

**SAVE A CHILD'S HEART FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

# SAVE A CHILD'S HEART FOUNDATION

DECEMBER 31, 2010

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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, 2010 and the statement of revenue and expenses and operating balance 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 generally accepted accounting principles 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, 2010 and its financial performance and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
February 23, 2011

**Jake Kuperhause**  
Chartered Accountant

# SAVE A CHILD'S HEART FOUNDATION

## BALANCE SHEET AS AT DECEMBER 31, 2010

	2010	2009
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 141,031	\$ 125,492
Accounts receivable	7,574	5,717
Prepaid expenses	1,562	1,476
	150,167	132,685
	\$ 150,167	\$ 132,685
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 4,067	\$ 4,570
<b>FUND BALANCES</b>		
<b>Operating balance</b>	146,100	128,115
	\$ 150,167	\$ 132,685

Approved on Behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# SAVE A CHILD'S HEART FOUNDATION

## STATEMENT OF REVENUE AND EXPENSES AND OPERATING BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>REVENUE</b>		\$
Donations	793,224	715,233
Merchandise sales	7,616	10,751
Other income	-	9,378
	800,840	735,362
<b>EXPENSES</b>		
Promotion and entertainment	44,476	12,187
Salaries and wages	41,668	41,014
Bank charges and interest	20,220	7,435
General and administrative	10,575	13,255
Merchandise purchases	5,317	4,721
Communication	2,873	2,848
Travel and automotive	2,707	6,042
Professional fees	2,650	2,500
Insurance	2,369	1,008
	132,855	91,010
<b>Excess of revenue over expenses before donation to Save A Child's Heart - Israel</b>	667,985	644,352
<b>Donation - Save A Child's Heart - Israel</b>	(650,000)	(605,000)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	17,985	39,352
<b>OPERATING BALANCE beginning of year</b>	128,115	88,763
<b>OPERATING BALANCE, end of year</b>	<b>\$ 146,100</b>	<b>\$ 128,115</b>

# SAVE A CHILD'S HEART FOUNDATION

## Statement of Cash Flows

DECEMBER 31, 2010

	2010	2009
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 17,985	\$ 39,352
	17,985	39,352
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	(1,857)	(5,717)
Prepaid expenses	(86)	(1,476)
Accounts payable and accrued charges	(503)	4,570
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>15,539</b>	<b>36,729</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,539</b>	<b>36,729</b>
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>125,492</b>	<b>88,763</b>
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 141,031</b>	<b>\$ 125,492</b>

# SAVE A CHILD'S HEART FOUNDATION

## Notes to the Financial Statements

DECEMBER 31, 2010

### 1. INCORPORATION AND OBJECTIVES

Save A Child's Heart Foundation, was incorporated under the Canada Corporation Act as a corporation without share capital on December 15, 1999 and is registered as a charitable organization under the Income Tax Act. The objectives of Save A Child's Heart Foundation 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

(a) Revenue

Donations are recorded as income on a cash basis.

(b) Expenses

All expenditures are recorded on a 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.

(e) Fund Accounting

The organization follows the deferral method of accounting for contributions.

The operating fund reports all contributions and expenses related to the operation of the organization.