The National Hemophilia Foundation

Financial Statements
Year Ended June 30, 2009

BDO Seidman, LLP
Accountants and Consultants

The National Hemophilia Foundation

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Contents

BDO

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Independent Auditors' Report

The Board of Directors
The National Hemophilia Foundation
New York, New York

We have audited the accompanying statement of financial position of The National Hemophilia Foundation (the "Foundation") as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 National Hemophilia Foundation as of June 30, 2009, 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.

Information for the year ended June 30, 2008 is presented for comparative purposes only and was extracted from the financial statements of the Foundation for that year, dated October 8, 2008.

BDO Seidman, LLP

October 26, 2009

The National Hemophilia Foundation

Statement of Financial Position (with comparative totals for 2008)

June 30,	Unrestricted	Temporarily restricted	Total 2009	Total 2008
Assets				
Current assets:				
Cash and cash equivalents (Notes 2 and 10)	$2,117,783	$ -	**$2,117,783**	$2,829,278
Investments at fair value (Notes 2 and 3)	1,948,788	2,878,003	**4,826,791**	5,615,946
Government grants receivable	121,125	-	**121,125**	150,185
Grants and other receivables, less uncollectible accounts of $-0- in 2009 and $22,503 in 2008	223,397	-	**223,397**	846,640
Prepaid expenses and other assets	125,032	-	**125,032**	158,387
Total current assets	4,536,125	2,878,003	**7,414,128**	9,600,436
Noncurrent assets:				
Security Deposit	52,638	-	**52,638**	52,638
Fixed assets, net (Notes 2 and 4)	18,686	-	**18,686**	2,297
Total noncurrent assets	71,324	-	**71,324**	54,935
	$4,607,449	**$2,878,003**	**$7,485,452**	$9,655,371
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	$ 675,285	$ -	**$ 675,285**	$ 423,203
Accrued expenses	550,775	-	**550,775**	501,329
Accrued payroll and accrued vacation	411,489	-	**411,489**	245,625
Grants payable	-	-	-	11,686
Deferred revenue	2,008,292	-	**2,008,292**	1,855,901
Total current liabilities	3,645,841	-	**3,645,841**	3,037,744
Commitments and contingencies (Notes 7 and 8)				
Net assets:				
Unrestricted	961,608	-	**961,608**	2,172,647
Temporarily restricted (Note 5)	-	2,878,003	**2,878,003**	4,444,980
Total net assets	961,608	2,878,003	**3,839,611**	6,617,627
	$4,607,449	**$2,878,003**	**$7,485,452**	$9,655,371

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Activities
(with comparative totals for 2008)

Year ended June 30,

	Unrestricted	Temporarily restricted	Total 2009	Total 2008
Public support and revenue:				
Special event revenue	$ 530,348	$ -	**$ 530,348**	$ 258,044
Less: Direct costs	(414,015)	-	**(414,015)**	(131,303)
	116,333	-	**116,333**	126,741
Government grants	1,558,937	-	**1,558,937**	1,627,565
Contributions and grants	2,183,946	317,854	**2,501,800**	1,447,863
Legacies and bequests	65,339	-	**65,339**	491,687
Revenues generated from affiliated chapters	51,033	15,864	**66,897**	99,006
Contributions from Combined Federal Campaign	25,889	-	**25,889**	32,433
Educational seminars and programs	2,340,003	-	**2,340,003**	2,903,432
Investment income	207,955	-	**207,955**	279,383
Realized gains (losses) on investments	(110,472)	-	**(110,472)**	66,196
Unrealized losses on investments	(314,718)	(3,674)	**(318,392)**	(317,514)
Membership	36,080	-	**36,080**	75,345
Publication income	19,403	-	**19,403**	24,157
Educational/medical literature	1,142,697	-	**1,142,697**	1,245,322
In-kind	8,838	-	**8,838**	5,450
Other income	67,483	-	**67,483**	103,212
Net assets released from restrictions	1,897,021	(1,897,021)	**-**	-
Total public support and revenue	9,295,767	(1,566,977)	**7,728,790**	8,210,278
Expenses:				
Program services:				
Health education and training	3,409,452	-	**3,409,452**	3,676,702
Community services	2,333,660	-	**2,333,660**	2,057,070
Chapter services	795,753	-	**795,753**	317,543
Research	2,202,184	-	**2,202,184**	1,942,314
Total program services	8,741,049	-	**8,741,049**	7,993,629
Supporting services:				
Management and general	1,137,972	-	**1,137,972**	775,428
Fundraising	627,785	-	**627,785**	553,709
Total supporting services	1,765,757	-	**1,765,757**	1,329,137
Total expenses	10,506,806	-	**10,506,806**	9,322,766
Change in net assets	(1,211,039)	(1,566,977)	**(2,778,016)**	(1,112,488)
Net assets, beginning of year	2,172,647	4,444,980	**6,617,627**	7,730,115
Net assets, end of year	**$ 961,608**	**$ 2,878,003**	**$ 3,839,611**	$ 6,617,627

