



SIMON'S HEART  
FINANCIAL STATEMENTS  
JUNE 30, 2018

SIMON'S HEART

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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, 2018, 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, 2018, 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*

October 26, 2018

SIMON'S HEART

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 431,895
Accounts Receivable	6,747
Prepaid Expenses	<u>19,335</u>
 Total Assets	 <u>\$ 457,977</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 2,322
Credit Card Payable	9,927
Deferred Revenue	<u>23,527</u>
	<u>35,776</u>

NET ASSETS:

Unrestricted	222,754
Temporarily Restricted	<u>199,447</u>
 Total Net Assets	 <u>422,201</u>

Total Liabilities and Net Assets	<u>\$ 457,977</u>
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The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions:			
Corporations	\$ 71,471	\$ -	\$ 71,471
Individuals	62,015	-	62,015
Foundations	30,192	25,000	55,192
Program Services:			
Heart Screenings	13,690	-	13,690
GotAED	30,818	-	30,818
HeartBytes Registry	3,750	-	3,750
Donated Services	93,540	-	93,540
Fundraising:			
Simon's Soiree	218,983	-	218,983
Simon Says Golf	41,044	-	41,044
Note and Tribute Cards	819	-	819
Investment Income	1,161	682	1,843
Released from Restriction			
by Time or Purpose	<u>28,258</u>	<u>(28,258)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>595,741</u>	<u>(2,576)</u>	<u>593,165</u>
EXPENSES:			
Program Services	345,862	-	345,862
Management and General	58,164	-	58,164
Fundraising	<u>193,338</u>	<u>-</u>	<u>193,338</u>
TOTAL EXPENSES	<u>597,364</u>	<u>-</u>	<u>597,364</u>
DECREASE IN NET ASSETS	(1,623)	(2,576)	(4,199)
NET ASSETS - BEGINNING OF PERIOD	<u>224,377</u>	<u>202,023</u>	<u>426,400</u>
NET ASSETS - END OF PERIOD	<u>\$ 222,754</u>	<u>\$ 199,447</u>	<u>\$ 422,201</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, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank and Credit Card Charges	\$ -	\$ -	\$ 1,557	\$ 1,557
Charitable Contributions	3,153	-	-	3,153
Computer Software and Expense	2,194	5,816	5,720	13,730
Conferences and Seminars	4,097	-	-	4,097
Consulting	-	500	13,500	14,000
Donated Services	93,540	-	-	93,540
Dues and Subscriptions	-	-	150	150
Insurance	-	2,982	-	2,982
Licenses	-	485	-	485
Marketing and Promotion	65,210	-	14,607	79,817
Meals and Entertainment	7,244	73	298	7,615
Office Supplies and Expense	-	5,773	-	5,773
Payroll Service	674	177	320	1,171
Postage and Delivery	-	1,385	56	1,441
Professional Fees	214	12,184	4,500	16,898
Direct Program Expenses:				
Detection	21,477	-	-	21,477
Innovation	17,655	-	-	17,655
Reaction	30,543	-	-	30,543
Education	1,576	-	-	1,576
Rent	-	3,600	-	3,600
Salaries and Wages:				
Executive Director	47,965	7,994	23,983	79,942
Operations Manager	2,500	12,500	10,000	25,000
GotAED Manager	27,692	-	3,077	30,769
Payroll Taxes	6,685	1,753	3,170	11,608
Employee Benefits	110	548	438	1,096
Telephone	842	730	848	2,420
Travel	12,491	1,664	2,123	16,278
Venue, Entertainment and Food	-	-	108,991	108,991
	<u>\$ 345,862</u>	<u>\$ 58,164</u>	<u>\$ 193,338</u>	<u>\$ 597,364</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	\$ (4,199)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:	
Increase in:	
Accounts Receivable	(6,747)
Prepaid Expenses	(1,216)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(3,228)
Credit Card Payable	3,847
Deferred Revenue	<u>(10,833)</u>

NET CASH USED BY OPERATING ACTIVITIES  
AND NET DECREASE IN CASH

(22,376)

CASH AND CASH EQUIVALENTS -  
BEGINNING OF PERIOD

454,271

CASH AND CASH EQUIVALENTS -  
END OF PERIOD

\$ 431,895

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 events, and promoting research. Contributions from individuals, corporations and foundations and fundraising events are the Organization's primary sources of revenue. In January 2018, Simon's Fund changed its name to Simon's Heart.

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. Under ASC No.958, Simon's Heart is required to report information regarding its financial position and activities according to three classes of net assets: 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, prepaid expenses and payables. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2018.

F. 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.

(Continued)



SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. 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.

H. Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. 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.

(Continued)

## SIMON'S HEART

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

##### I. Noncash Contributions/Volunteer Services (Continued)

During the year ended June 30, 2018, 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, 2018.
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, 2018.
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, 2018.

##### J. 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, 2018.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Income Taxes (Continued)

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2014 to 2017 and it believes that its current tax positions are appropriate based on the current facts and circumstances.

K. Marketing and Promotion Costs

The Organization expenses advertising 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, 2018 was \$79,817.

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, 2018, the Organization's cash balances did not exceed this limit.

3. 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, 2018 was \$3,600.

4. DEFERRED REVENUE:

In July 2018, 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, 2018. Therefore, recognition of this revenue is deferred until the fiscal year in which the event takes place. As of June 30, 2018, deferred revenue from this event was \$23,527.

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

5. TEMPORARILY RESTRICTED NET ASSETS:

During the fiscal year ended June 30, 2018, Simon's Heart received \$25,000 in donations and grants from individuals and private organizations with use restrictions. During the current fiscal year, \$28,258 was released from restriction as the money was used for the specified purpose. The following summarizes the grants with use restrictions, the amount used for the specific purpose and the remaining restrictions during the fiscal year ended June 30, 2018:

Temporarily restricted assets whose use is limited are composed of cash that is held in a separate account from operating funds.

	<u>Grant Amount</u>	<u>Interest Earned On Funds</u>	<u>Amount Used In Prior Years</u>	<u>Amount Used FYE 6/30/18</u>	<u>Restricted Amount Remaining</u>
Subsidize Heartbytes License Costs for Other Organizations	\$ 150,000	\$ 480	\$ (15,000)	\$ (15,000)	\$ 120,480
Marketing Student Internship	25,000	71	(5,000)	(1,125)	18,946
Checking Hearts of City Kids	50,000	165	-	(2,130)	48,035
Heart Screenings	10,000	3	-	(10,003)	-
Special Projects Yet to be Decided upon by Third Party	<u>16,939</u>	<u>47</u>	<u>(5,000)</u>	<u>-</u>	<u>11,986</u>
Total:	<u>\$ 251,939</u>	<u>\$ 766</u>	<u>\$ (25,000)</u>	<u>\$ (28,258)</u>	<u>\$ 199,447</u>

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 26, 2018, 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.