

Financial Statements of
(Expressed in Canadian dollars)

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

Year ended December 31, 2017

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

We have audited the accompanying financial statements of World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie (the "Federation"), which comprise the statement of financial position as at December 31, 2017, the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Federation's preparation and fair presentation of the financial statements 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 Federation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2017, 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.

*KPMG LLP**

April 20, 2018

Montréal, Canada

WORLD FEDERATION OF HEMOPHILIA - FÉDÉRATION MONDIALE DE L'HÉMOPHILIE

Statement of Financial Position
(Expressed in Canadian dollars)

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,551,655	\$ 9,900,906
Short-term investments (note 2)	1,546,665	1,520,491
Contributions and other receivables	818,678	716,107
Accounts receivable from the affiliated organization, World Federation of Hemophilia USA	551,753	104,072
Prepaid expenses - Congress 2018	818,090	-
Prepaid expenses - Other	58,076	58,503
	<u>10,344,917</u>	<u>12,300,079</u>
Prepaid expenses - Congress 2018	-	30,908
Long-term investments (notes 2)	5,707,711	2,477,404
Capital assets (note 3)	90,996	53,627
	<u>\$ 16,143,624</u>	<u>\$ 14,862,018</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 1,353,620	\$ 1,716,248
Accounts payable to the affiliated organization, World Federation of Hemophilia USA	28,860	11,695
Deferred contributions (note 5)	4,073,072	966,928
	<u>5,455,552</u>	<u>2,694,871</u>
Deferred lease inducement	167,779	-
	<u>5,623,331</u>	<u>2,694,871</u>
Net assets (note 6):		
Internally restricted net assets	2,500,000	2,500,000
Invested in capital assets	90,996	53,627
Unrestricted net assets	7,929,297	9,613,520
	<u>10,520,293</u>	<u>12,167,147</u>
Commitments (note 11)		
	<u>\$ 16,143,624</u>	<u>\$ 14,862,018</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, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Contributions:		
Sponsored programs	\$ 2,897,655	\$ 2,777,452
Corporate donors	2,549,994	2,272,701
Research program	683,273	420,798
Donations	179,380	195,800
Humanitarian aid program (note 10)	1,377,619	1,205,022
Government funding	5,000	-
Total contributions	7,692,921	6,871,773
Events registration and housing fees	479,771	-
Investment income	222,612	209,744
World Federation of Hemophilia USA (note 10)	233,471	-
Publications	184,130	189,719
National member organizations ("NMOs")	111,603	105,276
Memberships	36,268	104,723
Other income	13,269	26,542
	8,974,045	7,507,777
Product donations (note 7)	54,574,321	11,304,390
Total revenues before Congresses	63,548,366	18,812,167
Expenses (note 8):		
Health Care Development Programs:		
GAP / Country / Cornerstone programs	1,230,112	1,186,750
NMOs development	1,175,801	713,666
Multidisciplinary activities	692,999	646,723
Twinning programs	478,708	424,592
International training fellowships	258,035	228,378
	3,835,655	3,200,109
Education and public policy:		
Research program, data and demographics	819,891	691,525
Educational materials	379,355	321,262
Blood products - Safety and supply	283,434	146,605
	1,482,680	1,159,392
Humanitarian aid and products:		
Value of product donations (note 7)	54,574,321	11,304,390
Humanitarian aid program	1,377,619	1,205,022
Handling and shipping	245,976	101,098
	56,197,916	12,610,510
Fundraising and corporate relations	983,155	765,197
Governance - Board and committees	311,772	263,360
Administration	965,128	956,665
Communications	517,634	497,510
Fluctuation of foreign exchange loss	139,974	140,081
Total expenses before Congresses	64,433,914	19,592,824
Deficiency before Congresses	(885,548)	(780,657)
Congresses:		
Revenues - Congress 2016	-	14,847,683
Expenses - Congress 2016	-	8,871,543
Expenses - Congress 2018	691,184	-
Excess of (expenses over revenues) revenues over expenses for the Congresses	(691,184)	5,976,140
Expenses - Future Congresses	70,122	118,288
Excess of (expenses over revenues) revenues over expenses for the Congresses	(761,306)	5,857,852
Excess of (expenses over revenues) revenues over expenses for the year	\$ (1,646,854)	\$ 5,077,195

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, 2017, with comparative information for 2016

	2017			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 2,500,000	\$ 53,627	\$ 9,613,520	\$ 12,167,147
Excess of expenses over revenues for the year	–	(43,310) ⁽ⁱ⁾	(1,603,544)	(1,646,854)
Acquisition of capital assets	–	80,679	(80,679)	–
Balance, end of year	\$ 2,500,000	\$ 90,996	\$ 7,929,297	\$ 10,520,293

