THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

AUDIT REPORT

FINANCIAL AND FEDERAL AWARD COMPLIANCE EXAMINATION

FOR THE YEAR ENDED JUNE 30, 2021

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

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FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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AND AFFILIATES

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
The American Society of Hematology, Inc. and Affiliates
Washington, D.C.

We have audited the accompanying consolidated financial statements of The American Society of Hematology, Inc. and Affiliates (collectively, the Society), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our June 30, 2021 and 2020 audits in accordance with auditing standards generally accepted in the United States of America; our June 30, 2021 audit was also conducted under the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The June 30, 2020 audit was not conducted under the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Society as of June 30, 2021 and 2020, and the consolidated changes in net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on page I-37, the Consolidating Schedule of Activities on page I-38 and the Consolidating Schedule of Change in Net Assets on page I-39 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedule of Expenditures of Federal Awards on page I-40, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 8, 2021, on our consideration of the Society'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 those reports is solely 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 the Society's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Society's internal control over financial reporting and compliance.

Gelman Rosenberg & Freedman

November 8, 2021

**THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

ASSETS

	2021	2020
Cash and cash equivalents	$ 14,420,391	$ 6,479,491
Investments	222,397,998	183,333,697
Accounts and other receivables, net of allowance for doubtful accounts of $1,489 and $56,533 in 2021 and 2020, respectively	8,317,250	5,829,607
Grants receivable	83,500	956,550
Pledges receivable	299,378	333,905
Prepaid expenses	2,313,181	3,237,557
Fixed assets, net of accumulated depreciation and amortization of $20,412,473 and $18,365,445 for 2021 and 2020, respectively	56,212,242	57,425,041
Broker fees, net of accumulated amortization of $760,300 and $757,557 for 2021 and 2020, respectively	46,998	35,671
TOTAL ASSETS	**$ 304,090,938**	**$ 257,631,519**

LIABILITIES AND NET ASSETS

	2021	2020
LIABILITIES		
Accounts payable and accrued expenses	$ 10,126,707	$ 7,137,728
Accrued salaries and related benefits	3,699,171	2,421,609
Awards payable	8,783,020	8,952,102
Deferred revenue	20,664,859	20,314,051
Long-term debt, net	47,610,475	46,549,366
Tenant security deposit	119,311	119,311
Total liabilities	91,003,543	85,494,167
NET ASSETS		
Without donor restrictions	199,189,072	161,804,829
With donor restrictions	13,898,323	10,332,523
Total net assets	213,087,395	172,137,352
TOTAL LIABILITIES AND NET ASSETS	**$ 304,090,938**	**$ 257,631,519**

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Annual Meeting	$ 23,821,928	$ 15,049,013	$ 38,870,941
Journal	26,781,271	-	26,781,271
Projects	13,394,091	3,116,652	16,510,743
Membership dues	4,051,230	-	4,051,230
Other revenue	2,439,729	517,871	2,957,600
Net assets released from donor restrictions	16,847,504	(16,847,504)	-
Total operating revenue	87,335,753	1,836,032	89,171,785
OPERATING EXPENSES			
Program Expenses:			
Journal	8,617,785	-	8,617,785
Projects and Member Services	24,367,534	-	24,367,534
Annual Meeting	11,485,378	-	11,485,378
Awards	12,884,061	-	12,884,061
Small Meetings	875,296	-	875,296
Total program expenses	58,230,054	-	58,230,054
Society Operating Expenses:			
Facility	4,855,189	-	4,855,189
Operating Expenses	14,725,443	-	14,725,443
Committees	531,903	-	531,903
Fundraising	531,545	-	531,545
Total society operating expenses	20,644,080	-	20,644,080
Total operating expenses	78,874,134	-	78,874,134
Changes in net assets from operations	8,461,619	1,836,032	10,297,651
NON-OPERATING REVENUE AND EXPENSES			
Investment income, net	28,922,624	1,729,768	30,652,392
Changes in net assets	37,384,243	3,565,800	40,950,043
Net assets at beginning of year	161,804,829	10,332,523	172,137,352
NET ASSETS AT END OF YEAR	**$ 199,189,072**	**$ 13,898,323**	**$ 213,087,395**

See accompanying notes to consolidated financial statements.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Annual Meeting	$ 53,185,773	$ 3,297,000	$ 56,482,773
Journal	17,630,361	-	17,630,361
Projects	8,035,627	2,094,162	10,129,789
Membership dues	2,184,823	-	2,184,823
Other revenue	1,605,623	515,289	2,120,912
Net assets released from donor restrictions	6,206,532	(6,206,532)	-
Total operating revenue	88,848,739	(300,081)	88,548,658
OPERATING EXPENSES			
Program Expenses:			
Journal	9,469,198	-	9,469,198
Projects and Member Services	25,317,582	-	25,317,582
Annual Meeting	19,695,384	-	19,695,384
Awards	11,271,651	-	11,271,651
Small Meetings	2,398,743	-	2,398,743
Total program expenses	68,152,558	-	68,152,558
Society Operating Expenses:			
Facility	3,162,193	-	3,162,193
Operating Expenses	12,116,047	-	12,116,047
Committees	1,476,450	-	1,476,450
Fundraising	467,973	-	467,973
Total society operating expenses	17,222,663	-	17,222,663
Total operating expenses	85,375,221	-	85,375,221
Changes in net assets from operations	3,473,518	(300,081)	3,173,437
NON-OPERATING REVENUE AND EXPENSES			
Investment loss, net	(929,382)	(424,174)	(1,353,556)
Changes in net assets	2,544,136	(724,255)	1,819,881
Net assets at beginning of year	159,260,693	11,056,778	170,317,471
NET ASSETS AT END OF YEAR	**$ 161,804,829**	**$ 10,332,523**	**$ 172,137,352**

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Expenses					
	Journal	Projects and Member Services	Annual Meeting	Awards	Small Meetings	Total Program Expenses
Personnel	$ 2,775,308	$ 11,182,685	$ 1,438,122	$ 238,780	$ 88,277	$ 15,723,172
Meetings, events and trainings	90,941	3,308,507	4,190,209	-	35,165	7,624,822
Awards, scholarship, stipends and tuition	688,375	754,765	93,464	12,578,424	92,500	14,207,528
Professional fees	276,407	4,170,630	535,612	-	59,234	5,041,883
Other	268,971	320,145	3,268,054	(12,837)	571,155	4,415,488
Printing, production and publication expense	1,889,430	820,310	194,509	-	-	2,904,249
Depreciation and amortization	163,542	655,694	70,089	-	-	889,325
Advertising, marketing and promotion	844,541	213,239	245,523	30,620	22,556	1,356,479
Interest expense	-	-	-	-	-	-
Taxes and fees	771,555	400,675	-	-	-	1,172,230
Bank fees	44,802	35,069	444,321	-	6,769	530,961
Data processing/website/software	129,335	69,789	439,198	-	-	638,322
Repairs and maintenance	-	6,285	-	-	-	6,285
Postage and delivery	206,642	38,824	370,833	-	-	616,299
Office expense	28,561	161,274	14,187	-	-	204,022
Insurance	89,927	43,036	8,670	-	-	141,633
Administrative and management fees	-	550,135	8,625	49,074	-	607,834
Subscriptions and publications	43,973	99,094	10,651	-	-	153,718
Board expense	-	-	-	-	-	-
Bad debt (recovery) expense	(45,027)	15,720	3,096	-	(360)	(26,571)
Subtotal before occupancy allocation	8,267,283	22,845,876	11,335,163	12,884,061	875,296	56,207,679
Occupancy	350,502	1,521,658	150,215	-	-	2,022,375
TOTAL	**$ 8,617,785**	**$ 24,367,534**	**$ 11,485,378**	**$ 12,884,061**	**$ 875,296**	**$ 58,230,054**

See accompanying notes to consolidated financial statements.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Society Operating Expenses					
	Facility	Operating Expenses	Committees	Fundraising	Total Society Operating Expenses	Total Operating Expenses
Personnel	$ 602,904	$ 5,498,945	$ 67,578	$ 372,188	$ 6,541,615	$ 22,264,787
Meetings, events and trainings	-	362,285	(47,471)	-	314,814	7,939,636
Awards, scholarship, stipends and tuition	-	17,346	151,811	-	169,157	14,376,685
Professional fees	58,570	6,726,819	213,315	72,207	7,070,911	12,112,794
Other	2,142,776	227,719	13,526	-	2,384,021	6,799,509
Printing, production and publication expense	-	623	170	-	793	2,905,042
Depreciation and amortization	1,518,220	256,995	-	23,363	1,798,578	2,687,903
Advertising, marketing and promotion	-	-	-	950	950	1,357,429
Interest expense	1,604,502	-	-	-	1,604,502	1,604,502
Taxes and fees	644,000	-	-	-	644,000	1,816,230
Bank fees	-	266,380	-	-	266,380	797,341
Data processing/website/software	-	167,971	-	-	167,971	806,293
Repairs and maintenance	525,493	394,255	-	-	919,748	926,033
Postage and delivery	-	6,528	101	305	6,934	623,233
Office expense	203,532	101,002	831	4,432	309,797	513,819
Insurance	58,777	22,415	-	1,444	82,636	224,269
Administrative and management fees	-	76,597	-	-	76,597	684,431
Subscriptions and publications	-	44,535	57,792	6,584	108,911	262,629
Board expense	-	-	74,250	-	74,250	74,250
Bad debt expense (recovery)	-	4,239	-	-	4,239	(22,332)
Subtotal before occupancy allocation	7,358,774	14,174,654	531,903	481,473	22,546,804	78,754,483
Occupancy	(2,503,585)	550,789	-	50,072	(1,902,724)	119,651
TOTAL	**$ 4,855,189**	**$ 14,725,443**	**$ 531,903**	**$ 531,545**	**$ 20,644,080**	**$ 78,874,134**

