

SAVE A CHILD'S HEART FOUNDATION – U.S., INC.  
FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT  
May 31, 2012

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**Lawrence M. Raigrodski CPA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

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

I have audited the accompanying Statement of Financial Position of Save A Child's Heart Foundation - U.S. Inc. (a non-profit corporation) as of May 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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 May 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

*Lawrence M. Raigrodski CPA*

Rockville, Md.  
October 4, 2012

Save A Child's Heart Foundation – U.S., Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
May 31, 2012

NOTE A – NATURE OF ACITVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Save A Child's Heart Foundation – U.S., Inc. (the Organization) was incorporated in 1996. Its purpose is to provide funding for underprivileged children who are in need of cardiac surgery.

2. Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles accepted in the United States of America.

3. Basis of Presentation

The Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under SFAS ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no permanently restricted net assets as of May 31, 2012.

4. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be considered cash.

5. Contributed Services

During the year ended May 31, 2012, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Save A Child's Heart Foundation – U.S., Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2012**

NOTE A – NATURE OF ACITVITIES AND SIGNIFICANT ACCOUNTING  
POLICIES (continued)

6. Income Taxes

The Organization is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(3) 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 state corporate income taxes. The Organization did not have any unrelated business income for the year ended May 31, 2012.

7. Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There were two transfers made for the year ended May 31, 2012 totaling \$200,000.

8. Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are due in less than one year.

9. Taxes Payable

Taxes Payable consists of taxes due on wages that had not been paid.

Save A Child's Heart Foundation – U.S., Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2012**

**NOTE A – NATURE OF ACITVITIES AND SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

10. 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.

**NOTE B – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at the end of the year represent grants and contributions that have been received and designated as temporarily restricted by the grantor. As these funds are expended, the temporary restrictions expire and the temporarily restricted net assets are reclassified as unrestricted net assets on the statement of activities.

For the pediatric indigent care surgical program at  
Wolfson Medical Center in Israel.

\$293,753

**NOTE C – CONCENTRATION OF RISK**

Cash

The Organization maintains its cash in a bank account that, at times, may exceed federally insured limits. As of May 31, 2012, the account was fully insured. The Organization 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.

Save A Child's Heart Foundation – U.S., Inc.  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2012**

NOTE A – CONCENTRATION OF RISK (continued)

Investments

The Organization maintains an investment account with one brokerage firm. The security Investor Protection Corporation insures balances up to \$500,000 (with a limit of \$100,000 for cash). The brokerage firm maintains additional insurance to cover any significant credit risk on cash and cash equivalents. The organization has not experienced any losses in this account and 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 Organization classifies debt and equity securities in two categories, available-for-sale securities and held-to-maturity securities. All securities are carried at their fair market value in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities. As of May 31, 2012, detail of those unrealized gains and losses are as follows:

	Amortized Cost	Gross Unrealized <u>Gains</u>	Gross Unrealized <u>Losses</u>	Estimated Fair Market <u>Value</u>
Available-for-sale securities:	290,377	8,366	-4,985	293,758
Equity Securities				
Held-to-maturity securities				
Certificates of deposit	6,726			6,726
Israel Bonds	10,000			10,000

Maturities of debt securities held at May 31, 2012 classified as held-to-maturity are as follows:

Due in one year or less	10,000
Due after one year through two years	-0-
Due after two years through three years	-0-
Due after three years through four years	-0-
Due after four years	-0-
Total	10,000

Save A Child's Heart Foundation - U.S. Inc.  
STATEMENT OF FINANCIAL POSITION  
May 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash Equivalents	\$365,866
Investment in debt and equity Securities	239,260
Accounts Receivable	<u>2,335</u>
Total Current Assets	<u>607,461</u>

TOTAL \$607,461

LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted	313,708
Temporarily restricted	<u>293,753</u>
Total Net Assets	<u>607,461</u>

Total \$607,461



Save A Child's Heart Foundation - U.S., Inc.  
 STATEMENT OF ACTIVITIES  
 For the Year Ended May 31, 2012

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT &amp; REVENUE:</b>			
Contributions	890,779	77,121	967,900
Interest and Dividend Income	302	8,836	9,138
Unrealized and realized gains/loss on debt and equity securities		10,547	10,547
<b>Total support and revenue</b>	<b>891,081</b>	<b>96,504</b>	<b>987,585</b>
<b>EXPENSES:</b>			
Program Services:	812,999	200,118	1,013,117
Supporting Services			
Management and general	66,842		66,842
Fundraising	87,042		87,042
Net Expenses	966,883	200,118	1,167,001
<b>Change in net assets</b>	<b>-75,802</b>	<b>-103,614</b>	<b>-179,416</b>
<b>Net Assets, June 1, 2011</b>	<b>372,427</b>	<b>429,274</b>	<b>801,701</b>
Prior Period adjustment	17,076	-31,907	-14,831
<b>Net Assets May 31, 2012</b>	<b>313,701</b>	<b>293,753</b>	<b>607,454</b>

Save A Child's Heart Foundation - U.S. Inc.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended May 31, 2012

	Program Services		Supporting Services		
	Pediatric Cardiac Care	Mgmt & General	Fund- Raising	Total Support	Functional Expenses
Salaries	\$38,804	\$19,402	\$38,804	\$58,206	\$97,010
Payroll Taxes	3,155	1,578	3,155	4,733	7,888
Fringe Benefits	8,193	4,096	8,193	12,289	20,482
Workmen's Compensation	1,048	525	1,048	1,573	2,621
Total Compensation and related expenses	51,200	25,601	51,200	76,801	128,002
Grants and awards	900,118				900,118
Marketing and outreach	7,665		22,995	22,995	30,660
Travel	19,642	4,911		4,911	24,553
Accounting		11,711		11,711	11,711
Bank Fees		3,433		3,433	3,433
Licenses and Fees		4,589		4,589	4,589
Printing & Publications	4,889	2,444	4,889	7,333	12,222
Postage & Shipping	1,535	921	3,683	4,604	6,139
Payroll Processing		1,256		1,256	1,256
Website Development	1,330		1,330	1,330	2,660
Dues & Subscriptions	4,418	1,104		1,104	5,522
Office Expenses and Supplies		2,148		2,148	2,148
Computer Support Services		980	2,938	3,918	3,918
Rent		7,029		7,029	7,029
Insurance		100		100	100
Contributions	365			0	365
Youth Outreach	21,954			0	21,954
Seminars		615		615	615
Totals	<u>\$1,013,117</u>	<u>\$66,842</u>	<u>\$87,035</u>	<u>\$153,877</u>	<u>\$1,166,994</u>

Save A Child's Heart Foundation - U.S. Inc.  
STATEMENT OF CASH FLOWS  
For the Year Ended May 31, 2012

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in net assets	(\$211,316)
Adjustments to reconcile change in net assets to net cash provide by operating activities:	
Net unrealized gains in marketable securities	3,851
Decrease (increase) in operating assets	
Accounts Receivable	(2,336)
Decrease (increase) in operating assets	
Deposits	(475)
Net cash provided by operating activities	<u>(210,276)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of marketable securities	125,711
Purchase of Marketable securities	<u>(25,124)</u>
Net cash provided by investing activities	<u>100,587</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	-109,689
Cash and cash equivalents, June 1,2010	<u>475,555</u>
Cash and cash equivalents, May 31, 2011	<u>\$365,866</u>

The accompanying notes are an integral part of these statements