



Financial Statements

As of and for the years ended June 30, 2024 and 2023

Children's HeartLink

Edina, Minnesota



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Children's HeartLink

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Independent Auditors' Report

To the Board of Directors
Children's HeartLink
Edina, Minnesota

Opinion

We have audited the accompanying financial statements of Children's HeartLink (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Children's HeartLink as of June 30, 2024, 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. The financial statements of Children's HeartLink as of June 30, 2023 were audited by other auditors whose report dated September 27, 2023 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's HeartLink and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Children's HeartLink's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Children's HeartLink'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 Children's HeartLink'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.

Altruic Advisors, CPAs

Certified Public Accountants

Bloomington, Minnesota
October 7, 2024

Children's HeartLink

Statements of Financial Position

June 30	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,852,005	\$ 2,583,563
Pledges and grants receivable, current, less allowance for doubtful accounts	500,996	17,600
Other receivables	1,267	-
Investments	-	498,698
Prepaid expenses	35,103	74,736
Total current assets	<u>2,389,371</u>	<u>3,174,597</u>
Property and Equipment, net	<u>130,587</u>	<u>128,907</u>
Other Assets		
Pledges and grants receivable, net of current portion and net present value discount	216,772	331,627
Right-of-use assets, net	-	12,061
Total other assets	<u>216,772</u>	<u>343,688</u>
Total assets	<u>\$ 2,736,730</u>	<u>\$ 3,647,192</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 57,527	\$ 48,242
Accrued payroll expenses	26,755	54,348
Other accrued expenses	18,791	19,609
Deferred revenue	-	97,128
Current portion of operating lease obligations	-	3,317
Total current liabilities	<u>103,073</u>	<u>222,644</u>
Long-Term Liabilities		
Operating lease obligations, net of current portion	-	9,043
Total long-term liabilities	<u>-</u>	<u>9,043</u>
Total liabilities	<u>103,073</u>	<u>231,687</u>
Net Assets		
Without donor restrictions		
Undesignated	73,868	1,616,995
Board-designated	152,200	152,200
Total without donor restrictions	<u>226,068</u>	<u>1,769,195</u>
With donor restrictions	2,407,589	1,646,310
Total net assets	<u>2,633,657</u>	<u>3,415,505</u>
Total liabilities and net assets	<u>\$ 2,736,730</u>	<u>\$ 3,647,192</u>

The accompanying Notes are an integral
part of these financial statements

Children's HeartLink

Statement of Activities

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 212,807	\$ 1,780,139	\$ 1,992,946
Special event sponsorships and donations	772,766	-	772,766
In-kind contributions	648,920	-	648,920
Net assets released from restrictions			
Satisfaction of purpose restrictions	895,082	(895,082)	-
Expiration of time restrictions	123,778	(123,778)	-
Total operating support	<u>2,653,353</u>	<u>761,279</u>	<u>3,414,632</u>
Operating Revenue			
Special event revenue, net of expenses and net of \$772,766 in sponsorships and donations reported above	(200,730)	-	(200,730)
Total operating revenue	<u>(200,730)</u>	<u>-</u>	<u>(200,730)</u>
 Total operating support and revenue	<u>2,452,623</u>	<u>761,279</u>	<u>3,213,902</u>
Operating Expenses			
Program services	2,844,694	-	2,844,694
Supporting services			
General and administrative	580,207	-	580,207
Fundraising	646,300	-	646,300
Total operating expenses	<u>4,071,201</u>	<u>-</u>	<u>4,071,201</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>(1,618,578)</u>	<u>761,279</u>	<u>(857,299)</u>
Other Changes			
Non-investment interest	47,986	-	47,986
Investment interest	26,353	-	26,353
Net realized and unrealized investment gains	1,112	-	1,112
Total other changes	<u>75,451</u>	<u>-</u>	<u>75,451</u>
 Change in Net Assets	<u>(1,543,127)</u>	<u>761,279</u>	<u>(781,848)</u>
 Net Assets, Beginning of Year	<u>1,769,195</u>	<u>1,646,310</u>	<u>3,415,505</u>
 Net Assets, End of Year	<u>\$ 226,068</u>	<u>\$ 2,407,589</u>	<u>\$ 2,633,657</u>