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Functional Expenses (with comparative totals for 2008)

Year ended June 30,

	Program services					Support services			Total	
	Health education and training	Community services	Chapter Services	Research	Total	Management and general	Fundraising	Total	**2009**	2008
Salaries and related expenses:										
Salaries	$1,021,462	$ 875,601	$385,638	$ 233,264	$2,515,965	$ 717,444	$315,313	$1,032,757	**$ 3,548,722**	$3,037,497
Employee benefits and payroll taxes	255,572	126,348	90,618	55,840	528,378	73,210	48,888	122,098	**650,476**	503,842
Pension expense (Note 8)	98,475	54,269	17,642	23,569	193,955	25,390	21,018	46,408	**240,363**	212,215
Total salaries and related expenses	1,375,509	1,056,218	493,898	312,673	3,238,298	816,044	385,219	1,201,263	**4,439,561**	3,753,554
Other expenses:										
Supplies	43,146	2,784	3,191	967	50,088	15,146	3,731	18,877	**68,965**	75,624
Stationery and printing	95,393	152,418	1,864	5,562	255,237	3,675	27,967	31,642	**286,879**	271,525
Telephone	20,577	8,421	5,494	2,647	37,139	22,181	5,935	28,116	**65,255**	45,335
Rent and utilities (Note 7)	165,611	49,976	20,313	25,429	261,329	135,267	13,648	148,915	**410,244**	327,248
Insurance	10,075	4,234	1,447	2,696	18,452	9,369	1,425	10,794	**29,246**	27,471
Equipment rental and maintenance	154,555	144,306	21,735	23,483	344,079	30,037	13,816	43,853	**387,932**	256,083
Travel, conferences, conventions	866,750	169,842	107,357	116,543	1,260,492	41,333	38,276	79,609	**1,340,101**	1,475,407
Accounting and auditing	13,599	8,616	4,344	3,242	29,801	8,474	3,620	12,094	**41,895**	43,936
Consulting and professional fees	425,107	687,969	65,499	11,636	1,190,211	30,840	96,292	127,132	**1,317,343**	1,193,050
Membership dues	7,448	5,680	2,670	1,615	17,413	5,996	16,136	22,132	**39,545**	29,707
Awards and grants	152,938	300	61,492	1,691,818	1,906,548	-	-	-	**1,906,548**	1,611,189
Postage and shipping	56,156	28,105	1,440	1,076	86,777	6,430	15,726	22,156	**108,933**	124,255
Employment recruiting	2,254	1,604	861	515	5,234	1,910	946	2,856	**8,090**	1,586
Depreciation and amortization	1,181	842	447	270	2,740	1,003	365	1,368	**4,108**	29,810
In-kind expenses	39	6,000	-	-	6,039	2,800	-	2,800	**8,839**	5,450
Banking and investment fees	8,416	5,992	3,177	1,922	19,507	7,134	3,031	10,165	**29,672**	27,800
Miscellaneous	10,698	353	524	90	11,665	333	1,652	1,985	**13,650**	23,736
Total expenses	**$3,409,452**	**$2,333,660**	**$795,753**	**$2,202,184**	**$8,741,049**	**$1,137,972**	**$627,785**	**$1,765,757**	**$10,506,806**	$9,322,766

See accompanying notes to financial statements.

