

Magdi Yacoub Global Heart Foundation

**Financial Statements and
Independent Auditors' Report
December 31, 2021 and 2020**

Magdi Yacoub Global Heart Foundation

December 31, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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

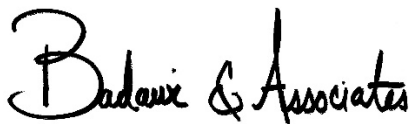
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 and Associate, CPAs
Berkeley, California
June 18, 2023

FINANCIAL STATEMENTS

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Magdi Yacoub Global Heart Foundation
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 6,184,482	\$ 3,219,785
Property and equipment	128,686	154,423
Total assets	6,313,168	3,374,208
LIABILITIES and NET ASSETS		
Liabilities:		
Accounts payable	-	3,365
Long-term debt	-	71,296
Total liabilities	-	74,661
Net Assets:		
Without donor restrictions	6,184,482	3,145,124
With donor restrictions	128,686	154,423
Total Net Assets	6,313,168	3,299,547
Total liabilities and net assets	\$ 6,313,168	\$ 3,374,208

Magdi Yacoub Global Heart Foundation
Statement of Activities
For the year ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains:		
Contributions	\$ 4,160,664	\$ 2,291,339
Interest income	318	14,951
Net assets released from restrictions		
Restriction satisfied by equipment amortization	25,737	25,737
Total revenues and gains without donor restrictions	4,186,719	2,332,027
Expenses:		
Program services	787,560	707,075
Management and General	93,254	32,928
Fund-raising	346,426	376,363
Amortization expense	25,737	25,737
Total Expenses	1,252,977	1,142,103
Increase (Decrease) in net assets without donor restrictions	2,933,742	1,189,924
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions		
Donated software	34,320	180,160
PPP loan forgiveness	71,296	-
Total Contributions	105,616	180,160
Net assets released from restrictions	25,737	25,737
Increase(Decrease) in net assets with donor restrictions	79,879	154,423
Increase in net assets	3,013,621	1,344,347
NET ASSETS AT BEGINNING OF YEAR	3,299,547	1,955,200
NET ASSETS AT END OF YEAR	\$ 6,313,168	\$ 3,299,547

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	
Compensation and related expenses:					
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
Conference	-	-	-	-	-
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
Management and other fees	-	-	157,967	157,967	157,967
Bank charges & fees	-	5,060	-	5,060	5,060
Occupancy					
Rents & leases	-	-	-	-	-
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
Amortization expense	-	25,737	-	25,737	25,737
Other business expense	-	1,040	-	1,040	1,040
Total	\$ 787,560	\$ 118,991	\$ 346,426	\$ 465,417	\$ 1,252,977

Magdi Yacoub Global Heart Foundation

Statement of Functional Expenses

For the year ended December 31, 2020

	2020				
	Program Services	Supporting Services			Total
	Program Services	Management and General	Fund-raising	Total Supporting Services	
Compensation and related expenses:					
Compensation					
Full-time	\$ 88,958	\$ -	\$ 180,687	\$ 180,687	\$ 269,645
Employee Benefits					
Payroll Taxes	35,827	-	47,051	47,051	82,878
Subtotal	124,785	\$ -	227,738	227,738	352,523
Grats Paid to foreign organizations	573,281	-	-	-	573,281
Cost of fundraising marketing assets	-	-	16,855	16,855	16,855
Fundraising events	-	-	10,235	10,235	10,235
Insurance	-	1,214	-	1,214	1,214
Conference	-	-	-	-	-
Postage	-	234	-	234	234
Subscriptions	-	594	-	594	594
Web hosting and IT expenses	-	4,202	4,202	8,404	8,404
Management and other fees	9,009	-	53,011	53,011	62,020
Bank charges & fees	-	1,525	-	1,525	1,525
Occupancy					
Rents & leases	-	-	-	-	-
Utilities	-	895	-	895	895
Payroll processing fee	-	1,845	-	1,845	1,845
Fundraising: Travel	-	-	3,637	3,637	3,637
Legal & professional services	-	4,004	-	4,004	4,004
Advertising & marketing	-	-	60,685	60,685	60,685
Taxes & licenses	-	85	-	85	85
Supplies					
Office	-	16,095	-	16,095	16,095
Meals & miscellaneous	-	752	-	752	752
Other business expense	-	1,483	-	1,483	1,483
Total	\$ 707,075	\$ 58,665	\$ 376,363	\$ 435,028	\$ 1,142,103

Magdi Yacoub Global Heart Foundation
Statement of Cash Flows
For the year ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 3,013,621	\$ 1,344,347
Adjustments to reconcile increase in net assets to net cash provided by Operating activities:		
Amortization of intangible assets	25,737	25,737
Write-off of uncategorized assets	-	-
Donated software	-	(180,160)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,364)	3,365
Accrued expense	-	(9,685)
Net cash provided by operating activities	3,035,994	1,183,604
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt proceeds from Paycheck Protection Program loan	-	71,296
Paycheck Protection Program loan forgiveness	(71,296)	-
Net cash provided by financing activities	(71,296)	71,296
Net increase (decrease) in cash and cash equivalents	2,964,698	1,254,900
Beginning cash and cash equivalents	3,219,785	1,964,885
Ending cash and cash equivalents	\$ 6,184,483	\$ 3,219,785

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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, 2021 and 2020

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 2021 and 2020.

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, 2021 and 2020

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:

	2021	2020
Cash and cash equivalents	\$ 6,184,482	\$ 3,219,785
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 6,184,482</u>	<u>\$ 3,219,785</u>

NOTE C-RESTRICTIONS ON NET ASSETS

No restrictions on net assets existed as of December 31, 2021 and 2020.

Magdi Yacoub Global Heart Foundation
Notes to Financial Statements
For the year ended December 31, 2021 and 2020

NOTE D-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 2021 and 2020.

	2021	2020
Financial assets at year-end	\$ 6,184,482	\$ 3,219,785
Less those unavailable for general expenditures within one year	-	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 6,184,482</u>	<u>\$ 3,219,785</u>

NOTE E-PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Donated software	\$ 180,160	\$ 180,160
Subtotal	180,160	180,160
Accumulated amortization	(51,474)	(25,737)
Total	<u>\$ 128,686</u>	<u>\$ 154,423</u>

NOTE F-LONG-TERM DEBT

The Foundation's long-term debt consists of the following:

	2021	2020
Paycheck Protection Program loan	\$ -	\$ 71,296
Less: current portion	-	-
	<u>\$ -</u>	<u>\$ 71,296</u>

On July 22, 2020, the Foundation received a loan in the amount of \$71,296 from the Small Business Administration under the Paycheck Protection Program (PPP). The PPP loan is established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP loan was forgiven by the Small Business Administration in October 2021, and the Foundation does not have any new debt in fiscal year 2021.

NOTE G-EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through xxx, 2023, the date which the financial statements were available to be issued.

Magdi Yacoub Global Heart Foundation
Notes to Financial Statements
For the year ended December 31, 2021 and 2020

NOTE G-EVALUATION OF SUBSEQUENT EVENTS, Continued

COVID-19 Pandemic

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered and subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California. Many events were canceled and the inability to visit and meet with major donors to rally support impacted the Foundation negatively. While this eased a bit, it remained an issue and might have changed our plans for large gatherings and travel permanently.

NOTE F-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.