

# **Children's Cardiomyopathy Foundation, Inc.**

Financial Statements

December 31, 2020 and 2019



**NISIVOCCIA**  
ASSURANCE · TAX · ADVISORY

**Children's Cardiomyopathy Foundation, Inc.**

**Table of Contents**

**December 31, 2020 and 2019**

---

Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statements of Functional Expenses	6
Statement of Cash Flows	8
Notes to Financial Statements	9

## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Children's Cardiomyopathy Foundation, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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.

### ***Auditors' 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 of 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 auditors' 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.

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

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 Children's Cardiomyopathy Foundation, Inc. as of December 31, 2020 and 2019, 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.

*Nisiroccia LLP*

Mt. Arlington, New Jersey  
March 18, 2021

**Children's Cardiomyopathy Foundation, Inc.**  
**Statement of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,146,868	\$ 1,108,986
Investments	1,440,182	1,358,862
Intangible asset, net	<u>51,163</u>	<u>54,591</u>
Total assets	<u>\$ 2,638,213</u>	<u>\$ 2,522,439</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,500	
Refundable advance	77,114	
SBA EIDL, current portion	<u>2,462</u>	
Total current liabilities	92,076	
 SBA EIDL, long-term portion	 <u>97,538</u>	
Total liabilities	<u>189,614</u>	
Net assets:		
Without donor restrictions	2,349,918	\$ 2,520,426
With donor restrictions	<u>98,681</u>	<u>2,013</u>
Total net assets	<u>2,448,599</u>	<u>2,522,439</u>
 Total liabilities and net assets	 <u>\$ 2,638,213</u>	 <u>\$ 2,522,439</u>

See Notes to Financial Statements

**Children's Cardiomyopathy Foundation, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 207,466	\$ 125,000	\$ 332,466
Fundraising and special events	229,367		229,367
Net investment return	292,878		292,878
Net assets released from restrictions	28,332	(28,332)	
Total revenue and other support	<u>758,043</u>	<u>96,668</u>	<u>854,711</u>
Expenses:			
Program services:			
Education	146,708		146,708
Patient support	109,035		109,035
Research	276,188		276,188
Advocacy	105,700		105,700
Total program services	<u>637,631</u>		<u>637,631</u>
Supporting services:			
Management and general	103,901		103,901
Fundraising	187,019		187,019
Total expenses	<u>928,551</u>		<u>928,551</u>
Change in net assets	(170,508)	96,668	(73,840)
Net assets, beginning of year	<u>2,520,426</u>	<u>2,013</u>	<u>2,522,439</u>
Net assets, end of year	<u>\$ 2,349,918</u>	<u>\$ 98,681</u>	<u>\$ 2,448,599</u>

See Notes to Financial Statements

**Children's Cardiomyopathy Foundation, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions	\$ 393,209	\$ 2,013	\$ 395,222
Fundraising and special events	603,070		603,070
Net investment return	259,473		259,473
Total revenue and other support	<u>1,255,752</u>	<u>2,013</u>	<u>1,257,765</u>
Expenses:			
Program services:			
Education	126,905		126,905
Patient support	132,297		132,297
Research	329,275		329,275
Advocacy	112,571		112,571
Total program services	<u>701,048</u>		<u>701,048</u>
Supporting services:			
Management and general	104,536		104,536
Fundraising	329,145		329,145
Total expenses	<u>1,134,729</u>		<u>1,134,729</u>
Change in net assets	121,023	2,013	123,036
Net assets, beginning of year	<u>2,399,403</u>		<u>2,399,403</u>
Net assets, end of year	<u>\$ 2,520,426</u>	<u>\$ 2,013</u>	<u>\$ 2,522,439</u>

See Notes to Financial Statements

**Children's Cardiomyopathy Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services				Total Program Services	Supporting Services		Total
	Education	Patient Support	Research	Advocacy		Management and General	Fundraising	
Salaries	\$ 84,471	\$ 56,314	\$ 28,157	\$ 52,291	\$ 221,233	\$ 56,314	\$ 124,695	\$ 402,241
Payroll taxes	7,604	5,069	2,534	4,707	19,914	5,069	11,224	36,208
Total personnel services	92,075	61,383	30,691	56,998	241,147	61,383	135,919	438,449
Special events							51,100	51,100
Filing fees						4,989		4,989
Legal and professional fees						11,868		11,868
Subscriptions	3,815	2,610	1,305	2,310	10,040			10,040
Website expense	6,231	4,263	2,132	3,772	16,398			16,398
Amortization expense	10,140	6,938	3,469	6,137	26,684			26,684
Education and awareness	20,086				20,086			20,086
Advocacy				34,839	34,839			34,839
Travel and entertainment						2,308		2,308
Patient support and outreach		32,197			32,197			32,197
Research grants			236,947		236,947			236,947
Medical conferences	12,715				12,715			12,715
Bank processing fees						4,985		4,985
Telephone and internet						4,198		4,198
Insurance						8,280		8,280
Office expense	992	991	991	991	3,965	1,322		5,287
Office supplies	654	653	653	653	2,613	871		3,484
Storage rental						3,697		3,697
Total expenses	\$ 146,708	\$ 109,035	\$ 276,188	\$ 105,700	\$ 637,631	\$ 103,901	\$ 187,019	\$ 928,551

