

CHILDREN'S CARDIOMYOPATHY FOUNDATION
FINANCIAL STATEMENTS
AND
ACCOMPANYING INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Children's Cardiomyopathy Foundation

We have audited the accompanying statement of financial position of Children's Cardiomyopathy Foundation, (a nonprofit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Cardiomyopathy Foundation as of December 31, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adelman Katz + Mond LLP

New York, N.Y.
May 3, 2010

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF FINANCIAL POSITION
(See Independent Auditors' Report)

DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 598,400
Investments	<u>1,020,929</u>
	<u>\$ 1,619,329</u>

NET ASSETS

NET ASSETS	
Unrestricted	\$ 1,521,264
Restricted	<u>98,065</u>
	<u>\$ 1,619,329</u>

See notes to financial statements.

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF ACTIVITIES
(See Independent Auditors' Report)

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009</u>
SUPPORT AND REVENUE			
Contributions	\$ 47,851	\$ 35,000	82,851
Fundraising	582,495	-0-	582,495
Interest and dividends	58,158	-0-	58,158
Unrealized gains	<u>135,717</u>	<u>-0-</u>	<u>135,717</u>
	824,221	35,000	859,221
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions	<u>32,645</u>	<u>(32,645)</u>	<u>-0-</u>
Total Support and Revenue	<u>856,866</u>	<u>2,355</u>	<u>859,221</u>
EXPENSES			
Program services	319,858	-0-	319,858
General and administrative	94,249	-0-	94,249
Fundraising	<u>200,253</u>	<u>-0-</u>	<u>200,253</u>
Total Expenses	<u>614,360</u>	<u>-0-</u>	<u>614,360</u>
CHANGES IN NET ASSETS	242,506	2,355	244,861
NET ASSETS - Beginning of year	<u>1,278,758</u>	<u>95,710</u>	<u>1,374,468</u>
NET ASSETS - End of year	<u>\$ 1,521,264</u>	<u>\$ 98,065</u>	<u>\$1,619,329</u>

See notes to financial statements.

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF CASH FLOWS
(See Independent Auditors' Report)

FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Changes in net assets	<u>\$ 244,861</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Increase in investments	(817,304)
Unrealized gains	<u>(135,717)</u>
Net Cash Used in Investing Activities	<u>(953,021)</u>
NET DECREASE IN CASH	(708,160)
CASH- Beginning of year	<u>1,306,560</u>
CASH - End of year	<u>\$ 598,400</u>

See notes to financial statements.

CHILDREN'S CARDIOMYOPATHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

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

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, the actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all liquid investments with maturity of twelve months or less to be cash equivalents.

Investments

The Foundation held investments at December 31, 2009. The investments are recorded at fair value on the statement of financial position in current assets, with the change in fair value during the year included in support and revenue.

CHILDREN'S CARDIOMYOPATHY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Public Support and Revenue

Contributions received are generally available for unrestricted use in the Foundation's year unless specifically restricted by the donor.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with the donor stipulation that limits the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets.

Revenue and Expense Recognition

The Foundation follows the accrual basis of accounting; income is recorded when earned and expenses are recorded in the period to which they pertain.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported temporarily restricted support that increases that net asset class.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

2. CONCENTRATION OF CREDIT RISK

Total cash held at three institutions, based on bank balances, exceeded federally insured limits by \$93,690 at December 31, 2009.

3. TAX STATUS

The Foundation is exempt from Federal income taxes as a publicly supported charity under Section 501(c)(3) of the Internal Revenue Code.

CHILDREN'S CARDIOMYOPATHY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

(See Independent Auditors' Report)

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2009</u>
Bank service charges	\$ -0-	\$ 4,453	\$ -0-	\$ 4,453
Accounting	-0-	6,541	-0-	6,541
Annual State filings	-0-	1,465	-0-	1,465
Consulting	-0-	480	-0-	480
Web and database management	-0-	3,525	0-	3,525
Dues and subscriptions	-0-	1,050	-0-	1,050
Fundraising	-0-	-0-	139,920	139,920
Insurance	-0-	4,138	-0-	4,138
Education and awareness	7,165	-0-	-0-	7,165
Research grants and repository	180,666	-0-	-0-	180,666
Grant promotion and review	1,457	-0-	-0-	1,457
Office supplies and equipment	-0-	2,344	-0-	2,344
Patient support and newsletter	18,441	-0-	-0-	18,441
Salaries and payroll taxes	109,085	60,235	60,142	229,462
Payroll fees	334	308	191	833
Pension plan contribution	-0-	2,500	-0-	2,500
Postage and delivery	-0-	1,212	-0-	1,212
Printing and copying	-0-	842	-0-	842
Rent	-0-	2,041	-0-	2,041
Telephone	-0-	3,115	-0-	3,115
Travel and entertainment	<u>2,710</u>	<u>-0-</u>	<u>-0-</u>	<u>2,710</u>
	<u>\$ 319,858</u>	<u>\$ 94,249</u>	<u>\$ 200,253</u>	<u>\$ 614,360</u>

See notes to financial statements.