

Great Lakes Hemophilia Foundation, Inc.

Annual Financial Statements as of September 30, 2017 and 2016

Together With

Independent Auditor's Report

Great Lakes Hemophilia Foundation, Inc.

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Independent Auditor's Report

The Board of Directors of
Great Lakes Hemophilia Foundation, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Great Lakes Hemophilia Foundation, Inc. (a Wisconsin, not-for-profit corporation) which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Lakes Hemophilia Foundation, Inc. as of September 30, 2017, 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.

Other Matter — Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statements of Expenses by Natural Classifications and Schedules of Revenues and Expenses by Funding Source are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, including the Schedule of Expenditures of Federal Awards, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2018 on our consideration of Great Lakes Hemophilia Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Great Lakes Hemophilia Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Great Lakes Hemophilia Foundation, Inc.'s internal control over financial reporting and compliance.

Other Matter — 2016 Financial Statements

The financial statements and supplementary information of Great Lakes Hemophilia Foundation, Inc., as of September 30, 2016, were audited by Sattell, Johnson, Appel & Co., S.C. who merged with Wipfli LLP as of December 1, 2017 and whose report dated January 11, 2017, expressed an unmodified opinion on the financial statements and supplementary information.

Wipfli LLP

Wipfli LLP

April 17, 2018

Menomonee Falls, Wisconsin

Great Lakes Hemophilia Foundation, Inc.

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 182,727	\$ 357,441
Investments, at fair value	1,821,234	1,650,607
Federal grants receivable	295,553	239,658
Other receivables	111,219	4,574
Prepaid expenses	6,746	1,920
	<u>2,417,479</u>	<u>2,254,200</u>
Property and Equipment:		
Furnishings and equipment	78,891	81,391
Less accumulated depreciation	77,142	75,840
	<u>1,749</u>	<u>5,551</u>
	<u>\$ 2,419,228</u>	<u>\$ 2,259,751</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 312,750	\$ 309,964
Accrued payroll and benefits	19,371	22,234
Deferred income	-	65
	<u>332,121</u>	<u>332,263</u>
Net Assets:		
Unrestricted	1,992,455	1,868,246
Temporarily restricted	94,652	59,242
	<u>2,087,107</u>	<u>1,927,488</u>
	<u>\$ 2,419,228</u>	<u>\$ 2,259,751</u>

See the accompanying independent auditor's report and notes to financial statements.

Great Lakes Hemophilia Foundation, Inc.

Statement of Activities

For the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Department of Health and Human Services grants and contracts	\$ 895,862	\$ -	\$ 895,862
Donations	620,759	40,500	661,259
Other	12,397	-	12,397
Released from restrictions	5,090	(5,090)	-
	<u>1,534,108</u>	<u>35,410</u>	<u>1,569,518</u>
Expenses:			
Program services:			
Patient care	576,004	-	576,004
Research	169,854	-	169,854
Professional education and training	113,688	-	113,688
Public education	132,559	-	132,559
Community services	120,463	-	120,463
	<u>1,112,568</u>	<u>-</u>	<u>1,112,568</u>
Supporting services:			
General and administrative	229,794	-	229,794
Fundraising	184,840	-	184,840
	<u>414,634</u>	<u>-</u>	<u>414,634</u>
	<u>1,527,202</u>	<u>-</u>	<u>1,527,202</u>
Other Income (Expense):			
Loss on disposal	(2,500)	-	(2,500)
Investment gains	119,803	-	119,803
	<u>117,303</u>	<u>-</u>	<u>117,303</u>
Change in net assets	124,209	35,410	159,619
Net Assets, Beginning of Year	<u>1,868,246</u>	<u>59,242</u>	<u>1,927,488</u>
Net Assets, End of Year	<u><u>\$ 1,992,455</u></u>	<u><u>\$ 94,652</u></u>	<u><u>\$ 2,087,107</u></u>

See the accompanying independent auditor's report and notes to financial statements.

Great Lakes Hemophilia Foundation, Inc.

