



SIMON'S HEART
FINANCIAL STATEMENTS
JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Simon's Heart
Plymouth Meeting, Pennsylvania

We have audited the accompanying financial statements of Simon's Heart (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Simon's Heart as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Borislow Factor & Kaufmann, LLC

January 2, 2020

SIMON'S HEART

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 325,790
Contributions and Grants Receivable	10,000
Employee Loan Receivable	130
Certificates of Deposit	50,000
Prepaid Expenses	<u>9,386</u>

TOTAL ASSETS \$ 395,306

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 8,295
Credit Card Payable	14,857
Deferred Revenue	<u>31,320</u>

TOTAL LIABILITIES 54,472

NET ASSETS:

Without Donor Restrictions	147,436
With Donor Restrictions	<u>193,398</u>

TOTAL NET ASSETS 340,834

TOTAL LIABILITIES AND NET ASSETS \$ 395,306

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Grants and Contributions:			
Corporations	\$ 72,386	\$ -	\$ 72,386
Individuals	47,387	-	47,387
Foundations	23,240	10,000	33,240
Program Services:			
Heart Screenings	9,580	-	9,580
GotAED	27,704	-	27,704
Donated Services	93,540	-	93,540
Fundraising:			
Simon's Soiree	197,882	-	197,882
Simon Says Golf	44,785	-	44,785
Note and Tribute Cards	915	-	915
Investment Income	1,773	2,547	4,320
Released from Restriction by Time or Purpose	<u>18,596</u>	<u>(18,596)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>537,788</u>	<u>(6,049)</u>	<u>531,739</u>
EXPENSES:			
Program Services	361,580	-	361,580
Management and General	65,029	-	65,029
Fundraising	<u>186,497</u>	<u>-</u>	<u>186,497</u>
TOTAL EXPENSES	<u>613,106</u>	<u>-</u>	<u>613,106</u>
DECREASE IN NET ASSETS	(75,318)	(6,049)	(81,367)
NET ASSETS - BEGINNING OF PERIOD	<u>222,754</u>	<u>199,447</u>	<u>422,201</u>
NET ASSETS - END OF PERIOD	<u>\$ 147,436</u>	<u>\$ 193,398</u>	<u>\$ 340,834</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank and Credit Card Charges	\$ 1,319	\$ -	\$ 6,399	\$ 7,718
Charitable Contributions	1,761	-	-	1,761
Computer Software and Expense	822	9,190	4,782	14,794
Conferences and Seminars	3,442	-	-	3,442
Consulting	-	-	19,500	19,500
Donated Services	93,540	-	-	93,540
Insurance	-	4,891	-	4,891
Licenses	-	259	-	259
Marketing and Promotion	62,937	-	10,164	73,101
Meals and Entertainment	1,936	2,158	2,177	6,271
Office Supplies and Expense	-	3,617	-	3,617
Payroll Service	727	188	331	1,246
Postage and Delivery	-	1,876	120	1,996
Professional Fees	-	9,539	4,605	14,144
Direct Program Expenses:				
Detection	25,441	-	-	25,441
Innovation	20,127	-	-	20,127
Reaction	38,095	-	-	38,095
Education	7,390	-	-	7,390
Rent	-	3,600	-	3,600
Salaries and Wages:				
Executive Director	48,300	8,050	24,150	80,500
Operations Manager	2,948	14,738	11,790	29,476
GotAED Manager	36,725	-	4,081	40,806
Payroll Taxes	7,178	1,859	3,265	12,302
Employee Benefits	161	803	642	1,606
Telephone	770	1,476	770	3,016
Travel	7,961	2,785	2,063	12,809
Venue, Entertainment and Food	-	-	91,658	91,658
	<u>\$ 361,580</u>	<u>\$ 65,029</u>	<u>\$ 186,497</u>	<u>\$ 613,106</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	\$ (81,367)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:	
(Increase) Decrease in:	
Contributions and Grants Receivable	(3,253)
Employee Loan Receivable	(130)
Prepaid Expenses	9,949
Increase in:	
Accounts Payable and Accrued Expenses	5,973
Credit Card Payable	4,930
Deferred Revenue	<u>7,793</u>
Net Cash Used by Operating Activities	<u>(56,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Certificates of Deposit	<u>(50,000)</u>
Net Cash Used by Investing Activities	<u>(50,000)</u>
NET DECREASE IN CASH	(106,105)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>431,895</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 325,790</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

Simon's Heart (the "Organization") was incorporated as a tax-exempt 501(c) (3) not-for-profit Pennsylvania corporation to raise awareness about the warning signs and conditions that lead to sudden cardiac arrest and death in children. The Organization's activities include providing free heart screenings to children, advocating for life-saving legislation, hosting awareness and educational events, and promoting research. Contributions from individuals, corporations and foundations and fundraising events are the Organization's primary sources of revenue.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958, Not-for-Profit Organizations, as amended by Accounting Standards Update No. 2016-14. Under ASU No. 2016-14, which is effective for the fiscal year ended June 30, 2019, Simon's Heart is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, rather than the previously required three classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Basis of Accounting

The financial statements are presented on the accrual basis of accounting.

