

**Magdi Yacoub Global Heart Foundation**

**Financial Statements and  
Independent Auditor's Report  
December 31, 2022 and 2021**

# Magdi Yacoub Global Heart Foundation

December 31, 2022 and 2021

## TABLE OF CONTENTS

Independent Auditor's Report.....	1 - 2
Financial Statements:	
Statement of Net Position.....	5
Statement of Activities.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	11-17

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Magdi Yacoub Global Heart Foundation  
Alamo, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Magdi Yacoub Global Heart Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, statement of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Magdi Yacoub Global Heart Foundation as of December 31, 2022 and 2021, and the statements of activities, statement of functional expenses 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Magdi Yacoub Global Heart Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Management's Responsibility 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; this includes 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 Magdi Yacoub Global Heart Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's Responsibility*

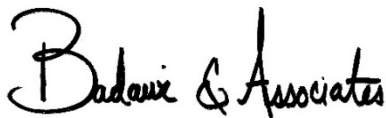
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

To the Board of Directors of  
Magdi Yacoub Global Heart Foundation  
Alamo, California

In performing an audit in accordance with GAAS, 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 Magdi Yacoub Global Heart 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 Magdi Yacoub Global Heart 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associate, CPAs  
Berkeley, California  
April 15, 2024

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# FINANCIAL STATEMENTS

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**Magdi Yacoub Global Heart Foundation**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,035,882	\$ 6,184,482
Property and equipment	102,949	128,686
<b>Total assets</b>	<b>5,138,831</b>	<b>6,313,168</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net Assets:</b>		
Without donor restrictions	5,035,882	6,184,482
With donor restrictions	102,949	128,686
<b>Total net assets</b>	<b>5,138,831</b>	<b>6,313,168</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,138,831</b>	<b>\$ 6,313,168</b>

**Magdi Yacoub Global Heart Foundation**  
**Statement of Activities**  
**For the year ended December 31, 2022 and 2021**

	2022	2021
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenues and gains:</b>		
Contributions	\$ 3,577,366	\$ 4,160,664
In-kind contribution - donated equipment	909,076	-
Interest income	8,343	318
Net assets released from restrictions		
Restriction satisfied by equipment amortization	25,737	25,737
<b>Total revenues and gains without donor restrictions</b>	<b>4,520,522</b>	<b>4,186,719</b>
<b>Expenses:</b>		
Program services	5,126,103	787,560
Management and general	143,092	93,254
Fund-raising	374,190	346,426
Amortization expense	25,737	25,737
<b>Total expenses</b>	<b>5,669,122</b>	<b>1,252,977</b>
<b>(Decrease) Increase in net assets without donor restrictions</b>	<b>(1,148,600)</b>	<b>2,933,742</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>Contributions</b>		
In-kind contribution - donated software	-	34,320
PPP loan forgiveness	-	71,296
<b>Total contributions</b>	<b>-</b>	<b>34,320</b>
Net assets released from restrictions	25,737	25,737
<b>Increase (Decrease) in net assets with donor restrictions</b>	<b>(25,737)</b>	<b>79,879</b>
<b>(Decrease) Increase in net assets</b>	<b>(1,174,337)</b>	<b>3,013,621</b>
<b>NET ASSESTS AT BEGINNING OF YEAR</b>	<b>6,313,168</b>	<b>3,299,547</b>
<b>NET ASSESTS AT END OF YEAR</b>	<b>\$ 5,138,831</b>	<b>\$ 6,313,168</b>

# Magdi Yacoub Global Heart Foundation

## Statement of Functional Expenses

For the year ended December 31, 2022

	2022				Total
	Program Services	Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	
<b>Compensation and related expenses:</b>					
Compensation					
Full-time	\$ 160,000	\$ 40,000	\$ 119,992	\$ 159,992	\$ 319,992
Employee Benefits					
Payroll Taxes	5,869	-	17,607	17,607	23,476
Subtotal	165,869	40,000	137,599	177,599	343,468
Grants Paid to foreign organizations	4,804,102	-	-	-	4,804,102
Fundraising events	-	-	49,129	49,129	49,129
Fundraising: Travel	-	-	9,334	9,334	9,334
Insurance	-	2,132	-	2,132	2,132
Conference	-	117	-	117	117
Postage	-	2,383	-	2,383	2,383
Subscriptions	-	844	-	844	844
Web hosting and IT expenses	-	5,383	-	5,383	5,383
Management and other fees	-	-	164,889	164,889	164,889
Bank charges & fees	-	1,466	-	1,466	1,466
Occupancy					
Utilities	-	1,014	-	1,014	1,014
Payroll processing fee	-	2,097	-	2,097	2,097
Legal & professional services	-	5,895	-	5,895	5,895
Advertising & marketing	90,366	-	-	-	90,366
Supplies					
Office	65,766	19,858	13,239	33,097	98,863
Meals & miscellaneous	-	84	-	84	84
Amortization expense	-	25,737	-	25,737	25,737
Other business expense	-	61,819	-	61,819	61,819
<b>Total</b>	<b>\$ 5,126,103</b>	<b>\$ 168,829</b>	<b>\$ 374,190</b>	<b>\$ 543,019</b>	<b>\$ 5,669,122</b>

