Children's Cardiomyopathy Foundation, Inc.

Financial Statements

December 31, 2022 and 2021

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December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Trustees
Children's Cardiomyopathy Foundation, Inc.
Tenafly, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Children's Cardiomyopathy Foundation (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Notes 2 and 10 to the financial statements, the Organization changed its method of accounting for leases as of January 1, 2022 due to the adoption of the Accounting Standard Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

To the Board of Trustees
Children's Cardiomyopathy Foundation, Inc.

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.

Nisivoccia LLP

Mt. Arlington, New Jersey
June 27, 2023

Children's Cardiomyopathy Foundation, Inc.
Statement of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 628,344	$ 947,424
Investments	1,874,016	2,028,877
Intangible asset, net	6,136	18,342
Total assets	$ 2,508,496	$ 2,994,643
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 57,287	$ 37,892
Deferred revenue	112,000	
SBA EIDL, current portion		7,644
Total current liabilities	169,287	45,536
SBA EIDL, long-term portion		142,256
Total liabilities	169,287	187,792
Net assets:		
Without donor restrictions	2,339,209	2,781,851
With donor restrictions	-	25,000
Total net assets	2,339,209	2,806,851
Total liabilities and net assets	$ 2,508,496	$ 2,994,643

Children's Cardiomyopathy Foundation, Inc.
Statement of Activities
Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	$ 220,044		$ 220,044
Fundraising and special events	441,429		441,429
Net investment return	(212,109)		(212,109)
Net assets released from restrictions	25,000	(25,000)	
Total revenue and other support	474,364	(25,000)	449,364
Expenses:			
Program services:			
Education	210,967		210,967
Patient support	135,261		135,261
Research	139,409		139,409
Advocacy & awareness	48,394		48,394
Total program services	534,031		534,031
Supporting services:			
Management and general	127,271		127,271
Fundraising	255,704		255,704
Total expenses	917,006		917,006
Change in net assets	(442,642)	(25,000)	(467,642)
Net assets, beginning of year	2,781,851	25,000	2,806,851
Net assets, end of year	$ 2,339,209	$ -	$ 2,339,209

Children's Cardiomyopathy Foundation, Inc.
Statement of Activities
Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	$ 299,478	$ 110,000	$ 409,478
Fundraising and special events	360,406		360,406
Net investment return	395,363		395,363
Government grant - PPP	151,716		151,716
Net assets released from restrictions	183,681	(183,681)	
Total revenue and other support	1,390,644	(73,681)	1,316,963
Expenses:			
Program services:			
Education	164,127		164,127
Patient support	136,654		136,654
Research	256,955		256,955
Advocacy & awareness	65,874		65,874
Total program services	623,610		623,610
Supporting services:			
Management and general	106,028		106,028
Fundraising	229,073		229,073
Total expenses	958,711		958,711
Change in net assets	431,933	(73,681)	358,252
Net assets, beginning of year	2,349,918	98,681	2,448,599
Net assets, end of year	$ 2,781,851	$ 25,000	$ 2,806,851

See Notes to Financial Statements

Children's Cardiomyopathy Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services					Supporting Services		
	Education	Patient Support	Research	Advocacy & Awareness	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 4,847	$ 3,231	$ 1,616	$ 3,000	$ 12,694	$ 3,231	$ 7,154	$ 23,079
Payroll taxes	554	369	185	343	1,451	369	817	2,637
Total personnel services	5,401	3,600	1,801	3,343	14,145	3,600	7,971	25,716
Special events							158,327	158,327
Filing fees						3,889		3,889
Legal and professional fees						27,168		27,168
Consulting services	88,975		88,975		177,950	22,244	22,244	222,438
Management services	83,953	83,952	16,790	33,581	218,276	50,371	67,162	335,809
Subscriptions	3,998	2,736	1,368	2,420	10,522			10,522
Website expense	6,929	4,740	2,370	4,193	18,232			18,232
Amortization expense	4,638	3,174	1,587	2,807	12,206			12,206
Education and awareness	10,596				10,596			10,596
Travel and entertainment						2,364		2,364
Patient support and outreach		34,849			34,849			34,849
Research grants			25,000		25,000			25,000
Medical conferences	3,628				3,628			3,628
Bank processing fees						6,428		6,428
Telephone and internet						2,039		2,039
Insurance						4,626		4,626
Office expense	611	611	611	611	2,444	817		3,261
Office supplies	214	214	214	214	856	283		1,139
Interest expense	2,024	1,385	693	1,225	5,327			5,327
Storage rental						3,442		3,442
Total expenses	$ 210,967	$ 135,261	$ 139,409	$ 48,394	$ 534,031	$ 127,271	$ 255,704	$ 917,006

