

**SAVE A CHILD'S HEART FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

# SAVE A CHILD'S HEART FOUNDATION

DECEMBER 31, 2013

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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, 2013 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 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, 2013 and its financial performance and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

March 24, 2014

Toronto, Canada

*Jake Kuperhause*

Chartered Accountant

# SAVE A CHILD'S HEART FOUNDATION

## BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	2013	2012
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		\$ 435,720	\$ 344,264
Accounts receivable		12,179	23,389
Prepaid expenses		2,046	2,076
		449,945	369,729
<b>Capital assets</b>			
	3	1,870	1,383
		\$ 451,815	\$ 371,112
<b>LIABILITIES &amp; FUND BALANCES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities		\$ 43,650	\$ 9,511
<b>FUND BALANCES</b>			
<b>Operating balance</b>		408,165	361,601
		\$ 451,815	\$ 371,112

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, 2013

	2013	2012
<b>FUNDRAISING REVENUES</b>	1,141,525	\$ 1,269,524
<b>EXPENSES</b>		
Salaries and wages	140,721	101,809
Community awareness and fundraising	107,964	65,572
General and administrative	25,728	24,858
Bank charges and interest	28,982	24,272
Medical training support	17,350	-
Travel	16,651	14,734
Professional and consulting fees	15,003	6,715
Communication	3,755	3,926
Insurance	2,447	2,399
Amortization	1,204	922
	359,805	245,207
<b>Excess of revenue over expenses before donation to Save A Child's Heart - Israel and USA</b>	781,720	1,024,317
<b>Donation - Save A Child's Heart - Israel</b>	(735,156)	(860,374)
<b>Donation - Save A Child's Heart - USA</b>	-	(27,000)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	46,564	136,943
<b>OPERATING BALANCE beginning of year</b>	361,601	224,658
<b>OPERATING BALANCE, end of year</b>	<b>\$ 408,165</b>	<b>\$ 361,601</b>

# SAVE A CHILD'S HEART FOUNDATION

## Statement of Cash Flows

DECEMBER 31, 2013

	2013	2012
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 46,565	\$ 136,944
<b>Items not requiring an outlay of cash:</b>		
Amortization	1,204	922
	47,769	137,866
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Account receivable	11,210	(3,481)
Prepaid expenses	30	(76)
Accounts payable and accrued charges	34,139	573
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	93,148	134,882
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Additions to capital assets	(1,692)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	91,456	134,882
<b>NET CASH AND CASH EQUIVALENTS, beginning of year</b>	344,264	209,382
<b>NET CASH AND CASH EQUIVALENTS, end of year</b>	\$ 435,720	\$ 344,264

# SAVE A CHILD'S HEART FOUNDATION

## Notes to the Financial Statements

DECEMBER 31, 2013

### 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

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.

(e) Fund Accounting

The organization follows the deferral method of accounting for contributions.

The operating fund reports all contributions and expenses as well as increases or decreases in capital assets and amortization with respect to the operation of the organization.

# SAVE A CHILD'S HEART FOUNDATION

## Notes to the Financial Statements

DECEMBER 31, 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 bank balances 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

### 3. CAPITAL ASSETS

	<b>Cost</b>	<b>Amortization</b>	<b>Net 2013</b>	<b>Net 2012</b>
Office furniture and equipment	\$ 4,457	\$ 2,587	\$ 1,870	\$ 1,383

### 4. 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.