

SIMON'S HEART
FINANCIAL STATEMENTS
JUNE 30, 2020

SIMON'S HEART

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I N D E X

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 13

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, 2020, 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, 2020, 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

January 8, 2021

SIMON'S HEART

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 366,723
Contributions and Grants Receivable	10,000
Employee Loan Receivable	307
Certificate of Deposit	25,625
Prepaid Expenses	<u>7,758</u>

TOTAL ASSETS	<u>\$ 410,413</u>
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LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 11,471
Credit Card Payable	7,581
Loan Payable - Paycheck Protection Program	<u>30,205</u>

TOTAL LIABILITIES	<u>49,257</u>
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NET ASSETS:

Without Donor Restrictions	177,837
With Donor Restrictions	<u>183,319</u>

TOTAL NET ASSETS	<u>361,156</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 410,413</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Grants and Contributions:			
Corporations	\$ 32,671	\$ -	\$ 32,671
Individuals	95,659	34,000	129,659
Foundations	43,055	-	43,055
Program Services:			
GotAED	35,287	-	35,287
Donated Services	18,730	-	18,730
Fundraising:			
Simon's Soiree	186,619	-	186,619
Simon Says Golf	66,978	-	66,978
Investment Income	1,782	3,019	4,801
Released from Restriction by Time or Purpose	<u>47,098</u>	<u>(47,098)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>527,879</u>	<u>(10,079)</u>	<u>517,800</u>
EXPENSES:			
Program Services	274,864	-	274,864
Management and General	78,031	-	78,031
Fundraising	<u>144,583</u>	<u>-</u>	<u>144,583</u>
TOTAL EXPENSES	<u>497,478</u>	<u>-</u>	<u>497,478</u>
INCREASE (DECREASE) IN NET ASSETS	30,401	(10,079)	20,322
NET ASSETS - BEGINNING OF PERIOD	<u>147,436</u>	<u>193,398</u>	<u>340,834</u>
NET ASSETS - END OF PERIOD	<u>\$ 177,837</u>	<u>\$ 183,319</u>	<u>\$ 361,156</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Audio/Visual	\$ 2,565	\$ 374	\$ 4,195	\$ 7,134
Bank and Credit Card Charges	1,656	1,817	2,415	5,888
Charitable Contributions	100	-	-	100
Computer Software and Expense	16,156	11,472	170	27,798
Conferences and Seminars	1,225	738	-	1,963
Consulting	-	14,907	100	15,007
Donated Services	18,730	-	-	18,730
Education	4,947	-	-	4,947
Insurance	-	4,448	-	4,448
Licenses	-	160	-	160
Marketing and Promotion	41,245	-	10,493	51,738
Meals and Entertainment	526	1,087	308	1,921
Medical Equipment	32,505	-	-	32,505
Medical Professionals	10,000	-	-	10,000
Office Supplies and Expense	148	2,394	-	2,542
Payroll Service	1,164	178	187	1,529
Postage and Delivery	-	1,387	131	1,518
Professional Fees	-	10,161	4,680	14,841
Rent	3,206	5,600	-	8,806
Salaries and Wages:				
Executive Director	66,170	8,271	8,271	82,712
Director of Administration & Events	24,341	8,114	8,113	40,568
GotAED Manager	16,753	-	882	17,635
Payroll Taxes	8,139	1,243	1,310	10,692
Employee Benefits	1,644	548	548	2,740
Supplies	11,895	1,699	893	14,487
Telephone	2,892	1,033	241	4,166
Travel	4,760	2,400	599	7,759
Venue, Entertainment and Food	<u>4,097</u>	<u>-</u>	<u>101,047</u>	<u>105,144</u>
	<u>\$ 274,864</u>	<u>\$ 78,031</u>	<u>\$ 144,583</u>	<u>\$ 497,478</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 20,322
Adjustments to Reconcile Increase in Net Assets to Net Cash Used by Operating Activities:	
(Increase) Decrease in:	
Employee Loan Receivable	(177)
Prepaid Expenses	1,628
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	3,176
Credit Card Payable	(7,276)
Deferred Revenue	<u>(31,320)</u>

Net Cash Used by Operating Activities	<u>(13,647)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Maturity of Certificate of Deposit	<u>24,375</u>
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Net Cash Provided by Investing Activities	<u>24,375</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Paycheck Protection Program	<u>30,205</u>
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Net Cash Provided by Financing Activities	<u>30,205</u>
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NET INCREASE IN CASH	40,933
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CASH AND CASH EQUIVALENTS -
BEGINNING OF YEAR

<u>325,790</u>

CASH AND CASH EQUIVALENTS -
END OF YEAR

<u><u>\$ 366,723</u></u>

The Accompanying Notes Are an Integral Part of This Financial Statement

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 and educational events, and promoting research. Contributions from individuals, corporations and foundations and fundraising events are the Organization's primary sources of revenue.

