

Financial Statements

Children's HeartLink

Minneapolis, Minnesota

For the Years Ended
June 30, 2021 and 2020

Children's HeartLink
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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's HeartLink
Minneapolis, Minnesota

We have audited the accompanying financial statements of Children's HeartLink (the Organization) a nonprofit organization, which comprises the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2020 were audited by other auditors whose report dated December 7, 2020 expressed an unmodified opinion on those statements.

Abdo
Minneapolis, Minnesota
September 20, 2021

FINANCIAL STATEMENTS

Children's HeartLink
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,377,653	\$ 938,118
Accounts receivable	159,362	25
Pledges receivable, current, net of allowance for doubtful accounts of \$3,864 and \$9,118 in 2021 and 2020, respectively	326,889	490,288
Prepaid expenses	42,495	19,452
Total Current Assets	1,906,399	1,447,883
Property and Equipment		
Building	300,000	300,000
Building improvements	124,669	124,669
Furniture and equipment	78,899	78,899
Total Property and Equipment	503,568	503,568
Less: Accumulated Depreciation	(349,517)	(322,165)
Total Property and Equipment, Net	154,051	181,403
Other Assets		
Pledges receivable, noncurrent	82,780	426,578
Total Assets	\$ 2,143,230	\$ 2,055,864
Liabilities		
Current Liabilities		
Accounts payable	\$ 31,662	\$ 27,832
Accrued payroll and other liabilities	37,803	18,231
Deferred revenue	47,500	17,500
Paycheck Protection Program note payable	213,525	212,600
Total Liabilities	330,490	276,163
Net Assets		
Without donor restrictions		
Undesignated	980,801	82,371
Board-designated	152,200	152,200
Total Without Donor Restrictions	1,133,001	234,571
With donor restrictions		
Total Net Assets	1,812,740	1,779,701
Total Liabilities and Net Assets	\$ 2,143,230	\$ 2,055,864

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Grants and contributions	712,552	352,100	1,064,652	471,446	759,711	1,231,157
Special events and activities, net of direct benefit to donor						
\$24,189 and \$230,090 in 2021 and 2020, respectively	\$ 527,145	\$ -	\$ 527,145	\$ 804,006	\$ -	\$ 804,006
Paycheck Protection Program forgiveness	212,600	-	212,600	-	-	-
In-kind contributions	147,644	-	147,644	330,055	-	330,055
Net assets released from restriction	1,217,491	(1,217,491)	-	666,141	(666,141)	-
Total Support	<u>2,817,432</u>	<u>(865,391)</u>	<u>1,952,041</u>	<u>2,271,648</u>	<u>93,570</u>	<u>2,365,218</u>
Revenue						
Other income	162,563	-	162,563	1,471	-	1,471
Total Support and Revenue	<u>2,979,995</u>	<u>(865,391)</u>	<u>2,114,604</u>	<u>2,273,119</u>	<u>93,570</u>	<u>2,366,689</u>
Expenses						
Program Related	1,335,114	-	1,335,114	1,605,371	-	1,605,371
Management and General	268,613	-	268,613	280,538	-	280,538
Special Events and Activities	124,248	-	124,248	119,945	-	119,945
Fundraising	353,590	-	353,590	403,011	-	403,011
Total Expenses	<u>2,081,565</u>	<u>-</u>	<u>2,081,565</u>	<u>2,408,865</u>	<u>-</u>	<u>2,408,865</u>
Change in Net Assets	898,430	(865,391)	33,039	(135,746)	93,570	(42,176)
Beginning Net Assets	<u>234,571</u>	<u>1,545,130</u>	<u>1,779,701</u>	<u>370,317</u>	<u>1,451,560</u>	<u>1,821,877</u>
Ending Net Assets	<u>\$ 1,133,001</u>	<u>\$ 679,739</u>	<u>\$ 1,812,740</u>	<u>\$ 234,571</u>	<u>\$ 1,545,130</u>	<u>\$ 1,779,701</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink
Statements of Functional Expenses
For the Year Ended June 30, 2021

