FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

SAVE A CHILD'S HEART FOUNDATION - U.S., INC.

December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

October 3, 2021

To the Board of Directors of:

Save A Child's Heart Foundation - U.S., Inc.
Potomac, MD

Report on the Financial Statements

We have audited the accompanying statements of Save A Child's Heart Foundation - U.S., Inc (a non-profit corporation), which comprise the statement of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's presentation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

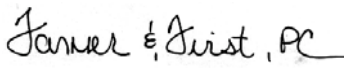
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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save A Child's Heart Foundation - U.S., Inc. as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Warren, Rhode Island

Save A Child's Heart Foundation - U.S., Inc.
STATEMENTS OF FINANCIAL POSITION
As of December 31,

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,321,521	$ 646,258
Investment in securities	188,329	99,764
Contributions receivable	---	191,163
Accounts receivable - other	---	313
Prepaid expenses	7,262	14,724
Total current assets	1,517,112	952,222
PROPERTY AND EQUIPMENT		
Furniture and equipment	3,485	2,472
Less: accumulated depreciation and amortization	1,199	587
Property and equipment, net	2,286	1,885
TOTAL	$ 1,519,398	$ 954,107
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 15,733	$ 29,177
NET ASSETS:		
Without donor restrictions	1,503,665	924,930
With donor restrictions	-	-
Total net assets	1,503,665	924,930
TOTAL	$ 1,519,398	$ 954,107

The accompanying notes are an integral part of these statements.

Save A Child's Heart Foundation - U.S., Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Contributions	$ 2,858,830	$ -	$ 2,858,830
Grant income - PPP note forgiveness	67,300	-	67,300
Interest and dividend income	4,640	-	4,640
Unrealized gain on marketable securities	740	-	740
Realized gain on sale of marketable securities	5,650	-	5,650
Net assets released from restrictions	-	-	-
Total unrestricted support and reclassifications	2,937,160	-	2,937,160
EXPENSES:			
Program services	1,800,016	-	1,800,016
Support services			
Management and general	251,807	-	251,807
Fundraising	306,602	-	306,602
Net expenses	2,358,425	-	2,358,425
Change in net assets	578,735	-	578,735
Net assets, January 1, 2020	924,930	-	924,930
Net assets, December 31, 2020	$ 1,503,665	$ -	$ 1,503,665

The accompanying notes are an integral part of these statements.

Save A Child's Heart Foundation - U.S., Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Contributions	$ 2,702,618	$ -	$ 2,702,618
Interest and dividend income	5,490	-	5,490
Unrealized gain on marketable securities	10,768	-	10,768
Realized gain on sale of marketable securities	16	-	16
Other income	6,492	-	6,492
Net assets released from restrictions	-	-	-
Total unrestricted support and reclassifications	2,725,384	-	2,725,384
EXPENSES:			
Program services	1,935,199	-	1,935,199
Support services			
Management and general	184,893	-	184,893
Fundraising	503,173	-	503,173
Net expenses	2,623,265	-	2,623,265
Change in net assets	102,119	-	102,119
Net assets, January 1, 2019	822,811	-	822,811
Net assets, December 31, 2019	$ 924,930	$ -	$ 924,930

The accompanying notes are an integral part of these statements.

Save A Child's Heart Foundation - U.S., Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

		Support Services			
	Program Services	Mgmt & General	Fundraising	Total Support	Totals
Salaries	$ 258,394	$ 103,358	$ 155,037	$ 258,395	$ 516,789
Employee benefits	39,766	15,906	23,860	39,766	79,532
Payroll Taxes	21,032	8,413	12,619	21,032	42,064
Total payroll -related expenses	319,192	127,677	191,516	319,193	638,385
Grants and awards	1,186,000	-	-	-	1,186,000
Marketing and advertising	144,982	48,328	-	48,328	193,310
Consultants	46,713	-	46,712	46,712	93,425
Postage and shipping	20,660	-	24,582	24,582	45,242
Young leadership event exp	18,888	-	18,887	18,887	37,775
Bank fees & credit card fees	-	3,391	20,975	24,366	24,366
Nurses	24,300	-	-	-	24,300
Accounting and bookkeeping	-	18,171	-	18,171	18,171
Medical supplies	17,400	-	-	-	17,400
Insurance	-	15,605	-	15,605	15,605
Travel	11,329	2,832	-	2,832	14,161
Rent	-	13,744	-	13,744	13,744
Office expenses and supplies	-	9,111	-	9,111	9,111
Website, online services	6,776	-	2,259	2,259	9,035
State registrations	-	5,224	-	5,224	5,224
Dues and memberships	-	4,975	-	4,975	4,975
Event expenses	1,425	-	1,425	1,425	2,850
Meetings and conferences	-	1,789	-	1,789	1,789
Medical publications	1,290	-	-	-	1,290
Charitable donation	1,000	-	-	-	1,000
Depreciation	-	612	-	612	612
Telephone	-	314	-	314	314
Printing and publications	61	-	246	246	307
Miscellaneous	-	34	-	34	34
Total	$ 1,800,016	$ 251,807	$ 306,602	$ 558,409	$ 2,358,425

The accompanying notes are an integral part of these statements.