Statement of Activities

For the Year Ended September 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Department of Health and Human Services			
grants and contracts	\$ 832,296	\$ -	\$ 832,296
Donations	573,970	30,000	603,970
Other	12,188	-	12,188
Released from restrictions	42,781	(42,781)	-
	<u>1,461,235</u>	<u>(12,781)</u>	<u>1,448,454</u>
Expenses:			
Program services:			
Patient care	575,794	-	575,794
Research	157,238	-	157,238
Professional education and training	115,702	-	115,702
Public education	126,766	-	126,766
Community services	118,465	-	118,465
	<u>1,093,965</u>	<u>-</u>	<u>1,093,965</u>
Supporting services:			
General and administrative	220,116	-	220,116
Fundraising	159,648	-	159,648
	<u>379,764</u>	<u>-</u>	<u>379,764</u>
	<u>1,473,729</u>	<u>-</u>	<u>1,473,729</u>
Other Income (Expense):			
Investment gains	106,907	-	106,907
Change in net assets	94,413	(12,781)	81,632
Net Assets, Beginning of Year	<u>1,773,833</u>	<u>72,023</u>	<u>1,845,856</u>
Net Assets, End of Year	<u><u>\$ 1,868,246</u></u>	<u><u>\$ 59,242</u></u>	<u><u>\$ 1,927,488</u></u>

See the accompanying independent auditor's report and notes to financial statements.

Great Lakes Hemophilia Foundation, Inc.

Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 159,619	\$ 81,632
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,302	1,303
Realized and unrealized gain on investments	(87,661)	(77,625)
Loss on disposal of asset	2,500	-
(Increase) decrease in assets:		
Federal grants receivable	(55,895)	73,559
Other receivables	(106,645)	21,751
Prepaid expenses	(4,826)	(539)
Increase (decrease) in liabilities:		
Accounts payable	2,786	(37,393)
Accrued payroll and benefits	(2,863)	(17,934)
Deferred income	(65)	(131)
Net cash (used) provided by operating activities	<u>(91,748)</u>	<u>44,623</u>
Cash Flows From Investing Activities:		
Purchase of investments	(108,944)	(93,000)
Proceeds from sales of investments	<u>25,978</u>	<u>26,503</u>
Net cash used by investing activities	<u>(82,966)</u>	<u>(66,497)</u>
Net decrease in cash and cash equivalents	(174,714)	(21,874)
Cash and Cash Equivalents, Beginning of Year	<u>357,441</u>	<u>379,315</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 182,727</u></u>	<u><u>\$ 357,441</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 478	\$ 530
Noncash investing activities:		
Unrealized gain on investments	\$ 78,944	\$ 56,701

See the accompanying independent auditor's report and notes to financial statements.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements

(1) Summary of Organization’s Significant Accounting Policies

A summary of the significant accounting policies consistently applied by the Organization in the preparation of the accompanying financial statements follows:

Nature of Activities

Great Lakes Hemophilia Foundation, Inc. (“GLHF” or “Organization”) was organized February 22, 1974, for the purpose of planning, developing and implementing a program for the identification, care and treatment of individuals suffering from hemophilia and other blood disorders.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donations

GLHF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets and/or there is a time restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities released from restrictions. If restrictions on donor contributions are met in the period of the contributions, amounts are reported as unrestricted support.

No amounts have been reflected in the financial statements for donated services since such services are not material.

Board Designated Contingency Fund

GLHF’s Board has designated the use of all unrestricted gifts or donations for one or more of the following uses:

1. To support specific programs that relate to GLHF’s mission.
2. Purchase of capital or equipment to carry out program objectives.
3. Assignment to a contingency fund dedicated to fiscal stabilization.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(1) Summary of Organization’s Significant Accounting Policies (continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) that require the Organization to report information regarding its financial position and activities according to three classes of net assets as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of GLHF and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of September 30, 2017 and 2016, there were no permanently restricted net assets.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the internal revenue code and is also exempt from state taxes on related income. The Organization’s informational returns are subject to examination by various tax authorities, generally for three years after they were filed. Management believes that no uncertain tax positions exist for the Organization at September 30, 2017 and 2016. The Organization has not incurred any interest or penalties for income taxes for the years ended September 30, 2017 and 2016.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instrument purchases with a maturity of three months or less to be cash equivalents.