D. Cash and Cash Equivalents

Cash equivalents include cash on hand and in banks. For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Fair Value of Financial Instruments

The Organization's financial instruments consist of cash, certificates of deposit, prepaid expenses and payables. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2019.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Grants and Contributions Receivable:

Simon's Heart records its grants and contributions receivable at their estimated net realizable value and regularly reviews the collectability of its grants and contributions receivable.

G. 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 activities. Accordingly, certain costs have been allocated among programs and supporting services.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

I. Promises to Give and Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction by time or purpose.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Noncash Contributions/Volunteer Services

Simon's Heart is operated by two full-time and one part-time employees, but relies heavily on the efforts of volunteers, particularly for the heart-screening program. No amounts have been reflected in the statement of activities for these services in that they do not meet the criteria for recognition.

Donated services are recognized as contributions in accordance with Accounting Standard Codification (ASC) No. 958, Not-for-Profit Organizations if the services either create or enhance non-financial assets or require specialized skills when performed by people with those skills and would otherwise be purchased by the Organization.

During the year ended June 30, 2019, Simon's Heart received donated services from businesses and individuals which meet the requirements for disclosure under SFAS 116, *Accounting for Contributions Received and Contributions Made*. These services include the following:

1. Medical Equipment – Simon's Heart was provided with medical equipment for use during its five heart screenings throughout the year. The value of these services is estimated to be \$14,300 for the year ended June 30, 2019.
2. Medical Professionals – Cardiologists, sports physicians and nurses donated their time and experience to Simon's Heart by assisting during its five heart screenings throughout the year. The value of these services is estimated to be \$56,400 for the year ended June 30, 2019.
3. Digital Registry – Several companies donated their time and services to maintain HeartBytes, a youth cardiac registry for seemingly healthy children. The registry streamlines the heart screening process and gathers data for research. Companies have donated software and services in the estimated amount of \$22,840 for the year ended June 30, 2019.

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SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Income Taxes

The Organization is exempt from Federal and Pennsylvania income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)A and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no income tax provision has been made in these financial statements.

The Organization recognizes the potential income tax and any related penalties and interest arising from uncertain tax positions using a recognition threshold of more likely that not to be sustained upon examination by the appropriate authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Potential interest and penalties are recognized as a component of the provisions for income taxes. The Organization has concluded that there are no taxes, penalties or interest resulting from uncertain positions that would materially impact the financial statements at June 30, 2019.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2016 to 2018 and it believes that its current tax positions are appropriate based on the current facts and circumstances.

L. Marketing and Promotion Costs

The Organization expenses marketing and promotion costs as incurred. Marketing and promotion costs include general advertising, marketing, public relations, and website maintenance. Marketing and promotion expense for the year ended June 30, 2019 was \$64,289

2. CONCENTRATION OF CREDIT RISK:

The Organization's financial instruments that are exposed to concentration of credit risk consist solely of cash. The Organization places its cash and temporary cash investments with high quality institutions. At times, such investments may be in excess of the \$250,000 Federal Deposit Insurance Corporation insurance limit. At June 30, 2019, the Organization's cash balances did not exceed this limit.

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

3. GRANTS AND CONTRIBUTIONS RECEIVABLE:

Grants and contributions receivable at June 30, 2019 consists of one \$10,000 corporate grant, which is expected to be collected in less than one year from the date of the financial statements.

4. COMMITMENTS:

In October 2015, Simon's Heart entered into a sublease agreement to sublet furnished office space in Conshohocken, Pennsylvania for \$300 a month, including utilities. The lease is currently month-to-month and is cancelable at any time by either party with one month written notice. Rent expense for the period ending June 30, 2019 was \$3,600.

5. DEFERRED REVENUE:

In July 2019, Simon's Heart hosted a fundraising event, Simon Says Golf. Because the Organization's fiscal year ends on June 30, a significant portion of the revenue from this event was received in May and June, 2019. Therefore, recognition of this revenue is deferred until the fiscal year in which the event takes place. As of June 30, 2019, deferred revenue from this event was \$31,320.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets	\$ 385,920
Less those unavailable for general expenditures within one year due to:	
Donor-restricted to specific programs	<u>193,398</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 192,522</u>

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

Subsidize Heartbytes Licenses	\$ 122,088
Marketing Student Internship	11,964
Checking Hearts of City Kids Program	46,244
CPR Jukebox Program	11,077
Special Project to be Determined by Third Party	<u>2,025</u>
	<u>\$ 193,398</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors as follows:

Marketing Student Internship	\$ 7,140
Checking Hearts of City Kids Program	2,400
CPR Jukebox Program	<u>9,056</u>
	<u>\$ 18,596</u>

Net assets with donor restrictions whose use is limited is composed of the following assets:

Cash	\$ 133,398
Certificates of deposit maturing within one year	50,000
Grants and contributions receivable expected to be collected in less than one year	<u>10,000</u>
	<u>\$ 193,398</u>

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 2, 2020, the date that these financial statements were available for distribution. No significant events have been identified that would require adjustment of or disclosure in the accompanying financial statements.