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Expenses					
	Journal	Projects and Member Services	Annual Meeting	Awards	Small Meetings	Total Program Expenses
Personnel	$ 2,573,729	$ 10,173,631	$ 1,199,236	$ 172,692	$ 113,989	$ 14,233,277
Meetings, events and trainings	152,251	2,066,430	10,311,522	464	1,200,474	13,731,141
Awards, scholarship, stipends and tuition	781,841	492,130	406,957	11,005,099	249,550	12,935,577
Professional fees	322,467	7,725,893	767,960	-	116,881	8,933,201
Other	211,898	546,450	4,180,692	10,856	596,868	5,546,764
Printing, production and publication expense	2,589,156	688,703	356,316	-	14,486	3,648,661
Depreciation and amortization	99,586	406,621	35,566	-	-	541,773
Advertising, marketing and promotion	990,363	696,124	415,258	34,895	46,313	2,182,953
Interest expense	-	-	-	-	-	-
Taxes and fees	771,985	291,761	-	-	-	1,063,746
Bank fees	63,897	38,874	908,138	-	4,902	1,015,811
Data processing/website/software	95,815	70,632	577,993	-	46,590	791,030
Repairs and maintenance	-	23,775	-	-	-	23,775
Postage and delivery	338,356	57,601	418,911	-	8,244	823,112
Office expense	28,735	133,137	19,267	-	446	181,585
Insurance	68,922	187,403	6,721	-	-	263,046
Administrative and management fees	-	194,847	5,297	47,645	-	247,789
Subscriptions and publications	35,277	119,140	5,062	-	-	159,479
Board expense	-	-	-	-	-	-
Bad debt expense (recovery)	161	769	(42,640)	-	-	(41,710)
Subtotal before occupancy allocation	9,124,439	23,913,921	19,572,256	11,271,651	2,398,743	66,281,010
Occupancy	344,759	1,403,661	123,128	-	-	1,871,548
TOTAL	**$ 9,469,198**	**$ 25,317,582**	**$ 19,695,384**	**$ 11,271,651**	**$ 2,398,743**	**$ 68,152,558**

See accompanying notes to consolidated financial statements.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Society Operating Expenses					
	Facility	Operating Expenses	Committees	Fundraising	Total Society Operating Expenses	Total Operating Expenses
Personnel	$ 580,132	$ 5,214,564	$ 48,615	$ 337,744	$ 6,181,055	$ 20,414,332
Meetings, events and trainings	-	289,140	891,087	35,930	1,216,157	14,947,298
Awards, scholarship, stipends and tuition	-	31,424	112,643	-	144,067	13,079,644
Professional fees	16,904	4,734,314	212,469	16,541	4,980,228	13,913,429
Other	11,138	195,854	69,774	-	276,766	5,823,530
Printing, production and publication expense	-	1,752	221	114	2,087	3,650,748
Depreciation and amortization	1,527,889	148,243	-	14,227	1,690,359	2,232,132
Advertising, marketing and promotion	-	-	-	826	826	2,183,779
Interest expense	1,973,616	-	-	-	1,973,616	1,973,616
Taxes and fees	610,874	-	-	-	610,874	1,674,620
Bank fees	288	221,217	-	-	221,505	1,237,316
Data processing/website/software	-	165,513	-	-	165,513	956,543
Repairs and maintenance	611,853	237,716	-	-	849,569	873,344
Postage and delivery	-	3,888	1,665	920	6,473	829,585
Office expense	234,207	103,245	3,634	4,995	346,081	527,666
Insurance	57,855	107,762	-	1,316	166,933	429,979
Administrative and management fees	-	81,407	-	-	81,407	329,196
Subscriptions and publications	-	38,964	62,092	6,109	107,165	266,644
Board expense	-	-	74,250	-	74,250	74,250
Bad debt expense (recovery)	-	(720)	-	-	(720)	(42,430)
Subtotal before occupancy allocation	5,624,756	11,574,283	1,476,450	418,722	19,094,211	85,375,221
Occupancy	(2,462,563)	541,764	-	49,251	(1,871,548)	-
TOTAL	**$ 3,162,193**	**$ 12,116,047**	**$ 1,476,450**	**$ 467,973**	**$ 17,222,663**	**$ 85,375,221**

See accompanying notes to consolidated financial statements.

**THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 40,950,043	$ 1,819,881
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization, including amortization of financing and broker fees of $31,027 and $2,743, respectively, for 2021 and $37,232 and $41,948, respectively for 2020	2,659,903	2,232,132
Unrealized (gain) loss on investments	(28,399,915)	5,011,324
Realized gain on sales of investments	(2,031,974)	(1,205,359)
Change in allowance for doubtful accounts	(55,044)	(25,880)
(Increase) decrease in:		
Accounts and other receivables	(2,432,599)	(355,674)
Grants receivable	873,050	525,767
Pledges receivable	34,527	49,372
Prepaid expenses	924,376	(1,299,936)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,988,979	(95,648)
Accrued salaries and related benefits	1,277,562	441,006
Awards payable	(169,082)	1,359,590
Deferred revenue	350,808	2,459,472
Tenant security deposit	-	111,725
Net cash provided by operating activities	16,970,634	11,027,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(1,413,837)	(3,208,365)
Purchases of investments	(52,079,779)	(50,600,736)
Proceeds from sales of investments	43,447,367	44,040,142
Cash paid for broker fees	(14,070)	-
Net cash used by investing activities	(10,060,319)	(9,768,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(46,706,480)	(1,578,616)
Proceeds from long-term debt	47,737,065	-
Net cash provided (used) by financing activities	1,030,585	(1,578,616)
Net increase (decrease) in cash and cash equivalents	7,940,900	(319,803)
Cash and cash equivalents at beginning of year	6,479,491	6,799,294
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 14,420,391**	**$ 6,479,491**

See accompanying notes to consolidated financial statements.

**THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
SUPPLEMENTAL INFORMATION:		
Cash paid for interest on:		
Bonds	$ 828,875	$ 1,657,488
Taxable note payable	324,279	379,485
TOTAL CASH PAID FOR INTEREST	**$ 1,153,154**	**$ 2,036,973**
CASH PAID FOR TAXES	**$ 1,150,000**	**$ 1,390,000**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The world's largest professional organization of blood specialists, The American Society of Hematology, Inc. (ASH) aims to further the understanding, diagnosis, treatment, and prevention of disorders affecting the blood, bone marrow, and the immunologic, hemostatic and vascular systems, by promoting research, clinical care, education, training and advocacy in hematology. ASH publishes a journal known as "Blood".

ASH 2021 L Street LLC (the LLC) is a limited liability corporation, established by ASH during fiscal year 2009 to own and manage a building in Washington, D.C. used by ASH as its headquarters. ASH owns 100% of the LLC.

ASH Registry, Inc. d/b/a ASH Research Collaborative (the Registry or ASH RC) is a not-for-profit organization that was incorporated in Washington D.C. during August 2017. The Registry's mission is to foster collaborative partnerships to accelerate progress in hematology, with the goal of improving the lives of people affected by blood diseases.

Principles of consolidation -

The accounts of ASH have been consolidated with ASH 2021 L Street LLC and ASH Registry, Inc. (collectively, the Society) pursuant to the criterion established by FASB ASC 958-810, Not-for-Profit Entities Consolidation. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Committee-designated and are also reported as net assets without donor restrictions.

  - **Committee-designated** net assets represent resources designated by the Executive Committee for specific purposes. Use of these funds must be approved by the Executive Committee. As of June 30, 2021 and 2020, these funds totaled $88,452,731 and $88,452,355, respectively.

  - **Committee-designated greatest needs** net assets represent resources designated by the Executive Committee using the Society's greatest needs donations for specific purposes. Use of these funds must be approved by the Executive Committee. As of June 30, 2021 and 2020, these funds totaled $494,604 and $490,867, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Society mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Purpose restricted	$ 4,621,566	$ 2,295,933
Endowments to be invested in perpetuity	7,364,013	7,364,013
Earnings on endowments not yet authorized for spending	1,912,744	672,577
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 13,898,323**	**$ 10,332,523**

Net assets released from donor restrictions consisted of the following during the years ended June 30, 2021 and 2020:

	2021	2020
Annual Meeting	$ 12,832,663	$ 2,991,000
Projects	3,008,509	2,547,296
Awards	516,731	521,615
Appropriation of earnings on endowment	489,601	146,621
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	**$ 16,847,504**	**$ 6,206,532**

Cash and cash equivalents -

The Society considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of $23,900,870 and $27,775,012, respectively for the years ended June 30, 2021 and 2020.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, the Society maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. In accordance with the Society's budgeting policy, investment income (loss) and net realized and unrealized losses and gains on investments are recorded as non-operating revenue, and are shown net of investment expenses paid to external investment advisors.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments (continued) -

All other interest and dividends are recorded as operating revenue and are included in "other revenue" in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Investments are not insured and are subject to ongoing market fluctuations.

Accounts and other receivables -

Accounts and other receivables are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and as a percentage of author fees revenue. All accounts and other receivables are due within one year.