Receivables

The majority of GLHF’s receivables are funds due from federal granting agencies. Grant revenues and receivables are recognized as grant expenditures are incurred. Generally, GLHF is reimbursed monthly or quarterly for grant expenditures incurred through requests filed with the granting agencies. As receivables are only recognized as allowable grant expenditures are incurred, GLHF considers all amounts to be collectible.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(1) Summary of Organization's Significant Accounting Policies (continued)

Investments

Investments are reported at fair value with gains and losses included in the statements of activities. The carrying value of investments is determined based on quoted market prices. Investments consisted of the following at September 30:

	2017		2016	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed income funds	\$ 1,116,199	\$ 1,130,747	\$ 1,020,305	\$ 1,048,689
Foreign equity funds	46,242	53,351	45,298	45,041
Domestic equity funds	332,187	637,136	337,343	556,877
Total investments	<u>\$ 1,494,628</u>	<u>\$ 1,821,234</u>	<u>\$ 1,402,946</u>	<u>\$ 1,650,607</u>

Investment income for the years ended September 30, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 32,142	\$ 29,282
Net realized and unrealized gain	87,661	77,625
	<u>\$ 119,803</u>	<u>\$ 106,907</u>

Property and Equipment

Property and equipment is recorded at cost. Additions and improvements which extend the useful life of property are capitalized. Repair and maintenance costs are charged to operations as incurred. When items of property are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in results of operations.

Donated assets are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight line method.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(1) Summary of Organization’s Significant Accounting Policies (continued)

Allocation of Functional Expenses

Expenses are recorded on the accrual basis. Functional expenses are allocated to each program based on direct expenditures incurred. Any expenditure not directly chargeable is allocated functionally based upon estimates of time spent by employees.

(2) Sources of Funds

GLHF receives the majority of its funding from the U.S. Department of Health and Human Services (“DHHS”). Funds are used to maintain the regional hemophilia center network, as well as to administer various outreach and treatment programs. Generally, the funding must be reapplied for on an annual basis. In connection with the regional hemophilia center network grant received from DHHS, GLHF has entered into separate agreements with various subgrantees to provide the network with care and treatment for Wisconsin, Illinois, Minnesota and the Dakotas. GLHF may have up to 90 days after the contract end date to accumulate and report expenses incurred with the contract period to the grantor agency for reimbursement. Other funding sources include fund-raising events, private contributions, and private research contracts.

(3) Related Parties

Members of the Board of Directors of the Organization donated \$7,077 and \$5,825 for the years ended September 30, 2017 and 2016, respectively.

GLHF and a related party, (“Related Party”), engage in various transactions. During the years ended September 30, 2017 and 2016, GLHF received donations from the Related Party totaling \$100,000 and \$100,441, respectively.

GLHF and the Related Party have one common Board Member.

GLHF leases its office space from the Related Party under an annual lease which automatically renews on August 1st of each year. The current lease terms began August 1, 2009 at a monthly rate of \$2,500. The lease requires a minimum six-month notice period if either party intends to not renew the lease. Rental expense incurred was \$30,544 and \$30,504 for the years ended September 30, 2017 and 2016, respectively. GLHF is under commitment on the leased office through July 31, 2018.

The Related Party is a subrecipient of federal awards passed through by GLHF of approximately \$103,600 and \$108,000 for the years ended September 30, 2017 and 2016, respectively. Included in accounts payable as of September 30, 2017 and 2016 were \$32,353 and \$30,776, respectively, for various amounts due to the Related Party.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(4) Contingencies and Commitments

GLHF receives federal grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. GLHF management is not aware of any pending or proposed disallowances and believes future disallowances, if any, would not be material.

(5) Scope of Audit Pursuant to Uniform Guidance

All federal grant operations of GLHF are included within the scope of 2 CFR part 200, subpart F (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the Compliance Supplement issued by the Office of Management and Budget (“Compliance Supplement”). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major program identified in the Schedule of Expenditures of Federal Awards. Programs must be tested to ensure coverage of at least 20% of expenditures of federal awards. Actual coverage was approximately 57% and 42% of total federal award program expenditures for the years ended September 30, 2017 and 2016, respectively.

(6) Concentrations

Cash

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. As of September 30, 2017, the Organization did not have funds in excess of insured limits. The Organization has not experienced any losses in such accounts.

Major Contributors

The Organization receives grants from the DHHS whose programs rely on the availability of funding from the United States government. For the years ended September 30, 2017 and 2016, approximately 58% and 57% of the Organization’s revenue was from such sources, respectively. At September 30, 2017 and 2016, two funding sources accounted for 76% and 98% of the Organization’s receivables, respectively.

In addition to grants from the DHHS, the Organization receives donations and other revenue from various sources. During the years ended September 30, 2017 and 2016, approximately 15% and 16% of the Organization’s non-grant revenue came from one source, respectively.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(7) Retirement Plan

The Organization has a Simplified Employee Pension IRA (SEP) for substantially all employees. Fully funded contributions equaled three percent of eligible employee salaries and wages and totaled \$11,135 and \$8,275 for the years ended September 30, 2017 and 2016, respectively.

