

**SIMON'S HEART**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

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**YEAR ENDED JUNE 30, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Simon's Heart  
Conshohocken, Pennsylvania

### Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Simon's Heart and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Simon's Heart's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Simon's Heart's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Simon's Heart's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*McCarthy & Co., P.C.*

February 1, 2023  
Blue Bell, PA

**SIMON'S HEART**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 508,864
Contributions and Grants Receivable	10,000
Certificate of Deposit	25,702
Prepaid Expenses	<u>7,112</u>
	551,678

**OTHER ASSETS**

Software Costs	<u>25,000</u>
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<b>TOTAL ASSETS</b>	<b><u>\$ 576,678</u></b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 12,799
Credit Card Payable	23,620
Deferred Revenue	<u>62,408</u>
<b>TOTAL LIABILITIES</b>	<b>98,827</b>

**NET ASSETS**

Without Donor Restrictions	362,336
With Donor Restrictions	<u>115,515</u>

<b>TOTAL NET ASSETS</b>	<b><u>477,851</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 576,678</u></b>
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See independent auditors' report and notes to financial statements.

**SIMON'S HEART**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>TOTAL</u></b>
<b>REVENUE</b>			
Grants and Contributions:			
Corporations/Foundations	\$ 100,700	\$ -	\$ 100,700
Individuals	148,233	10,000	158,233
Donated Services	70,025	-	70,025
Fundraising:			
Simon's Soiree	247,048	-	247,048
Simon Says Golf	76,611	-	76,611
CPR Jukebox	12,324	-	12,324
CPR Marathon	4,446	-	4,446
Third Party Events	3,115	-	3,115
Investment Income	518	-	518
Released from Restriction by Time or Purpose	56,587	(56,587)	-
<b>TOTAL REVENUE</b>	<u>719,607</u>	<u>(46,587)</u>	<u>673,020</u>
<b>EXPENSES</b>			
Program Services	457,212	-	457,212
Management and General	36,058	-	36,058
Fundraising	109,414	-	109,414
<b>TOTAL EXPENSES</b>	<u>602,684</u>	<u>-</u>	<u>602,684</u>
<b>CHANGES IN NET ASSETS</b>	116,923	(46,587)	70,336
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>245,413</u>	<u>162,102</u>	<u>407,515</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 362,336</u>	<u>\$ 115,515</u>	<u>\$ 477,851</u>

See independent auditors' report and notes to financial statements.

# SIMON'S HEART

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank and Credit Card Charges	\$ -	\$ -	\$ 9,457	\$ 9,457
Computer Software and Expense	29,218	848	6,362	36,428
Conferences and Seminars	3,139	-	-	3,139
Donated Services	70,025			70,025
Education	6,024	-	-	6,024
Insurance	3,853	963	-	4,816
Marketing and Promotions	25,460	-	29,296	54,756
Meals and Entertainment	129	32	-	161
Medical Equipment	124,041	-	-	124,041
Medical Professionals	9,516	-	-	9,516
Office Supplies and Expense	3,947	1,179	-	5,126
Payroll Service	1,216	97	97	1,410
Professional Fees	-	18,478	-	18,478
Rent	8,033	1,400	-	9,433
Salaries and Wages:				
Executive Director	88,114	11,014	11,014	110,142
Program Manager	50,465	-	-	50,465
Payroll Taxes	11,555	925	925	13,405
Employee Benefits	6,825	546	546	7,917
Supplies	6,573	-	1,000	7,573
Telephone	2,401	277	-	2,678
Travel	5,530	299	15	5,844
Venue, Entertainment and Food	1,148	-	50,702	51,850
Total Expenses	<u>\$ 457,212</u>	<u>\$ 36,058</u>	<u>\$ 109,414</u>	<u>\$ 602,684</u>

See independent auditors' report and notes to financial statements.

**SIMON'S HEART**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in Net Assets	\$ 70,336
Adjustments to reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	

**ASSETS - DECREASE**

Contributions and Grants Receivable	1,000
Prepaid Expenses	1,517

**LIABILITIES - INCREASE**

Accounts Payable and Accrued Expenses	5,353
Credit Card Payable	10,034
Deferred Revenue	17,856

	35,760
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>106,096</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment in Certificate of Deposit	(39)
Software Costs	(25,000)

<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>	<b>(25,039)</b>
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<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>81,057</b>
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<b>TOTAL CASH AND CASH EQUIVALENTS AT JULY 1, 2021</b>	<b>427,807</b>
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<b>TOTAL CASH AND CASH EQUIVALENTS AT JUNE 30, 2022</b>	<b><u>\$ 508,864</u></b>
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See independent auditors' report and notes to financial statements.



## **SIMON'S HEART**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### 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.

##### 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 the provisions of ASU No. 2016-14, the Organization 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.

