

SADS Foundation

Year Ended December 31, 2007

Financial Statements

And

Independent Auditor's Report



SADS Foundation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SADS Foundation
Salt Lake City, UT

We have audited the accompanying statement of financial position of SADS Foundation (a nonprofit organization) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 SADS Foundation as of December 31, 2007, 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.

Shaw Mumford & Co, P.C.

Bountiful, Utah
March 27, 2008

SADS Foundation
Statement of Financial Position
December 31, 2007

ASSETS

Current assets	
Cash and cash equivalents	\$ 213,958
Accounts and grants receivable	29,910
Investments	1,425
Prepaid expenses	<u>1,204</u>
Total current assets	<u>246,497</u>
Fixed assets, at cost	
Furniture and fixtures	800
Equipment	<u>5,700</u>
Total fixed assets	6,500
Less accumulated depreciation	<u>(5,276)</u>
Net fixed assets	<u>1,224</u>
Total assets	<u>\$ 247,721</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,667
Accrued vacation	12,159
Accrued liabilities	<u>4,528</u>
Total current liabilities	<u>18,354</u>
Net assets	
Unrestricted	229,367
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>229,367</u>
Total liabilities and net assets	<u>\$ 247,721</u>

See accompanying notes to financial statements.

SADS Foundation
Statement of Activities
Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Individual contributions	\$ 264,475	\$ -	\$ -	\$ 264,475
Foundation and corporate donations	149,618	-	-	149,618
In-kind donations	2,741	-	-	2,741
Interest income	1,084	-	-	1,084
Other income	403	-	-	403
Unrealized gain on investments	(862)	-	-	(862)
Net assets released from restrictions	<u>6,629</u>	<u>(6,629)</u>	<u>-</u>	<u>-</u>
 Total revenues and support	 <u>424,088</u>	 <u>(6,629)</u>	 <u>-</u>	 <u>417,459</u>
EXPENSES				
Program services	205,592	-	-	205,592
Management and general	26,592	-	-	26,592
Fundraising	<u>33,777</u>	<u>-</u>	<u>-</u>	<u>33,777</u>
 Total expenses	 <u>265,961</u>	 <u>-</u>	 <u>-</u>	 <u>265,961</u>
 Change in net assets	 158,127	 (6,629)	 -	 151,498
Net assets, beginning of year	<u>71,240</u>	<u>6,629</u>	<u>-</u>	<u>77,869</u>
Net assets, end of year	<u>\$ 229,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,367</u>

See accompanying notes to financial statements.

SADS Foundation
Statement of Functional Expenses
Year Ended December 31, 2007

	Program Services						Supporting Activities			Total Expenses
	Advocacy	Awareness	Volunteer	Support	Education	Total	Management and General	Fundraising	Total	
Salaries	\$ 6,609	\$ 29,922	\$ 5,337	\$ 32,828	\$ 10,563	\$ 85,259	\$ 11,204	\$ 14,033	\$ 25,237	110,496
Payroll taxes	513	2,324	415	2,550	820	6,622	870	1,090	1,960	8,582
Employee benefits	1,088	3,231	576	3,545	1,141	9,581	835	1,515	2,350	11,931
Total salaries and related expenses	8,210	35,477	6,328	38,923	12,524	101,462	12,909	16,638	29,547	131,009
Professional fees	2,034	9,206	1,642	10,100	3,250	26,232	3,447	4,317	7,764	33,996
Travel and training	1,512	6,848	1,221	7,513	2,418	19,512	2,564	3,212	5,776	25,288
Postage	1,106	5,003	892	5,489	1,766	14,256	1,873	2,346	4,219	18,475
Printing	1,082	4,896	873	5,371	1,728	13,950	1,833	2,296	4,129	18,079
Occupancy / facilities	752	3,409	608	3,740	1,204	9,713	1,277	1,599	2,876	12,589
Telephone	359	1,627	290	1,785	574	4,635	609	763	1,372	6,007
Meeting expenses	350	1,591	284	1,745	562	4,532	596	746	1,342	5,874
Office supplies	252	1,145	204	1,256	404	3,261	429	537	966	4,227
Repairs and maintenance	203	919	164	1,009	325	2,620	344	431	775	3,395
Miscellaneous	139	632	113	693	223	1,800	236	296	532	2,332
Insurance	112	507	90	556	179	1,444	190	238	428	1,872
Dues / memberships / licenses	77	348	62	381	123	991	130	163	293	1,284
Events	67	305	54	334	108	868	114	143	257	1,125
Staff training	21	93	17	102	33	266	35	44	79	345
Total expenses before depreciation	16,276	72,006	12,842	78,997	25,421	205,542	26,586	33,769	60,355	265,897
Depreciation	5	17	3	19	6	50	6	8	14	64
Total expenses	\$ 16,281	\$ 72,023	\$ 12,845	\$ 79,016	\$ 25,427	\$ 205,592	\$ 26,592	\$ 33,777	\$ 60,369	\$ 265,961