# Magdi Yacoub Global Heart Foundation

## Statement of Functional Expenses

For the year ended December 31, 2021

	2021				Total
	Program Services	Supporting Services			
	Program Services	Management and General	Fund-raising	Total Supporting Services	
<b>Compensation and related expenses:</b>					
Compensation					
Full-time	\$ 160,000	\$ 40,000	\$ 119,992	\$ 159,992	\$ 319,992
Employee Benefits					
Payroll Taxes	5,764	-	17,290	17,290	23,054
Subtotal	165,764	40,000	137,282	177,282	343,046
Grants Paid to foreign organizations	444,968	-	-	-	444,968
Scholarship	15,958	-	-	-	15,958
Fundraising events	-	-	34,425	34,425	34,425
Fundraising: Travel	-	-	10,089	10,089	10,089
Insurance	-	1,609	-	1,609	1,609
Postage	-	1,980	-	1,980	1,980
Subscriptions	-	1,172	-	1,172	1,172
Web hosting and IT expenses	-	14,122	-	14,122	14,122
Bank charges & fees	-	5,060	-	5,060	5,060
Occupancy					
Utilities	-	1,106	-	1,106	1,106
Payroll processing fee	-	1,969	-	1,969	1,969
Legal & professional services	-	15,725	-	15,725	15,725
Advertising & marketing	113,142	-	-	-	113,142
Taxes & licenses	-	5	-	5	5
Supplies					
Office	47,728	9,458	6,663	16,121	63,849
Meals & miscellaneous	-	8	-	8	8
Other business expense	-	1,040	-	1,040	1,040
<b>Total</b>	<b>\$ 787,560</b>	<b>\$ 118,991</b>	<b>\$ 346,426</b>	<b>\$ 465,417</b>	<b>\$ 1,252,977</b>

**Magdi Yacoub Global Heart Foundation**  
**Statement of Cash Flows**  
**For the year ended December 31, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ (1,174,337)	\$ 3,013,621
Adjustments to reconcile increase in net assets to net cash provided by Operating activities:		
Amortization of intangible assets	25,737	25,737
Increase (decrease) in operating liabilities:		
Accounts payable	-	(3,365)
<b>Net cash provided by operating activities</b>	<b>(1,148,600)</b>	<b>3,035,993</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck Protection Program loan forgiveness	-	(71,296)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>(71,296)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,148,600)</b>	<b>2,964,697</b>
<b>Beginning cash and cash equivalents</b>	<b>6,184,482</b>	<b>3,219,785</b>
<b>Ending cash and cash equivalents</b>	<b>\$ 5,035,882</b>	<b>\$ 6,184,482</b>

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# NOTES TO FINANCIAL STATEMENTS

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**Magdi Yacoub Global Heart Foundation**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022 and 2021**

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

Nature of Activities

The Magdi Yacoub Global Heart Foundation (MYGHF) is committed to helping change the health outcomes of the most vulnerable patients with heart disease, particularly children in underserved populations. MYGHF supports the Magdi Yacoub Aswan Heart Centre (AHC) in providing state-of-the-art, 100% free-of-charge comprehensive, advanced cardiac care to the less fortunate regardless of their color, religion, or gender.

The Foundation is supported primarily through both of individual and institutional donor contributions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months. The Foundation does not have any investments in the fiscal year 2022 and 2021.

Property and Equipment

The Foundation capitalizes property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings. In fiscal year 2020, the Foundation capitalized a donated asset called HealAHeart mobile app, which was developed by the premier technology provider in the middle-east on a pro bono basis.

**Magdi Yacoub Global Heart Foundation**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022 and 2021**

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**NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity.

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.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The organization exists to raise funds for Magdi Yacoub’s work in Egypt. All efforts in the US are aimed at fundraising and growing endowment funds. The Foundation split the salary expenses as such: Executive Director’s salaries are allocated at 25%/50%/25% to program activities, fund raising activities and management activities. Medical Director’s salaries are allocated at 75%/25% to program activities and fund raising activities. Contract labor expenses are all allocated to fund raising activities. At the end of each year, a reevaluation of the year progress will be made by a part of the Board of Directors executive committee to make annual adjustment meeting the factual efforts put forth during the preceding year and applying changes to the percentage basis if warranted.

