



Financial Statements

Children's HeartLink

Minneapolis, Minnesota

For the year ended June 30, 2022 and 2021



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Children's HeartLink
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June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's HeartLink
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Children's HeartLink (the Organization) a nonprofit organization, which comprises the statements of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

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.



Abdo
Minneapolis, Minnesota
September 19, 2022



FINANCIAL STATEMENTS

Children's HeartLink
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,149,346	\$ 1,377,653
Accounts receivable	22,500	159,362
Pledges receivable, current, net of allowance for doubtful accounts of \$1,850 and \$3,864 in 2022 and 2021, respectively	114,050	326,889
Prepaid expenses	22,076	42,495
Total Current Assets	2,307,972	1,906,399
Property and Equipment		
Building	300,000	300,000
Building improvements	124,669	124,669
Furniture and equipment	85,149	78,899
Total Property and Equipment	509,818	503,568
Less: Accumulated Depreciation	(372,931)	(349,517)
Total Property and Equipment, Net	136,887	154,051
Other Assets		
Pledges receivable, noncurrent, net of discount to net present value of \$7,113 and \$5,620 in 2022 and 2021, respectively	61,387	82,780
Total Assets	\$ 2,506,246	\$ 2,143,230
Liabilities		
Current Liabilities		
Accounts payable	\$ 29,736	\$ 31,662
Accrued payroll and other liabilities	62,930	37,803
Deferred revenue	77,500	47,500
Paycheck Protection Program note payable	-	213,525
Total Liabilities	170,166	330,490
Net Assets		
Without donor restrictions		
Undesignated	1,782,104	980,801
Board-designated	152,200	152,200
Total Without Donor Restrictions	1,934,304	1,133,001
With donor restrictions	401,776	679,739
Total Net Assets	2,336,080	1,812,740
Total Liabilities and Net Assets	\$ 2,506,246	\$ 2,143,230

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

Children's HeartLink
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Grants and contributions	\$ 1,514,023	\$ 406,640	\$ 1,920,663	\$ 712,552	\$ 352,100	\$ 1,064,652
Special events and activities, net of direct benefit to donor						
\$151,692 and \$24,189 in 2022 and 2021, respectively	539,644	-	539,644	527,145	-	527,145
Paycheck Protection Program note and interest forgiveness	214,953	-	214,953	212,600	-	212,600
In-kind contributions	454,721	-	454,721	147,644	-	147,644
Total Support	<u>2,723,341</u>	<u>406,640</u>	<u>3,129,981</u>	<u>1,599,941</u>	<u>352,100</u>	<u>1,952,041</u>
Revenue						
Other income	1,098	-	1,098	162,563	-	162,563
Net assets released from restriction	684,603	(684,603)	-	1,217,491	(1,217,491)	-
Total Support and Revenue	<u>3,409,042</u>	<u>(277,963)</u>	<u>3,131,079</u>	<u>2,979,995</u>	<u>(865,391)</u>	<u>2,114,604</u>
Expenses						
Program related	1,831,886	-	1,831,886	1,335,114	-	1,335,114
Management and general	263,645	-	263,645	268,613	-	268,613
Fundraising	512,208	-	512,208	477,838	-	477,838
Total Expenses	<u>2,607,739</u>	<u>-</u>	<u>2,607,739</u>	<u>2,081,565</u>	<u>-</u>	<u>2,081,565</u>
Change in Net Assets	801,303	(277,963)	523,340	898,430	(865,391)	33,039
Beginning 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>
Ending Net Assets	<u>\$ 1,934,304</u>	<u>\$ 401,776</u>	<u>\$ 2,336,080</u>	<u>\$ 1,133,001</u>	<u>\$ 679,739</u>	<u>\$ 1,812,740</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, 2022