(8) Line of Credit

The Organization has an \$80,000 line of credit agreement with BMO Harris Bank that expires on September 30, 2018. The line bears interest at 1.25% over prime (rate of 4.75% as of September 30, 2017) and interest is payable on a monthly basis. The line is collateralized by all the business assets of the Organization. At September 30, 2017 and 2016, there was no outstanding balance on the line of credit. Interest expense for the years ended September 30, 2017 and 2016 was \$478 and \$530, respectively.

(9) Restrictions/Limitations on Organization Assets and Net Assets

Restricted Cash

The Organization periodically administers non-federal corporate grants for which it receives a fee for the services performed. Cash deposits from these grants are included in the Organization's cash and a liability is recorded for funds to be paid to the third-party recipients. As of September 30, 2017 and 2016, the Organization held deposits and recorded liabilities totaling \$62,173 and \$77,217, respectively. These amounts are included in cash and cash equivalents as well as accounts payable on the accompanying statements of financial position. The cash is not available for the Organization's general use.

Board Designated Net Assets

In March 2006, the Organization received a contribution from the American Red Cross to provide ongoing support of regional hemophilia programming and treatment center services for patients and to provide support of ongoing activities of the Regional Executive Council. The funds are included in the investments described in Footnote 1 as well as a portion of cash and cash equivalents. The Organization's Board of Directors has chosen to place the following limitations on these unrestricted net assets:

	2017	2016
Designated for treatment center support	\$ 314,000	\$ 314,000
Designated for Regional Executive Council	150,000	150,000
Net unrealized gain	13,361	6,412
Board designated unrestricted net assets	<u>\$ 477,361</u>	<u>\$ 470,412</u>

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(10) Fair Value Measurements

The FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2017 and 2016.

Domestic Equity Funds, Foreign Equity Funds and Fixed Income Funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. The NAV is based upon quoted market prices.

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(10) Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2017 and 2016:

	<u>Assets at Fair Value as of September 30, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds:				
Large Cap	\$ 394,852	\$ -	\$ -	\$ 394,852
Mid Cap	134,636	-	-	134,636
Small Cap	107,648	-	-	107,648
Exchange-traded funds:				
Large Cap	53,351	-	-	53,351
Fixed income funds:				
Money market	105,004	-	-	105,004
Short term	731,913	-	-	731,913
Intermediate term	293,830	-	-	293,830
Total investments	<u>\$ 1,821,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,821,234</u>

	<u>Assets at Fair Value as of September 30, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds:				
Large Cap	\$ 346,049	\$ -	\$ -	\$ 346,049
Mid Cap	118,889	-	-	118,889
Small Cap	91,939	-	-	91,939
Exchange-traded funds:				
Large Cap	45,041	-	-	45,041
Fixed income funds:				
Short term	742,335	-	-	742,335
Intermediate term	306,354	-	-	306,354
Total investments	<u>\$ 1,650,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,650,607</u>

Great Lakes Hemophilia Foundation, Inc.

Notes to Financial Statements (continued)

(11) Operating Lease

The Organization leases a copier under a non-cancelable operating lease agreement. The current lease requires monthly payments and expires in October 2019. The lease also requires payment of executory costs such as taxes, service agreement fees and usage fees above established levels. Rent expense under the lease totaled \$4,779 and \$5,532 for the years ended September 30, 2017 and 2016, respectively.

Future minimum lease payments under the operating lease are as follows:

2018	\$	3,789
2019		3,789
2020		631
	\$	<u>8,209</u>

The Organization also leases office space from a Related Party. See Footnote 3 for additional information related to the lease.

(12) Subsequent Events

The Organization has evaluated subsequent events through April 17, 2018, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

Supplementary Information

Great Lakes Hemophilia Foundation, Inc.