See Notes to Financial Statements

**Children's Cardiomyopathy Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services				Total Program Services	Supporting Services		Total
	Education	Patient Support	Research	Advocacy		Management and General	Fundraising	
Salaries	\$ 75,833	\$ 51,871	\$ 25,936	\$ 47,881	\$ 201,521	\$ 51,296	\$ 113,584	\$ 366,401
Payroll taxes	6,034	4,128	2,064	3,810	16,036	4,082	9,038	29,156
Total personnel services	81,867	55,999	28,000	51,691	217,557	55,378	122,622	395,557
Special events							206,523	206,523
Filing fees						4,518		4,518
Legal and professional fees						12,585		12,585
Subscriptions	926	633	317	584	2,460			2,460
Website expense	1,680	1,149	574	1,060	4,463			4,463
Amortization expense	7,758	5,306	2,653	4,898	20,615			20,615
Education and awareness	12,996				12,996			12,996
Advocacy				52,910	52,910			52,910
Travel and entertainment						3,922		3,922
Patient support and outreach		67,783			67,783			67,783
Research grants			296,303		296,303			296,303
Medical conferences	20,252				20,252			20,252
Bank processing fees						9,933		9,933
Telephone and internet						5,246		5,246
Insurance						6,214		6,214
Office expense	844	844	845	845	3,378	1,126		4,504
Office supplies	582	583	583	583	2,331	777		3,108
Storage rental						4,837		4,837
Total expenses	<u>\$ 126,905</u>	<u>\$ 132,297</u>	<u>\$ 329,275</u>	<u>\$ 112,571</u>	<u>\$ 701,048</u>	<u>\$ 104,536</u>	<u>\$ 329,145</u>	<u>\$ 1,134,729</u>

See Notes to Financial Statements

**Children’s Cardiomyopathy Foundation, Inc.**  
**Statement of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (73,840)	\$ 123,036
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gain on investments	(26,359)	(98,702)
Unrealized gain on investments	(229,897)	(113,190)
Amortization expense	26,684	20,615
Change in operating assets and liabilities:		
Accounts payable	12,500	
Refundable advance	77,114	
Net cash used in operating activities	<u>(213,798)</u>	<u>(68,241)</u>
Cash flows from investing activities:		
Purchase of investments	(604,716)	(547,897)
Proceeds from sale of investments	802,460	819,039
Dividends reinvested	(22,808)	(31,662)
Purchase of intangible assets	<u>(23,256)</u>	<u>(13,362)</u>
Net cash provided by investing activities	<u>151,680</u>	<u>226,118</u>
Cash flows from financing activities:		
Proceeds from SBA EIDL	<u>100,000</u>	
Net cash provided by financing activities	<u>100,000</u>	
Net increase in cash and cash equivalents	37,882	157,877
Cash and cash equivalents, beginning of year	<u>1,108,986</u>	<u>951,109</u>
Cash and cash equivalents, end of year	<u>\$ 1,146,868</u>	<u>\$ 1,108,986</u>
Supplemental disclosure of noncash flow information:		
Unrealized gain on investments	<u>\$ 229,897</u>	<u>\$ 113,190</u>

See Notes to Financial Statements

**Children's Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

---

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.

**Children’s Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

---

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 \$98,681 and \$2,013 as of December 31, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u>\$ 229,367</u>	<u>\$ 603,070</u>

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.

#### 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 gain on sale of investments are included in the statement of activities 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.

#### 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, 2020. 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, 2020 and 2019, 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 as of December 31, 2020 and 2019.

*Cash and cash equivalents and accounts payable:* the carrying amounts approximate fair value due to the short-term maturity of these instruments.

*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.

*Refundable advance:* The Paycheck Protection Program advance, a government grant which may be forgiven or converted to a loan at a future point in time and which imputed interest does not apply, is carried at cost. However, management believes the Organization will receive full forgiveness of the Paycheck Protection Program advance and, therefore, the Organization has determined it approximates fair value.

*Long-term debt:* Long-term debt is carried at cost. However, management believes the Center can obtain similar loans at similar terms, therefore, the Organization has determined it approximates fair value.

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.