Children's Cardiomyopathy Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services					Supporting Services		
	Education	Patient Support	Research	Advocacy & Awareness	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 46,882	$ 31,255	$ 15,628	$ 29,022	$ 122,787	$ 31,255	$ 69,207	$ 223,249
Payroll taxes	4,010	2,673	1,336	2,482	10,501	2,673	5,919	19,093
Total personnel services	50,892	33,928	16,964	31,504	133,288	33,928	75,126	242,342
Special events							117,704	117,704
Filing fees						3,690		3,690
Legal and professional fees						15,625		15,625
Consulting services	24,634		24,634		49,268	6,243	6,243	61,754
Management services	37,500	37,500	7,500	15,000	97,500	22,500	30,000	150,000
Subscriptions	3,557	2,434	1,217	2,153	9,361			9,361
Website expense	6,511	4,455	2,228	3,941	17,135			17,135
Amortization expense	12,472	8,533	4,267	7,549	32,821			32,821
Education and awareness	9,110				9,110			9,110
Advocacy				4,200	4,200			4,200
Travel and entertainment						1,835		1,835
Patient support and outreach		48,277			48,277			48,277
Research grants			198,618		198,618			198,618
Medical conferences	17,924				17,924			17,924
Bank processing fees						8,923		8,923
Telephone and internet						2,616		2,616
Insurance						5,189		5,189
Office expense	1,316	1,316	1,316	1,316	5,264	1,755		7,019
Office supplies	211	211	211	211	844	282		1,126
Storage rental						3,442		3,442
Total expenses	$ 164,127	$ 136,654	$ 256,955	$ 65,874	$ 623,610	$ 106,028	$ 229,073	$ 958,711

Children's Cardiomyopathy Foundation, Inc.
Statement of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (467,642)	$ 358,252
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(108,019)	(49,786)
Unrealized gain (loss) on investments	358,241	(309,075)
Amortization expense	12,206	32,821
Government grant - PPP		(151,716)
Change in operating assets and liabilities:		
Accounts payable	19,395	25,392
Deferred revenue	112,000	
Refundable advance		74,602
Net cash used in operating activities	(73,819)	(19,510)
Cash flows from investing activities:		
Purchase of investments	(479,332)	(466,611)
Proceeds from sale of investments	411,121	266,154
Dividends reinvested	(27,150)	(29,377)
Net cash used in investing activities	(95,361)	(229,834)
Cash flows from financing activities:		
Proceeds from SBA EIDL		49,900
Repayment of SBA EIDL	(149,900)	
Net cash provided by (used in) financing activities	(149,900)	49,900
Net decrease in cash and cash equivalents	(319,080)	(199,444)
Cash and cash equivalents, beginning of year	947,424	1,146,868
Cash and cash equivalents, end of year	$ 628,344	$ 947,424
Supplemental disclosure of noncash flow information:		
Unrealized gain (loss) on investments	$ (358,241)	$ 309,075

1. Nature of Activities

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

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made*, and *Presentation of Financial Statements of Not-for-Profit Entities*. *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are 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. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Organization's programs and general operations. These resources are not subject to donor-imposed stipulations.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization had net assets with donor restrictions of $0 and $25,000 as of December 31, 2022 and 2021, respectively.

Support and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on when they depend have been substantially met.

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Organization recognizes fundraising and special event revenue at the time the event occurs. There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	2022	2021
Performance obligations satisfied at a point in time	$ 441,429	$ 360,406

Revenue from performance obligations satisfied at a point in time consists of fundraising and special events.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service and support costs are allocated to programs based on time spent. Program expenses are those related to education, patient support, research and advocacy. Management and general expenses relate to administrative costs associated with the administration of those programs. Fundraising expenses include the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on estimates of time and effort considered by management to be reasonable.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenue and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Cash and Cash Equivalents

The Organization considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among companies by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The Organization recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for our existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Investments

The Organization follows FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The fair value of investments is determined by reference to quoted market prices. Investment income or loss (including interest and dividends) and realized gain and loss on sale of investments are included in the statement of activities as increases or decreases of net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized. Fair market value, at acquisition or contribution, as well as at subsequent dates, is determined based on quoted market prices as provided by the investment advisors.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation.

Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Intangible Assets

In accordance with FASB ASC, *Intangibles – Goodwill and Other*, website costs incurred during the application and infrastructure development stage are capitalized.

Costs incurred during the planning stage and operation stage are expensed as incurred. Capitalized costs are amortized on a straight-line basis over the estimated useful life.

Deferred Revenue

Deferred revenue consists of amounts received in advance of services being performed which will be recognized as income in future periods when the services are performed. At December 31, 2022 deferred revenue was $112,000.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not-for-Profit Act*. The Organization is also exempt under Article 7-A of the Executive Law (Article 7-A) of the State of New York. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition related to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2022. However, the Organization is subject to audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Organization files informational returns with the federal and two state governments on an annual basis – Form 990 with the Internal Revenue Service, and the applicable form with each state. These returns are subject to examinations at any time within statutorily defined periods from the latest filing date for federal and for each state jurisdiction.

Reclassification

Certain amounts in the prior year financial statements have been reclassified in order to be consistent with the current year presentation.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. These donated services are not reflected in the financial statements for the years ended December 31, 2022 and 2021, as they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Fair Value Measurements

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available.

For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Common stocks and exchange traded funds: The carrying amounts are stated at the value at the closing price reported in the active market in which the individual securities are traded.

Mutual funds: The carrying amounts are valued at the net asset value (NAV) of shares held by the Organization at year end.

Bonds: The carrying amounts are valued at the net asset value (NAV) of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's investments and the amounts reported in the statement of financial position and the statement of activities.

Credit Risk and Concentrations

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents. At times, amounts invested with financial institutions may be in excess of federally insured limits. The Organization invests with reputable financial institutions to limit their exposure and has not experienced any losses in such accounts. As a result, management believes it is not exposed to any significant risk related to cash and cash equivalents.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2022 and through the date of the independent auditors' report and the date the financial statements were available to be issued, June 23, 2023. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Liquidity and Availability

The provisions of FASB Update No. 2016-14 require the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 628,344	$ 947,424
Investments	1,874,016	2,028,877
Total financial assets	2,502,360	2,976,301
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	25,000
Total financial assets available to meet general expenditures over the next twelve months	$ 2,502,360	$ 2,951,301

The Organization strives to maintain liquid financial assets sufficient to meet 60 days of normal operating expenses. In addition to these financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including contributions and fundraising and special event revenue. As part of the Organization's liquidity plan, cash in excess of daily requirement is invested in short-term investments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Investments

The following financial instruments, measured on a recurring basis, are carried at fair value in the Organization's financial statements. The fair value disclosures include information regarding the valuation of the Organization's investments as of December 31, 2022 and 2021:

	2022		
	Cost Basis	Fair Market Value (Level 1)	Unrealized Gains (Losses)
Equities	$ 119	$ 4,210	$ 4,091
ETF's	353,293	436,716	83,423
Bonds	479,332	483,061	3,729
Mutual Funds	765,658	950,029	184,371
Total investments	$ 1,598,402	$ 1,874,016	$ 275,614

	2021		
	Cost Basis	Fair Market Value (Level 1)	Unrealized Gains (Losses)
Equities	$ 1,067	$ 7,103	$ 6,036
ETF's	354,334	548,155	193,821
Mutual Funds	1,048,049	1,473,619	425,570
Total investments	$ 1,403,450	$ 2,028,877	$ 625,427

Investment activity for the years ended December 31, 2022 and 2021 is comprised of the following:

	2022	2021
Beginning balance	$ 2,028,877	$ 1,440,182
Purchases	479,332	466,611
Sales	(411,121)	(266,154)
Dividend income reinvested	27,150	29,377
Realized gain on investments	108,019	49,786
Unrealized gain (loss) on investments	(358,241)	309,075
Ending balance	$ 1,874,016	$ 2,028,877