Grants and pledges receivable -

Grants and pledges receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises or grants are received and are only recorded when they are deemed material to the financial statements (not material as of June 30, 2021 and 2020). All grants and pledges receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Property and equipment in excess of $10,000 are capitalized and stated at cost. Renewals and betterments are capitalized while repairs and maintenance are charged to expenses as they are incurred. Building improvements are capitalized and amortized over the remaining useful life of the building. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Building	40 years
Building improvements	40 years
Furniture and equipment	5-7 years
Database and website	3-5 years
Computer equipment	3 years

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value. For the years ended June 30, 2021 and 2020, there have been no impairment charges recognized.

Broker fees -

Broker fees represent the costs incurred to obtain tenants (see Note 8). Broker fees are amortized over the respective terms of the related leases (5 to 15 years).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Broker fees (continued) -

During the years ended June 30, 2021 and 2020, amortization expense was $2,743 and $41,948 respectively, and is included in depreciation and amortization in the accompanying Consolidated Statements of Functional Expenses.

Deferred financing fees -

In accordance with the FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, the Society presents such costs as deferred financing fees in the consolidated financial statement as a direct deduction from the related debt liability. Amortization of the deferred financing fees are reported as interest expense.

Premiums on bond issuance -

Premiums resulting from bond issuance are recorded at the time the bonds are issued. The amounts recorded as premiums are amortized over the life of the bonds using the effective interest rate method and decrease the recorded amount of bond interest expense at each interest payment date.

Income taxes -

ASH and ASHRC are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). ASH and ASHRC are not private foundations.

As the LLC was established to own and manage ASH's building in Washington, D.C. (used as ASH's headquarters), and is 100% owned by ASH, the LLC is considered a disregarded entity for tax reporting purposes.

Although ASH is organized as a not-for-profit corporation, net income from the sale of advertising space in publications produced by ASH, advertising on ASH's website, and debt-financed rental income of the LLC are considered unrelated business income and subject to taxation by the Internal Revenue Service (IRS) and the District of Columbia.

The Society incurred approximately $1,100,000 and $1,300,000 of unrelated business income taxes as a result of these activities during the years ended June 30, 2021 and 2020, respectively, which is included in facility expense in the accompanying consolidated financial statements. As of June 30, 2021 and 2020, the Society had $20,308 and $77,514, respectively, in prepaid income taxes, which is included in prepaid expenses on the accompanying Consolidated Statement of Financial Position.

Uncertain tax positions -

For the years ended June 30, 2021 and 2020, the Society has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Awards payable -

The Society awards fellowships to support research training in the field of hematology. These awards are for two to four year periods.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Awards payable (continued) -

Awards are recorded as awards expense and awards payable in the accompanying consolidated financial statements when they are approved by the Executive Committee. The Society receives unconditional promises to give from certain organizations to help support fellowships.

Revenue recognition -

Revenue classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. The Society has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

Revenue received for the Annual Meeting is recorded as revenue when the performance obligation is met which is in the quarter when the related event has occurred. The transaction price is determined based on cost. Monies received for the Annual Meeting which have not yet been recognized as revenue, are recorded as deferred revenue in the accompanying Consolidated Statements of Financial Position. Deferred annual meeting and other deferred revenue consists of registration and exhibit fees, and other monies received in advance of the related event.

Projects revenue consists of small meetings and educational materials provided for the benefit of the Society's members. As with the Annual Meeting, the Society recognizes small meetings revenue when the performance obligation is met which is in the quarter the event transpires. The revenue for educational materials is recognized when the performance obligation is met which is when the products are rendered to the Society's customers and members.

Membership dues include general member benefits that are a series of distinct obligations. The revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations such as discounted rates to conferences and meetings; however, they are immaterial in nature to the contract and thus are included with the general member benefits. Membership dues, which have not yet been recognized as revenue, are recorded as deferred revenue in the accompanying Consolidated Statements of Financial Position.

Subscription revenue was recorded as revenue when the performance obligation was met which was when the publication was delivered. The transaction price was determined based on sales price. Subscription revenue is included in "other revenue" in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Effective as of June 30, 2021, the Society will no longer recognize revenue from subscriptions, as the performance obligation and revenue collection transitioned to the Publisher for the publications offered.

Deferred revenue consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Deferred membership	$ 86,516	$ 26,097
Deferred subscriptions	-	2,835,275
Deferred annual meeting and other fees	20,578,343	17,452,679
TOTAL DEFERRED REVENUE	**$ 20,664,859**	**$ 20,314,051**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

The Society also receives copyright fees for the reproduction of articles that appear in *Blood*. These royalties are collected by a separate company and passed through to the Society. The copyright fees are not readily determinable and, accordingly, are recorded as revenue when received rather than when earned. Copyright fees are included in journal revenue in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

The Society received contributions as well as contracts and grants from other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Society performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

For contributions, grants and contracts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, grants and contracts qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Grant and contract agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, revenue is recognized for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). As of the years ended June 30, 2021 and 2020, the Society had $1,083,159 and $247,764 in executed conditional awards or grants not yet recognized as revenue.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant and contract agreements. Funding received in advance of incurring the related expenses is recorded as deferred revenue.

Advertising costs -

The Society expenses advertising costs as they are incurred. Total advertising costs during the years ended June 30, 2021 and 2020 were $1,440,957 and $2,183,779, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributed services -

The Society receives donated services related to various aspects of its operations. The value of these services is not reflected in the accompanying consolidated financial statements since the value assigned to these services is not ascertainable and the services do not meet the criteria for recognition under FASB ASC 958-605-25, *Not-For-Profit Entities, Revenue Recognition.*

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Society are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Investment risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

The Society adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Society's operations. The overall potential impact is unknown at this time.

2. INVESTMENTS

Investments, at readily determinable fair value, consisted of the following as of June 30, 2021 and 2020:

	Fair Value	
	2021	2020
Money market funds	$ 23,900,870	$ 27,775,012
Large blend funds	47,239,749	33,390,090
Large growth funds	8,913,567	6,675,549
Foreign large blend funds	18,569,308	16,830,594
Diversified emerging market funds	6,531,894	6,820,542
Small-cap blend index funds	17,914	35,084
World allocation funds	-	5,524,493
World stock funds	9,058,769	7,261,315
Short-term government bond funds	44,764,505	43,521,299
Intermediate-term bond funds	17,335,802	12,841,612
Multisector bond	5,055,694	-
Real estate accounts	30,297	39,143
CTF - Diversified inflation hedges	3,560,843	3,323,961
Harvest MLP Income Fund III	-	1,765,176
Managed futures offshore fund	2,697,303	3,649,083
Limited partnership	10,743,226	7,828,300
Unallocated insurance contracts	678,266	578,803
Weatherlow Offshore Fund I LTD	1,949,022	5,473,641
GEM Opportunities Fund, LLC	4,979,917	-
Burgundy Funds DST Smaller Companies Portfolio	6,989,583	-
Arrowstreet International Equity Fund	9,381,469	-
TOTAL INVESTMENTS	**$ 222,397,998**	**$ 183,333,697**

As of June 30, 2021 and 2020, $63,667,132 and $29,032,578, respectively, represented the current portion of the investment portfolio. Included in investments are mutual funds that are restricted for the endowment (see Note 14).

As of June 30, 2021 and 2020, total restricted investments were approximately $7,364,000. Additionally, included in the investment portfolio as of June 30, 2021 and 2020, are investments held for the Deferred Compensation Plan totaling $1,764,685 and $1,257,566, respectively (see Note 11).

Net investment gain (loss) was comprised of the following during the years ended June 30, 2021 and 2020:

	2021	2020
Interest, dividends and capital gain distributions income	$ 1,339,990	$ 3,050,518
Unrealized gain (loss)	28,399,915	(5,011,324)
Realized gain on sales of investments	2,031,974	1,205,359
Less: Investment fees	(159,000)	(151,808)
	31,612,879	(907,255)
Less: Interest and dividends used in operations	(960,487)	(446,301)
TOTAL INVESTMENT GAIN (LOSS), NET	**$ 30,652,392**	**$ (1,353,556)**

3. PLEDGES RECEIVABLE

As of June 30, 2021 and 2020, the outstanding pledges receivable balance was comprised of individuals and corporate promises to give. As of June 30, 2021 and 2020, there was no discount to allowance associated with the pledges receivable. Pledge payments are due as follows:

	2021	2020
Less than one year	$ 27,190	$ 40,245
One to five years	233,759	233,759
Beyond five years	38,429	59,901
TOTAL PLEDGES RECEIVABLE	**$ 299,378**	**$ 333,905**

4. FIXED ASSETS

Fixed assets are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Land	$ 12,458,802	$ 12,458,802
Buildings	54,003,998	54,003,998
Equipment	3,393,705	3,393,705
Computer equipment	647,910	647,910
Database and website	6,120,300	5,286,071
	76,624,715	75,790,486
Accumulated depreciation and amortization	(20,412,473)	(18,365,445)
FIXED ASSETS, NET	**$ 56,212,242**	**$ 57,425,041**

During the years ended June 30, 2021 and 2020, depreciation and amortization expense on fixed assets totaled $2,626,067 and $2,152,952, respectively.

5. AWARDS PAYABLE

The Society awards fellowships (scholar awards) to support research training in the field of hematology. These awards are for a two year period. Awards are recorded as awards expense and awards payable in the accompanying consolidated financial statements when they are approved by the Executive Committee.

As part of the Physician-Scientist Career Development Award (PSCD), medical students are provided the opportunity to learn more about hematology by immersing themselves in a laboratory, translational, or clinical investigation under the mentorship of an ASH member. These awards are for a period of one year.