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, as amended by Accounting Standards Update No. 2016-14. Under ASU No. 2016-14, which is effective for the fiscal year ended June 30, 2020. Simon's Heart is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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, certificates of deposit, prepaid expenses and payables. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2020.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Grants and Contributions Receivable:

Simon's Heart records its grants and contributions receivable at their estimated net realizable value and regularly reviews the collectability of its grants and contributions receivable.

G. 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.

H. 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.

I. Promises to Give and Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction by time or purpose.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Noncash Contributions/Volunteer Services

Simon's Heart is operated by two full-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.

During the year ended June 30, 2020, 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 heart screenings throughout the year. The value of these services is estimated to be \$1,650 for the year ended June 30, 2020.
2. Medical Professionals – Cardiologists, sports physicians and nurses donated their time and experience to Simon's Heart by assisting during its heart screenings throughout the year. The value of these services is estimated to be \$7,280 for the year ended June 30, 2020.
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 \$9,800 for the year ended June 30, 2020.

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SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. 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 than 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, 2020.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2017 to 2019 and it believes that its current tax positions are appropriate based on the current facts and circumstances.

L. Marketing and Promotion Costs

The Organization expenses marketing and promotion 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, 2020 was \$51,738.

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, 2020, the Organization's cash balances did not exceed this limit.

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

3. CONTRIBUTIONS AND GRANTS RECEIVABLE:

Grants and contributions receivable at June 30, 2020 consists of one \$10,000 foundation grant, which is expected to be collected in less than one year from the date of the financial statements.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets	\$ 402,655
Less those unavailable for general expenditures within one year due to:	
Donor-restricted to specific programs	<u>183,319</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 219,336</u>

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

Subsidize Heartbytes Licenses	\$ 108,611
Marketing Student Internship	7,262
Checking Hearts of City Kids Program	26,206
CPR Jukebox Program	989
Special Project to be Determined by Third Party	2,059
GotAED Videos	18,779
Strategic Plan	<u>19,413</u>
	<u>\$ 183,319</u>

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by the donors as follows:

Subsidize Heartbytes Licenses	\$ 15,265
Marketing Student Internship	4,822
CPR Jukebox Program	9,160
Special Project to be Determined by Third Party	944
GotAED Videos	2,000
Strategic Plan	<u>14,907</u>
	<u>\$ 47,098</u>

Net assets with donor restrictions whose use is limited is composed of the following assets:

Cash	\$ 157,694
Certificates of deposit maturing within one year	<u>25,625</u>
	<u>\$ 183,319</u>

6. COMMITMENTS:

In October 2015, Simon's Heart entered into a sublease agreement to sublet furnished office space in Conshohocken, Pennsylvania. The lease is currently month-to-month and is cancelable at any time by either party with one month written notice. Office rent expense for the period ending June 30, 2020 was \$5,600.

7. LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM:

On May 7, 2020, the Organization received loan proceeds in the amount of \$30,205 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business or organization. The loans and accrued interest are forgivable after the covered period of either eight or twenty-four weeks from the date the loan proceeds became available, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

(Continued)

SIMON'S HEART

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

7. LOAN PAYABLE - PAYCHECK PROTECTION PROGRAM (CONTINUED):

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first 10 months after the end of the covered period. The Organization used the proceeds for purposes consistent with the intention of the PPP. While it currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the entire loan, the Organization has not yet applied for forgiveness of the loan.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 8, 2021, the date that these financial statements were available for distribution.

As a result of the current global pandemic, the Organization and organizations in general are being affected throughout the country. The financial impact to the Organization cannot be estimated at this time. Management of the Organization, as well as federal, state and local governments, are addressing how to best manage the situation.