**NOTE B-CASH AND CASH EQUIVALENTS**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

	2022	2021
Cash and cash equivalents	\$ 5,035,882	\$ 6,184,482
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 5,035,882</u>	<u>\$ 6,184,482</u>

**Magdi Yacoub Global Heart Foundation**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022 and 2021**

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**NOTE C-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. No donation restrictions or payments to charitable trust are noted in fiscal year 2022 and 2021.

	2022	2021
Financial assets at year-end	\$ 5,035,882	\$ 6,184,482
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,035,882</u>	<u>\$ 6,184,482</u>

**NOTE D-PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2022	2021
Donated software	\$ 180,160	\$ 180,160
Subtotal	180,160	180,160
Accumulated amortization	(77,211)	(51,474)
Total	<u>\$ 102,949</u>	<u>\$ 128,686</u>

**NOTE E-LONG-TERM DEBT**

The Foundation had no long term debt outstanding as December 31, 2022 and 2021.

**NOTE F-IN-KIND CONTRIBUTION**

The Foundation receives gifts in kind, such as medical equipment, and other medical supplies. Most contributed medical equipment and other medical supplies are unrestricted to use. For donated equipment and supplies, gifts in kind revenue is recognized in circumstances in which the Foundation has sufficient discretion over the use and disposition of the donated items to recognize a contribution in conformity with FASB ASC 958-605-25. Accordingly, the recognition of gifts in kind revenue is limited to circumstances in which the Foundation takes constructive possession of the gifts in kind and the Foundation is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards).

For donated services, gifts in kind revenue is recognized in circumstances in which the services received require specialized skills, are provided by donors that possess those skills, and whether the Foundation would typically purchase those services if they weren't provided by donation. Donated services that do not meet those criteria and that do not create nonfinancial assets are not recognized in the financial statements even though those services are important to the Foundation's efforts. When the Foundation receives gifts in kind that meet the recognition criteria, the fair values of the items are determined and revenue is recognized. Fair value is determined as follows:

**Magdi Yacoub Global Heart Foundation**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022 and 2021**

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**NOTE F-IN-KIND CONTRIBUTION, Continued**

Medical equipment is valued by reviewing the pricing information on the specific item listed for sale in trade publications or websites, or if identical equipment was purchased during the fiscal year, through Foundation's own procurement history.

Other medical supplies are valued using prices that would be received for selling similar products in wholesale quantities in the United States.

For the year ended December 31, 2022, contributed nonfinancial assets recognized in the statement of activities included:

Medical Equipment    \$909,076

In circumstances in which the Foundation is functioning as an agent or intermediary with respect to the gifts in kind, the Foundation reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Foundation remits the gifts in kind to the ultimate beneficiary.

In circumstances in which the Foundation uses gifts in kind as part of its own programs, it reports an expense, which is reported in the functional classification for the program or supporting activity in which the gifts in kind were used. Although it is the Foundation's policy to distribute donated items as promptly as possible, the Foundation may hold some gifts in kind at year-end. Undistributed gifts in kind at year-end are reported as inventory. Inventory is valued at the lower of cost and net realizable value (cost is determined as fair value at the date of gift plus any costs

**NOTE G-EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 15, 2024, the date which the financial statements were available to be issued.

**NOTE H-RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2021, the Foundation made \$250,152 in contributions to the Magdi Yacoub Institute in cash and in kind. The contribution were made in multiple payments in support of various projects. During the year ended December 31, 2021, the Foundation made \$194,815 grant payment to the Magdi Yacoub Institute. The Magdi Yacoub Institute undertakes leading international research into the causes, mechanisms, and treatment of heart disease. The Foundation's Chairman of the Board serves as Chief Executive Officer and Deputy Chairman in the Magdi Yacoub Institute; as such, the grant payment is considered a related party transaction. The grant funds were used to acquire testing devices and support disease modeling and personalized medicine by the generation of induced iPSCs-derived cardiomyocytes (iPSC-CMs) from patients of various genetic etiologies. It should be noted that MYI is a charity to the MYGHF registered under the UK Charity Commission. As a charity, no trustee of the MYI receives any compensation and has no direct or indirect financial interest in the charity.

**Magdi Yacoub Global Heart Foundation**  
**Notes to Financial Statements**  
**For the year ended December 31, 2022 and 2021**

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**NOTE H-RELATED PARTY TRANSACTIONS, Continued**

Additionally, as CEO of the MYI, Dr. Magdy Ishaq is an unpaid officer and a trustee of the MYI and has no financial interest in the charity or any related or affiliated charity of the MYI.

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