

PAKISTAN CHILDREN'S HEART FOUNDATION OF
NORTH AMERICA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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SCHULTZ & CHEZ, L.L.P.

Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA
Scarsdale, New York 10583

Opinion

We have audited the accompanying financial statements of PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 respects, the financial position of PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA ("the Foundation") as of December 31, 2021 and 2020, 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 audit 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 Foundation 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 these 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 Foundation'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 Foundation'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 Foundation'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.

Schultz & Chez, LLP

Chicago, Illinois
November 1, 2022

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA
STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2021

	2021
Assets	
Current assets	
Cash in bank	\$ 577,889
Other assets	33,962
Total current assets	611,851
 Total assets	 \$ 611,851
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 7,500
Total current liabilities	7,500
 Net Assets	
With donor restrictions	36,027
Without donor restrictions	568,324
Total Net Assets	604,351
	 \$ 611,851

See accompanying notes.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	2021		
	Without donor restrictions	With donor restrictions	Total
Changes in Net Assets			
Revenue and Support			
Contributions	\$ 535,332	\$ 350,000	\$ 885,332
Zakat	-	80,527	80,527
Net assets released from unrestrictions			
Total Revenue and Support	<u>535,332</u>	<u>430,527</u>	<u>965,859</u>
Expenses			
Supporting services			
Program services	-	394,500	394,500
Management and general	17,881	-	17,881
	<u>17,881</u>	<u>394,500</u>	<u>412,381</u>
Increase in Unrestricted/ Restricted Net Assets	517,451	36,027	553,478
Net Assets at Beginning of Year	50,873	-	50,873
Net Assets at End of Year	<u>\$ 568,324</u>	<u>\$ 36,027</u>	<u>\$ 604,351</u>

See accompanying notes.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	2021		
	Program Services	Management and General	Total Supporting
Grants	\$ 300,000	\$ -	\$ 300,000
Zakat	85,000	-	85,000
Professional fees	9,500	-	9,500
Travel and meals	-	8,238	8,238
Paypal fees	-	6,462	6,462
Office expenses	-	3,181	3,181
Total Functional Expenses	\$ 394,500	\$ 17,881	\$ 412,381

See accompanying notes.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	2021
Cash flows from operating activities	
Net increase in net assets	\$ 553,478
Adjustments to reconcile changes in net assets to:	
Cash provided by (used in) operating activities	
(Increase) decrease in:	
Other assets	(33,962)
Increase (decrease) in:	
Accounts payable and accrued expenses	7,500
Net cash provided by operating activities	527,016
Net increase (decrease) in cash	527,016
Cash, Beginning of Year	50,873
Cash, End of Year	\$ 577,889

See accompanying notes.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA ("the Foundation"), is a not-for-profit organization incorporated on October 25, 2016, under the laws of the State of Texas. The Foundation is qualified 501(c)(3) the primary purpose is to provide access to appropriate health care to patients and congenital heart diseases and related illness in Pakistan. It will also provide medical related technical assistance.

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, applying the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Accounting Policy

The Foundation follows the single source of authoritative U.S. Generally Accepted Accounting Principles ("U.S. GAAP") set by the financial Accounting Standards Board to be applied by nongovernmental entities, *Accounting Standards Codification* (ASC), in the preparation of their financial statements.

Basis of Presentation

ASC 958-605-15, "Accounting for Contributions Received and Contributions Made", requires contributions received are reported as increases in net assets without donor restriction unless use of related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

ASC 958-205, "Financial Statements of Not-for-Profit Organizations", requires the Foundation to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction and net assets without donor restriction.

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 the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

***NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)***

Public Support, Revenue and Pledges

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services

No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under ASC 958-605-15. Management estimates that volunteers helping in various programs donated approximately 200 hours to the Foundation during both the years ended December 31, 2021.

Functional Expenses

The costs of the Foundation's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Any program expenses not directly chargeable to a program are allocated based on units of service and support costs are allocated based on indirect cost allocations.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal income taxes has been made.

Management has reviewed the Foundation's tax position for all tax years open to examination which include 2020, 2019 and 2018 and concluded that a provision for income taxes is not required.

Revenue Recognition

The Foundation recognizes contract revenue from its contracts either on pro-rata basis over a 12-month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. The funding agencies may at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Foundation with the terms of the grants/contracts.

Fair Value Measurement

The Foundation reports its fair value measures using the three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that the entities maximize the use of observable inputs and maximize the use of unobservable inputs when measuring fair value. The value of all the Foundation assets and liabilities which required to be carried at fair value are valued at the quoted prices in active markets for identical assets and liabilities and therefore, considered Level 1 assets and liabilities.

PAKISTAN CHILDREN'S HEART FOUNDATION OF NORTH AMERICA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

NOTE B – GRANTS TO FOREIGN ORGANIZATION

The Foundation provided grants to a foreign tax-exempt organization located in Pakistan to build a children's hospital and provide heart-related health assistance. Total grants given in 2021 totaled \$ 300,000.

NOTE C – RENTAL LEASE

The Foundation is operating from the homes of directors without any rent charges, hence there is no rent paid or accrued.

NOTE D - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through November 1, 2022, which is the date the financial statements had been reviewed by management and were available to be issued. No events have occurred from the date of the financial statements to November 1, 2022, which would require adjustments to or disclosure in the accompanying financial statements.