

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

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

ASSETS

CURRENT ASSETS

Cash and cash Equivalents	\$279,641
Investment in debt and equity Securities	290,551
Total Current Assets	<u>570,192</u>

TOTAL \$570,192

LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted	259,886
Temporarily restricted	<u>310,306</u>
Total Net Assets	<u>570,192</u>

Total \$570,192

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

	Unrestricted	Temporarily Restricted	Total
SUPPORT & REVENUE:			
Contributions	881,149	24,851	906,000
Interest and Dividend Income	70	8,042	8,112
Unrealized and realized gains/loss on debt and equity securities		13,660	13,660
Total support and revenue	881,219	46,553	927,772
EXPENSES:			
Program Services:	809,926	30,000	839,926
Supporting Services			
Management and general	53,499		53,499
Fundraising	71,616		71,616
Net Expenses	935,041	30,000	965,041
Change in net assets	-53,822	16,553	-37,269
Net Assets, May 31, 2012	313,708	293,753	607,461
Prior Period adjustment			
Net Assets December 31, 2012	259,886	310,306	570,192

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

	Program Services		Supporting Services		
	Pediatric Cardiac Care	Mgmt & General	Fund- Raising	Total Support	Functional Expenses
Salaries	\$23,019	\$11,510	\$23,019	\$34,529	\$57,548
Payroll Taxes	1,761	\$880	1,761	2,641	4,402
Fringe Benefits	5,028	\$2,514	5,028	7,541	12,569
Workmen's Compensation	1,064	\$532	1,064	1,597	2,661
Total Compensation and related expenses	30,872	15,436	30,872	46,308	77,180
Grants and awards	698,850				698,850
Marketing and outreach	7,555		22,664	22,664	30,219
Travel	15,015	3,754		3,754	18,769
Accounting		10,513		10,513	10,513
Bank Fees		3,978		3,978	3,978
Licenses and Fees		3,777		3,777	3,777
Printing & Publications	5,176	2,589	5,176	7,765	12,941
Postage & Shipping	2,209	1,325	5,300	6,625	8,834
Payroll Processing		707		707	707
Website Development	2,500		2,500	2,500	5,000
Dues & Subscriptions	3,895	974		974	4,869
Office Expenses and Supplies		1,146		1,146	1,146
Computer Support Services		1,702	5,104	6,806	6,806
Rent		6,070		6,070	6,070
Insurance		913		913	913
Contributions				0	0
Youth Outreach	43,854			0	43,854
Seminars		615		615	615
Totals	<u>\$809,926</u>	<u>\$53,499</u>	<u>\$71,616</u>	<u>\$125,115</u>	<u>\$935,041</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	(\$37,269)
Adjustments to reconcile change in net assets to net cash provide by operating activities:	
Net unrealized gains in marketable securities	(13,660)
Decrease (increase) in operating assets	
Accounts Receivable	2,335
Net cash provided by operating activities	<u>(48,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of Israeli Bonds	10,000
Purchase of Marketable securities	<u>(47,631)</u>
Net cash provided by investing activities	<u>-37,631</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-86,225
Cash and cash equivalents, June 1, 2012	<u>365,866</u>
Cash and cash equivalents, December 31, 2012	<u>\$279,641</u>

The accompanying notes are an integral part of these statements

Lawrence M. Raigrodski CPA

11502 Stonewood Lane
Rockville, Md. 20852

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 December 31, 2012 and the related statements of activities, functional expenses and cash flows for the seven months 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 December 31, 2012, and the changes in its net assets and its cash flows for the seven months then ended in conformity with accounting principles generally accepted in the United States.

Lawrence M. Raigrodski CPA

Rockville, Md.
October 30, 2013

Save A Child's Heart Foundation – U.S., Inc.
NOTES TO FINANCIAL STATEMENTS
December 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 December 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 December 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
December 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 December 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 seven months ended December 31, 2012 totaling \$30,000.

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. Taxess 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
December 31, 2012

NOTE A – NATURE OF ACTIVITIES 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.

\$310,306

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 December 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
December 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 December 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: Equity Securities	273,510	19,658	-2,617	290,551
Held-to-maturity securities Certificates of deposit	6,726			6,726