Save A Child's Heart Foundation - U.S., Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

		Support Services			
	Program Services	Mgmt & General	Fundraising	Total Support	Totals
Salaries	$ 178,794	$ 71,517	$ 107,276	$ 178,793	$ 357,587
Employee benefits	16,239	6,495	9,743	16,238	32,477
Payroll Taxes	13,936	5,574	8,361	13,935	27,871
Total payroll -related expenses	208,969	83,586	125,380	208,966	417,935
Grants and awards	1,312,332	-	-	-	1,312,332
Event expenses	187,965	-	187,964	187,964	375,929
Consultants	96,752	-	96,751	96,751	193,503
Marketing and advertising	60,576	20,192	-	20,192	80,768
Young leadership event exp	22,754	-	22,754	22,754	45,508
Bank fees & credit card fees	-	3,606	40,201	43,807	43,807
Accounting and bookkeeping	-	29,169	-	29,169	29,169
Travel	22,968	5,742	-	5,742	28,710
Website, online services	18,012	-	6,004	6,004	24,016
Direct mail	-	-	20,957	20,957	20,957
Rent	-	13,959	-	13,959	13,959
Insurance	-	7,345	-	7,345	7,345
Office expenses and supplies	-	7,210	-	7,210	7,210
State registrations	-	4,941	-	4,941	4,941
Meetings and conferences	-	4,410	-	4,410	4,410
Dues and memberships	-	3,885	-	3,885	3,885
Printing and publications	398	-	1,592	1,592	1,990
Medical publications	1,773	-	-	-	1,773
Postage and shipping	-	-	1,570	1,570	1,570
Nurses	1,350	-	-	-	1,350
Charitable donation	1,350	-	-	-	1,350
Depreciation	-	372	-	372	372
Telephone	-	307	-	307	307
Miscellaneous	-	169	-	169	169
Total	$ 1,935,199	$ 184,893	$ 503,173	$ 688,066	$ 2,623,265

The accompanying notes are an integral part of these statements.

Save A Child's Heart Foundation - U.S., Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 578,735	$ 102,119
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash contributions	(117,465)	(7,154)
PPP note forgiveness	(67,300)	-
Reinvested dividend income	(3,193)	(3,593)
Unrealized/realized gain on marketable securities	(6,390)	(6,141)
Decrease (increase) in operating assets:		
Contributions receivable	191,163	(112,136)
Accounts receivable - other	313	(313)
Prepaid expenses	7,462	31,520
Increase (decrease) in operating liabilities:		
Accounts payable - trade	13,444	17,646
NET CASH PROVIDED BY OPERATING ACTIVITIES	596,769	21,948
CASH FLOWS FROM BY INVESTING ACTIVITIES		
Purchases of marketable securities	(111,921)	(32,388)
Net proceeds from sale of marketable securities	123,115	34,772
NET CASH USED BY INVESTING ACTIVITIES	11,194	2,384
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from Paycheck Protection Loan	67,300	-
NET CHANGE IN CASH	675,263	24,332
Cash and cash equivalents - January 1,	646,258	621,926
Cash and cash equivalents - December 31,	$ 1,321,521	$ 646,258
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. **Nature of Activities**

Save A Child's Heart Foundation - U.S., Inc. (the Foundation) is a non-profit organization incorporated in the state of Maryland in 1996. The Foundation's purpose is to provide funding for underprivileged children who are in need of cardiac surgery.

2. **Basis of Accounting**

These financial statements are prepared under the accrual basis of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

3. **Basis of Presentation**

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) released ASU2016-14 Not-for-Profit Entities (Topic 958). Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions include all assets received with donor designated restrictions whether they are perpetual in nature, or purpose or time restricted.