Additionally, the Society partnered with the Harold Amos Medical Faculty Development Program (AMFDP) to increase the number of underrepresented minority scholars from the field of hematology with academic and research appointments. ASH and AMFDP offer four year research awards to historically disadvantaged physicians.

5. AWARDS PAYABLE (Continued)

Amounts payable under these awards were as follows as of June 30, 2021 and 2020:

	2021	2020
Less than one year	$ 5,193,020	$ 5,217,933
One to five years	3,590,000	3,734,169
TOTAL AWARDS PAYABLE	**$ 8,783,020**	**$ 8,952,102**

6. LONG-TERM DEBT

During 2009, the Society entered into various debt instruments to provide funding to acquire land and a building and to renovate the building which would become the Society's new headquarters.

The land and building were purchased in 2009 for $51,000,000. Both the tax-exempt bonds and the taxable note payable were guaranteed by the LLC and secured by the building and the leases on a parity basis. These debt instruments required the Society to comply with certain covenants. As of June 30, 2020, there was $179,874 of accrued interest on the debt instruments, which is included in accounts payable and accrued expenses in the accompanying Consolidated Statements of Financial Position.

Tax-Exempt Bonds Payable

During 2009, the Society entered into a loan and trust agreement with the District of Columbia and a bank, for the issuance of approximately $33,965,000 in Revenue Bonds (American Society of Hematology Issue Series 2009). During 2012, the Society refinanced the tax-exempt bonds at a premium under the following terms:

- Tax-exempt bonds with a par value of $13,110,000 were issued at a premium price of 103.048%, for total financing of $13,509,593. The bonds were issued with a stated interest rate of 5% and an effective yield of 4.62%.
- Tax-exempt bonds with a par value of $20,045,000 were issued at a premium price of 102.071%, for total financing of $20,460,132. The bonds were issued with a stated interest rate of 5% and an effective yield of 4.74%.

The unamortized portion of the premium is reported with long-term debt liability on the Consolidated Statements of Financial Position. As of June 30, 2020, the total bond premium and related accumulated amortization was $814,725 and $268,204, respectively. Due to refinancing of the debt in 2021, there was no related bond premium or related accumulated amortization as of June 30, 2021.

As of June 30, 2021 and 2020, the total outstanding balances of the bonds payable were $0 and $33,701,521 (including unamortized premiums of $0 and $546,521), respectively. At June 30, 2021 and 2020, the fair value of the bonds totaled $0 and $35,777,894, respectively.

Taxable Note Payable

During January 2009, the Society entered into two note payable agreements for $9,618,337 and $20,416,663. In 2012, as part of the refinancing of long-term debt, the Society obtained a new taxable bank loan in the amount of $32,520,590, and paid-in-full the principal and accrued interest of the previous outstanding loans.

6. LONG-TERM DEBT (Continued)

Taxable Note Payable (continued)

The new taxable note payable bears interest at a monthly floating rate of BBA LIBOR (0.081% and 0.081% as of June 30, 2021 and 2020, respectively), plus 0.85% per annum. Principal and interest payments began June 1, 2012 through the maturity date, July 1, 2026, at which time all unpaid principal and interest was to be due. This note was able to be prepaid in whole or in part, at any time, without penalty.

There were no additional principal payments made during the year ended June 30, 2021 or June 30, 2020. As of June 30, 2021 and 2020, the total outstanding balances on the note payable were $0 and $13,376,368, respectively. Total financing fees incurred on the tax-exempt bonds and the taxable note payable totaled $835,689. These costs were being amortized over the period benefited using the straight-line method.

Amortizable Note Payable

In April 2021, the two debt instruments noted above (tax-exempt bonds and taxable note payable) were refinanced into one promissory note with another financial institution. The total note was for $47,737,065. The note commenced in April 2021 and spans for approximately 21 years through July 2042. Under the note agreement, monthly payments include interest and principal in the amount of $236,148. The new note payable bears interest at a nominal annual rate of 2.233%. In addition, this promissory note requires the Society to comply with certain covenants and is secured by the land and buildings owned by the LLC. As of June 30, 2021, there was $179,874 of accrued interest on the note, which is included in accounts payable and accrued expenses in the accompanying Consolidated Statements of Financial Position.

As of June 30, 2021 and 2020, the Society's bond and notes payable (long-term debt) was as follows on the Consolidated Statements of Activities and Changes in Net Assets:

	2021	2020
Bonds and notes payable	$ 47,610,475	$ 47,077,889
Less: Deferred financing fees, net of accumulated amortization of $760,300 and $757,557 for 2021 and 2020, respectively	-	(528,524)
LONG-TERM DEBT, NET	**$ 47,610,475**	**$ 46,549,365**

Future Minimum Payments

Future minimum principal payments under the new note payable are scheduled follows:

Year Ending June 30,	
2022	$ 1,922,062
2023	1,818,124
2024	1,857,057
2025	1,902,200
2026	1,945,715
2027 and Thereafter	38,165,317
	$ 47,610,475

6. LONG-TERM DEBT (Continued)

Future Minimum Payments (continued)

Total interest expense incurred during the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Bonds	$ 828,875	$ 1,623,745
Notes payable	525,385	349,871
TOTAL	**$ 1,354,260**	**$ 1,973,616**

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date were comprised of the following:

	2021	2020
Cash and cash equivalents	$ 14,420,391	$ 6,479,491
Investments	222,397,998	183,333,697
Accounts and other receivables, net	8,317,250	5,829,607
Grants receivable	83,500	956,550
Pledges receivable	299,378	333,905
Subtotal financial assets available within one year	245,518,517	196,933,250
Less: Donor restricted funds	(13,898,323)	(10,292,278)
Less: Committee-designated funds	(88,947,335)	(88,943,222)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 142,672,859**	**$ 97,697,750**

The Society has a policy to structure its financial assets to be available and liquid as its obligations become due. The Society has funds established by the Committee that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

8. LEASES

Rental Income

During fiscal years 2011 and 2010, the Society entered into various lease agreements with tenants for terms ranging from five to ten years. During fiscal year 2018, the Society entered into a new fifteen year lease agreement with a new tenant. The leases call for annual escalation of rent payments and tenants to pay their proportionate share of operating costs. The Society requires tenants to pay a security deposit, which is included in tenant security deposit in the Consolidated Statements of Financial Position.

8. LEASES (Continued)

Rental Income (continued)

Accounting principles generally accepted in the United States of America require that the total rental income should be recognized on a straight-line basis over the terms of the leases. Accordingly, the difference between the actual monthly payments received and rental income being recognized for financial statement purposes is recorded as accounts receivable from lessees and is included in the Consolidated Statements of Financial Position.

As of June 30, 2021 and 2020, the deferred rent asset totaled $139,858 and $374,490, respectively, and is included in "accounts and other receivables" in the accompanying Consolidated Statements of Financial Position.

The following is a schedule of the future minimum rental income:

Year Ending June 30,	
2022	$ 1,154,616
2023	213,364
2024	217,046
2025	220,821
2026	66,066
Thereafter	84,233
	$ 1,956,146

Rental income, including parking revenue and property taxes, totaled $1,333,800 and $1,392,378 during the years ended June 30, 2021 and 2020, respectively, and is included in "other revenue" in the Consolidated Statements of Activities and Changes in Net Assets.

9. OTHER REVENUE

Other revenue was comprised of the following during the years ended June 30, 2021 and 2020:

	2021	2020
Scholar awards	$ -	$ 350,000
Interest and dividend income	960,487	446,301
Rental income	1,333,800	1,392,378
Other	663,313	(67,767)
TOTAL OTHER REVENUE	**$ 2,957,600**	**$ 2,120,912**

10. RETIREMENT PLAN

The Society sponsors a defined contribution retirement plan under IRC Section 403(b). All employees who have completed six months of service are eligible to participate in the Plan. Under the Plan, the Society contributes an amount equal to 8% of eligible employee's salary and 10% of eligible employee's salary for those employees that make a contribution to the Plan of at least 2%, subject to the IRC limits.

10. RETIREMENT PLAN (Continued)

Contributions to the Plan during the years ended June 30, 2021 and 2020 totaled $1,409,493 and $1,218,710, respectively.

11. DEFERRED COMPENSATION PLAN

The Society maintains an IRC Section 457(b) plan for certain employees. Under this plan, participating employees can elect to defer their compensation within IRC guidelines. As of June 30, 2021 and 2020, $1,764,685 and $1,257,566, respectively, was deferred and is included in investments and accrued salaries and related benefits in the accompanying Consolidated Statements of Financial Position.

The Society will pay the deferred compensation under this plan upon the employees leaving the Society or earlier under certain conditions outlined in the Plan. The compensation deferred under this plan is credited with earnings or losses measured by the mirrored rate of return on the investments selected by the participants.

12. COMMITMENTS

The Society is committed under agreements with several hotels through the year 2032 for room rentals for participants at the annual meeting. If the Society cancels these agreements or does not fill the rooms under agreement, there are certain penalties the Society will be required to pay.

Management anticipates that no material penalties will be incurred and, therefore, no liability has been recorded in the accompanying consolidated financial statements.

Additionally, during the year ended June 30, 2015, the Society entered into an agreement with a Publisher, whereby the Publisher will distribute and market a new clinical hematology news magazine for the professional community for the period January 1, 2015 through December 31, 2020. During the year ended June 30, 2021, the contract was extended for an additional year through December 31, 2021.

