

Financial Statements of
(Expressed in Canadian dollars)

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

Year ended December 31, 2021

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

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(Expressed in Canadian dollars)

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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, 2021
- 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, 2021, 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.



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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.



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- 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

April 12, 2022

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Financial Position
(Expressed in Canadian dollars)

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,954,512	\$ 2,608,406
Short-term investments (note 2)	2,807,277	2,728,256
Contributions and other receivables (note 3)	647,073	3,293,924
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA	259,590	132,042
Prepaid expenses - Other	87,725	78,539
Prepaid expenses - Congress 2022	54,118	-
	<u>10,810,295</u>	<u>8,841,167</u>
Prepaid expenses - Congress 2022	-	27,246
Long-term investments (note 2)	10,910,114	10,646,011
Capital assets (note 4)	147,164	192,033
	<u>\$ 21,867,573</u>	<u>\$ 19,706,457</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,630,146	\$ 1,678,673
Accounts payable to the affiliated organization, World Federation of Hemophilia USA	50,390	31,496
Deferred contributions (note 6)	4,749,945	2,664,107
	<u>6,430,481</u>	<u>4,374,276</u>
Deferred lease inducement	189,800	184,295
	<u>6,620,281</u>	<u>4,558,571</u>
Net assets (note 7):		
Internally restricted net assets	5,000,000	5,000,000
Invested in capital assets	147,164	192,033
Unrestricted net assets	10,100,128	9,955,853
	<u>15,247,292</u>	<u>15,147,886</u>
Commitments (note 13)		
	<u>\$ 21,867,573</u>	<u>\$ 19,706,457</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, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Contributions:		
Sponsored programs	\$ 4,044,010	\$ 2,987,537
Corporate donors	2,281,626	2,481,690
Donations	825,540	968,191
Humanitarian aid program (note 12)	3,114,509	2,468,117
Total contributions	10,265,685	8,905,535
Events registration and housing fees	155,933	-
World Federation of Hemophilia USA (note 12)	255,734	262,179
Publications	217,742	191,422
National member organizations	105,593	105,780
Other miscellaneous and investment income	520,283	811,114
	11,520,970	10,276,030
Product donations (note 8)	200,486,376	59,909,908
Total revenues before congresses and virtual summit and the Canada Emergency Wage and other subsidies income	212,007,346	70,185,938
Expenses (note 9):		
Health care development programs:		
GAP / Country / Cornerstone programs	1,039,033	884,104
National member organizations development	1,056,134	716,817
Multidisciplinary activities	417,147	452,973
Twinning programs	401,399	296,898
International training fellowships	114,169	142,651
	3,027,882	2,493,443
Education and public policy:		
Research program, data and demographics	1,098,056	993,218
Educational materials	794,482	762,928
Blood products - Safety and supply	164,133	118,771
	2,056,671	1,874,917
Humanitarian aid and products:		
Value of product donations (note 8)	200,486,376	59,909,908
Humanitarian aid program	4,325,180	3,034,496
	204,811,556	62,944,404
Fundraising and corporate relations	665,568	727,600
Administration	1,095,308	1,259,774
Governance and communications	1,147,787	612,309
Foreign exchange (gain) loss	(11,561)	57,610
Total expenses before congresses and virtual summit	212,793,211	69,970,057
(Deficiency) excess before congresses and virtual summit and the Canada Emergency Wage and other subsidies income	(785,865)	215,881
Canada Emergency Wage and other subsidies income (note 10)	1,432,413	1,020,732
Congresses and virtual summit:		
Congress cancellation insurance claim and recovered congress deposits (note 3)	306,233	1,544,388
Revenues	-	2,128,330
Expenses	(853,375)	(1,508,973)
Total congresses and virtual summit	(547,142)	2,163,745
Excess of revenues over expenses	\$ 99,406	\$ 3,400,358

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, 2021, with comparative information for 2020

	2021			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 5,000,000	\$ 192,033	\$ 9,955,853	\$ 15,147,886
Excess of revenues over expenses	–	(61,692) ⁽ⁱ⁾	161,098	99,406
Acquisition of capital assets	–	16,823	(16,823)	–
Balance, end of year	\$ 5,000,000	\$ 147,164	\$ 10,100,128	\$ 15,247,292