The National Hemophilia Foundation

Statement of Cash Flows
(with comparative totals for 2008)

Year ended June 30,	**2009**	2008
Cash flows from operating activities:		
Change in net assets	**$(2,778,016)**	$(1,112,488)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**4,108**	29,810
Realized losses (gains) from investments	**110,472**	(66,196)
Unrealized losses from investments	**318,392**	317,514
(Increase) decrease in liabilities:		
Government grants receivable	**29,060**	196,422
Grants and other receivables	**623,243**	169,601
Prepaid expenses and other assets	**33,355**	(72,193)
Grants receivable - long term	**-**	375,000
Increase (decrease) in liabilities:		
Accounts payable	**252,082**	(47,478)
Accrued expenses	**49,446**	219,839
Accrued payroll and vacation	**165,864**	27,900
Grants payable – short term	**(11,686)**	(100,462)
Deferred revenue	**152,391**	671,246
Net cash provided by (used in) operating activities	**(1,051,289)**	608,515
Cash flows from investing activities:		
Purchases of fixed assets	**(20,497)**	-
Purchases of investments	**(1,442,713)**	(2,283,280)
Proceeds from sale of investments	**1,803,004**	2,172,204
Net cash provided by used in investing activities	**339,794**	(111,076)
Net increase (decrease) in cash and cash equivalents	**(711,495)**	497,439
Cash and cash equivalents, beginning of year	**2,829,278**	2,331,839
Cash and cash equivalents, end of year	**$ 2,117,783**	$ 2,829,278

See accompanying notes to financial statements.

1. Organization and Purpose

The National Hemophilia Foundation (the "Foundation" or "NHF") was incorporated in the State of New York on June 15, 1948.

The Foundation is dedicated to finding better treatments and cures for bleeding and clotting disorders and to prevent the complications of these disorders through education, advocacy and research.

The Foundation and other independent organizations (member chapters) actively collaborate in furthering the Foundation's mission throughout the United States. These financial statements represent only the financial position and activities of the National Hemophilia Foundation and do not include the accounts of the member chapters.

2. Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The financial statements of the Foundation are prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

(b) *Financial Statement Presentation*

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

These classes are defined as follows:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

(ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) *Contributions and Grants Receivable*

Contributions and grants, including unconditional promises to give that are expected to be collected within one year, are recognized as revenues in the period earned and are either classified as temporarily restricted or unrestricted. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. An allowance for uncollectible accounts is recorded by management for reimbursable expenses either in dispute with the funding agency or deemed uncollectible.

(d) *Cash and Cash Equivalents*

The Foundation considers money market accounts, certificates of deposit and all highly liquid debt securities purchased with original maturities of three months or less to be cash and cash equivalents.

(e) *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

(f) *Fixed Assets*

Fixed assets are recorded at cost or, if donated, at their fair value at the date of the gift. Fixed assets are depreciated using the straight-line method over the estimated useful life of the assets ranging from five to seven years. Leasehold improvements are amortized over the shorter of the life of the lease or their useful lives.

The Foundation capitalizes fixed asset purchases greater than $5,000 with an estimated useful life greater than one year.

(g) *Membership Dues*

Under the terms of the Foundation's bylaw provisions, local nonprofit organizations concerned with inherited bleeding disorders are offered the opportunity to become NHF chapter members, entitled to all the rights and privileges designated in Article III of such bylaws. Each chapter member is required to pay an annual fee determined by the Board of Directors, which is presently either $750 or $1,500 based on the chapter member's annual budget. Individuals may also become non-voting members by paying an annual fee ranging from $25 to $100, based on their status as either consumers or providers. This amount is determined by the Board of Directors.

(h) *Subcontracts and Chapter Support Funding*

Subcontracts and chapter support funding represent chapter outreach grants and treatment center monies designated for research. These subcontracts are funded through the Federal government and other agencies and are administered by the Foundation.

(i) *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) *Income Taxes*

The Foundation is a nonprofit voluntary health organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified by the IRS as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. There was no unrelated business income tax payable for the year ended June 30, 2009.