The terms of the agreement indicated that the Society was to receive a minimum guaranteed payment of $350,000, $500,000 and $550,000 for the 2015, 2016 and 2017 calendar years, respectively. Additionally, the Society will receive royalties in the amount of 30%, 35% and 40% of net revenues for the 2015, 2016 and 2017 calendar years, respectively. The terms remain the same ($550,000 and 40%) for 2018-2020. Income related to this agreement is included in "other revenue" in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

In March 2021, the Society entered into an agreement with a new Publisher effective beginning January 1, 2022 for a period of three years. The agreement includes an automatic renewal with the same terms for two calendars, unless terminated by either party 12 months prior to the expiration of the initial term.

13. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

13. FAIR VALUE MEASUREMENT (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments are estimated using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, financial condition and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for those investments existed.

During the year ended June 30, 2021, one fund was transferred from level 1 to level 3 in the fair value hierarchy. No transfers were made during the year ended June 30, 2020. There have been no changes in the methodologies used as of June 30, 2021 and 2020. Following is a description of the investment and the valuation methodology used to measure the investments at fair value:

Money market funds - Valued at the daily closing price as reported by the fund. The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.

The Society has chosen the following investment objectives in accordance with their internal investment policy.

- **Large blend funds** - A category of equity mutual funds with portfolios that are made up of a mix of value and growth stocks. Specifically, the Society has chosen funds that track the performance of a benchmark index that measures the investment return of large-capitalization stocks. These funds employ an indexing investment approach that attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

- **Large growth funds** - These funds consist of diversified portfolios of stocks that have long-term capital appreciation as their primary goal, with little or no dividend payouts. Large growth funds mainly consist of companies with above-average growth in earnings that reinvest their earnings into expansion, acquisitions, and/or research and development.

13. FAIR VALUE MEASUREMENT (Continued)

- **Large growth funds** (continued) - The funds invest in companies based in developed markets outside the U.S. as well as in established companies in emerging and frontier markets.

- **Foreign large blend funds** - These funds invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios have less than 20% invested in U.S. Stocks.

- **Diversified emerging market funds** - These investments seek long-term capital appreciation. The fund invests in equity securities that are deemed to be value stocks at the time of purchase and associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development). Securities in the fund are considered value stocks primarily because they have a high book value in relation to their market value.

- **Small-cap blend index fund**s - These investments seek a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of equity securities in smaller domestic companies based on a market index. Under normal circumstances, the funds invest at least 80% of its assets in equity securities included in its benchmark index. It buys most, but not necessarily all, of the stocks in its benchmark index, and will attempt to closely match the overall investment characteristics of its benchmark index. The fund primarily invests its assets in equity securities selected to track a designated stock market index.

- **World stock funds** - These investments seek total return greater than that of its chosen benchmark. The funds are a fund of funds and invest primarily in shares of the International Equity Funds, the Global Equity Funds, U.S. Flexible Equities Fund, and the U.S. Equity Funds. They normally invest (including through investment in the underlying Funds) at least a majority of the assets in equity investments. Although the funds' primary exposure is to non-U.S. and U.S. equity investments, the funds also may have exposure to non-U.S. and U.S. fixed income securities, commodities and, from time to time, other alternative asset classes.

- **Short-term government bond funds** - These investment seek high current income and limited fluctuations in principal value. The funds normally invest a majority of its net assets in U.S. government securities with average lives, at the time of purchase, of three years or less, and related derivatives. The remainder of the fund assets may be invested in U.S. Government securities with other maturities. Normally, the dollar-weighted average life of the funds' portfolio is less than three years. It invests substantially in U.S. Government mortgage-backed securities.

- **Intermediate-term bond funds** - These investments seek the performance of a broad, market-weighted bond index. The fund employs an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States-including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than one year.

- **Multisector bond -** These investments seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities.

13. FAIR VALUE MEASUREMENT (Continued)

- **Multisector bond (continued) -** These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

- **Real estate accounts** - These accounts invest primarily in domestic stocks and mutual funds, the majority of which have observable Level 1 quoted pricing inputs and are used in determining the net asset values of the real estate accounts. Certain of these accounts invest mainly in international stocks, which have observable Level 1 or Level 2 pricing inputs, including quoted prices for similar assets in active or non-active markets, and are used in determining the net asset values of the pooled separate accounts.

- **CTF (Common trust funds) - Diversified inflation hedges** - Common trust funds are unregistered bank investment products that pool fiduciary client assets to invest in a diversified portfolio of stocks, bonds or other securities. Specifically, the Society has chosen underlying funds that aim to provide protection against the decreased value of a currency. The underlying investments have observable Level 1 or Level 2 pricing inputs, including quoted prices for similar assets in active or non-active markets, and are used in determining the net asset values of the common trust funds.

- **Harvest Master Limited Partnerships (MLP) Income Fund III** - This fund invests in master limited partnerships (MLPs) which are traded daily in the stock market. MLPs refers to a type of partnership that operate similar to stocks; the objective of which is to generate positive, consistent, and stable risk-adjusted returns based on financial and balance sheet metrics.

- **AQR Managed Futures Offshore Fund Ltd** - This fund's objective is to produce attractive risk-adjusted returns while maintaining low-to-zero long-term average correlation to traditional markets. AQR invests in a diversified portfolio of equity, currency, fixed-income and commodity-linked derivative instruments, both long and short, in an effort to provide exposure and performance that is, on average, lowly correlated to the equity markets.

- **US Research Equity Extended Fund, L.P.** - These investments seek to maximize total return consisting of interests in various equity funds. These funds concentrate the investments in exempted limited partnerships that provide the best opportunity to generate returns above the S&P 500 index.

Alternative investments - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.

The Society has chosen the following alternative investment in accordance with their internal policy:

- **Unallocated insurance contracts** - These are contracts with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual participants. Unallocated insurance contracts are reported at contract value which represents accumulated cash contributions, interest credited to the plan’s contracts, less withdrawals to include any transfers in and out of the contracts. Contract value is deemed a reasonable approximation of fair value.

13. FAIR VALUE MEASUREMENT (Continued)

- **US Research Equity Extended Fund, L.P.** - These investments seek to maximize total return consisting of interests in various equity funds. These funds concentrate the investments in exempted limited partnerships that provide the best opportunity to generate returns above the S&P 500 index.

The Society follows the measurement provisions of Accounting Standards Update (ASU) No. 2009-12, Investments in Certain Entities that Calculate Net Asset per Share (or Its Equivalent). The guidance permits, as a practical expedient, the fair value of investments within its scope to be estimated using the net asset value (NAV) or its equivalent.

NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

The Society follows the disclosure provisions of accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement* (Topic 820): Disclosure for Investment in Certain Entities that Calculate Net Asset Value Per Share (or Its Equivalent). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient; however, the fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position.

Following is a description of those alternative investments:

- **Weatherlow Offshore Fund I LTD** – The Weatherlow Offshore Fund is a private investment partnership in which the investment portfolio uses advanced strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).

- **Global Emerging Marketings (GEM) Opportunities Fund, LLC** – The investment objective of the Fund is to provide total return. Under normal circumstances, the Fund primarily invests in equity securities of companies in emerging markets. A company is considered to be located primarily in an emerging market if: (i) the principal securities market in which the securities of such company trade is located in an emerging market; (ii) it derives at least 50% of its total revenues or profits from goods produced or sold, investments made, or services performed in an emerging market; or (iii) at least 50% of its assets are located in an emerging market. The Fund may overweight or underweight countries relative to its benchmark, the Morgan Stanley Capital International (MSCI) Emerging Markets (EM) Index (the “MSCI Emerging Markets Index”) (net of foreign withholding taxes).

- **Burgundy Funds DST Smaller Companies Portfolio** – As a Delaware Statutory Trust, the Fund’s investment objective is long-term capital growth, while minimizing capital risk. The Fund will seek to achieve its objective by investing in small to medium capitalization companies primarily listed on major U.S. stock exchanges.

- **Arrowstreet International Equity Fund** – The investment objective of each Fund is to produce returns in excess of the equity market as specified by the relevant benchmark over rolling five year periods. The investment strategy of each Fund is to invest in a broad range of long (and short where allowed by the relevant investment guidelines) equity instruments that are publicly traded on stock exchanges and/or regulated markets worldwide.

13. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 23,900,870	$ -	$ -	$ 23,900,870
Large blend funds	47,239,749	-	-	47,239,749
Large growth funds	8,913,567	-	-	8,913,567
Foreign large blend funds	18,569,308	-	-	18,569,308
Diversified emerging market funds	6,531,894	-	-	6,531,894
Small-cap blend index funds	17,914	-	-	17,914
World stock funds	9,058,769	-	-	9,058,769
Short-term government bond funds	44,764,505	-	-	44,764,505
Intermediate-term bond funds	17,335,802	-	-	17,335,802
Multisector bond	5,055,694	-	-	5,055,694
Real estate accounts	-	30,297	-	30,297
CTF - Diversified inflation hedges	-	3,560,843	-	3,560,843
AQR Managed Futures Offshore Fund	-	2,697,303	-	2,697,303
Unallocated insurance contracts	-	-	678,266	678,266
US Research Equity Extended Fund, L.P.	-	-	10,743,226	10,743,226
Sub total investments using fair value hierarchy	181,388,072	6,288,443	11,421,492	199,098,007
Investments measured in NAV per practical expedient:				
Weatherlow Offshore Fund I LTD	-	-	-	1,949,022
GEM Opportunities Fund, LLC	-	-	-	4,979,917
Burgundy Funds DST Smaller Companies Portfolio	-	-	-	6,989,583
Arrowstreet International Equity Fund	-	-	-	9,381,469
TOTAL INVESTMENTS	$ 181,388,072	$ 6,288,443	$ 11,421,492	$ 222,397,998

