,121,700	\$ 6,692,961

See accompanying notes to financial statements.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie (the "Federation") was incorporated under Part II of the *Canada Corporations Act*. The Federation became a registered charity under the *Income Tax Act* (Canada) in 2005. On July 3, 2014, the Federation obtained its articles of continuance under Section 211 of the *Canada Not-for-Profit Corporations Act*.

The Federation is composed of representatives from hemophilia organizations in 140 countries. The mission of the Federation is to improve and sustain care for people with inherited bleeding disorders around the world. As part of its activities, the Federation receives product donations in the form of medicine from product manufacturers, treatment centres and homecare companies, and distributes those products to national member organizations ("NMOs") and recognized hemophilia treatment centres ("HTCs") around the world.

The Federation is not required to pay income taxes on the excess of revenues over expenses as it is a registered not-for-profit organization.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*.

(a) Revenue recognition:

The Federation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or as receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated products are recognized as revenue when received from donors and shipped to beneficiaries and are recorded at their fair market value if those amounts can be reasonably estimated. Distributions of product donations are recognized as expenses when shipped on behalf of the Federation to the beneficiaries, or sent directly by donating companies.

A Hemophilia World Congress (the "Congress") is held every two years. This major event is planned in advance such that significant expenses are incurred in the years preceding the Congress year. Revenues received prior to the Congress year follow the deferral method of accounting for contributions. Expenses occurring prior to the Congress year are recognized in the statement of revenues and expenses when they occur, except for the refundable deposits which are deferred until the year during which the Congress is held, and are presented as prepaid Congress expenses in the statement of financial position.

Contributions from NMOs are recognized when received or receivable. An allowance for possible uncollectible amounts is also provided for accordingly.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(b) Foreign exchange translation:

The financial statements are expressed in Canadian dollars. Assets and liabilities, except non-monetary assets and liabilities in foreign currencies, are translated into Canadian dollars at the rate of exchange in effect at year-end. Non-monetary assets and liabilities are translated into Canadian dollars at historical rate of exchange in effect at the transaction date. Revenues and expenses in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the transaction dates. Gains and losses on translation of foreign currencies are included in the statement of revenues and expenses.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, bank balances less outstanding cheques and investments with a maturity period of three months or less when purchased.

(d) Capital assets:

Purchased capital assets are recorded at cost. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Federation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates and period:

	Rate/period
Office equipment	20%
Computer hardware	33 $\frac{1}{3}$ %
Computer software	100%
Leasehold improvements	Term lease

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Deferred contributions:

Deferred contributions represent unspent resources for designated activities.

(f) Deferred lease inducement:

The incentive benefits for the Federation's lease are recognized on a straight-line basis over the term of the lease. The difference between the recorded expenses and the amounts payable under the term of the lease is presented in the liabilities under deferred lease inducement.

(g) International Hemophilia Training Centres ("IHTC") - Fellowships:

Fellowships are expensed in the year of approval by the IHTC Committee.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Federation has elected to carry its investments in mutual funds, bonds and guaranteed investment certificates at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Federation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Federation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(i) Contributed materials and services:

Contributed materials, including product donations, are recognized in the financial statements when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. The fair value is established at the date of receipt.

Contributions of volunteers are not recognized in the financial statements because of the difficulty of determining the fair value of the contributed services.

(j) Allocation of expenses:

The mission of the Federation is to improve and sustain care for people with inherited bleeding disorders around the world. As part of its activities, the Federation is engaged in various programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program, as well as general support expenses that are common to the administration of the organization.

Costs of personnel and general support expenses are being allocated to the programs on the basis of employees' time spent on the particular program, and applied on that basis consistently each year.

(k) Presentation of the controlled organization:

As the sole voting member of the World Federation of Hemophilia USA ("WFH USA"), the Federation controls the governance of WFH USA. The Federation has elected not to consolidate WFH USA's financial statements.

(l) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations, except when the transaction is an exchange of a property held for sale in the normal course of operations. When the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(m) Management estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Investments:

			2019
	Effective rate	Book value	Fair value
Guaranteed investment certificates	2.25% - 2.65%	\$ 2,634,864	\$ 2,658,566
Total short-term investments		2,634,864	2,658,566
Mutual funds:			
Canadian equities		443,510	469,941
Global equities		772,838	968,223
Bonds and hedge strategies		3,253,096	3,276,651
		4,469,444	4,714,815
Guaranteed investment certificates	2.05% - 2.37%	4,000,000	4,046,955
Bonds	1.75% - 3.8%	1,191,532	1,185,783
Total long-term investments		9,660,976	9,947,553
Total investments		\$ 12,295,840	\$ 12,606,119

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

2. Investments (continued):

			2018
	Effective rate	Book value	Fair value
Guaranteed investment certificates	2% - 2.2%	\$ 2,580,100	\$ 2,600,774
Total short-term investments		2,580,100	2,600,774
Mutual funds:			
Canadian equities		511,024	463,505
Global equities		906,027	940,405
Bonds and hedge strategies		3,146,142	3,061,113
		4,563,193	4,465,023
Bonds	1% - 4%	968,297	946,213
Total long-term investments		5,531,490	5,411,236
Total investments		\$ 8,111,590	\$ 8,012,010

As at December 31, 2019, included in cash and cash equivalents is an amount of \$1,541,624 (2018 - \$5,187,455) that has been invested in a Treasury Account, bearing variable interest, with funds remaining very liquid and available at any time upon the Federation's cash flow needs.