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part of these financial statements

Children's HeartLink

Statement of Activities

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 1,408,479	\$ 2,211,565	\$ 3,620,044
Special event sponsorships and donations	546,713	-	546,713
In-kind contributions	541,290	-	541,290
Net assets released from restrictions			
Satisfaction of purpose restrictions	689,622	(689,622)	-
Expiration of time restrictions	277,409	(277,409)	-
Total operating support	<u>3,463,513</u>	<u>1,244,534</u>	<u>4,708,047</u>
Operating Revenue			
Special event revenue, net of expenses and net of \$546,713 in sponsorships and donations reported above	<u>(149,093)</u>	<u>-</u>	<u>(149,093)</u>
Total operating revenue	<u>(149,093)</u>	<u>-</u>	<u>(149,093)</u>
 Total operating support and revenue	<u>3,314,420</u>	<u>1,244,534</u>	<u>4,558,954</u>
Operating Expenses			
Program services	2,264,250	-	2,264,250
Supporting services			
General and administrative	536,945	-	536,945
Fundraising	694,832	-	694,832
Total operating expenses	<u>3,496,027</u>	<u>-</u>	<u>3,496,027</u>
 Total operating support and revenue in excess (deficit) of operating expenses	<u>(181,607)</u>	<u>1,244,534</u>	<u>1,062,927</u>
Other Changes			
Non-investment interest	18,645	-	18,645
Investment interest	8	-	8
Net realized and unrealized investment losses	<u>(2,155)</u>	<u>-</u>	<u>(2,155)</u>
Total other changes	<u>16,498</u>	<u>-</u>	<u>16,498</u>
 Change in Net Assets	<u>(165,109)</u>	<u>1,244,534</u>	<u>1,079,425</u>
 Net Assets, Beginning of Year	<u>1,934,304</u>	<u>401,776</u>	<u>2,336,080</u>
 Net Assets, End of Year	<u>\$ 1,769,195</u>	<u>\$ 1,646,310</u>	<u>\$ 3,415,505</u>

The accompanying Notes are an integral
part of these financial statements

Children's HeartLink

Statement of Functional Expenses

Year ended June 30, 2024

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ 988,181	\$ 173,703	\$ 470,663	\$ 644,366	\$1,632,547
Employee benefits	96,572	16,661	46,048	62,709	159,281
Payroll taxes	68,382	27,084	25,500	52,584	120,966
Total personnel costs	<u>1,153,135</u>	<u>217,448</u>	<u>542,211</u>	<u>759,659</u>	<u>1,912,794</u>
Program expenses	807,804	-	-	-	807,804
Travel	420,376	9,037	11,418	20,455	440,831
Other contracted services	135,294	56,700	40,670	97,370	232,664
Accounting fees	-	171,139	-	171,139	171,139
Grant expenses	100,000	-	-	-	100,000
Dues and fees	49,494	4,180	4,146	8,326	57,820
Legal fees	51,211	-	2,363	2,363	53,574
Information technology	5,703	43,016	4,087	47,103	52,806
Conferences and meetings	49,033	1,128	425	1,553	50,586
Repairs and maintenance	30,504	2,576	2,555	5,131	35,635
Depreciation	6,362	19,463	5,015	24,478	30,840
Fundraising expenses	-	-	26,687	26,687	26,687
Miscellaneous expenses	14,111	1,192	1,182	2,374	16,485
Bank and service charges	11,827	999	991	1,990	13,817
Insurance	-	13,815	-	13,815	13,815
Occupancy	-	12,037	-	12,037	12,037
Professional development	1,205	9,085	863	9,948	11,153
Equipment	1,112	8,385	797	9,182	10,294
Printing, publications, and postage	1,079	8,142	774	8,916	9,995
Gifts and awards	6,282	531	526	1,057	7,339
Advertising and promotions	-	114	1,474	1,588	1,588
Office expenses	162	1,220	116	1,336	1,498
Total expenses	<u>\$2,844,694</u>	<u>\$ 580,207</u>	<u>\$ 646,300</u>	<u>\$ 1,226,507</u>	<u>\$4,071,201</u>