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	$ 27,775,012	$ -	$ -	$ 27,775,012
Large blend funds	33,390,090	-	-	33,390,090
Large growth funds	6,675,549	-	-	6,675,549
Foreign large blend funds	16,830,594	-	-	16,830,594
Diversified emerging market funds	6,820,542	-	-	6,820,542
Small-cap blend index fund	35,084	-	-	35,084
World allocation funds	5,524,493	-	-	5,524,493
World stock funds	7,261,315	-	-	7,261,315
Short-term government bond funds	43,521,299	-	-	43,521,299
Intermediate-term bond funds	12,841,612	-	-	12,841,612
Real estate accounts	-	39,143	-	39,143
CTF - Diversified inflation hedges	-	3,323,961	-	3,323,961
Harvest MLP Income Fund III	-	1,765,176	-	1,765,176
AQR Managed Future Offshore Fund	-	3,649,083	-	3,649,083
US Research Equity Extended Fund, L.P.	7,828,300	-	-	7,828,300
Unallocated insurance contracts	-	-	578,803	578,803
Sub total investments using fair value hierarchy	168,503,890	8,777,363	578,803	177,860,056
Investments measured in NAV per practical expedient:				
Weatherlow Offshore Fund I LTD	-	-	-	5,473,641
TOTAL ASSETS	$ 168,503,890	$ 8,777,363	$ 578,803	$ 183,333,697

13. FAIR VALUE MEASUREMENT (Continued)

Level 3 Financial Assets

The following table provides a summary of changes in fair value of the Society's Level 3 investments for the years ended June 30, 2021 and 2020:

	US Research Equity Extended Fund	Unallocated Insurance Contract	Total Level 3 Assets
Beginning balance as of June 30, 2019	$ -	$ 366,497	$ 366,497
Purchases	-	11,779	11,779
Interest and dividend income	-	16,794	16,794
Unrealized appreciation	-	183,733	183,733
Ending balance as of June 30, 2020	-	578,803	578,803
Transfers	7,828,300	-	80,968
Purchases	-	80,968	80,968
Unrealized appreciation	2,914,926	18,495	2,933,421
BALANCE AS OF JUNE 30, 2021	**$ 10,743,226**	**$ 678,266**	**$ 11,421,492**

Alternative investments within the portfolio are comprised of the following as of June 30, 2021 and 2020:

Investment Type	2021	2020	Liquidity
Unallocated Insurance Contract	$ 678,266	$ 578,803	No lump-sum withdrawals. Transfers can be made with 120-days notice, over a ten-year period in annual installments, subject to 2.5% surrender charge
US Research Equity Extended Fund, L.P.	10,743,226	7,828,300	Written notice by the fifth day of the month
Weatherlow Offshore Fund I LTD	1,949,022	5,473,641	65 days notice for withdrawal of capital account as of the last day of any calendar quarter; lock-up period is 12 months
GEM Opportunities Fund, LLC	4,979,917	-	Liquid
Burgundy Funds DST Smaller Companies Portfolio	6,989,583	-	Liquid
Arrowstreet International Equity Fund	9,381,469	-	Liquid
ALTERNATIVE INVESTMENTS	**$34,721,483**	**$13,880,744**	

There are no unfunded commitments and there were no commitment calls on the above funds as of June 30, 2021 and 2020.

14. ENDOWMENT

The Society's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Executive Committee has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 7,364,013	$ 7,364,013
Accumulated investment earnings	-	1,912,744	1,912,744
TOTAL ENDOWMENT FUNDS	**$ -**	**$ 9,276,757**	**$ 9,276,757**

Changes in endowment net assets during the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 8,036,590	$ 8,036,590
Investment income	-	1,729,768	1,729,768
Appropriation of endowment assets for expenditure	-	(489,601)	(489,601)
ENDOWMENT NET ASSETS, END OF YEAR	**$ -**	**$ 9,276,757**	**$ 9,276,757**

14. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 7,364,013	$ 7,364,013
Accumulated investment earnings	-	672,577	672,577
TOTAL ENDOWMENT FUNDS	**$ -**	**$ 8,036,590**	**$ 8,036,590**

Changes in endowment net assets during the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 8,607,385	$ 8,607,385
Investment loss	-	(424,174)	(424,174)
Appropriation of endowment assets for expenditure	-	(146,621)	(146,621)
ENDOWMENT NET ASSETS, END OF YEAR	**$ -**	**$ 8,036,590**	**$ 8,036,590**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Society to retain as fund of perpetual duration. These deficiencies result from unfavorable market fluctuations occurring after the investment of permanently restricted contributions. As of June 30, 2021 and 2020, there were no such deficiencies of this nature.

Return Objectives and Risk Parameters -

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Society has a policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned.

14. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued) -

In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long-term, the Society expects the current spending policy to allow its endowment to grow annually. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

15. CONTINGENCY

The Society receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions 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)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

16. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through November 8, 2021, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30 2021

	ASH and LLC	ASHRC	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 13,085,865	$ 1,334,526	$ -	$ 14,420,391
Investments	222,397,998	-	-	222,397,998
Accounts and other receivables, net	7,639,392	985,573	(307,715)	8,317,250
Due from related party	20,768,203	-	(20,768,203)	-
Grants receivable	83,500	-	-	83,500
Pledges receivable	299,378	-	-	299,378
Prepaid expenses	2,311,663	1,518	-	2,313,181
Fixed assets, net	55,986,684	225,558	-	56,212,242
Broker fees, net	46,998	-	-	46,998
TOTAL ASSETS	**$ 322,619,681**	**$ 2,547,175**	**$ (21,075,918)**	**$ 304,090,938**

LIABILITIES AND NET ASSETS

	ASH and LLC	ASHRC	Eliminations	Total
LIABILITIES				
Accounts payable and accrued expenses	$ 9,714,252	$ 720,170	$ (307,715)	$ 10,126,707
Due to related party	-	20,768,203	(20,768,203)	-
Accrued salaries and related benefits	3,699,171	-	-	3,699,171
Awards payable	8,783,020	-	-	8,783,020
Deferred revenue	20,664,859	-	-	20,664,859
Long-term debt	47,610,475	-	-	47,610,475
Tenant security deposit	119,311	-	-	119,311
Total liabilities	90,591,088	21,488,373	(21,075,918)	91,003,543
NET ASSETS				
Without donor restrictions, including Committee-designated	218,130,270	(18,941,198)	-	199,189,072
With donor restrictions	13,898,323	-	-	13,898,323
Total net assets	232,028,593	(18,941,198)	-	213,087,395
TOTAL LIABILITIES AND NET ASSETS	**$ 322,619,681**	**$ 2,547,175**	**$ (21,075,918)**	**$ 304,090,938**

Note: The LLC includes ownership of the building and has assumed all debt pertaining to the building. The LLC is combined with ASH in the above schedule as a disregarded entity.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30 2021

	ASH and LLC	ASHRC	Eliminations	Total
OPERATING REVENUE, WITHOUT DONOR RESTRICTIONS				
Annual Meeting	$ 23,821,928	$ -	$ -	$ 23,821,928
Journal	26,781,271	-	-	26,781,271
Projects	12,713,850	1,111,574	(431,333)	13,394,091
Membership dues	4,051,230	-	-	4,051,230
Other revenue	2,439,729	-	-	2,439,729
Net assets released from donor restrictions	16,847,504	-	-	16,847,504
Total operating revenue without donor restrictions	86,655,512	1,111,574	(431,333)	87,335,753
OPERATING EXPENSES				
Program Expenses:				
Journal	8,617,785	-	-	8,617,785
Projects and Member Services	18,872,054	5,926,813	(431,333)	24,367,534
Annual Meeting	11,483,128	2,250	-	11,485,378
Awards	12,884,061	-	-	12,884,061
Small Meetings	875,296	-	-	875,296
Total program expenses	52,732,324	5,929,063	(431,333)	58,230,054
Society Operating Expenses:				
Facility	4,855,189	-	-	4,855,189
Operating Expenses	13,266,865	1,458,578	-	14,725,443
Committees	531,333	570	-	531,903
Fundraising	531,545	-	-	531,545
Total society operating expenses	19,184,932	1,459,148	-	20,644,080
Total operating expenses	71,917,256	7,388,211	(431,333)	78,874,134
Change in net assets without donor restrictions, before non-operating income	14,738,256	(6,276,637)	-	8,461,619
NON-OPERATING REVENUE AND EXPENSES				
Investment income, net	28,922,624	-	-	28,922,624
Change in net assets without donor restrictions	43,660,880	(6,276,637)	-	37,384,243
OPERATING REVENUE, WITH DONOR RESTRICTIONS				
Annual Meeting	15,049,013	-	-	15,049,013
Projects	3,116,652	-	-	3,116,652
Other revenue	517,871	-	-	517,871
Net assets released from donor restrictions	(16,847,504)	-	-	(16,847,504)
Change in net assets with donor restrictions before non operating income	1,836,032	-	-	1,836,032
NON-OPERATING REVENUE AND EXPENSES				
Investment income, net	1,729,768	-	-	1,729,768
Change in net assets with donor restrictions	3,565,800	-	-	3,565,800
CHANGE IN NET ASSETS	**$ 47,226,680**	**$ (6,276,637)**	**$ -**	**$ 40,950,043**

Note: The LLC includes ownership of the building and has assumed all debt pertaining to the building. The LLC is combined with ASH in the above schedule as a disregarded entity.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.
AND AFFILIATES

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30 2021

	ASH and LLC	ASHRC	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net assets at beginning of year	$ 174,469,390	$ (12,664,561)	$ 161,804,829
Change in net assets without donor restrictions	43,660,880	(6,276,637)	37,384,243
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	**$ 218,130,270**	**$ (18,941,198)**	**$ 199,189,072**
NET ASSETS WITH DONOR RESTRICTIONS			
Net assets at beginning of year	$ 10,332,523	$ -	$ 10,332,523
Change in net assets with donor restrictions	3,565,800	-	3,565,800
TOTAL NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	**$ 13,898,323**	**$ -**	**$ 13,898,323**
TOTAL NET ASSETS	**$ 9,714,252**	**$ (18,941,198)**	**$ 213,087,395**

Note: The LLC includes ownership of the building and has assumed all debt pertaining to the building. The LLC is combined with ASH in the above schedule as a disregarded entity.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Research and Development Cluster:				
National Institute of Health - Training and Mentorship of Hematologic Oncologists	93.398	N/A	$ -	$ 176,507
Total Research and Development Cluster			-	176,507
Health and Human Services - Community Program to Improve Minority Health	93.137	N/A	764,647	790,333
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 764,647**	**$ 966,840**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the Society under programs of the federal government for the year ended June 30, 2021. Information in the Schedule is presented in accordance with the 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)*. The Schedule presents only a selected portion of the operations of the Society; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Society.