	2016			
	Internally restricted net assets	Invested in capital assets	Unrestricted net assets	Total
Balance, beginning of year	\$ 2,500,000	\$ 76,159	\$ 4,513,793	\$ 7,089,952
Excess of (expenses over revenues) revenues over expenses for the year	–	(47,867) ⁽ⁱ⁾	5,125,062	5,077,195
Acquisition of capital assets	–	25,335	(25,335)	–
Balance, end of year	\$ 2,500,000	\$ 53,627	\$ 9,613,520	\$ 12,167,147

⁽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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating:		
Excess of (expenses over revenues) revenues over expenses	\$ (1,646,854)	\$ 5,077,195
Adjustments for:		
Amortization of capital assets	43,310	47,867
Amortization of deferred lease inducement	(4,766)	-
Gain on disposal of investments	(27,839)	(27,942)
Decrease in unrealized gain on investments	54,194	4,512
Net change in non-cash operating working capital items (note 9)	1,423,674	(3,481,709)
Increase in deferred lease inducement	172,545	-
	<u>14,264</u>	<u>1,619,923</u>
Investing:		
Purchase of capital assets	(80,679)	(25,335)
Acquisition of investments	(3,549,812)	(642,936)
Proceeds from disposal of investments	266,976	728,834
	<u>(3,363,515)</u>	<u>60,563</u>
Net (decrease) increase in cash and cash equivalents	(3,349,251)	1,680,486
Cash and cash equivalents, beginning of year	9,900,906	8,220,420
Cash and cash equivalents, end of year	<u>\$ 6,551,655</u>	<u>\$ 9,900,906</u>

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, 2017

World Federation of Hemophilia - Fédération Mondiale de l'Hémophilie (the "Federation") is 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 Corporation Act*.

The Federation is composed of representatives from hemophilia organizations in 134 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:

The 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 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, 2017

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. As at December 31, 2017 and 2016, there were no cash equivalents.

(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 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, 2017

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, 2017

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, 2017

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:

			2017
	Effective rate	Book value	Fair value
Guaranteed investment certificate	2.25%	\$ 1,545,332	\$ 1,546,665
Total short-term investments		1,545,332	1,546,665
Mutual funds:			
Canadian equities		482,025	493,535
Global equities		831,741	888,927
Bonds and hedge strategies		3,263,594	3,242,191
		4,577,360	4,624,653
Bonds	1% - 4.88%	1,114,610	1,083,058
Total long-term investments		5,691,970	5,707,711
Total investments		\$ 7,237,302	\$ 7,254,376

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, 2017

2. Investments (continued):

			2016
	Effective rate	Book value	Fair value
Guaranteed investment certificate	1.70%	\$ 1,519,500	\$ 1,520,491
Total short-term investments		1,519,500	1,520,491
Mutual funds:			
Canadian equities		131,773	151,151
Global equities		255,013	294,886
Bonds and hedge strategies		1,231,301	1,250,745
		1,618,087	1,696,782
Bonds	1.75% - 4.87%	789,040	780,622
Total long-term investments		2,407,127	2,477,404
Total investments		\$ 3,926,627	\$ 3,997,895

As at December 31, 2017, included in cash is an amount of \$3,735,647 (2016 - \$7,135,647) 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:

			2017
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 46,753	\$ 11,089	\$ 35,664
Computer hardware	260,492	212,417	48,075
Computer software	37,194	37,194	-
Leasehold improvements	91,374	84,117	7,257
	\$ 435,813	\$ 344,817	\$ 90,996

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, 2017

3. Capital assets (continued):

	2016		
	Cost	Accumulated amortization	Net book value
Office equipment	\$ 155,322	\$ 151,239	\$ 4,083
Computer hardware	224,282	185,910	38,372
Computer software	37,194	37,194	-
Leasehold improvements	84,116	72,944	11,172
	\$ 500,914	\$ 447,287	\$ 53,627

During the year, the Federation wrote off \$145,780 of office equipment and its related accumulated amortization of \$145,780 as these assets are not being used by the Federation.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,153 (2016 - \$16,802), which represents 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.