(k) *Comparative Financial Information*

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the prior year financial statements from which the summarized information was derived. With respect to statement of activities, prior year information is not presented by net asset class. With respect to the statement of functional expenses, the prior year expenses by expense classification are presented in total rather than by functional category.

(l) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(m) *Reclassifications*

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation. The reclassifications had no impact on change in net assets.

(n) *Recently Issued Accounting Pronouncements*

(i) *Net Asset Classification*

In August 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enhanced Disclosures for All Endowment Funds". This statement is intended to improve the quality and consistency of financial reporting of endowments held by not-for-profit organizations. This statement provides guidance on classifying the net assets (equity) associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor- restricted endowment funds. The statement is effective for all fiscal years ending after December 15, 2008. The Foundation does not believe adoption of SFAS No. 117-1 will impact the amounts reported on the financial statements.

(ii) *Fair Value Measurements*

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

The adoption of SFAS No. 157 did not have an impact on the financial statements. However, additional disclosures were required about the inputs used to develop the measurements of fair value and the effect of certain of the measurements reported in the statement of activities (see Note 3).

3. Investments at Fair Value

(a) *Financial Instruments and Fair Value*

On July 1, 2008, the Foundation adopted SFAS No. 157, "Fair Value Measurements". SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 establishes a hierarchy for inputs to be used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most unobservable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions market participants would use in pricing the asset based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Observable inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date. Level 1 securities include highly liquid U.S. Treasury securities, certain common stocks and mutual funds.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified as Level 2.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Examples of Level 3 assets include investments in limited partnerships.

The following table presents the Foundation's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

Fair value measurements by level at June 30, 2009.

	Total	Level 1	Level 2	Level 3
Investments at fair value:				
Equity	$4,826,791	$4,826,791	$ -	$ -

(b) Investments

The following is a summary of investments at fair value and cost at June 30, 2009.

June 30, 2009	Fair value	Cost
Equity	$4,826,791	$5,330,185

4. Fixed Assets

The Foundation's fixed assets consist of the following:

June 30, 2009	
Furniture, fixtures and equipment	$ 187,759
Computers	996,922
Leasehold improvements	150,982
	1,335,663
Less: Accumulated depreciation and amortization	1,316,977
	$ 18,686

5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions received and certain income related to the following:

Research	$ 525,954
Soozie Courter	80,966
Capital Campaigns I and II	1,168,432
Scholarship Fund	10,610
Clinical Fellowship	836,613
Dale Smith	250,000
Katrina Relief Fund	877
Planned Giving	4,551
	$2,878,003

6. Net Assets Released from Restrictions

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

Katrina Relief Fund	$ 300
Capital Campaigns I and II	1,168,789
Soozie Courter	9,034
JGP	244,181
Scholarship Fund	1,025
Clinical Fellowship	473,692
	$1,897,021

7. Commitments

The Foundation leases office space under operating leases. Rent expense for the year ended June 30, 2009 was $354,025. At June 30, 2009, future minimum rental payments under these operating leases, inclusive of the effect of the office lease escalation clause, are as follows:

Year ended June 30,	
2010	$ 365,604
2011	375,700
2012	385,323
2013	396,883
2014	408,789
Thereafter	313,439
	$2,245,738

8. Pension Plan

The Foundation has a defined contribution plan organized under Section 403(b) of the Internal Revenue Code administered by TIAA-CREF Individual and Institutional Services, Inc. covering substantially all of its employees. The Foundation makes contributions for each participant in the amount of a stated percentage of annual compensation based on the number of years such participant is in the employ of the Foundation. Employees may contribute to the plan subject to the maximum annual contribution limit prescribed by the Employee Retirement Income Security Act of 1974 guidelines.

For the year ended June 30, 2009, benefit plan expense was $240,363.

9. Revenue Concentrations

During the year ended June 30, 2009, the Foundation earned 19.1% of its revenue from the Center for Disease Control which is a division of the Federal Government's Department of Health and Human Services.

10. Concentration of Credit Risk

The financial instruments that potentially subject the Foundation concentration of credit risk, consist primarily of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage ("FDIC") limit.

11. Subsequent Events

The Foundation's management has performed subsequent events procedures through October 26, 2009, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.