	2020			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 5,000,000	\$ 194,518	\$ 6,553,010	\$ 11,747,528
Excess of revenues over expenses	–	(59,357) ⁽ⁱ⁾	3,459,715	3,400,358
Acquisition of capital assets	–	56,872	(56,872)	–
Balance, end of year	\$ 5,000,000	\$ 192,033	\$ 9,955,853	\$ 15,147,886

⁽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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Excess of revenues over expenses	\$ 99,406	\$ 3,400,358
Adjustments for:		
Amortization of capital assets	61,692	59,357
Amortization of deferred lease inducement	5,505	5,505
Gain on disposal of investments	(33,205)	(69,987)
Increase in unrealized gain on investments	(142,510)	(343,238)
Changes in non-cash operating working capital items (note 11)	4,539,450	(3,153,494)
	4,530,338	(101,499)
Investing:		
Purchase of capital assets	(16,823)	(56,872)
Acquisition of investments	(995,331)	(1,478,464)
Proceeds from disposal of investments	827,922	1,123,541
	(184,232)	(411,795)
Net increase (decrease) in cash and cash equivalents	4,346,106	(513,294)
Cash and cash equivalents, beginning of year	2,608,406	3,121,700
Cash and cash equivalents, end of year	\$ 6,954,512	\$ 2,608,406
Cash and cash equivalents consist of:		
Bank balances	\$ 6,954,512	\$ 2,608,406

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, 2021

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 147 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, 2021

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

(e) Deferred contributions:

Deferred contributions represent unspent resources for designated activities.

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, 2021

1. Significant accounting policies (continued):

(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.

(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.

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, 2021

1. Significant accounting policies (continued):

(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.

(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.

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, 2021

1. Significant accounting policies (continued):

(n) Government assistance:

Government assistance is recorded when there is reasonable assurance that the Federation has complied with and will continue to comply with all the necessary conditions to obtain the assistance and the amounts are reasonably determinable. Government assistance related to wages and payroll deductions is included in the determination of revenues and expenses for the period as an increase in revenues.

2. Investments:

			2021
	Effective rate	Book value	Fair value
Guaranteed investment certificates	0.35% - 2.70%	\$ 2,779,419	\$ 2,807,277
Total short-term investments		2,779,419	2,807,277
Mutual funds:			
Canadian equities		471,591	583,572
Global equities		800,723	1,237,240
Bonds and hedge strategies		3,532,801	3,606,464
		4,805,115	5,427,276
Guaranteed investment certificates	2.05% - 2.37%	4,000,000	4,154,093
Bonds	0.25% - 3.25%	1,336,830	1,328,745
Total long-term investments		10,141,945	10,910,114
Total investments		\$ 12,921,364	\$ 13,717,391

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, 2021

2. Investments (continued):

			2020
	Effective rate	Book value	Fair value
Guaranteed investment certificates	2.55% - 3.15%	\$ 2,700,608	\$ 2,728,256
Total short-term investments		2,700,608	2,728,256
Mutual funds:			
Canadian equities		465,023	484,065
Global equities		797,317	1,093,241
Bonds and hedge strategies		3,453,021	3,623,145
		4,715,361	5,200,451
Guaranteed investment certificates	2.05% - 2.37%	4,000,000	4,100,354
Bonds	0.25% - 3.25%	1,304,781	1,345,206
Total long-term investments		10,020,142	10,646,011
Total investments		\$ 12,720,750	\$ 13,374,267

As at December 31, 2021, included in cash and cash equivalents is an amount of \$4,735,488 (2020 - \$1,014,819) 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. Contributions and other receivables:

	2021	2020
Corporate receivables	\$ 141,879	\$ 1,022,419
Insurance claim receivable ⁽ⁱ⁾	250,487	1,544,388
Government subsidy receivable (note 10)	77,612	335,823
Sales taxes receivable	91,716	208,221
Other receivables	138,773	236,467
	700,467	3,347,318
Allowance for doubtful accounts	(53,394)	(53,394)
	\$ 647,073	\$ 3,293,924

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, 2021

3. Contributions and other receivables (continued):

- (i) The Federation's World Congress that was scheduled to take place in Kuala Lumpur, Malaysia in June 2020 was cancelled as a result of the COVID-19 pandemic and governments implemented restrictions and bans. An insurance claim was filed on April 19, 2020 to cover the net loss resulting from the cancellation of the event. On February 16, 2021, based on the initial assessment of the claim, the underwriters approved and accepted an advance payment against the loss of \$1,544,388. This amount was recorded as a receivable as at December 31, 2020 and was subsequently collected by the Federation. On December 14, 2021, an additional amount of \$250,487 was approved and accepted by the underwriters. This amount has been recorded as receivable as at December 31, 2021 and subsequently collected by the Federation.

