

CHILDREN'S CARDIOMYOPATHY FOUNDATION
(A non-profit Corporation)

FINANCIAL STATEMENTS
AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2012

CHILDREN'S CARDIOMYOPATHY FOUNDATION

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Independent Auditors Report


Board of Director's
Children's Cardiomyopathy Foundation.

We have audited the accompanying statement of financial position of Children's Cardiomyopathy Foundation. (the "Organization") as of December 31, 2012 and the related statements of activities and changes in assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Children's Cardiomyopathy Foundation. As of December 31, 2012, and the results of its operations and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Richard S. Beam CPA, P.C.
April 8, 2013

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2012

See accompanying notes and accountant's report

	<u>2012</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,200,828
Investments	<u>961,632</u>
Total current assets	2,162,460
PROPERTY AND EQUIPMENT	
Property and equipment	-
Total Assets	<u><u>\$ 2,162,460</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$ <u>-</u>
NOTES PAYABLE, less current portion	<u>-</u>
NET ASSETS	
Unrestricted	2,145,140
Temporarily Restricted	17,320
Permanently Restricted	<u>0</u>
Total net assets	<u>2,162,460</u>
Total Liabilities and Net Assets	<u><u>\$ 2,162,460</u></u>

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

See accompanying notes and accountant's report

	General Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 127,891			127,891
Grants	1,000			1,000
Fundraising	758,620			758,620
Interest and dividends	25,275			25,275
Unrealized gains	82,953			82,953
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>995,739</u>			<u>995,739</u>
EXPENSES				
Management and general	86,615			86,615
Program and services	632,066			632,066
Fundraising expenses	250,744			250,744
Total Expenses	<u>969,425</u>			<u>969,425</u>
CHANGE IN NET ASSETS	<u>26,314</u>			<u>26,314</u>
ASSETS AT BEGINNING OF THE YEAR	<u>1,857,428</u>			<u>1,857,428</u>
NET ASSETS AT THE END OF THE YEAR	<u>1,883,742</u>			<u>1,883,742</u>

CHILDREN'S CARDIOMYOPATHY FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
See accompanying notes and accountant's report

	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 26,314
Adjustments to reconcile increase in net assets to net cash provided by activities:	
Depreciation	
Changes in assets and liabilities:	
Decrease (Increase) in	
Accounts receivable	
Prepaid expenses	
(Decrease) Increase in:	
Accounts payable	
	<u> </u>
Net cash provided by (used in) operating activities	<u>26,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	-
Purchase of Investments	<u>(217,898)</u>
Net cash provided by (used in) investing activities	<u>(217,898)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections of contributions restricted for long-term purposes	<u>-</u>
Net cash provided by (used in) financing activities	<u>0</u>
CASH AND CASH EQUIVALENTS, Beginning	<u>1,392,412</u>
CASH AND CASH EQUIVALENTS, End	<u><u>1,200,828</u></u>

CHILDREN'S CARDIOMYOPATHY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Children's Cardiomyopathy Foundation. (the Organization) purpose is primarily to raise funds to support research into the causes and treatments of pediatric cardiomyopathy, secondly, to educate and support patients and healthcare professionals, and raise awareness of the disease among lawmakers and the general public.

Financial Statement Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No, 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporary restricted net assets; which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. In addition, the Organization is required to present a statement of cash flows.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the useful lives ranging from three to five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

As of December 31, 2012 the organization held investments. The investments are recorded at their fair value on the Statement of Financial Position in current assets. Changes in fair value are reflected in support and revenue.

NOTE A – CONCENTRATION OF RISK

Cash is held in three money market accounts at three separate financial institutions. Money market accounts are not FDIC insured.

NOTE B – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 8, 2013 the date which the financial statements were available to be issued.

CHILDREN'S CARDIOMYOPATHY FOUNDATION
SUPPLEMENTAL SCHEDULE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012
See accompanying notes and accountant's report

	<u>2012</u>		
	<u>Program and Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Fundraising			185,533
Compensation	131,639	40,632	58,620
Payroll Taxes	14,801	4,569	6,591
Payroll Service		850	
Filing Fees		3,091	
Legal and professional fees		8,971	
Advertising and Marketing	11,737		
Education and awareness	6,264		
Advocacy	124,033		
Postage and Freight		807	
Copying and Printing		3,224	
Travel and entertainment	6,277		
Patient support and news letter	39,799		
Research grants	297,516		
Bank processing fees		9,769	
Telephone and Internet		3,962	
Insurance		4,314	
Office expense		1,247	
Supplies		1,971	
Storage rental		3,208	
	<u>632,066</u>	<u>86,615</u>	<u>250,744</u>
			<u>969,425</u>