The accompanying Notes are an integral part of these financial statements

Children's HeartLink

Statement of Functional Expenses

Year ended June 30, 2023

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries and wages	\$ 889,683	\$ 156,122	\$ 483,283	\$ 639,405	\$1,529,088
Employee benefits	82,615	44,415	33,572	77,987	160,602
Payroll taxes	66,199	11,543	35,866	47,409	113,608
Total personnel costs	<u>1,038,497</u>	<u>212,080</u>	<u>552,721</u>	<u>764,801</u>	<u>1,803,298</u>
Professional fees and consulting - in-kind	490,014	12,943	38,333	51,276	541,290
Professional fees	83,279	171,736	74,986	246,722	330,001
Travel	244,316	2,027	10,478	12,505	256,821
Conferences and meetings	186,856	3,959	794	4,753	191,609
Grant expenses	150,000	-	-	-	150,000
Office expenses	1,783	74,326	8,132	82,458	84,241
Miscellaneous expenses	65,434	5,690	7,185	12,875	78,309
Depreciation and amortization	4,071	27,225	-	27,225	31,296
Insurance	-	13,073	-	13,073	13,073
Occupancy	-	12,830	-	12,830	12,830
Advertising and promotions	-	240	2,203	2,443	2,443
Interest expense	-	816	-	816	816
Total expenses	<u>\$2,264,250</u>	<u>\$ 536,945</u>	<u>\$ 694,832</u>	<u>\$ 1,231,777</u>	<u>\$3,496,027</u>

The accompanying Notes are an integral
part of these financial statements

Children's HeartLink

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ (781,848)	\$ 1,079,425
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	30,840	31,296
Reinvestment of interest income	(26,353)	(853)
Net realized and unrealized investment (gains)/losses	(1,112)	2,155
Increase (decrease) from changes in assets and liabilities		
Pledges and grants receivable	(368,541)	(173,790)
Other receivables	(1,267)	22,500
Prepaid expenses	39,633	(52,660)
Right-of-use assets and related lease liabilities	(299)	-
Accounts payable	9,285	18,506
Accrued payroll and other liabilities	(28,411)	11,027
Deferred revenue	(97,128)	19,628
Net cash provided (used) by operating activities	<u>(1,225,201)</u>	<u>957,234</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(32,520)	(18,404)
Net sales (purchases) of investments	526,163	(500,000)
Net cash provided (used) by investing activities	<u>493,643</u>	<u>(518,404)</u>
Cash Flows From Financing Activities		
Payments on finance lease liabilities	-	(4,613)
Net cash used by financing activities	<u>-</u>	<u>(4,613)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(731,558)	434,217
Cash and Cash Equivalents, Beginning of Year	2,583,563	2,149,346
Cash and Cash Equivalents, End of Year	\$ 1,852,005	\$ 2,583,563
Supplemental Cash Flow Information		
Cash paid for interest	\$ -	\$ 816
Noncash investing and financing activities		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 4,158
Right-of-use assets obtained in exchange for new finance lease liabilities	-	12,815
Net non-cash investing and financing activities	<u>\$ -</u>	<u>\$ 16,973</u>

The accompanying Notes are an integral
part of these financial statements

Children's HeartLink

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Children's HeartLink ("the Organization") is a Minnesota nonprofit organized as a corporation in 1969 under the laws of the State of Minnesota. The Organization's mission is to save the lives of children with heart disease through partnering 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, Vietnam, and Africa. The Organization works in partnership with pediatric programs internationally 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.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

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

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Pledges and Grants Receivable. Pledges and grants are recognized as support in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Pledges and grants receivable are stated net of allowances for doubtful pledges. Management provides for probable doubtful pledges through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual amounts. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to pledges and grants receivable. As of June 30, 2024 and 2023, the allowance for doubtful pledges balance is recorded at \$14,962 and \$6,281, respectively.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements*.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Children's HeartLink

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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.

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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in methodologies used as of June 30, 2024 and 2023.

Fixed income securities. The Organization values fixed income securities with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year.

The method 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.