	2017	2016
Sponsorships:		
Humanitarian aid	\$ 452,445	\$ 536,709
Corporate partnership	-	288,926
Development grant program	128,710	-
Gene Therapy round table	31,840	-
Congress 2018	3,447,570	-
Susan Skinner Memorial Fund	12,507	12,507
MSK Congress 2017 registrations	-	128,786
	\$ 4,073,072	\$ 966,928

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, 2017

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. This amount cannot be reduced below \$2,500,000 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, to 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, 2017

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 \$2,100,432 (2016 - \$1,934,208) have been allocated as follows:

	2017	2016
Health Care Development Programs:		
GAP / Country / Cornerstone programs	\$ 39,583	\$ 77,394
NMOs development	100,217	42,089
Twinning programs	37,828	24,976
Multidisciplinary activities	52,842	32,222
International training fellowship	12,674	14,030
Education and Public Policy:		
Research program, data and demographics	89,372	68,433
Educational materials	32,368	32,530
Blood products - Safety and supply	70,278	68,780
Fundraising and corporate relations	335,436	226,671
Governance - Board and committees	165,071	135,044
Communications	83,983	60,030
Congress	153,848	195,351
Administration	926,932	956,658
	\$ 2,100,432	\$ 1,934,208

9. Statement of cash flows:

	2017	2016
Changes in non-cash operating working capital items:		
Contributions and other receivables	\$ (102,571)	\$ (56,759)
Accounts receivable from the affiliated organization,		
World Federation of Hemophilia USA	(447,681)	10,423
Prepaid expenses - Other	427	(655)
Prepaid expenses - Congresses	(787,182)	726,140
Accounts payable and accrued liabilities	(362,628)	944,255
Accounts payable to the affiliated organization,		
World Federation of Hemophilia USA	17,165	236
Deferred contributions	3,106,144	(5,105,349)
	\$ 1,423,674	\$ (3,481,709)

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, 2017

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.

Effective January 1, 2011, WFH USA and the Federation signed a Services Agreement whereby the Federation provides certain administrative and other services to WFH USA. In 2016, those services, such as expenses including programs support, humanitarian aid, among others, and amounting to \$248,101, were provided without compensation.

In 2017, the services to WFH USA were provided for reimbursement by WFH USA and represent revenue of \$233,471 for the Federation.

Included in the Federation's statement of revenues and expenses are contributions from WFH USA of \$1,377,619 (2016 - \$1,292,298) for the humanitarian aid program.

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, 2017

10. Related party transactions (continued):

A financial summary expressed in US dollars for WFH USA as at December 31, 2017 and for the year then ended is as follows:

Financial position:

	2017 US\$	2016 US\$
Current assets:		
Cash	\$ 761,418	\$ 416,899
Accounts receivable	84,490	13,527
Accounts receivable from the affiliated organization, World Federation of Hemophilia	23,005	8,710
Prepaid expenses	245	284
	<u>869,158</u>	<u>439,420</u>
Investments	425,444	324,831
	<u>\$ 1,294,602</u>	<u>\$ 764,251</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,271	\$ 3,306
Accounts payable to the affiliated organization, World Federation of Hemophilia	439,819	77,509
Deferred contributions	184,604	111,581
Deferred investment income	41,474	10,374
	<u>669,168</u>	<u>202,770</u>
Net assets:		
Unrestricted net assets	232,619	239,027
Net assets restricted for endowment purposes	392,815	322,454
	<u>625,434</u>	<u>561,481</u>
	<u>\$ 1,294,602</u>	<u>\$ 764,251</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, 2017

10. Related party transactions (continued):

Statement of Revenues and Expenses:

	2017 US\$	2016 US\$
Revenues:		
Donations	\$ 62,060	\$ 57,359
National member organizations ("NMOs")		
Chapters - HTC Contributions	172,600	211,912
Corporate donors	25,951	23,750
Contributions - approved projects	1,041,287	1,257,937
Contributed services from World Federation of Hemophilia	-	187,317
	1,301,898	1,738,275
Product donations	353,263,571	324,814,434
	354,565,469	326,552,709
Expenses:		
Awareness building programs	5,526	19,872
Research program	2,072	-
	7,598	19,872
Humanitarian aid and products:		
Value of product donations	353,263,571	324,814,434
Humanitarian aid program	1,041,287	1,257,937
Handling and shipping	-	65,000
	354,304,858	326,137,371
Fundraising	158,375	166,305
Administration	101,046	84,005
	354,571,877	326,407,553
Excess of (expenses over revenues) revenues over expenses	\$ (6,408)	\$ 145,156

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, 2017

11. Commitments:

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

2018	\$ 114,631
2019	114,631
2020	114,631
2021	114,631
2022	135,872
2023 and thereafter	878,956

- (b) The Federation is committed to pay \$910,240 for hotel accommodations and other expenses related to the 2018 GNMO Training and Congress in Glasgow. The contracts could result in penalties during the period preceding the events.
- (c) 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 provided a platform for a network of hemophilia treatment centres to collect uniform and standardized data on people with hemophilia.

2018	\$ 119,613
2019	59,040
2020	59,040
2021	59,040

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, 2017

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 are denominated 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 2016.

(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 2016.