Statement of Expenses by Natural Classifications

For the Year Ended September 30, 2017

	Program Services						Supporting Services			Total Expenses
	Patient Care	Research	Professional Education and Training	Public Education	Community Services	Total	General and Administrative	Fund-raising	Total	
Salaries and fringes	\$ 144,268	\$ 35,590	\$ 22,518	\$ 36,762	\$ 15,156	\$ 254,294	\$ 108,656	\$ 120,004	\$ 228,660	\$ 482,954
Contracts with subgrantees -- Out-of-state	196,889	83,366	41,743	41,743	53,686	417,427	-	-	-	417,427
Contracts with subgrantees -- In-state	98,856	43,417	21,167	21,167	27,059	211,666	-	-	-	211,666
Supplies	4,370	-	4,061	3,501	2,529	14,461	2,529	729	3,258	17,719
Travel	5,894	-	4,429	478	448	11,249	448	2,333	2,781	14,030
Communications	2,074	444	138	101	97	2,854	1,102	481	1,583	4,437
Depreciation	-	-	-	-	-	-	1,303	-	1,303	1,303
Professional fees	10,221	7,027	2,125	850	-	20,223	66,743	-	66,743	86,966
Patient care	79,203	10	82	211	121	79,627	130	291	421	80,048
Rent	-	-	-	-	-	-	30,544	-	30,544	30,544
Other	34,229	-	17,425	27,746	21,367	100,767	18,339	61,002	79,341	180,108
	<u>\$ 576,004</u>	<u>\$ 169,854</u>	<u>\$ 113,688</u>	<u>\$ 132,559</u>	<u>\$ 120,463</u>	<u>\$ 1,112,568</u>	<u>\$ 229,794</u>	<u>\$ 184,840</u>	<u>\$ 414,634</u>	<u>\$ 1,527,202</u>

See the accompanying auditor's report.

Great Lakes Hemophilia Foundation, Inc.

Statement of Expenses by Natural Classifications

For the Year Ended September 30, 2016

	Program Services						Supporting Services			Total Expenses
	Patient Care	Research	Professional Education and Training	Public Education	Community Services	Total	General and Administrative	Fund-raising	Total	
Salaries and fringes	\$ 126,076	\$ 30,998	\$ 19,771	\$ 32,230	\$ 13,141	\$ 222,216	\$ 95,311	\$ 107,927	\$ 203,238	\$ 425,454
Contracts with subgrantees -- Out-of-state	190,806	75,386	39,732	39,732	51,668	397,324	-	-	-	397,324
Contracts with subgrantees -- In-state	98,153	43,085	21,013	21,013	26,866	210,130	-	-	-	210,130
Supplies	9,226	46	7,752	7,248	5,107	29,379	5,107	2,486	7,593	36,972
Travel	7,000	-	7,974	693	1,025	16,692	1,025	3,070	4,095	20,787
Communications	1,792	383	119	87	84	2,465	952	415	1,367	3,832
Depreciation	-	-	-	-	-	-	1,303	-	1,303	1,303
Professional fees	3,635	2,635	2,116	845	-	9,231	67,482	750	68,232	77,463
Patient care	109,513	4,705	2,567	2,567	2,567	121,919	6,845	-	6,845	128,764
Rent	-	-	-	-	-	-	30,504	-	30,504	30,504
Other	29,593	-	14,658	22,351	18,007	84,609	11,587	45,000	56,587	141,196
	<u>\$ 575,794</u>	<u>\$ 157,238</u>	<u>\$ 115,702</u>	<u>\$ 126,766</u>	<u>\$ 118,465</u>	<u>\$ 1,093,965</u>	<u>\$ 220,116</u>	<u>\$ 159,648</u>	<u>\$ 379,764</u>	<u>\$ 1,473,729</u>

See the accompanying independent auditor's report.

Great Lakes Hemophilia Foundation, Inc.

Schedule of Revenues and Expenses by Funding Source

For the Year Ended September 30, 2017

	<u>HRSA</u>	<u>CDC / ATHN</u>	<u>GLHF</u>	<u>Total</u>
Revenue, gains and other support:				
Grants and contracts	\$ 511,300	\$ 384,562	\$ -	\$ 895,862
Donations	-	-	661,259	661,259
Other	-	-	12,397	12,397
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	511,300	384,562	673,656	1,569,518
Expenses:				
Salaries and fringes	78,182	62,917	341,855	482,954
Purchased services	356,726	272,367	-	629,093
Supplies	439	-	17,280	17,719
Travel	3,492	4,367	6,171	14,030
Communications	34	33	4,370	4,437
Depreciation	-	-	1,303	1,303
Professional fees	10,131	5,842	70,993	86,966
Patient care	770	272	79,006	80,048
Rent	-	-	30,544	30,544
Other	-	-	180,108	180,108
Indirect cost allocation	61,526	38,764	(100,290)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	511,300	384,562	631,340	1,527,202
Loss on disposal of assets	-	-	(2,500)	(2,500)
Investment Gains	-	-	119,803	119,803
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses, less investment gains	511,300	384,562	514,037	1,409,899
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,619</u>	<u>\$ 159,619</u>

See the accompanying independent auditor's report.