Children's HeartLink

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

In general, investments are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$2,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are currently calculated at three to ten years for furniture and equipment, thirty-nine years for buildings, and three to fifteen years for building improvements. For the years ended June 30, 2024 and 2023, depreciation expense was \$30,840 and \$26,383, respectively.

Intangible Assets. Intangible assets consist of the Organization's software development that is in the process of being developed and not yet placed into service as of June 30, 2024. Definite-lived intangible assets are stated at cost if purchased, or at fair value, if donated. The Organization did not have any intangible assets as of June 30, 2023.

Leases. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Basis of Net Asset Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, membership dues, rental income, and receiving investment and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Children's HeartLink

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Basis of Net Asset Presentation (continued).

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

Contributed Services. The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

Revenue Recognition.

The Organization's sources of revenue consist of special event ticket purchases. The ticket purchases are short-term and point-of-sale in nature. The ticket purchases are recognized at the time of the event occurrence.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities. The functional expenses for the year ended June 30, 2024 have been presented differently from the year ended June 30, 2023 by utilizing different expense account groupings without affecting net assets as of June 30, 2023.

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. For the years ended June 30, 2024 and 2023, advertising expense was \$1,588 and \$2,443, respectively.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Reclassifications. Certain amounts have been reclassified from the prior year financial statements to conform to the current year presentation without affecting total net assets as of June 30, 2023.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 7, 2024, the date at which the financial statements were available for release.

Children's HeartLink

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 – Pledges and Grants Receivable

Pledges and grants receivable are expected to be collected as follows at June 30:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 515,958	\$ 17,600
Due within one to five years	230,000	368,500
Total pledges and grants receivable	745,958	386,100
Less allowance for doubtful pledges	(14,962)	(6,281)
Less unamortized present value discount	(13,228)	(30,592)
	<u>\$ 717,768</u>	<u>\$ 349,227</u>

Pledges and grants receivable due in more than one year are recognized at fair value using present value techniques and a discount rate of 5.50%.

Note 3 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis, by fair value hierarchy, as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Fixed income securities	\$ 498,698	\$ -	\$ -	\$ 498,698

The Organization did not own any investments as of June 30, 2024.

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2024 and 2023, there were no significant transfers in or out of fair value levels.

Net investment income (loss) consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Net realized and unrealized gains (losses)	\$ 1,112	\$ (2,155)
Interest and dividends	26,353	8
	<u>\$ 27,465</u>	<u>\$ (2,147)</u>

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Notes to Financial Statements

June 30, 2024 and 2023

Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 300,000	\$ 300,000
Building improvements	132,958	132,958
Furniture and equipment	97,784	95,264
	<u>530,742</u>	<u>528,222</u>
Less accumulated depreciation	<u>(430,155)</u>	<u>(399,315)</u>
	100,587	128,907
Software development in progress	30,000	-
Net property and equipment	<u>\$ 130,587</u>	<u>\$ 128,907</u>

Note 5 – Right-of-Use Assets

Right-of-use assets consist of the following at June 30, 2023:

Right-of-use assets under operating leases	\$ 4,158
Right-of-use assets under finance leases	12,815
Less accumulated amortization	<u>(4,912)</u>
Net right-of-use assets	<u>\$ 12,061</u>

Amortization of the right-of use assets for the year ended June 30, 2023 was \$4,912.

As of June 30, 2024, the Organization had two lease obligations for office equipment (see Note 7). The Organization elected to write-off the right-of-use assets for these leases as management believes the present value of the remaining lease payments is immaterial to the financial statements overall.

Note 6 – Net Assets With Donor Restrictions

The balances of net assets with donor restrictions are as follows as of June 30, 2024:

	<u>July 1, 2023 Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2024 Balance</u>
<i>Time restrictions</i>	\$ 349,227	\$ 492,319	\$ 123,778	\$ 717,768
<i>Purpose restrictions</i>				
Coherence Fund	805,689	35,807	215,680	625,816
Southeast Asia	394,116	528,613	513,475	409,254
China	97,278	200,000	77,623	219,655
Africa	-	320,000	29,078	290,922
Latin America	-	203,400	59,226	144,174
Total	<u>\$ 1,646,310</u>	<u>\$ 1,780,139</u>	<u>\$ 1,018,860</u>	<u>\$ 2,407,589</u>

