

**SADS Foundation**

**Financial Statements**

**Year Ended December 31, 2004**

**And**

**Accountants' Review Report**

**SHAW & CO., P.C.**

Certified Public Accountants & Business Advisors

# **SADS Foundation**

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# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of SADS Foundation (a nonprofit organization) as of December 31, 2004 and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of SADS Foundation.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Shaw & Co., P.C.*

Bountiful, Utah  
March 30, 2005

**SADS Foundation**  
**Statement of Financial Position**  
**December 31, 2004**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 37,779
Inventories	1,390
Prepaid expenses	452
Accounts receivable - other	<u>20</u>
Total current assets	<u>39,641</u>
Fixed assets	
Office equipment	11,694
Furniture	800
Computer equipment	<u>19,369</u>
Total fixed assets	31,863
Less accumulated depreciation	<u>(30,886)</u>
Net fixed assets	<u>977</u>
Total assets	<u><u>\$ 40,618</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 1,747
Accrued liabilities	<u>3,063</u>
Total current liabilities	<u>4,810</u>
Net assets	
Unrestricted	35,807
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>35,807</u>
Total liabilities and net assets	<u><u>\$ 40,617</u></u>

See accompanying notes to financial statements  
and accountants' review report.

**SADS Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2004**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Individual donations	\$ 96,539	\$ -	\$ -	\$ 96,539
Foundation and corporate donations	94,460	-	-	94,460
Special events donations	38,622	-	-	38,622
Miscellaneous income	8,890	-	-	8,890
In-kind donations	6,295	-	-	6,295
Seminar income	3,440	-	-	3,440
Interest and dividend income	372	-	-	372
	<u>248,618</u>	<u>-</u>	<u>-</u>	<u>248,618</u>
<b>EXPENSES</b>				
Program services				
Advocacy	12,858	-	-	12,858
Awareness	83,843	-	-	83,843
Volunteer	9,254	-	-	9,254
Support	70,473	-	-	70,473
Education	23,682	-	-	23,682
	<u>200,110</u>	<u>-</u>	<u>-</u>	<u>200,110</u>
Supporting activities				
Management and general	15,965	-	-	15,965
Fundraising	38,425	-	-	38,425
	<u>54,390</u>	<u>-</u>	<u>-</u>	<u>54,390</u>
Total expenses	<u>254,500</u>	<u>-</u>	<u>-</u>	<u>254,500</u>
Change in net assets	(5,882)	-	-	(5,882)
Net assets, beginning of year	<u>41,689</u>	<u>-</u>	<u>-</u>	<u>41,689</u>
Net assets, end of year	<u>\$ 35,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,807</u>

See accompanying notes to financial statements  
and accountants' review report.

**SADS Foundation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2004**

	Program Services						Supporting Activities			Total Expenses
	Advocacy	Awareness	Volunteer	Support	Education	Total	Management and General	Fundraising	Total	
Salaries	\$ 6,063	\$ 40,063	\$ 5,189	\$ 37,282	\$ 8,127	\$ 96,724	\$ 9,139	\$ 17,411	\$ 26,550	\$ 123,274
Payroll taxes and benefits	<u>1,324</u>	<u>9,110</u>	<u>1,133</u>	<u>8,140</u>	<u>1,774</u>	<u>21,481</u>	<u>1,995</u>	<u>3,438</u>	<u>5,433</u>	<u>26,914</u>
Total salaries and related expenses	7,387	49,173	6,322	45,422	9,901	118,205	11,134	20,849	31,983	150,188
Printing	667	10,904	571	5,285	972	18,399	1,005	4,081	5,086	23,485
Postage	467	5,982	545	3,897	1,338	12,229	703	8,992	9,695	21,924
Travel and training	1,884	941	44	2,312	7,296	12,477	78	57	135	12,612
Occupancy / facilities	603	4,882	516	3,705	808	10,514	908	828	1,736	12,250
Meeting expenses	514	4,528	412	3,209	1,594	10,257	726	38	764	11,021
Telephone	398	1,597	212	2,216	469	4,892	374	926	1,300	6,192
Repairs and maintenance	183	1,998	156	1,122	500	3,959	275	55	330	4,289
Professional fees	192	1,235	164	1,179	257	3,027	289	581	870	3,897
Office supplies	116	1,082	99	790	156	2,243	175	440	615	2,858
Insurance	96	620	82	591	129	1,518	145	292	437	1,955
Miscellaneous	51	330	45	315	69	810	77	301	378	1,188
Staff training	200	20	-	-	-	220	-	667	667	887
Dues / memberships / licenses	71	170	18	129	28	416	32	229	261	677
Public relations / marketing	<u>29</u>	<u>188</u>	<u>25</u>	<u>180</u>	<u>39</u>	<u>461</u>	<u>44</u>	<u>89</u>	<u>133</u>	<u>594</u>
Total expenses before depreciation	12,858	83,650	9,211	70,352	23,556	199,627	15,965	38,425	54,390	254,017
Depreciation	<u>-</u>	<u>193</u>	<u>43</u>	<u>121</u>	<u>126</u>	<u>483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483</u>
Total expenses	<u>\$ 12,858</u>	<u>\$ 83,843</u>	<u>\$ 9,254</u>	<u>\$ 70,473</u>	<u>\$ 23,682</u>	<u>\$ 200,110</u>	<u>\$ 15,965</u>	<u>\$ 38,425</u>	<u>\$ 54,390</u>	<u>\$ 254,500</u>

See accompanying notes to financial statements  
and accountants' review report.

**SADS Foundation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (5,882)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Depreciation	483
Changes in current assets and liabilities:	
Accounts receivable	316
Prepaid expense	382
Accounts payable and accrued liabilities	1,270
Accrued liabilities	<u>(489)</u>
Net cash (used) in operating activities	<u>(3,920)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

-

**CASH FLOWS FROM FINANCING ACTIVITIES**

-

Net change in cash	(3,920)
Cash and cash equivalents, beginning of year	<u>41,699</u>
Cash and cash equivalents, end of year	<u><u>\$ 37,779</u></u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

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

See accompanying notes to financial statements  
and accountants' review report.

# SADS FOUNDATION

## Notes to Financial Statements

December 31, 2004

### 1. 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

#### Business Activity

SADS Foundation (Sudden Arrhythmia Death Syndromes) 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.

#### 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.

#### Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization 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) based upon the existence or absence of donor-imposed restrictions.

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### 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.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 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, 2004.

### 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.

### 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 \$500 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, 2004 was \$483.

### Fair Value of Financial Instruments

The Organization estimates that the fair value of all financial instruments at December 31, 2004 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

### 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, 2004 there were no cash balances exceeding the insured amount.

**2. LEASE COMMITMENT**

The Organization leases office space in the Salt Lake area. The lease requires monthly payments of \$950. The Organization has a three year lease that started in 2003 with an average lease increase of 11%. The future minimum lease payments required will be as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2005	<u>\$ 12,660</u>
	<u>\$ 12,660</u>

Rent expense for the year ended December 31, 2004 was \$12,250.