3. Capital assets:

			2019
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 81,358	\$ 31,872	\$ 49,486
Computer hardware	314,197	270,621	43,576
Computer software	37,194	37,194	-
Leasehold improvements	198,626	97,170	101,456
	\$ 631,375	\$ 436,857	\$ 194,518

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

3. Capital assets (continued):

	2018		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 49,599	\$ 20,075	\$ 29,524
Computer hardware	282,134	241,771	40,363
Computer software	37,194	37,194	-
Leasehold improvements	151,413	89,724	61,689
	\$ 520,340	\$ 388,764	\$ 131,576

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,374 (2018 - \$13,933), which represent amounts payable for payroll-related taxes.

5. Deferred contributions:

Deferred contributions related to expenses of future years represent unspent externally restricted grants and donations for specific programs.

	2019	2018
Sponsorships:		
Humanitarian aid	\$ 532,273	\$ 299,850
Research Program	198,161	-
Website	52,640	53,035
Gene Therapy round table	-	85,789
Workshop	155,335	-
Congress 2020	2,744,809	-
MSK Congress 2019 registrations	-	52,250
	\$ 3,683,218	\$ 490,924

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

6. Net assets:

The Federation manages its funds with the objective of:

- safeguarding its ability to continue to support various program expenses;
- funding current and future operations; and
- ensuring that it is able to meet its financial obligations as they become due.

The internally restricted net assets are considered as a reserve for future operations. During the year, the Board of Directors passed a motion to increase the reserve from \$2,500,000 to \$5,000,000. This amount cannot be reduced below \$5,000,000 without the Board of Directors' approval.

7. Product donations:

The Humanitarian Aid Program of the Federation provides donations of treatment products to people with bleeding disorders around the world. Donations obtained from US-based companies are distributed by WFH USA and are recorded in the financial statements of WFH USA (Note 10). Other donations that are not from US-based companies are also recorded in the financial statements of WFH USA unless a Canadian charitable receipt would be requested or there are legal reasons not to channel these donations through WFH USA.

Product donations are priced using the current year's *Red Book*, a reference document used by pharmacists to help them, among other things, determine the pricing of most common drugs. For products not listed in the *Red Book*, the Federation establishes prices based on products with similar characteristics listed in the *Red Book*.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

8. Allocation of expenses:

Costs of administrative salaries, benefits and administrative general support expenses (including rent, heating and electricity, professional services, insurance, office and computer expenses) amounting to \$2,389,920 (2018 - \$2,028,169) have been allocated as follows:

	2019	2018
Health Care Development Programs:		
GAP / Country / Cornerstone programs	\$ 38,791	\$ 17,953
NMOs development	105,598	72,134
Multidisciplinary activities	19,216	35,905
Twinning programs	50,823	14,556
International training fellowship	10,955	14,718
Education and Public Policy:		
Research program, data and demographics	83,598	78,997
Educational materials	102,609	65,789
Blood products - Safety and supply	67,157	45,888
Fundraising and corporate relations	292,918	226,340
Governance and communication	213,930	202,515
Congress	197,442	249,702
Administration	1,206,883	1,003,672
	\$ 2,389,920	\$ 2,028,169

9. Supplemental cash flow information:

	2019	2018
Changes in non-cash operating working capital items:		
Contributions and other receivables	\$ 309,791	\$ (32,749)
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA	(3,446)	444,895
Prepaid expenses - Congresses	(575,904)	469,088
Prepaid expenses - Other	(6,182)	658
Accounts payable and accrued liabilities	349,198	225,115
Accounts payable to the affiliated organization, World Federation of Hemophilia USA	(9,098)	5,552
Deferred contributions	3,192,294	(3,582,148)
	\$ 3,256,653	\$ (2,469,589)

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

10. Related party transactions:

The Federation improves and sustains care for people with inherited bleeding disorders around the world. WFH USA advances the global mission of the Federation within the United States; developing resources to support this mission and building U.S. awareness for the global vision of Treatment for All.

WFH USA was incorporated as a non-for-profit corporation in the State of New York on April 29, 1996. The sole voting member of WFH USA is the Federation, which is responsible for the election of directors and officers of WFH USA. WFH USA qualifies as a tax-exempt organization under Section 501(c)(3) of the *US Internal Revenue Code*.

The accounts of WFH USA expressed in US dollars have not been consolidated in the financial statements.

(a) Service agreement:

Effective September 9, 2018, WFH USA and the Federation signed a Services Agreement whereby the Federation performs various services for WFH USA. As full consideration for the Federation's performance of the services, WFH USA reimburses the Federation for the costs, without any markup, incurred and paid by the Federation in providing the services to WFH USA.