Return on investments for the years ended December 31, 2022 and 2021 is comprised of the following:

	2022	2021
Interest and dividend income	$ 34,542	$ 36,502
Realized gain on investments	108,019	49,786
Unrealized gain (loss) on investments	(358,241)	309,075
	$ (215,680)	$ 395,363

5. Long-Term Debt

In July 2020, the Organization applied and received an Economic Injury Disaster Loan (EIDL) in the amount of $100,000. The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to coronavirus (COVID-19). On March 15, 2021 the Organization received an amendment to the EIDL loan, granting an addition $49,900 of funding. The proceeds of the loan must be used for working capital & normal operating expenses. The loan was secured by collateral as defined in the loan agreement. The loan accrued interest at the rate of 2.75% per annum.

The Organization was to make installment payments, including principal and interest of $637 monthly and will begin repayments 12 months from date of promissory note. Effective March 15, 2022, due to the continues adverse effects of the COVID-19 emergency, all COVID EIDL's have a total deferment of 30 months from the date of the note. The balance of principal and interest was payable over 30 years from the date of the promissory note. The balance outstanding as of December 31, 2021 was $149,900.

On January 10, 2022, the Organization repaid the EIDL loan off in full $149,900 in principal and $5,326 of interest was repaid.

6. Intangible Assets

During 2018, the Organization incurred costs to develop a website. Intangibles are being amortized over three years. Intangible assets at December 31, 2022 and 2021 are comprised of the following:

	Estimated Useful Lives (Years)	2022	2021
Website Development Costs	3	$ 98,462	$ 98,462
Less: Accumulated Amortization		(92,326)	(80,120)
		$ 6,136	$ 18,342

For the years ended December 31, 2022 and 2021, the Organization incurred amortization expense of $12,206, and $32,821, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 are restricted for the following purposes:

	2022	2021
CCF Research Goals	$ -	$ 25,000
Total net assets with donor restrictions	$ -	$ 25,000

Net assets released from donor restrictions during 2022 and 2021 are as follows:

	2022	2021
Satisfaction of purpose restriction:		
Fifth Intl Conference on PC		$ 18,000
Fifth Intl Conference on PC, Supporter Sponsor		5,000
Fifth Intl Conference on PC, Exhibit Sponsor		5,000
Patient Storytelling App Development Grant		15,681
Communications Fellowship Award		20,000
Fifth Intl Conference on PC		10,000
CCF Research Goals	$ 25,000	25,000
Medical Conference 2021		10,000
Empowering Parents: Cardiomyopathy Support Services Grant		40,000
Storytelling App		20,000
CCF 5th Annual International Conference		15,000
	$ 25,000	$ 183,681

8. Related Party Transactions

On August 1, 2021 the Organization entered into a consulting services agreement with Lisa Yue (Spark Strategic Consulting, LLC), president of the board of directors, through July 2022. The consulting agreement is a legal document signed by all parties involved and was also disclosed to and approved by the board of directors. Invoices from Spark Strategic Consulting, LLC, along with a detailed time sheet, are submitted to the Organization monthly and paid. The Organization entered into a new contract in August of 2022 for consulting services through July 2023. For the years ended December 31, 2022 and 2021 consulting fees totaled $216,030 and $61,754, respectively.

9. Refundable Advance – Paycheck Protection Program

In May 2020, the Organization received $77,114 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization has accounted for the PPP funding as a conditional contribution in the financial statements by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized only when conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. During 2021, the Organization received forgiveness in the amount of $77,114, and as a result the amount is recognized as a Government grant – PPP revenue in the accompanying statement of activities, as the conditions have been met.

In February 2021, the Organization received $74,602 under the SBA's second draw of PPP funding. During 2021, the Organization received forgiveness in the amount of $74,602, and as a result the amount is recognized as a Government grant – PPP revenue in the accompanying statement of activities, as the conditions have been met.

The SBA reserves the right to audit PPP funding forgiveness for ten years from the date the forgiveness was awarded.

10. Leases

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in several noncancellable operating leases for storage. The Organization leases 2 storage units on a month-to-month basis with no expiration date. However, the Organization may cancel the lease at any time by providing 15 days notice to the lessor. Total rent expense for both the years ended December 31, 2022 and 2021 was $3,442.