Great Lakes Hemophilia Foundation, Inc.

Schedule of Revenues and Expenses by Funding Source

For the Year Ended September 30, 2016

	<u>HRSA</u>	<u>CDC / ATHN</u>	<u>GLHF</u>	<u>Total</u>
Revenue and Other support:				
Grants and contracts	\$ 482,584	\$ 349,712	\$ -	\$ 832,296
Donations	-	-	603,970	603,970
Other	-	-	12,188	12,188
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues and other support	482,584	349,712	616,158	1,448,454
Expenses:				
Salaries and fringes	69,988	50,355	305,111	425,454
Contracts with subgrantees	355,742	251,712	-	607,454
Supplies	662	229	36,081	36,972
Travel	5,786	3,546	11,455	20,787
Communications	28	28	3,776	3,832
Depreciation	-	-	1,303	1,303
Professional fees	-	5,000	72,463	77,463
Patient care	-	-	128,764	128,764
Rent	-	-	30,504	30,504
Other	-	-	141,196	141,196
Indirect cost allocation	50,378	38,842	(89,220)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	482,584	349,712	641,433	1,473,729
Investment gains	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	106,907	106,907
Change in net assets	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ -	\$ -	\$ 81,632	\$ 81,632

See the accompanying independent auditor's report.

Great Lakes Hemophilia Foundation, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2017

Federal Agency / Pass-Through Agency Project Title / Grant Period	Federal CFDA Number	Grant or Subaward Number	Fiscal Year 2017 Allowable Expenditures	Fiscal Year 2017 Amounts Passed Through to to Subrecipients
Federal Expenditures:				
U.S. Department of Health and Human Services				
Health Resources and Services Administration				
Hemophilia Treatment Centers (SPRANS)				
June 1, 2016 - May 31, 2017			\$ 337,270	
June 1, 2017 - May 31, 2018			<u>174,030</u>	
	* 93.110	H30MC24052	<u>511,300</u>	\$ 356,726
Centers for Disease Control and Prevention				
Passed through American Thrombosis and Hemostasis Network				
Community Counts: Public Health Surveillance for				
Bleeding Disorders				
September 30, 2016 - September 29, 2017	93.080	ATHN2015001-VW-1	<u>384,562</u>	<u>272,367</u>
Total Federal Awards			<u>\$ 895,862</u>	<u>\$ 629,093</u>

* Major Federal Program

See the accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

Great Lakes Hemophilia Foundation, Inc.

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2017

(1) General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes all federal grants to GLHF during the fiscal year ended September 30, 2017. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

(3) De Minimis Rate

GLHF utilizes approved indirect costs rates and does not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414, *Indirect (F&A) costs*.

Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Great Lakes Hemophilia Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Great Lakes Hemophilia Foundation, Inc. (“GLHF”), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 17, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered GLHF’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GLHF’s internal control. Accordingly, we do not express an opinion on the effectiveness of GLHF’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GLHF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GLHF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

April 17, 2018
Menomonee Falls, Wisconsin

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**

To the Board of Directors of
Great Lakes Hemophilia Foundation, Inc.

Report on Compliance for Each Major Federal Program

We have audited Great Lakes Hemophilia Foundation, Inc.'s ("GLHF") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on GLHF's major federal program for the year ended September 30, 2017. GLHF's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for GLHF's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GLHF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of GLHF's compliance.

Opinion on Each Major Federal Program

In our opinion, GLHF complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**

Report on Internal Control over Compliance

Management of GLHF is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GLHF's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GLHF's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

April 17, 2018
Menomonee Falls, Wisconsin

Great Lakes Hemophilia Foundation, Inc.

Schedule of Findings and Questioned Costs

September 30, 2017

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No material weaknesses were identified during the audit of the financial statements. No significant deficiencies were reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs. No significant deficiencies were reported.
5. The auditor’s report on compliance for the major federal award programs expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
7. The program tested as a major program was CFDA Number 93.110.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Great Lakes Hemophilia Foundation, Inc. qualified as a low risk auditee.

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questions Costs

There were no federal award findings and no questioned costs.

Section IV – Schedule of Prior Audit Findings

There were no prior audit findings.