	Program Services	Support Services			Total
		Management and General	Special Events and Activities	Fundraising	
Personnel Costs					
Salaries and wages	\$ 596,982	\$ 132,681	\$ 61,439	\$ 234,953	\$ 1,026,055
Employee benefits	78,869	11,291	11,557	9,821	111,538
Payroll tax	48,727	10,980	5,066	19,574	84,347
Total Personnel Costs	<u>724,578</u>	<u>154,952</u>	<u>78,062</u>	<u>264,348</u>	<u>1,221,940</u>
Expenses					
Grants	180,170	-	-	-	180,170
Training and education	34,333	606	334	1,294	36,567
Professional fees	141,865	97,972	22,392	29,208	291,437
Professional fees and consulting - in-kind	147,644	-	-	-	147,644
Depreciation	15,592	3,974	2,193	5,592	27,351
Office expenses	41,257	784	8,324	7,693	58,058
Utilities	8,721	2,217	1,223	3,119	15,280
Repairs and maintenance	10,635	2,711	1,496	3,814	18,656
Other expenses	30,319	5,397	10,224	38,522	84,462
Direct benefit to donors	-	-	-	24,189	24,189
Total Expenses Including Direct Benefit to Donors	<u>1,335,114</u>	<u>268,613</u>	<u>124,248</u>	<u>377,779</u>	<u>2,105,754</u>
Less: Direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,189)</u>	<u>(24,189)</u>
Total Expenses	<u>\$ 1,335,114</u>	<u>\$ 268,613</u>	<u>\$ 124,248</u>	<u>\$ 353,590</u>	<u>\$ 2,081,565</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink
Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2020

	Program Services	Support Services			Total
		Management and General	Special Events and Activities	Fundraising	
Personnel Costs					
Salaries and wages	\$ 688,922	\$ 141,083	\$ 61,006	\$ 264,306	\$ 1,155,317
Employee benefits	83,647	22,991	17,709	25,043	149,390
Payroll tax	58,739	8,269	5,173	22,280	94,461
Total Personnel Costs	<u>831,308</u>	<u>172,343</u>	<u>83,888</u>	<u>311,629</u>	<u>1,399,168</u>
Expenses					
Training and education	154,672	1,108	3,246	14,471	173,497
Medical supplies - in-kind	-	845	-	-	845
Travel	94,981	707	3,510	9,055	108,253
Professional fees	119,827	90,383	5,622	14,492	230,324
Professional fees and consulting - in-kind	324,410	-	-	-	324,410
Depreciation	14,316	4,012	2,702	5,607	26,637
Office expenses	17,393	1,344	13,865	6,058	38,660
Utilities	11,650	2,620	1,765	3,746	19,781
Repairs and maintenance	9,519	2,668	1,797	3,728	17,712
Other expenses	27,295	4,508	3,550	34,225	69,578
Direct benefit to donors	-	-	-	230,090	230,090
Total Expenses Including Direct Benefit to Donors	<u>1,605,371</u>	<u>280,538</u>	<u>119,945</u>	<u>633,101</u>	<u>2,638,955</u>
Less: Direct benefit to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(230,090)</u>	<u>(230,090)</u>
Total Expenses	<u>\$ 1,605,371</u>	<u>\$ 280,538</u>	<u>\$ 119,945</u>	<u>\$ 403,011</u>	<u>\$ 2,408,865</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink
 Combined Statements of Cash Flows
 For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 33,039	\$ (42,176)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	27,351	26,637
Forgiveness of Paycheck Protection Program note payable	(212,600)	-
Changes in assets and liabilities		
Accounts receivable	(159,337)	-
Pledges receivable, net	507,197	64,929
Prepaid expenses	(23,043)	10,680
Accounts payable	3,830	(26,367)
Accrued payroll and other liabilities	19,572	(14,540)
Deferred revenue	30,000	(227,500)
Net Cash Provided (Used) by Operating Activities	226,009	(208,337)
 Cash Flows From Investing Activities		
Purchase of property and equipment	-	(64,396)
 Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program note payable	212,638	212,600
Proceeds from interest on notes payable	888	-
Net Cash Provided by Financing Activities	213,526	212,600
 Net Increase (Decrease) in Cash and Cash Equivalents	439,535	(60,133)
 Cash and Cash Equivalents - Beginning of Year	938,118	998,251
 Cash and Cash Equivalents - End of Year	\$ 1,377,653	\$ 938,118

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

A. Nature of Organization

Children's HeartLink (the Organization) is 501(c)(3), founded in 1969 and headquartered in Minneapolis, Minnesota, is an international medical nonprofit organization. To save the lives of children with heart disease, Children's HeartLink partners with organizations to train medical teams, provide education, and transform health care in underserved parts of the world.