### 3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 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.

**Children’s Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,146,868	\$ 1,108,986
Investments	<u>1,440,182</u>	<u>1,358,862</u>
Total financial assets	2,587,050	2,467,848
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>98,681</u>	<u>2,013</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,488,369</u>	<u>\$ 2,465,835</u>

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, 2020 and 2019:

	<u>2020</u>		
	<u>Cost Basis</u>	<u>Fair Market Value (Level 1)</u>	<u>Unrealized Gains (Losses)</u>
Equities	\$ 1,067	\$ 5,308	\$ 4,241
ETF's	152,836	227,523	74,687
Mutual Funds	<u>968,965</u>	<u>1,207,351</u>	<u>238,386</u>
Total investments	<u>\$ 1,122,868</u>	<u>\$ 1,440,182</u>	<u>\$ 317,314</u>

**Children’s Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

	2019		
	Cost Basis	Fair Market Value (Level 1)	Unrealized Gains (Losses)
Equities	\$ 104,800	\$ 243,141	\$ 138,341
ETF's	504,498	502,225	(2,273)
Mutual Funds	541,374	613,496	72,122
Total investments	<u>\$ 1,150,672</u>	<u>\$ 1,358,862</u>	<u>\$ 208,190</u>

Investment activity at December 31, 2020 and 2019 is comprised of the following:

	2020	2019
Beginning balance	\$ 1,358,862	\$ 1,386,450
Purchases	604,716	547,897
Sales	(802,460)	(819,039)
Dividend income reinvested	22,808	31,662
Realized gain on investments	26,359	98,702
Unrealized gain on investments	229,897	113,190
Ending balance	<u>\$ 1,440,182</u>	<u>\$ 1,358,862</u>

Return on investments at December 31, 2020 and 2019 is comprised of the following:

	2020	2019
Interest and dividend income	\$ 36,622	\$ 47,581
Realized gain on investments	26,359	98,702
Unrealized gain on investments	229,897	113,190
	<u>\$ 292,878</u>	<u>\$ 259,473</u>

5. Long-Term Debt

In July 2020, The Organization applied and received an Economic Injury Disaster Loan (EIDL). 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). The proceeds of the loan must be used for working capital & normal operating expenses. The loan is secured by collateral as defined in the loan agreement. The loan accrues interest at the rate of 2.75% per annum. The Organization will make installment payments, including principal and interest of \$410 monthly and will begin repayments 12 months from date of promissory note which was July 14, 2020. The balance of principal and interest will be payable over 30 years from the date of the promissory note. The balance outstanding as of December 31, 2020, is \$100,000.

**Children’s Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

---

The following schedule of the Organization’s obligation by the years of future annual principal payments:

<u>Years Ended</u>	
2021	\$ 2,462
2022	4,925
2023	4,925
2024	4,925
2025	4,925
Thereafter	<u>77,838</u>
	<u>\$ 100,000</u>

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, 2020 and 2019 are comprised of the following:

	<u>Estimated Useful Lives (Years)</u>	<u>2020</u>	<u>2019</u>
Website Development Costs	3	\$ 98,462	\$ 75,206
Less: Accumulated Amortization		<u>(47,299)</u>	<u>(20,615)</u>
		<u>\$ 51,163</u>	<u>\$ 54,591</u>

For the years ended December 31, 2020 and 2019, the Organization incurred amortization expense of \$26,684, and \$20,615, respectively.

**Children’s Cardiomyopathy Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

---

7. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2020 and 2019 are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
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	
Hospital Bags Project		\$ 2,013
	<u>                    </u>	<u>                    </u>
Total net assets with donor restrictions	<u>\$ 98,681</u>	<u>\$ 2,013</u>

Net assets released from donor restrictions during 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restriction:		
Hospital Bags Project	\$ 2,013	
Patient Storytelling App Development Grant	19,319	
Fift Intl Conference on PC	7,000	
	<u>                    </u>	<u>                    </u>
	<u>\$ 28,332</u>	<u>\$ -</u>

8. 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. The PPP funding of \$77,114 is recognized as a refundable advance as of December 31, 2020, as the conditions have not been met.

9. Risk and Uncertainties

The COVID-19 coronavirus outbreak has caused business disruption through government mandated and voluntary closings and has contributed to significant declines and volatility in financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings.

Therefore, the Organization expects this matter may have an impact on its future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

10. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2020 and through the date of the independent auditors' report and the date the financial statements were available to be issued, March 18, 2021. 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.

In February 2021, the Organization was approved and received a second draw of funding in the amount of \$74,602 under the Paycheck Protection Program which was created by The Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by the United States of America Congress. Certain amounts may be forgiven if the Organization utilizes these funds in accordance with guidelines outlined under the program. Management is currently evaluating the use of these funds; therefore, the related financial impact and potential amount expected to be repaid, if any, cannot be reasonably estimated at this time.