The insurance claim has not yet been settled. An amount of \$330,653 is still under review and any additional amounts accepted by the underwriters will be recognized in the accounts upon settlement.

4. Capital assets:

	2021		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 81,358	\$ 60,904	\$ 20,454
Computer hardware	387,892	340,093	47,799
Computer software	37,194	37,194	-
Leasehold improvements	198,626	119,715	78,911
	\$ 705,070	\$ 557,906	\$ 147,164

	2020		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 81,358	\$ 46,540	\$ 34,818
Computer hardware	371,069	304,037	67,032
Computer software	37,194	37,194	-
Leasehold improvements	198,626	108,443	90,183
	\$ 688,247	\$ 496,214	\$ 192,033

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, 2021

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$9,175 (2020 - \$6,734), which represent amounts payable for payroll-related taxes.

6. Deferred contributions:

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

	2021	2020
Sponsored programs	\$ 3,282,758	\$ 2,664,107
Congress 2022	1,467,187	–
	<hr/>	<hr/>
	\$ 4,749,945	\$ 2,664,107

7. 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. This amount cannot be reduced below \$5,000,000 without the Board of Directors' approval.

8. 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 12). 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, 2021

9. 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 \$2,459,599 (2020 - \$2,515,789) have been allocated as follows:

	2021	2020
Health care development programs:		
GAP / Country / Cornerstone programs	\$ 31,534	\$ 77,067
NMOs development	85,327	79,898
Multidisciplinary activities	43,035	27,391
Twinning programs	63,101	43,013
International training fellowship	21,888	24,985
Education and public policy:		
Research program, data and demographics	96,256	117,191
Educational materials	56,390	62,926
Blood products - Safety and supply	18,364	26,932
Humanitarian aid and products	194,521	115,899
Fundraising and corporate relations	272,848	256,469
Governance and communications	308,282	200,991
Congresses	172,745	223,253
Administration	1,095,308	1,259,774
	\$ 2,459,599	\$ 2,515,789

10. Government assistance:

In April 2020, the Government of Canada passed Legislation creating the Canada Emergency Wage Subsidy ("CEWS") program. Under the CEWS program, eligible employers are entitled to receive a portion of a wage reimbursement for eligible employees commencing on March 15, 2020. For the year ended December 31, 2021, the total income relating to CEWS amounted to \$1,307,815 (2020 - \$995,732) and was recognized as an increase in income in the statement of revenues and expenses, of which an amount of \$44,598 (2020 - \$335,823) was receivable as at December 31, 2021 (see Note 3).

In addition to the CEWS, in 2020, the Federation benefited from the government's 10% Temporary Wage Subsidy ("TWS"). The TWS was a 3-month measure that allowed eligible employers to reduce the amount of payroll deductions needed to be remitted to the Canada Revenue Agency. The Federation claimed the maximum amount of \$25,000 for the year ended December 31, 2020. The total income relating to the TWS was recognized as an increase in income in the statement of revenues and expenses.

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, 2021

10. Government assistance (continued):

In October 2020, the Government of Canada passed Legislation creating the Canada Emergency Rent Subsidy ("CERS") program which provides government assistance in the form of rent subsidy for qualifying businesses faced with specified levels of revenue decline. The CERS program is applicable from September 27, 2020 to October 23, 2021 for eligible entities that have experienced a reduction in gross revenue for the period as determined by the program. For the year ended December 31, 2021, the total income relating to CERS amounted to \$124,598 (2020 - nil) and was recognized as an increase in income in the statement of revenues and expenses, of which an amount of \$33,014 (2020 - nil) was receivable as at December 31, 2021 (see Note 3).