The principal activity of the Organization is to improve cardiovascular care for children in Brazil, China, India, Malaysia, and Vietnam. The Organization works in partnership with pediatric cardiac programs in these countries and focuses efforts on programs and training for medical personnel, including clinical, organizational and community capacity-building initiatives, direct treatment of children, and technical support.

The Organization's revenues come from a broad base of support from individual, corporate, and foundation donors, along with special-event fundraising activities.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restriction (Unrestricted)

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restriction (Restricted)

Net assets with donor restrictions are those resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization or passage of time. 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.

As of June 30, 2021 and 2020, there was a remaining balance of \$152,200 of board-designated net assets for the strategic initiatives reserve.

C. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in its financial statements and accompanying notes. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term, highly liquid investments and investments purchased with a maturity of three months or less to be considered cash or cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insurance limits at times.

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

The Organization's accounts receivable are due in less than one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. There was no allowance for doubtful accounts on accounts receivable as of June 30, 2021 and 2020.

F. Pledges Receivable

Unconditional promises to give are recorded at net realizable value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in the contribution revenue. As of June 30, 2021 and 2020, the discount to net present value was \$5,620 and \$29,029, respectively.

The Organization follows a policy of providing an allowance for doubtful accounts. As of June 30, 2021 and 2020, the allowance was \$3,864 and \$9,118, respectively.

G. Property and Equipment

Property and equipment are stated at the lower of cost or fair value if purchased and the lower of fair value at date of the gift or current fair value if donated. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. The Organization's capitalization threshold is \$2,000.

Depreciation and amortization are computed on the straight-line basis over the assets' estimated useful lives as follows:

<u>Property and Equipment</u>	<u>Useful Life</u>
Buildings	39 years
Building Improvements	5 - 10 years
Furniture and Equipment	3 - 10 years

H. Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use and eventual disposition of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

I. Deferred Revenue

Deferred revenue consists primarily of sponsorships received in advance of the annual gala event, which will be held subsequent to year-end.

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies (Continued)

J. Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

There were no unrecognized conditional contributions as of June 30, 2021 and 2020.

Special event revenue consists of sponsorships and contributions. The exchange element of the special event revenue was \$297,500 and \$468,256 for the years ended June 30, 2021 and 2020, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met, which is the occurrence of the event.

K. Contributions and Pledges

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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 restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support with donor restrictions and then released upon being spent.

The Organization reports gifts of land, buildings, and equipment as general support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

L. In-Kind Contributions

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require additional skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received contributions of supplies, patient care services, and other supporting services. The estimated fair value of professional (primarily medical) services, which require specialized skills and would have been purchased if not provided by contributors, is reported as revenue and expense in the period in which the services are provided. The professional services totaled \$147,644 and \$324,410 for the years ended June 30, 2021 and 2020, respectively.

Donated medical supplies and other donations are recognized as revenue when received at their fair value. Expense related to donated medical supplies and other donations totaled \$0 and \$5,645 for the years ended June 30, 2021 and 2020, respectively.

In addition to the above, a substantial number of unpaid nonprofessional volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these statements since the value, while clearly substantial, does not meet the standards for recognizing donated services.

Note 1: Summary of Significant Accounting Policies (Continued)

M. Functional Expense Allocation

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 present the natural classification detail of expenses by function. Accordingly, utilities, office expenses, and depreciation have been allocated among the programs and supporting services allocated on the basis of employee time and effort.

N. Income Taxes

The Organization is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code.

O. Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense paid to vendors was \$218 and \$46 for the years ended June 30, 2021 and 2020, respectively.

P. Upcoming Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for Children's HeartLink on July 1, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its consolidated financial statements at this time.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The new guidance is effective for Children's HeartLink on July 1, 2021. The Organization is currently evaluating the impact this standard will have on its financial statements.

Q. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

R. Subsequent Events

Subsequent events were evaluated through September 20, 2021, which is the date the financial statements were available to be issued.