4. **Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. **Cash and Cash Equivalents**

For purposes of the statements of financial position and cash flows, the Foundation considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be considered cash. The Foundation maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss on cash and cash equivalents.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

6. **Property and Equipment**

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life. Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donation asset to a specific purpose. The estimated lives used in determining depreciation are:

Furniture and equipment	5 years

7. **Income Taxes**

The Foundation is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and Maryland corporate income taxes. The Foundation did not have any unrelated business income for the years ended December 31, 2020 and 2019.

8. **Contribution Receivable**

Unconditional contributions are recognized as revenue when the promise is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Contributions receivable due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

9. **Contributed Services**

During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

10. **Liquidity**

The Foundation maintains a liquid cash balance through its checking account in an amount necessary to meet its anticipated expenditures for the next 30 days. The Foundation reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Any restricted cash is separately identified and monitored as part of the Foundation's monthly financial reporting process.

The Foundation's financial assets available within one year to meet cash needs for general expenditures through December 31, 2020 are as follows:

Financial Assets:	
Cash	$1,321,521
Marketable securities	188,329
Total Financial Assets	1,509,850
Less amounts not available within one year	-0-
Financial Assets available to meet cash needs for general expenditures within one year	$1,509,850

11. **Restricted and Unrestricted Revenue**

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in with donor restrictions net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions net assets are reclassified to without restrictions net assets and reported in the statement of activities as net assets released from restrictions.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

12. **Functional Allocation of Expenses**

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

13. **Advertising**

The Foundation expenses advertising costs as they are incurred. Advertising expenses for 2020 and 2019 were $65,569 and $9,512, respectively.

14. **Uncertain Tax Provisions**

Accounting for uncertain income tax positions, relating to both federal and state income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Foundation assessed its tax positions in accordance with the guidance. The Foundation has determined that its tax status as a MD non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Foundation's financial statements.

15 **Subsequent Events**

Management has evaluated subsequent events through November 23, 2021, the date which the financial statements were available to be issued.

NOTE B - CASH

Concentration of Risk - Cash

The Foundation maintains its cash in bank accounts that, at times, may exceed federally insured limits. Accounts held at these financial institutions are insured, in amounts up to $250,000 by the Federal Deposit Insurance Corporation. The aggregate of all uninsured balances at December 31, 2020 was $1,024,507. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss of cash and cash equivalents.

NOTE C – CONCENTRATION OF CREDIT RISK

Concentration of Risk – Marketable Securities

The Foundation maintains accounts with two brokerage firms. These accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $100,000 for cash) by the Security Investor Protection Corporation. The brokerage firms maintain additional insurance to cover any significant credit risk on cash and cash equivalents. The Foundation has not experienced any losses in such accounts. The Foundation believes that it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE D – INVESTMENT IN DEBT AND EQUITY SECURITIES

The Foundation classifies debt and equity securities into two categories, available-for-sale securities and held-to-maturity securities. All securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

As of December 31, 2020, detail of the unrealized gains and losses was as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities				
Equity securities	$175,627	$13,979	$1,277	$188,329

As of December 31, 2019, detail of the unrealized gains and losses was as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Available-for-sale securities				
Equity securities	$85,003	$14,761	$ -0-	$99,764

NOTE D – INVESTMENT IN SECURITIES (continued)

Investment return consists of the following:

	2020	2019
Interest and dividends	$4,433	$ 5,413
Net realized and unrealized gain	6,391	10,768
	$10,824	$16,181

On January 1, 2009, the Foundation adopted certain provisions of ASC Topic 820. ASC Topic 820 clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability and establishes the following fair value hierarchy.

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the partners or managers have the ability to access.
- Level 2 inputs may include quoted prices for similar assets and liabilities in active intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall with the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents a financial asset that the Foundation measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 188,329	$ -0-	$ -0-	$ 188,329

NOTE E – 401(K) PROFIT SHARING PLAN

On July 1, 2018, the Foundation initiated a 401 (k) plan policy that allowed eligible employees to make annual contributions up to 5% of their wages. The Foundation matches up to 4% of the employee's contribution.

NOTE F – NOTES PAYABLE – PAYROLL PROTECTION PROGRAM

On April 13, 2020, the Foundation received a Payroll Protection Program forgivable loan in the amount of $67,300. This loan was forgiven on December 2, 2020.

NOTE G – COMMITMENTS

The Foundation is obligated under the following rental leases:

Lessor	Location/Equipment	Term / Exp. Date	Terms
Jewish Council for the Aging of Greater Washington, DC	12320 Parklawn Drive, Rockville, MD	Three years, January 1 2021, to December 31, 2023.	$8,652 annual rental due in 12 equal monthly payments

NOTE H – SUBSEQUENT EVENT

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Foundation expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.