11. Supplemental cash flow information:

	2021	2020
Changes in non-cash operating working capital items:		
Contributions and other receivables	\$ 2,646,851	\$ (2,752,288)
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA	(127,548)	(21,738)
Prepaid expenses - Other	(9,186)	(14,939)
Prepaid expenses - Congress 2022	(26,872)	897,660
Accounts payable and accrued liabilities	(48,527)	(249,260)
Accounts payable to the affiliated organization, World Federation of Hemophilia USA	18,894	6,182
Deferred contributions	2,085,838	(1,019,111)
	\$ 4,539,450	\$ (3,153,494)

12. 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.

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, 2021

12. Related party transactions (continued):

(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 2021, the total reimbursements relating to employee salaries amounted to \$255,734 (2020 - \$262,179), 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 2021, the total amount of contributions for the Joint Programs received by WFH USA and granted to the Federation amounted to \$4,158,552 (\$4,879,871 in 2020).

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, 2021

12. Related party transactions (continued):

(c) Financial summary:

A financial summary expressed in US dollars for WFH USA as at December 31, 2021 and for the year then ended is as follows:

Financial position:

	2021 US\$	2020 US\$
Current assets:		
Cash	\$ 588,574	\$ 589,871
Short-term investments	448,431	—
Accounts receivable	108,335	32,725
Accounts receivable from the affiliated organization, World Federation of Hemophilia	39,746	24,738
	1,185,086	647,334
Investments	829,478	712,770
	\$ 2,014,564	\$ 1,360,104
Current liabilities:		
Accounts payable and accrued liabilities	\$ —	\$ 240
Accounts payable to the affiliated organization, World Federation of Hemophilia	204,756	103,708
Deferred contributions	555,171	209,685
Deferred investment income	238,765	184,370
	998,692	498,003
Net assets:		
Unrestricted net assets	413,790	311,450
Net assets restricted for endowment purposes	602,082	550,651
	1,015,872	862,101
	\$ 2,014,564	\$ 1,360,104

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, 2021

12. Related party transactions (continued):

(c) Financial summary (continued):

Statement of Revenues and Expenses:

	2021 US\$	2020 US\$
Revenues:		
Donations	\$ 60,642	\$ 125,486
Chapters - HTC Contributions	132,635	176,575
Contributions - Joint Programs	3,407,270	3,774,681
	<u>3,600,547</u>	<u>4,076,742</u>
Product donations	819,254,269	394,273,901
	<u>822,854,816</u>	<u>398,350,643</u>
Expenses:		
Joint Programs:		
Humanitarian Aid Program	2,617,270	3,195,681
Training and Education Program	655,000	509,000
Research Program	135,000	70,000
	<u>3,407,270</u>	<u>3,774,681</u>
Value of product donations	819,254,269	394,273,901
Awareness building	14,666	74,684
Fundraising	47,665	79,755
Administration	28,606	88,562
	<u>822,752,476</u>	<u>398,291,583</u>
Excess of revenues over expenses	<u>\$ 102,340</u>	<u>\$ 59,060</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, 2021

13. Commitments:

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

2022	\$	135,872
2023		135,872
2024		135,872
2025		135,872
2026		157,113
2027 and thereafter		314,227

- (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.

2022	\$	54,120
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14. 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.

- (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.

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, 2021

14. Financial risks (continued):

(c) Currency risk:

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

As at December 31, 2021 and 2020, the financial assets and liabilities (converted into Canadian dollars) exposed to foreign exchange fluctuations are as follows:

(Expressed in CAD)	2021	2020
Cash:		
US dollars	\$ 1,119,144	\$ 901,773
Euros	53,739	8,935
Contributions and other receivables:		
US dollars	110,486	855,976
Euros	55,820	217,410
British pounds	111,575	169,753
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA:		
US dollars	259,590	132,042
Accounts payable and accrued liabilities:		
US dollars	411,761	485,154
Euros	7,860	46,236
Accounts payable to the affiliated organization, World Federation of Hemophilia USA:		
US dollars	50,390	31,496

From time to time, the Federation may enter into forward exchange contracts to mitigate this risk. As at December 31, 2021, there were no outstanding forward exchange contracts (2020 - US\$1,200,000).

(d) Liquidity risk:

Liquidity risk refers to 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 2020.

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, 2021

15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statements presentation adopted in the current year.