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 2: Pledges Receivable

Pledges receivable as of June 30, 2021 and 2020 are expected to be collected as follows:

	2021	2020
Amounts due in:		
Less than one year	\$ 330,753	\$ 490,263
One to five years	88,400	464,750
Total Pledges Receivable	419,153	955,013
Less: allowance for doubtful accounts	(3,864)	(9,118)
Less: discount to net present value	(5,620)	(29,029)
Total Pledges Receivable, Net	\$ 409,669	\$ 916,866

Note 3: Line of Credit

On January 11, 2021, the Organization entered into a \$100,000 line of credit agreement that expires on January 4, 2022. The outstanding principal balance on the line of credit bears interest at 5.75%. As of June 30, 2021 and 2020, there was nothing outstanding on the line of credit.

Note 4: Paycheck Protection Program Loan

In April 2020, the Organization entered into a promissory note agreement with Bremer Bank in the amount of \$212,600 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). The note was fully forgiven by June 30, 2021 and was recognized as revenue for the year then ended.

In January 2021, the Organization entered into a second promissory note agreement with Bremer Bank in the amount of \$212,638 pursuant to the second Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature January 2026. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). As of June 30, 2021 the note had accrued interest of \$887. The note is expected to be fully forgiven.

Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Program Services		
China	\$ 82,751	\$ 121,465
Southeast Asia	153,049	452,558
Time Restrictions	443,939	971,107
Total	\$ 679,739	\$ 1,545,130

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 5: Net Assets With Donor Restrictions (Continued)

Net assets released from donor restrictions consist of the following during the years ended June 30, 2021 and 2020:

	2021	2020
Program Restrictions Accomplished		
China	\$ 138,714	\$ 16,191
Southeast Asia	531,709	229,190
Other program restrictions	-	47,178
Time Restrictions	547,068	373,582
Total	\$ 1,217,491	\$ 666,141

Note 6: Concentrations

The Organization encounters a certain amount of credit risk as the result of a concentration of receivables and revenues from significant sources. For the years ended June 30, 2021 and 2020, 63% and 41% of grant and contribution revenue were from 2 sources for both years, respectively. For the years ended June 30, 2021 and 2020, 25% and 34%, respectively, of total revenue came from special events and activities. For the years ended June 30, 2021 and 2020, 91% and 82% of receivables were from 4 and 3 sources, respectively. A significant reduction in the level of support from these entities may have an impact on the Organization's ability to continue its programs and services.

Note 7: Retirement Benefits

The Organization has established a 403(b) retirement plan, which covers all employees who have been employed by the Organization for at least one year and are at least 21 years old. Matching contributions are made at 50% of employee contributions up to 6% of the employee's compensation. Matching contributions of \$31,561 and \$36,114 were made for the years ended June 30, 2021 and 2020, respectively.

Note 8: Operating Leases

The Organization leases storage space and office equipment under cancelable and noncancelable operating leases. The Organization is obligated to pay costs of insurance, taxes, repairs, and maintenance pursuant to the terms of the leases. Lease expense was \$3,356 and \$3,260 for the years ended June 30, 2021 and 2020, respectively.

The Organization's building was gifted to the Organization and, as part of the gift, the Organization is required to pay for the maintenance of the parking lot. The Organization has a commitment to pay an unrelated party \$1,200 per month as long as the Organizations remains in the building. If the Organization were to move or sell the building, the commitment would stay with the building and move to the new owner.

Children's HeartLink
Notes to the Financial Statements
June 30, 2021 and 2020

Note 8: Operating Leases (Continued)

Future minimum lease payments for the storage space and office equipment are as follows:

Year Ending June 30,	Amount
2022	\$ 3,152
2023	3,072
2024	2,832
2025	2,832
2026	2,124
Total	<u>\$ 14,012</u>

Note 9: Liquidity and Availability of Resources

The Organization has the following assets available to meet financial needs for one year:

	2021	2020
Financial Assets, June 30		
Cash and cash equivalents	\$ 1,377,653	\$ 938,118
Accounts receivable	159,362	-
Pledges receivable	409,669	916,891
Total Financial Assets	<u>1,946,684</u>	<u>1,855,009</u>
Less Those Unavailable for General Expenditure Within One Year, Due to:		
Board designations	(152,200)	(152,200)
Donor restrictions	<u>(679,739)</u>	<u>(1,054,842)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,114,745</u>	<u>\$ 647,967</u>

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. Cash in excess of daily requirements is typically invested in short-term liquid securities (sweep account). The Organization can draw from the line of credit, if needed, to cover operating expenses.

Note 10: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.