

SAVE A CHILD'S HEART FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

SAVE A CHILD'S HEART FOUNDATION

DECEMBER 31, 2015

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Jake Kuperhause,M.B.A.,C.F.E.,C.P.A.,C.A.

Chartered Professional Accountant

LICENSED PUBLIC ACCOUNTANT

55 EGLINTON AVE. EAST, SUITE 504

Toronto, Ontario

M4P 1G8

Phone: 416-932-2665

Fax: 416-932-9100

e-mail:jkuperhause@gmail.com

INDEPENDENT AUDITOR'S REPORT

To the Directors of:
Save A Child's Heart Foundation

Report on the Financial Statements

I have audited the accompanying financial statements of Save A Child's Heart Foundation which comprise the balance sheet as at December 31, 2015 and the statement of revenue and expenses and fund balances and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many other charitable organizations, the organization derives part of its revenue from donations, and other revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my examination of revenue from these sources was limited to accounting for the amounts recorded in accounts of the organization, and I was not able to determine whether adjustments, if any, might be necessary to revenues, excess of revenue over expenditures, assets and fund balances.

Qualified Opinion

In my opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2015 and its financial performance and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

May 31, 2016

Toronto, Canada

Jake Kuperhause

Chartered Professional Accountant
Licensed Public Accountant

SAVE A CHILD'S HEART FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	2015	2014
ASSETS			
CURRENT			
Cash and cash equivalents		\$ 526,590	\$ 485,917
Accounts receivable		24,037	20,595
Prepaid expenses		2,054	2,087
		<u>552,681</u>	<u>508,599</u>
Endowment fund	3	204,612	200,000
Capital assets	4	2,041	2,551
		<u>\$ 759,334</u>	<u>\$ 711,150</u>
LIABILITIES & FUND BALANCES			
CURRENT			
Accounts payable and accrued liabilities		\$ 17,930	\$ 40,472
FUND BALANCES			
Operating fund		536,792	470,678
Endowment fund		204,612	200,000
		<u>\$ 759,334</u>	<u>\$ 711,150</u>

Approved on Behalf of the Board

_____ Director

_____ Director

Subsequent Events (Note 6)

SAVE A CHILD'S HEART FOUNDATION

STATEMENT OF REVENUE AND EXPENSES AND FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014
REVENUES		1,322,905	\$ 1,702,177
PROGRAM EXPENSES	5		
Cardiac care		624,074	902,115
Medical missions		89,283	21,557
Medical education		79,417	29,155
Medical research		-	8,875
International website development		-	4,720
		792,774	966,422
OPERATING EXPENSES			
Salaries and wages		231,263	150,831
Fundraising		135,247	135,038
General and administrative		51,567	42,569
Professional and consulting fees		22,424	57,244
Community awareness		13,160	53,914
Medical training support		10,356	33,650
		464,017	473,246
TOTAL PROGRAM AND OPERATING EXPENSES		1,256,791	1,439,668
EXCESS OF REVENUE OVER EXPENSES		66,114	262,509
Operating fund, beginning of year		470,678	408,169
		536,792	670,678
Allocated to Endowment fund		-	(200,000)
Operating fund, end of year		536,792	470,678
Endowment fund, beginning of year		200,000	-
Income earned		4,612	-
Endowment fund, end of year		\$ 204,612	\$ 200,000

SAVE A CHILD'S HEART FOUNDATION

Statement of Cash Flows

DECEMBER 31, 2015

	2015	2014
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 66,116	\$ 262,509
Items not requiring an outlay of cash:		
Amortization	510	491
	66,626	263,000
CHANGES IN NON-CASH WORKING CAPITAL		
Account receivable	(3,442)	(8,416)
Prepaid expenses	33	(41)
Accounts payable and accrued charges	(22,544)	(3,174)
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,673	251,369
Endowment fund	-	(200,000)
Additions to capital assets	-	(1,172)
CASH USED IN INVESTING ACTIVITIES	-	(201,172)
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,673	50,197
NET CASH AND CASH EQUIVALENTS, beginning of year	485,917	435,720
NET CASH AND CASH EQUIVALENTS, end of year	\$ 526,590	\$ 485,917

SAVE A CHILD'S HEART FOUNDATION

Notes to the Financial Statements

DECEMBER 31, 2015

1. INCORPORATION AND OBJECTS

Save A Child's Heart Foundation (Organization), was incorporated under the Canada Corporation Act as a corporation without share capital on December 15, 1999 and continued under the Canada Not-for-Profit Corporations Act on June 6, 2014. The Organization is a charitable organization under the Income Tax Act. The objects of the Organization are to provide and support the provision of medical care to, and the treatment of, children from developing countries requiring medical care and treatment which may not be available or accessible in their homeland; to promote and support medical research to aid children from developing countries; and to promote and support the advancement of education and training of persons from developing countries in medicine and medical research in order to enable them to acquire and develop skills and other resources to provide medical care and treatment to children in developing countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. Canadian accounting standards for not-for-profit organizations are part of Canadian generally accepted accounting principles. Outlined below are those policies considered significant by the company.

(a) Revenue

Donations are recorded as income on a cash basis.

(b) Expenses

All expenditures are recorded on an accrual basis of accounting.

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(d) Financial Instruments

It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of these financial instruments approximates their carrying values.

SAVE A CHILD'S HEART FOUNDATION

Notes to the Financial Statements

DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Fund Accounting

(i) The Organization follows the deferral method of accounting for contributions.

(ii) The endowment fund includes resources allocated by or contributed to the Organization for endowment purposes. Income of the endowment fund is reported on the statement of revenue and expenses and fund balances. It is the intent of the Organization to only distribute the income of the fund to programs. However should the operating fund not have sufficient resources to fund programs the organization may make capital distributions of unrestricted resources of the endowment fund to programs as it deems appropriate.

(iii) The operating fund includes all contributions and expenses as well as increases or decreases in capital assets and amortization with respect to the operation of the Organization.

(f) Contributed Materials and Services

The Organization receives substantial contributed materials and services in support of its activities. The Organization has elected not to recognize the value of these contributed materials and services in the financial statements.

(g) Cash and cash equivalents

The Organization's policy is to present cash and money market securities consisting of guaranteed investment certificates with terms to maturity of 90 days or less from the date of acquisition under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

(h) Capital Assets

Capital assets are recorded at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Office furniture and equipment	20% diminishing balance method
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3. ENDOWMENT FUND

This fund is currently comprised of marketable securities. Refer also to Summary of Significant Accounting Policies Note 2(e)(ii) .

SAVE A CHILD'S HEART FOUNDATION

Notes to the Financial Statements

DECEMBER 31, 2015

4. CAPITAL ASSETS

	Cost	Amortization	Net 2015	Net 2014
Office furniture and equipment	\$ 5,629	\$ 3,588	\$ 2,041	\$ 2,551

5. PROGRAM EXPENSES

Program expenses particularize the funds provided to Save a Child's Heart Israel. The Organization has entered into a Contractor Agreement with Save A Child's Heart Israel to assist in the administration and implementation of charitable activities of the Organization. Any funds provided by the Organization to Save A Child's Heart Israel are used only for the projects described in the Contractor Agreement.

6. SUBSEQUENT EVENTS

Subsequent to the year end, the Organization made a remittance to Save a Child's Heart Israel in the amount of \$103,445 towards 2015 Programs. The Programs included Medical Education, Medical Missions and Cardiac Care.

7. PRIOR YEAR COMPARATIVE FINANCIAL STATEMENTS

Certain balances in the Statement of Revenue and Expenses of the preceding year have been reclassified to conform with the current year's financial statement presentation.