

SAVE A CHILD'S HEART FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

SAVE A CHILD'S HEART FOUNDATION

DECEMBER 31, 2016

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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, 2016 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, 2016 and its financial performance and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

May 17, 2017

Toronto, Canada

Jake Kuperhause

Chartered Professional Accountant
Licensed Public Accountant

SAVE A CHILD'S HEART FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016	2015
ASSETS			
CURRENT			
Cash and cash equivalents		\$ 237,428	\$ 526,590
Accounts receivable		15,768	24,037
Prepaid expenses		2,054	2,054
		255,250	552,681
Endowment fund	3	-	204,612
Capital assets	4	1,633	2,041
		\$ 256,883	\$ 759,334
LIABILITIES & FUND BALANCES			
CURRENT			
Accounts payable and accrued liabilities		\$ 18,392	\$ 17,930
FUND BALANCES			
Operating fund		238,491	536,792
Endowment fund		-	204,612
		\$ 256,883	\$ 759,334

Approved on Behalf of the Board

_____ Director

_____ Director

See accompanying notes

SAVE A CHILD'S HEART FOUNDATION

STATEMENT OF REVENUE AND EXPENSES AND FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	2016	2015
REVENUES		1,351,236	\$ 1,322,575
PROGRAM EXPENSES	5		
Cardiac care		645,986	624,074
Medical missions		218,633	89,283
Medical education		185,633	79,417
Medical equipment		40,905	-
		1,091,157	792,774
OPERATING EXPENSES			
Salaries and wages		239,603	231,263
Fundraising		228,922	153,071
General and administrative		37,973	41,868
Community awareness		30,369	13,160
Professional and consulting fees		21,513	13,968
Medical training support		-	10,356
		558,380	463,686
TOTAL PROGRAM AND OPERATING EXPENSES		1,649,537	1,256,460
EXCESS OF EXPENSES OVER REVENUE		(298,301)	66,115
Operating fund, beginning of year		536,792	670,677
		238,491	736,792
Allocated to Endowment fund		-	(200,000)
Operating fund, end of year		238,491	536,792
Endowment fund, beginning of year		204,612	-
Income earned		4,927	4,612
Funds transferred, as per trust agreement	3	(209,539)	-
Endowment fund, end of year		\$ -	\$ 204,612

See accompanying notes

SAVE A CHILD'S HEART FOUNDATION

Statement of Cash Flows

DECEMBER 31, 2016

	2016	2015
CASH PROVIDED BY OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ (298,301)	\$ 66,116
Items not requiring an outlay of cash:		
Amortization	408	510
	(297,893)	66,626
CHANGES IN NON-CASH WORKING CAPITAL		
Account receivable	8,269	(3,442)
Prepaid expenses	-	33
Accounts payable and accrued charges	462	(22,544)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(289,162)	40,673
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(289,162)	40,673
NET CASH AND CASH EQUIVALENTS, beginning of year	526,590	485,917
NET CASH AND CASH EQUIVALENTS, end of year	\$ 237,428	\$ 526,590

See accompanying notes

SAVE A CHILD'S HEART FOUNDATION

Notes to the Financial Statements

DECEMBER 31, 2016

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, 2016

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. Endowment fund resources subject to certain Trust Agreement arrangements do not appear on the Balance Sheet of the Organization. Refer also to Note 3 below.

(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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SAVE A CHILD'S HEART FOUNDATION

Notes to the Financial Statements

DECEMBER 31, 2016

3. ENDOWMENT FUND

In 2016 the Organization entered into a Trust Agreement with the United Jewish Welfare Fund of Toronto(UJWF) and \$209,539 was transferred to them. This was done in order to benefit from UJWF's experience and economies of scale in the investment and administration of these funds. UJWF invests these resources in accordance with the terms of its investment policy and charges the fund 1% for administrative maintenance. The organization may receive minimum distributions of capital to comply with certain regulatory requirements. The Organization may also receive an annual distribution of investment income at its discretion. Any undistributed income will accumulate and add to the capital of this fund. As per the terms of the Trust Agreement, these resources no longer appear on the Balance Sheet of the Organization. The Organization may cancel this trust agreement arrangement, at its discretion, and have these funds returned to its custody. Refer also to Summary of Significant Accounting Policies Note 2(e)(ii) .

4. CAPITAL ASSETS

	Cost	Amortization	Net 2016	Net 2015
Office furniture and equipment	\$ 5,629	\$ 3,996	\$ 1,633	\$ 2,041

5. PROGRAM EXPENSES

Program expenses particularize the funds transferred to Save a Child's Heart Israel pursuant to the terms of a Contractor Agreement between the Organization and Save a Child's Heart Israel. The Contractor Agreement sets out the terms under which Save A Child's Heart Israel assists in the administration and implementation of the charitable activities of the Organization. Any funds transferred by the Organization to Save A Child's Heart Israel are used only for the projects described in the Contractor Agreement.

6. PRIOR YEAR COMPARATIVE FINANCIAL STATEMENTS

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