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Notes to Financial Statements

June 30, 2024 and 2023

Note 6 – Net Assets With Donor Restrictions (continued)

The balances of net assets with donor restrictions are as follows as of June 30, 2023:

	July 1, 2022 Balance	Additions	Releases	June 30, 2023 Balance
<i>Time restrictions</i>	\$ 175,437	\$ 451,199	\$ 277,409	\$ 349,227
<i>Purpose restrictions</i>				
Coherence Fund	-	1,000,008	194,319	805,689
Southeast Asia	146,463	660,358	412,705	394,116
China	79,876	100,000	82,598	97,278
Total	<u>\$ 401,776</u>	<u>\$ 2,211,565</u>	<u>\$ 967,031</u>	<u>\$ 1,646,310</u>

Note 7 – Leases and Commitments

The Organization leases equipment under two noncancelable operating leases which expire in April 2026 and May 2028. Rent expense, including maintenance, under the leases totaled \$3,791 for the year ended June 30, 2024.

Future annual minimum lease payments required under the noncancelable operating leases are as follows at June 30, 2024:

Year ended June 30	Total
2025	\$ 3,754
2026	3,282
2027	923
2028	845
	<u>\$ 1,650</u>

Note 8 – Special Event

The Organization derived net income from the following special fundraising event during the years ended June 30:

	2024 Gala	2023 Gala
Contributions	\$ 265,135	\$ 193,043
Sponsorships	449,049	297,459
Tickets	6,185	5,170
Auction sales	58,582	56,211
Direct costs	(206,915)	(154,263)
	<u>\$ 572,036</u>	<u>\$ 397,620</u>

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Notes to Financial Statements

June 30, 2024 and 2023

Note 9 – In-Kind Contributions

In-kind contributions are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>	<u>Usage</u>
Donated services	<u>\$ 648,920</u>	<u>\$ 541,290</u>	Pediatric cardiovascular care

The Organization received donated services valued using estimated wages for identical services using pricing data of similar services under a 'like-kind' methodology in the region of the contribution, considering the utility of the services at the time of the contribution. No in-kind contributions were restricted.

Note 10 – Retirement Plan

The Organization participates in a defined contribution retirement plan ("the Plan") under Internal Revenue Code Section 403(b). For all employees over the age of 21 and with at least one year of service, the Organization provides a matching contribution to the Plan of 50% of employee contributions up to 6% of the employee's compensation. For the years ended June 30, 2024 and 2023, the Organization expensed \$43,856 and \$48,945, respectively, for employer contributions to the Plan.

Note 11 – Subsequent Event

In September 2024, the Organization opened a \$100,000 line of credit ("the line") with Bremer Bank, N.A.. The line is secured by the assets of the Organization and matures in September 2025. Interest is variable and is currently set at 2.0% above the Reference Rate as published by Bremer Bank. As of the date at which the financial statements were available for release, there were no outstanding borrowings.

Note 12 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of three months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity and reserves monthly. During the years ended June 30, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

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Notes to Financial Statements

June 30, 2024 and 2023

Note 12 – Liquidity and Availability of Resources (continued)

The Organization's financial assets available for general expenditures within one year are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,852,005	\$ 2,583,563
Pledges and grants receivable	717,768	349,227
Other receivables	1,267	-
Investments	-	498,698
	<u>\$ 2,571,040</u>	<u>\$ 3,431,488</u>
Less amounts not available to be used within one year:		
Pledges and grants receivable for long-term purposes	(216,772)	(331,627)
Additional assets subject to donor restrictions	<u>(1,689,821)</u>	<u>(1,297,083)</u>
Financial assets available for general expenditures within one year	<u>\$ 664,447</u>	<u>\$ 1,802,778</u>

Note 13 – Concentrations of Credit Risk

Bank Deposits. At certain times during the years ended June 30, 2024 and 2023, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

Receivables Concentration. 66% of the Organization's receivables are derived from four donors as of June 30, 2024. 78% of the Organization's receivables are derived from one donor as of June 30, 2023.

Support Concentration. During the year ended June 30, 2023, two donors comprised 43% of the Organization's total support and revenue.