The financial statements are presented on the accrual basis of accounting.

##### Cash and Cash Equivalents

Cash equivalents include cash on hand and in banks. The Organization also considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

##### Contributions and Grants Receivable:

Contributions and grants receivable are recorded at their estimated net realizable value and management regularly reviews the credit condition of its grants and contributions receivable. Management believes all receivables as of June 30, 2022 are fully collectible. Accordingly, no reserve for bad debts exists at June 30, 2022 and there was no bad debt expense for the year then ended. Open promises to give Simon's Heart are usually unsecured. At June 30, 2022, all of the Organization's contributions receivable were due from one individual.

##### Software Costs

The Organization capitalizes the cost to develop internally used software related to its Heartbytes platform initiative. Software costs are amortized using the straight-line method over the estimated useful life of the software of five years. Software costs incurred during the year ended June 30, 2022 were \$25,000. As of June 30, 2022, the software was not placed in service, and the Organization did not begin amortizing the costs. The Organization will start to amortize the costs at the time the platform is placed in service.

##### 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 based on management's determination of the usage of funds. Accordingly, certain costs have been allocated among programs and supporting services.

## **SIMON'S HEART**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### Advertising

Advertising costs are charged to operations when incurred. For the year ended June 30, 2022 advertising costs totaled \$54,756, and are reflected in Marketing and Promotions Expense on the statement of functional expenses.

##### Use of Estimates

The preparation of financial statements in conformity with 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### 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.

##### 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, 2022, Simon's Heart received donated services from businesses and individuals which meet the requirements for disclosure under ASC No. 958. These services include the following:

1. 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 \$41,400 for the year ended June 30, 2022.

## SIMON'S HEART

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Noncash Contributions/Volunteer Services (Continued)

2. 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 data storage and software maintenance services in the estimated amount of \$28,625 for the year ended June 30, 2022.

##### Deferred Revenues

The Organization hosts a golf event and barbeque in July each year. Due to the timing of the event at the beginning of the fiscal year, the Organization typically sells tickets to the event during the previous fiscal year. The timing of revenue recognition, billings and cash collections related to fundraising event ticket sales results in deferred revenue on the Statement of Financial Position.

The beginning and ending deferred revenues were as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Deferred Revenues	<u>\$ 62,408</u>	<u>\$ 44,552</u>

Revenue recognized for the year ended June 30, 2022 that was included in the deferred revenue balance at the beginning of the year was \$44,552. The full deferred revenue balance as of June 30, 2022 is expected to be recognized as revenue during the year ended June 30, 2023.

##### Income Taxes

The Organization is exempt from Federal income tax 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.

Any penalties and interest assessed by taxing authorities are included in operating expenses. No interest and penalties have been recorded for the year ended June 30, 2022.

#### NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, the Organization had uninsured cash balances of \$68,664.

#### NOTE 3 – CERTIFICATE OF DEPOSIT

The Organization holds a Certificate of Deposit (CD) with a value of \$25,702 at June 30, 2022. The CD had an initial maturity date when purchased of 12 months. At June 30, 2022, the interest rate on the CD was 0.15% and it is scheduled to mature in September 2022.

## SIMON'S HEART

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 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	\$ 544,566
Less those unavailable for general expenditures within one year due to:	
Donor-restricted to specific programs	<u>(115,515)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 429,051</u>

#### NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2022:

Subsidize HeartBytes Licenses and Expenses	\$ 67,605
Marketing Student Internship	7,264
Heart Screenings	16,214
GotAED Videos	12,468
Strategic Plan	<u>11,964</u>
	<u>\$ 115,515</u>

During the year ended June 30, 2022, 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 and Expenses	\$ 33,118
Heart Screenings	20,000
CPR Jukebox Program	734
Special Project Determined by Donor	2,060
GotAED Videos	<u>675</u>
	<u>\$ 56,587</u>

Net assets with donor restrictions whose use is limited is composed of the following assets as of June 30, 2022:

Cash and Cash Equivalents	\$ 105,515
Contributions and Grants Receivable	<u>10,000</u>
	<u>\$ 115,515</u>

## **SIMON'S HEART**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 6 – COMMITMENTS AND LEASES**

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 year ending June 30, 2022 was \$6,000.

The Organization leases a storage unit under a cancelable month-to-month lease. Rent expense under this lease was \$3,433 for the year ending June 30, 2022.

#### **NOTE 7 – COVID-19 PANDEMIC**

The Organization continues to operate through the COVID-19 pandemic that was declared in the United States during 2020. The financial impact to the Organization as a result of the pandemic cannot be determined at this time.

#### **NOTE 8 – SUBSEQUENT EVENTS**

Management has considered subsequent events through February 1, 2023, the date the financial statements were available to be issued. No significant events have been identified that would require adjustment or disclosure in the accompanying financial statements.