Note 2. Summary of Significant Accounting Policies

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Society has not elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:	**Unmodified**	
2). Internal control over financial reporting:		
• Material weakness(es) identified?	☐ **Yes**	☒ **No**
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☒ **Yes**	☐ **None Reported**
3). Noncompliance material to financial statements noted?	☐ **Yes**	☒ **No**

Federal Awards

4). Internal control over major programs:		
• Material weakness(es) identified?	☐ **Yes**	☒ **No**
• Significant deficiency(ies) identified?	☒ **Yes**	☐ **None Reported**
5). Type of auditor's report issued on compliance for major programs:	**Unmodified**	
6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ **Yes**	☐ **No**

7). Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.137	Health and Human Services - Community Program to Improve Minority Health

8). Dollar threshold used to distinguish between Type A and Type B programs:	**$750,000**	
9). Auditee qualified as a low-risk auditee?	☐ **Yes**	☒ **No**

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Finding

Finding 2021-001: Revenue Recognition

Criteria: Title 2 CFR 200 Section 200.303 “Internal Controls” requires recipients of Federal funds to establish internal controls that should be in compliance with guidance in the "Integral Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our current year audit, one grant was identified as being recorded as an unconditional contribution when it was conditional.

Context: Although unintentional, account balances that are misstated provide inaccurate financial reporting.

Effect: One grant was not properly classified during the current year.

Cause: Due to a change in the revenue recognition standards the past several years, this grant was not reclassified to conditional based on ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Recommendation: We recommend the Society remain alert to present and new revenue transactions/awards to ensure proper year-end financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The Society was aware of the revenue recognition regulation, but we were unclear that the regulation was retroactive and affected transactions recorded in a prior year that currently remain on the books. We are now aware, have made the needed changes, and have updated our policy and procedure manual accordingly.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding 2021-002: Review and Approval of Reports and Federal Drawdowns

Information on the Federal Programs: All Federal Programs

Criteria: According to Title 2 CFR 200.303, the non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Additionally, management is responsible for the preparation and fair presentation of the 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.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding 2021-002: Review and Approval of Reports and Federal Drawdowns (continued)

Condition: During our audit, we noted that there was no evidence of review and approval for submitted Federal Financial Reports, quarterly progress reports, drawdowns, and indirect calculations.

Cause: During the year under audit, there was no policy or procedure in place for documented review and approval to take place. While this process did take place informally, there was no audit trail to evidence the review occurring.

Effect: Without proper review, there may be potential misstatements within the reporting process, or an under- or over-draw on Federal funds.

Questioned Costs: None

Context: 2 of 2 Federal Financial Reports, 2 of 2 Progress Reports and 1 drawdown sampled did not have evidence of approval by a supervisor. It appeared to be systematic in nature.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend all reconciliations, along with reports filed in connection with the Federal awards should be reviewed and approved. Evidence of such review and approval should be indicated, either via email, an encrypted electronic signature, or physical signature on documents.

Views of Responsible Officials and Planned Corrective Actions: The Society has a process for reviewing grant reports before submission. We have added the requirement to have documented approval to our procedure manual as well. This was in place for the September 30, 2021 reporting cycle.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

Finding 2021-003: Subrecipient Management and Monitoring Policies and Procedures

Federal Programs: CFDA 93.137

Criteria: As stated in 2 CFR 200.331 part (b), all pass-through entities (i.e. the Society) must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring procedures to prescribe to each individual subrecipient (i.e. pre-award risk assessment procedures). Our audit work over subrecipient expenditures revealed instances where pre-award risk assessment procedures were not performed. We also noted that these requirements were not incorporated into the Society's current policies and procedures.

Condition: Our audit work over subrecipient expenditures revealed that while the Society did perform pre-award risk assessment and monitoring procedures, the Society does not have formalized policies and procedures in place. Our audit procedures consisted of substantive testwork over a sample of subrecipient expenditures that were selected based on a threshold. We consider our sample to be representative of the population.

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding 2021-003: Subrecipient Management and Monitoring Policies and Procedures (continued)

Cause: The Society did not have appropriate policies and procedures in place to ensure that pre-award risk assessment and monitoring procedures were performed (and documented).

Effect: The Society could inadvertently engage in relationships with subrecipients of higher risk without the appropriate level of oversight (monitoring) to ensure that subrecipients are expending funds in accordance with the provisions and terms of the subaward.

Questioned Costs: None

Context: When inquired on documented policies and procedures for subrecipients, none could be provided.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend the Society update its policies and procedures surrounding subrecipients to incorporate these requirements.

Recommended updates are as follows:

- Establish criteria to be used in the evaluation of the risk of noncompliance associated with the intended subrecipient for the purpose of determining the expected level of oversight during the period of performance. This evaluation should include a scaling system, such as high, moderate or low risk (for example), and the monitoring tools and procedures to be performed at each of these levels (additional training, on-site reviews, types of and frequency of reporting, etc.).

- Although the Society is currently compliant with 2 CFR 200.331 part (a), which states that all passthrough entities must ensure that every subaward is clearly identified to the subrecipient as a subaward, and that the award documents must include certain data elements from the passthrough entity's award, we noted that this was not included within the Society's current policies and procedures. To ensure a complete and thorough policy surrounding subrecipient management and monitoring, we further recommend that the Society also incorporate such requirements into its policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: The Society conducted monitoring procedures, which were provided to the auditors, but the policy was not documented. The procedures are now written in our policy and procedure manual.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding 2021-004: FFATA Reporting for Subrecipients

Federal Programs: CFDA 93.137

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires most recipients of new Federal funds awarded on or after October 1, 2010 to report on subawards/subcontracts/consortiums equal to or greater than $30,000. This includes awards that are initially below $30,000 but subsequent grant modifications result in an award equal to or greater than $30,000. Recipients are required to report subrecipient information to the FFATA Subaward Reporting System (FSRS). Grantees are required to register with FSRS, collect the necessary data from subawardees, and file subaward reports by the end of the month following the month in which the prime grantee awards any subaward greater than $30,000.

Condition: Our inquiries with management during our audit conclude that FFATA reporting did not occur for the subrecipients of Federal awards, where awards, including grant modifications exceeded the threshold of $30,000.

Cause: The Society was not aware of the FFATA reporting requirement for its subrecipients.

Effect: Subrecipients that receive the Federal funding will not be included in the FSRS site, which is meant to be a collection tool for subaward data which will is ultimately distributed for publication and display on USASpending.gov.

Questioned Costs: None

Context: When inquired on FFATA reporting for subrecipients, management noted it was not performed.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend the Society be aware of all the compliance requirements included on its Federal funding to ensure all compliance requirements are met, including FFATA reporting requirements.

For first-tier subawards involving an obligation of $30,000 or more in Federal funds, prime Federal fund recipients must report the following information:

1. Name of the entity receiving the award;
2. Amount and date of the award;
3. Funding agency;
4. Catalog of Federal Domestic Assistance (CFDA) number;
5. Award title descriptive of the purpose of each funding action;
6. Location of the sub-recipient receiving the award and primary location of performance under the award, including city, state, congressional district, and country;
7. DUNS number of the sub-recipient receiving the award and the parent entity of the sub-recipient, should the entity be owned by another entity.

Views of Responsible Officials and Planned Corrective Actions: As of November 1, 2021, we are in compliance with this reporting requirement. We have added this to our procedure manual for the future.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

THE AMERICAN SOCIETY OF HEMATOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding 2021-005: Procurement Policy

Information on the Federal Programs: All Federal Programs

Criteria: Title 2 CFR § 200.318 states the non-Federal entity must have and use documented procurement procedures, consistent with regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.” This is also in accordance with Title 45 Part 75.

Condition: The Society did not have a procurement policy in place during the year under audit.

Cause: The Society did not include procurement requirements that were in compliance with Uniform Guidance.

Effect: Without proper procurement policy and documentation, there is a risk the Society will not perform proper evaluation of each element of cost to determine reasonableness, allocability and allowability.

Questioned Costs: Undeterminable

Context: When inquired on whether there was a procurement policy in place during the year under audit, management noted it had not yet been formalized and implemented.

Recommendation: We recommend that the Society adopt a formal procurement policy. All documentation in connection with every procurement action should be filed in the procurement files.