See accompanying notes to financial statements
and accountant's review report.

SADS Foundation
Statement of Cash Flows
Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 151,498
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	64
Unrealized gain on investments	861
Changes in current assets and liabilities:	
Accounts receivable	(20,918)
Prepaid expenses	379
Inventory	596
Accounts payable	1,452
Accrued vacation	3,926
Accrued liabilities	<u>1,709</u>
Net cash provided by operating activities	<u>139,567</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	<u>(1,288)</u>
Net cash provided by investing activities	<u>(1,288)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

	<u>-</u>
Net change in cash	138,279
Cash and cash equivalents, beginning of year	<u>75,679</u>
Cash and cash equivalents, end of year	<u>\$ 213,958</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>

See accompanying notes to financial statements.

SADS Foundation
Notes to Financial Statements
December 31, 2007

1. ORGANIZATION AND HISTORY

SADS Foundation (Sudden Arrhythmia Death Syndromes) (the “Organization”) was incorporated as a nonprofit corporation in the State of Utah on December 12, 1991. The Organization’s mission is to save the lives of children and young adults who are genetically predisposed or otherwise susceptible to sudden death due to cardiac arrhythmias and to provide education and support to families and the medical community who are dealing with these disorders. The SADS Foundation is dedicated to providing information, assistance and hope. The Organization’s goals are the following:

Education - To educate health care providers and the lay public in order to promote early diagnosis and treatment.

Patient Services - To serve as a physician referral resource and to provide information to physicians who care for patients with cardiac arrhythmias.

Supportive Services - To assist all those affected by the sudden death of a young loved one, or who have been diagnosed with a cardiac arrhythmia, by providing informational materials, facilitating support groups, and maintaining an active networking program.

Public Awareness - To inform families, physicians, and communities about genetic cardiac arrhythmias in the young, and thereby prevent sudden cardiac death in young people.

Research - To encourage research on genetic cardiovascular diseases predisposing the young to sudden death.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of SADS Foundation is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for the integrity and objectivity of these financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all accounts receivable will be fully collectible.

Investments

Investments are carried on the books at their fair value in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." The Organization's investments are held for an indefinite period and thus are classified as "available for sale". At December 31, 2007, the investments consisted entirely of corporate stock.

Fixed Assets

Fixed assets are stated at cost if purchased or fair market value if contributed. Depreciation of furniture, fixtures and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years. Fixed assets costing \$1,000 or more are capitalized in accordance with established procedures. Minor repairs and maintenance that do not extend the useful lives of the fixed assets are expensed as incurred. Depreciation expense for the year ended December 31, 2007 was \$64.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Concentration of Credit Risk for Cash Held in Bank

The Organization maintains cash balances in various financial institutions, which are insured by Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, \$94,748 exceeded the FDIC insurance limit of \$100,000, and therefore was not insured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Income Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2007.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are not specifically identifiable to certain programs are allocated based on estimates provided by management.

Fair Value of Financial Instruments

The Organization estimates that the fair value of all financial instruments at December 31, 2007 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

3. LEASE COMMITMENT

The Organization leases office space in the Salt Lake area. The lease requires monthly payments of \$1,000 for a period of five years with an average increase of 3% per year. The lease was signed on January 31, 2006 and grants the Organization three months of free occupancy. The future minimum lease payments required will be as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2008	\$ 12,700
2009	13,081
2010	13,473
2011	<u>1,126</u>
	<u>\$ 40,380</u>

Rent expense for the year ended December 31, 2007 was \$12,589.