	Program Services	Support Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries and wages	\$ 722,324	\$ 192,013	\$ 314,940	\$ 1,229,277
Employee benefits	80,023	10,997	13,613	104,633
Payroll tax	57,547	15,297	25,091	97,935
Total Personnel Costs	859,894	218,307	353,644	1,431,845
Expenses				
Training and education	200,919	1,724	2,828	205,471
Travel	28,904	253	3,955	33,112
Professional fees	192,089	24,080	74,269	290,438
Professional fees and consulting - in-kind	452,865	703	1,153	454,721
Depreciation	14,403	3,413	5,598	23,414
Office expenses	18,451	3,944	20,428	42,823
Utilities	6,408	1,703	2,794	10,905
Repairs and maintenance	17,939	4,769	7,821	30,529
Other expenses	40,014	4,749	39,718	84,481
Direct benefit to donors	-	-	151,692	151,692
Total Expenses Including Direct Benefit to Donors	1,831,886	263,645	663,900	2,759,431
Less: Direct benefit to donors	-	-	(151,692)	(151,692)
Total Expenses	\$ 1,831,886	\$ 263,645	\$ 512,208	\$ 2,607,739

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, 2021

	Program Services	Support Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries and wages	\$ 596,982	\$ 132,681	\$ 296,392	\$ 1,026,055
Employee benefits	78,869	11,291	21,378	111,538
Payroll tax	48,727	10,980	24,640	84,347
Total Personnel Costs	724,578	154,952	342,410	1,221,940
Expenses				
Grants	180,170	-	-	180,170
Training and education	34,333	606	1,628	36,567
Professional fees	141,865	97,972	51,600	291,437
Professional fees and consulting - in-kind	147,644	-	-	147,644
Depreciation	15,592	3,974	7,785	27,351
Office expenses	41,257	784	16,017	58,058
Utilities	8,721	2,217	4,342	15,280
Repairs and maintenance	10,635	2,711	5,310	18,656
Other expenses	30,319	5,397	48,746	84,462
Direct benefit to donors	-	-	24,189	24,189
Total Expenses Including Direct Benefit to Donors	1,335,114	268,613	502,027	2,105,754
Less: Direct benefit to donors	-	-	(24,189)	(24,189)
Total Expenses	\$ 1,335,114	\$ 268,613	\$ 477,838	\$ 2,081,565

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

Children's HeartLink
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 523,340	\$ 33,039
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,414	27,351
Forgiveness of Paycheck Protection Program note payable and related interest	(214,953)	(212,600)
Changes in assets and liabilities		
Accounts receivable	136,862	(159,337)
Pledges receivable, net	234,232	507,197
Prepaid expenses	20,419	(23,043)
Accounts payable	(1,926)	3,830
Accrued payroll and other liabilities	25,127	19,572
Deferred revenue	30,000	30,000
Net Cash Provided by Operating Activities	776,515	226,009
 Cash Flows From Investing Activities		
Purchase of property and equipment	(6,250)	-
 Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program note payable	-	212,638
Proceeds from interest on notes payable	1,428	888
Net Cash Provided by Financing Activities	1,428	213,526
 Net Change in Cash and Cash Equivalents	771,693	439,535
 Cash and Cash Equivalents - Beginning of Year	1,377,653	938,118
 Cash and Cash Equivalents - End of Year	\$ 2,149,346	\$ 1,377,653

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

Children's HeartLink
Notes to the Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

The Organization's accounts receivables 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, 2022 and 2021.

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, 2022 and 2021, the discount to net present value was \$7,113 and \$5,620, respectively.

The Organization follows a policy of providing an allowance for doubtful accounts. As of June 30, 2022 and 2021, the allowance was \$1,850 and \$3,864, 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:

Property and Equipment	Useful Life
Buildings	39 years
Building Improvements	5 - 10 years
Furniture and Equipment	3 - 10 years

Depreciation and amortization expense was \$23,414 and \$27,351 for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021

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, 2022 and 2021.

