CHILDREN'S CARDIOMYOPATHY FOUNDATION
(A non-profit Corporation)

FINANCIAL STATEMENTS
AND
ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2011
CHILDREN’S CARDIOMYOPATHY FOUNDATION

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Independent Auditors Report

Board of Director's
Children's Cardiomyopathy Foundation.

We have audited the accompanying statement of financial position of Children's Cardiomyopathy Foundation. (the "Organization") as of December 31, 2011 and the related statements of activities and changes in assets, 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 aspects, the financial position of Children's Cardiomyopathy Foundation. As of December 31, 2011, and the results of its operations 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Richard S. Beam CPA, P.C.
March 9, 2012
CHILDREN'S CARDIOMYOPATHY FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2011
See accompanying notes and accountant's report

ASSETS

CURRENT ASSETS
Cash and cash equivalents $1,392,412
Investments 743,735
Total current assets 2,136,147

PROPERTY AND EQUIPMENT
Property and equipment -
Total Assets 2,136,147

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts payable -

NOTES PAYABLE, less current portion -

NET ASSETS
Unrestricted 2,076,609
Temporarily Restricted 59,538
Permanently Restricted 0
Total net assets 2,136,147
Total Liabilities and Net Assets 2,136,147
CHILDREN'S CARDIOMYOPATHY FOUNDATION  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2011  
See accompanying notes and accountant's report

<table>
<thead>
<tr>
<th>REVENUES, GAINS, AND OTHER SUPPORT</th>
<th>General</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
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<tbody>
<tr>
<td>Contributions</td>
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<td>323,235</td>
<td></td>
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</tr>
<tr>
<td>Grants</td>
<td>35,000</td>
<td>35,000</td>
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<tr>
<td>Fundraising</td>
<td>737,053</td>
<td>737,053</td>
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<td></td>
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<tr>
<td>Interest and dividends</td>
<td>11,720</td>
<td>11,720</td>
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<tr>
<td>Unrealized gains</td>
<td>(33,781)</td>
<td>(33,781)</td>
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<tr>
<td><strong>TOTAL REVENUES, GAINS AND OTHER SUPPORT</strong></td>
<td><strong>1,073,227</strong></td>
<td><strong>1,073,227</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>General</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Management and general</td>
<td>81,012</td>
<td>81,012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program and services</td>
<td>472,044</td>
<td>472,044</td>
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<tr>
<td>Fundraising expenses</td>
<td>241,452</td>
<td>241,452</td>
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<td></td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>794,508</td>
<td>794,508</td>
<td></td>
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</tbody>
</table>

| CHANGE IN NET ASSETS | 278,719 | 278,719 |
| ASSETS AT BEGINNING OF THE YEAR | 1,857,428 | 1,857,428 |
| NET ASSETS AT THE END OF THE YEAR | 2,136,147 | 2,136,147 |
CHILDREN'S CARDIOMYOPATHY FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011
See accompanying notes and accountant's report

2011

CASH FLOWS FROM OPERATING ACTIVITIES
Increase in net assets $ 278,719
Adjustments to reconcile increase in net assets to net cash provided by activities:
  Depreciation
  Changes in assets and liabilities:
  Decrease (Increase) in
  Accounts receivable
  Prepaid expenses
  (Decrease) Increase in:
  Accounts payable

Net cash provided by (used in) operating activities 278,719

CASH FLOWS FROM INVESTING ACTIVITIES
Purchase of equipment -
Purchase of Investments (472,416)

Net cash provided by (used in) investing activities (472,416)

CASH FLOWS FROM FINANCING ACTIVITIES
Collections of contributions restricted for long-term purposes -

Net cash provided by (used in) financing activities 0

CASH AND CASH EQUIVALENTS, Beginning 1,586,109
CASH AND CASH EQUIVALENTS, End 1,392,412
Children's Cardiomyopathy Foundation. (the Organization) purpose is primarily to raise funds to support research into the causes and treatments of pediatric cardiomyopathy, secondly, to educate and support patients and healthcare professionals, and raise awareness of the disease among lawmakers and the general public.

Financial Statement Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for 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, which represents the expendable resources that are available for operations at management’s discretion; temporary restricted net assets; which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. In addition, the Organization is required to present a statement of cash flows.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

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.
Property and Equipment

The Organization capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the useful lives ranging from three to five years.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization 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 other than a private foundation.

Cash and Cash Equivalents

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

Investments

As of December 31, 2011 the organization held investments. The investments are recorded at their fair value on the Statement of Financial Position in current assets. Changes in fair value are reflected in support and revenue.

NOTE A – CONCENTRATION OF RISK
Cash is held in three money market accounts at three separate financial institutions. Money market accounts are not FDIC insured.

NOTE B – EVALUATION OF SUBSEQUENT EVENTS
The Organization has evaluated subsequent events through March 9, 2012 the date which the financial statements were available to be issued.
<table>
<thead>
<tr>
<th></th>
<th>Program and Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
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<td>Fundraising</td>
<td></td>
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<td>172,639</td>
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<tr>
<td>Compensation</td>
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<td>61,609</td>
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<td>Payroll Taxes</td>
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<td>4,614</td>
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<td>Payroll Service</td>
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<td>Filing Fees</td>
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<td>2,284</td>
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<tr>
<td>Legal and professional fees</td>
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<td>7,171</td>
<td>7,171</td>
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<tr>
<td>Advertising and Marketing</td>
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<td>2,811</td>
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<tr>
<td>Education and awareness</td>
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<tr>
<td>Advocacy</td>
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<td>15,521</td>
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<tr>
<td>Postage and Freight</td>
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<td>881</td>
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<tr>
<td>Copying and Printing</td>
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<td>711</td>
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<td>711</td>
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<tr>
<td>Travel and entertainment</td>
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<td>6,513</td>
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<tr>
<td>Patient support and newsletter</td>
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<td>Research grants</td>
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<td>260,932</td>
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<tr>
<td>Bank processing fees</td>
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<td>9,968</td>
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<tr>
<td>Telephone and Internet</td>
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<td>Insurance</td>
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<td>Storage rental</td>
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<tr>
<td></td>
<td>472,044</td>
<td>81,012</td>
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