Views of Responsible Officials and Planned Corrective Actions: The Society began to create a procurement policy as soon as the HHS grant was awarded in April. Creating a business-wide process, which includes writing a policy; implementing technology to support the process; and communicating the policy/process to staff takes time. The policy was written during the audited year and the associated process was completely implemented on October 1, 2021.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

CPAs & ADVISORS

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

Independent Auditor's Report

To the Executive Committee
The American Society of Hematology, Inc.
Washington, D.C.

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 The American Society of Hematology, Inc. (the Society) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Society's basic financial statements, and have issued our report thereon dated November 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Society's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we do not express an opinion on the effectiveness of the Society'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 Society'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Society'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 financial statements. 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*.

The Society's Response to Finding

The Society's response to the finding identified in our audit is described in the accompanying . The Society's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gelman Rosenberg & Freedman

November 8, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

To the Executive Committee
The American Society of Hematology, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited The American Society of Hematology, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Society's major federal programs for the year ended June 30, 2021. The Society's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Society's major federal programs 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 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 the Society'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 each major federal program. However, our audit does not provide a legal determination of the Society's compliance.

Opinion on Each Major Federal Program

In our opinion, the Society complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2021-002, 2021-003, 2021-004, and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

The Society's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Society's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Society 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 the Society's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 the Society'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2021-002, 2021-003, 2021-004, and 2021-005, that we consider to be significant deficiencies.

The Society's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Society's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

Gelman Rosenberg & Freedman

November 8, 2021

AMERICAN SOCIETY OF HEMATOLOGY
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Corrective Action Plan

In accordance with *Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements* under Section 200.511, Audit Findings follow-up, the following details the corrective action plan to be taken for the findings noted in the June 30, 2021 audit.

Financial Statement Findings under GAGAS:

Finding #2021-001

Criteria: Title 2 CFR 200 Section 200.303 “Internal Controls” requires recipients of Federal funds to establish internal controls that should be in compliance with guidance in the "Integral Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: During our current year audit, one grant was identified as being recorded as an unconditional contribution when it was conditional.

Context: Although unintentional, account balances that are misstated provide inaccurate financial reporting.

Effect: One grant was not properly classified during the current year.

Cause: Due to a change in the revenue recognition standards the past several years, this grant was not reclassified to conditional based on ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Recommendation: We recommend the Society remain alert to present and new revenue transactions/awards to ensure proper year-end financial reporting.

Views of Responsible Officials and Planned Corrective Actions: The Society was aware of the revenue recognition regulation, but we were unclear that the regulation was retroactive and affected transactions recorded in a prior year that currently remain on the books. We are now aware, have made the needed changes, and have updated our policy and procedure manual accordingly.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

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Federal Award Findings in accordance with 2 CFR 200.516:

Finding 2021-002: Review and Approval of Reports and Federal Drawdowns

Information on the Federal Programs: All Federal Programs

Criteria: According to Title 2 CFR 200.303, the non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Additionally, management is responsible for the preparation and fair presentation of the 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.

Condition: During our audit, we noted that there was no evidence of review and approval for submitted Federal Financial Reports, quarterly progress reports, drawdowns, and indirect calculations.

Cause: During the year under audit, there was no policy or procedure in place for documented review and approval to take place. While this process did take place informally, there was no audit trail to evidence the review occurring.

Effect: Without proper review, there may be potential misstatements within the reporting process, or an under- or over-draw on Federal funds.

Questioned Costs: None

Context: 2 of 2 Federal Financial Reports, 2 of 2 Progress Reports and 1 drawdown sampled did not have evidence of approval by a supervisor. It appeared to be systematic in nature.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend all reconciliations, along with reports filed in connection with the Federal awards should be reviewed and approved. Evidence of such review and approval should be indicated, either via email, an encrypted electronic signature, or physical signature on documents.

Views of Responsible Officials and Planned Corrective Actions: The Society has a process for reviewing grant reports before submission. We have added the requirement to have documented approval to our procedure manual as well. This was in place for the September 30, 2021 reporting cycle.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

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Finding 2021-003: Subrecipient Management and Monitoring Policies and Procedures

Federal Programs: CFDA 93.137

Criteria: As stated in 2 CFR 200.331 part (b), all pass-through entities (i.e. the Society) must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring procedures to prescribe to each individual subrecipient (i.e. pre-award risk assessment procedures). Our audit work over subrecipient expenditures revealed instances where pre-award risk assessment procedures were not performed. We also noted that these requirements were not incorporated into the Society's current policies and procedures.

Condition: Our audit work over subrecipient expenditures revealed that while the Society did perform pre-award risk assessment and monitoring procedures, the Society does not have formalized policies and procedures in place. Our audit procedures consisted of substantive testwork over a sample of subrecipient expenditures that were selected based on a threshold. We consider our sample to be representative of the population.

Cause: The Society did not have appropriate policies and procedures in place to ensure that pre-award
risk assessment and monitoring procedures were performed (and documented).

Effect: The Society could inadvertently engage in relationships with subrecipients of higher risk without the appropriate level of oversight (monitoring) to ensure that subrecipients are expending funds in accordance with the provisions and terms of the subaward.

Questioned Costs: None

Context: When inquired on documented policies and procedures for subrecipients, none could be provided.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend the Society update its policies and procedures surrounding subrecipients to incorporate these requirements.

Recommended updates are as follows:

- Establish criteria to be used in the evaluation of the risk of noncompliance associated with the intended subrecipient for the purpose of determining the expected level of oversight during the period of performance. This evaluation should include a scaling system, such as high, moderate or low risk (for example), and the monitoring tools and procedures to be performed at each of these levels (additional training, on-site reviews, types of and frequency of reporting, etc.).

Although the Society is currently compliant with 2 CFR 200.331 part (a), which states that all passthrough entities must ensure that every subaward is clearly identified to the subrecipient as a subaward, and that the award documents must include certain data elements from the passthrough entity's award, we noted that this was not included within the Society's current policies and procedures. To ensure a complete and thorough policy surrounding subrecipient management and

AMERICAN SOCIETY OF HEMATOLOGY

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- monitoring, we further recommend that the Society also incorporate such requirements into its policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: The Society conducted monitoring procedures, which were provided to the auditors, but the policy was not documented. The procedures are now written in our policy and procedure manual.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

Finding 2021-004: FFATA Reporting for Subrecipients

Federal Programs: CFDA 93.137

Criteria: The Federal Funding Accountability and Transparency Act (FFATA) requires most recipients of new Federal funds awarded on or after October 1, 2010 to report on subawards/subcontracts/consortiums equal to or greater than $30,000. This includes awards that are initially below $30,000 but subsequent grant modifications result in an award equal to or greater than $30,000. Recipients are required to report subrecipient information to the FFATA Subaward Reporting System (FSRS). Grantees are required to register with FSRS, collect the necessary data from subawardees, and file subaward reports by the end of the month following the month in which the prime grantee awards any subaward greater than $30,000.

Condition: Our inquiries with management during our audit conclude that FFATA reporting did not occur for the subrecipients of Federal awards, where awards, including grant modifications exceeded the threshold of $30,000.

Cause: The Society was not aware of the FFATA reporting requirement for its subrecipients.

Effect: Subrecipients that receive the Federal funding will not be included in the FSRS site, which is meant to be a collection tool for subaward data which will is ultimately distributed for publication and display on USASpending.gov.

Questioned Costs: None

Context: When inquired on FFATA reporting for subrecipients, management noted it was not performed.

Identification as a Repeat Finding, if Applicable: Not a repeat finding.

Recommendation: We recommend the Society be aware of all the compliance requirements included on its Federal funding to ensure all compliance requirements are met, including FFATA reporting requirements.

For first-tier subawards involving an obligation of $30,000 or more in Federal funds, prime Federal fund recipients must report the following information:

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1. Name of the entity receiving the award;
2. Amount and date of the award;
3. Funding agency;
4. Catalog of Federal Domestic Assistance (CFDA) number;
5. Award title descriptive of the purpose of each funding action;
6. Location of the sub-recipient receiving the award and primary location of performance under the award, including city, state, congressional district, and country;
7. DUNS number of the sub-recipient receiving the award and the parent entity of the sub-recipient, should the entity be owned by another entity.

Views of Responsible Officials and Planned Corrective Actions: As of November 1, 2021, we are in compliance with this reporting requirement. We have added this to our procedure manual for the future.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

Finding 2021-005: Procurement Policy

Information on the Federal Programs: All Federal Programs

Criteria: Title 2 CFR § 200.318 states the non-Federal entity must have and use documented procurement procedures, consistent with regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327." This is also in accordance with Title 45 Part 75.

Condition: The Society did not have a procurement policy in place during the year under audit.

Cause: The Society did not include procurement requirements that were in compliance with Uniform Guidance.

Effect: Without proper procurement policy and documentation, there is a risk the Society will not perform proper evaluation of each element of cost to determine reasonableness, allocability and allowability.

Questioned Costs: Undeterminable

Context: When inquired on whether there was a procurement policy in place during the year under audit, management noted it had not yet been formalized and implemented.

Recommendation: We recommend that the Society adopt a formal procurement policy. All documentation in connection with every procurement action should be filed in the procurement files.

Views of Responsible Officials and Planned Corrective Actions: The Society began to create a procurement policy as soon as the HHS grant was awarded in April. Creating a business-wide process, which includes writing a policy; implementing technology to support the process; and communicating the

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policy/process to staff takes time. The policy was written during the audited year and the associated process was completely implemented on October 1, 2021.

Anticipated Completion Date: Completed.

Responsible Official: Tiffany Ake, Chief Financial Officer

CFO signature: DocuSigned by: Tiffany Ake
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