Special event revenue consists of sponsorships and contributions. The exchange element of the special event revenue was \$324,982 and \$297,500 for the years ended June 30, 2022 and 2021, 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 for use towards pediatric cardiovascular care. 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 estimated fair value of the professional services is based on time rates for each practitioner. The professional services totaled \$454,721 and \$147,644 for the years ended June 30, 2022 and 2021, respectively. There were no in-kind professional services that were restricted by the donor for the years ended June 30, 2022 and 2021.

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.

Children's HeartLink
Notes to the Financial Statements
June 30, 2022 and 2021

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 \$2,173 and \$218 for the years ended June 30, 2022 and 2021, respectively.

P. New Accounting Pronouncements

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 was applied on a retrospective basis and was effective for Children's HeartLink on July 1, 2021.

Q. 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 financial statements at this time.

R. 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.

S. Subsequent Events

Subsequent events were evaluated through September 19, 2022, which is the date the financial statements were available to be issued.

Children's HeartLink
Notes to the Financial Statements
June 30, 2022 and 2021

Note 2: Pledges Receivable

Pledges receivable as of June 30, 2022 and 2021 are expected to be collected as follows:

	2022	2021
Amounts due in:		
Less than one year	\$ 115,900	\$ 330,753
One to five years	68,500	88,400
Total Pledges Receivable	184,400	419,153
Less: allowance for doubtful accounts	(1,850)	(3,864)
Less: discount to net present value	(7,113)	(5,620)
Total Pledges Receivable, Net	\$ 175,437	\$ 409,669

Note 3: Line of Credit

On January 7, 2022, the Organization entered into a \$100,000 line of credit agreement that expires on January 4, 2023. The outstanding principal balance on the line of credit bears interest at 5.75%. As of June 30, 2022 and 2021, 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, 2022 and 2021, the note had accrued interest of \$1,428 and \$888, respectively. The note and all accrued interest were fully forgiven by June 30, 2022 and were recognized as revenue for the year then ended.

Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Program Services		
China	\$ 79,876	\$ 82,751
Southeast Asia	146,463	153,049
Time Restrictions	175,437	443,939
Total	\$ 401,776	\$ 679,739

Children's HeartLink
Notes to the Financial Statements
June 30, 2022 and 2021

Note 5: Net Assets With Donor Restrictions (Continued)

Net assets released from donor restrictions consist of the following during the years ended June 30, 2022 and 2021:

	2022	2021
Program Restrictions Accomplished		
China	\$ 102,875	\$ 138,714
Southeast Asia	211,586	531,709
Time Restrictions	370,142	547,068
Total	\$ 684,603	\$ 1,217,491

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, 2022 and 2021, 66% and 63% of grant and contribution revenue were from 3 sources and 2 sources, respectively. For the years ended June 30, 2022 and 2021, 17% and 25%, respectively, of total revenue came from special events and activities. For the years ended June 30, 2022 and 2021, 73% and 91% of receivables were from 4 sources for both years, 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 \$29,085 and \$31,561 were made for the years ended June 30, 2022 and 2021, 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 \$3,528 and \$3,356 for the years ended June 30, 2022 and 2021, 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.

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

Year Ending June 30,	Amount
2023	\$ 3,072
2024	2,832
2025	2,832
2026	2,124
Total	\$ 10,860

Children's HeartLink
Notes to the Financial Statements
June 30, 2022 and 2021

Note 9: Related Parties

The Organization had transactions with various board members and employees of the Organization during 2022 and 2021. Transactions with related parties totaled \$319,211 and \$163,082 for the years ended June 30, 2022 and 2021, respectively.

Note 10: Liquidity and Availability of Resources

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

	2022	2021
Financial Assets, June 30		
Cash and cash equivalents	\$ 2,149,346	\$ 1,377,653
Accounts receivable	22,500	159,362
Pledges receivable, current	114,050	326,889
Total Financial Assets	2,285,896	1,863,904
Less Those Unavailable for General Expenditure Within One Year, Due to:		
Board designations	(152,200)	(152,200)
Donor restrictions	(401,776)	(679,739)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,731,920	\$ 1,031,965

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 11: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2021 and 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.