In 2019, the total reimbursements relating to employee salaries amounted to \$242,912 (2018 - \$217,409), presented as revenues in the statement of revenues and expenses. These transactions are measured at the exchange amount, which is the amount of consideration agreed upon by the parties.

(b) Collaboration agreement:

Effective September 9, 2018, WFH USA and the Federation signed a Collaboration Agreement which defines joint and coordinated activities (the "Joint Programs") to support their common charitable goal. The Joint Programs currently include the WFH Humanitarian Aid Program, the WFH Research Program and the WFH Training and Education Program.

As per the Collaboration Agreement, donors may designate contributions to WFH USA solely to be used to financially support the WFH Joint Programs. These donations, less reasonable costs of administration and management incurred by WFH USA, are periodically granted by WFH USA to the Federation as needed to carry out the Federation's responsibilities with respect to the Joint Programs.

In 2019, the total amount of contributions for the Joint Programs received by WFH USA and granted to the Federation amounted to \$2,932,351 (\$1,904,062 in 2018).

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

10. Related party transactions (continued):

(c) A financial summary expressed in US dollars for WFH USA as at December 31, 2019 and for the year then ended is as follows:

Financial position:

	2019 US\$	2018 US\$
Current assets:		
Cash	\$ 655,647	\$ 528,390
Accounts receivable	33,411	37,790
Accounts receivable from the affiliated organization, World Federation of Hemophilia	19,490	25,225
Prepaid expenses	–	304
	<u>708,548</u>	<u>591,709</u>
Investments	569,058	457,292
	<u>\$ 1,277,606</u>	<u>\$ 1,049,001</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,716	\$ 1,837
Accounts payable to the affiliated organization, World Federation of Hemophilia	84,928	78,330
Deferred contributions	349,914	254,234
Deferred investment income	90,773	24,689
	<u>527,331</u>	<u>359,090</u>
Net assets:		
Unrestricted net assets	252,390	241,750
Net assets restricted for endowment purposes	497,885	448,161
	<u>750,275</u>	<u>689,911</u>
	<u>\$ 1,277,606</u>	<u>\$ 1,049,001</u>

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

10. Related party transactions (continued):

(c) A financial summary expressed in US dollars for WFH USA as at December 31, 2019 and for the year then ended is as follows (continued):

Statement of Revenues and Expenses:

	2019 US\$	2018 US\$
Revenues:		
Donations	\$ 77,676	\$ 46,998
Chapters - HTC Contributions	133,741	125,848
Corporate donors	9,000	40,400
Contributions - Joint Programs	2,333,930	1,567,348
	<u>2,554,347</u>	<u>1,780,594</u>
Product donations	437,273,143	378,794,777
	<u>439,827,490</u>	<u>380,575,371</u>
Expenses:		
Joint Programs:		
Humanitarian aid program	1,678,930	1,089,348
Training and education program	570,000	400,000
Research program	85,000	78,000
	<u>2,333,930</u>	<u>1,567,348</u>
Value of product donations	437,273,143	378,794,777
Awareness building	46,995	67,297
Fundraising	84,461	71,437
Administration	78,321	65,381
	<u>439,816,850</u>	<u>380,566,240</u>
Excess of revenues over expenses	<u>\$ 10,640</u>	<u>\$ 9,131</u>

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

11. Commitments:

- (a) The minimal annual rental payments under the terms of the operating lease for premises ending December 31, 2028 are as follows:

2020	\$	114,631
2021		114,631
2022		135,872
2023		135,872
2024		135,872
2025 and thereafter		607,212

- (b) The Federation is committed to make the following payments under the terms of the license agreement concerning its World Bleeding Disorders Registry, a web-based data entry system that provides a platform for a network of hemophilia treatment centres to collect uniform and standardized data on people with hemophilia.

2020	\$	59,040
2021		59,040
2022		54,120

- (c) The Federation is committed to pay \$450,138 for hotel accommodations and other expenses related to the 2021 Regional Congress in Buenos Aires. The contracts could result in penalties during the period preceding the events.

12. Financial risks:

- (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Federation is exposed to credit risk with respect to the contributions and other receivables. The Federation assesses, on a continuous basis, these receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts.

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Notes to Financial Statements (continued)
(Expressed in Canadian dollars, except as otherwise stated)

Year ended December 31, 2019

12. Financial risks (continued):

(b) Interest rate risk:

The Federation is exposed to interest rate risk on its fixed interest rate financial instruments. Further details about the fixed rate investments are included in Note 2.

(c) Currency risk:

The Federation is exposed to currency risk as a result of exchange rate fluctuations and the volatility of these rates.

A substantial portion of the Federation's revenues is provided in US dollars. The Federation did not enter, during the year, into foreign exchange contracts to mitigate this risk. There has been no change to the risk exposure from 2018.

(d) Liquidity risk:

Liquidity risk is the risk that the Federation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Federation manages its liquidity risk by monitoring its operating requirements. The Federation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2018.

13. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions; however, the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and investment balances, which may also have a direct impact on the Federation's operating results and financial position in the future. The situation is dynamic, and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Federation are not known at this time.