

**THE CHILDREN'S HEART FOUNDATION
DECEMBER 31, 2009 AND 2008**

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
(With Independent Auditors' Report)**

**THE CHILDREN'S HEART FOUNDATION
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
DECEMBER 31, 2009 AND 2008**

CONTENTS

	Page Number
FINANCIAL STATEMENTS	
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Notes to Financial Statements	4-6
ADDITIONAL INFORMATION	
Statement of Functional Expenses - 2009	7
Statement of Functional Expenses - 2008	8

August 3, 2010

INDEPENDENT AUDITORS' REPORT

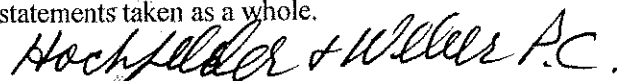
To the Board of Directors of
The Children's Heart Foundation
P.O. Box 244
Lincolnshire, IL 60069

We have audited the statements of financial position of the Children's Heart Foundation as of December 31, 2009 and 2008, and the related statements of activities and additional information 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Heart Foundation as of December 31, 2009 and 2008, and the changes in its net assets for the years 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 pages 7 and 8 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.



HOCHFELDER & WEBER, P.C.
Certified Public Accountants
Chicago, Illinois

**THE CHILDREN'S HEART FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 178,430	\$ 119,790
Contributions Receivable	82,963	95,830
Prepaid Expenses	<u>9,814</u>	<u>18,198</u>
TOTAL ASSETS	<u>\$ 271,207</u>	<u>\$ 233,818</u>
LIABILITIES		
Accrued Expenses	\$ 100,000	\$ 55,986
Deferred Event Revenue	<u>10,175</u>	<u>29,409</u>
TOTAL LIABILITIES	<u>110,175</u>	<u>85,395</u>
NET ASSETS		
Unrestricted	146,102	133,100
Temporarily Restricted	<u>14,930</u>	<u>15,323</u>
TOTAL NET ASSETS	<u>161,032</u>	<u>148,423</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 271,207</u>	<u>\$ 233,818</u>

The accompanying notes are an integral part of these financial statements

THE CHILDREN'S HEART FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Revenues and Other Support:		
Donations	\$ 119,803	\$ 126,140
Contributions from Affiliates	115,617	152,165
Internal Special Events (Note 7)	287,402	324,153
Less cost of direct benefit to donor	<u>(187,185)</u>	<u>(179,138)</u>
	100,217	145,015
External Special Events (Note 8)	420,754	243,619
Grants	<u>43,363</u>	<u>117,569</u>
Total Support	<u>799,754</u>	<u>784,508</u>
Interest Income	211	890
Other Income	40,277	109,498
Net assets released from restrictions	<u>393</u>	<u>37,668</u>
Total Other Revenues	<u>40,881</u>	<u>148,056</u>
Total Support and Other Revenues	<u>840,635</u>	<u>932,564</u>
Expenses:		
Program Services	600,209	585,781
Management and General	65,284	99,847
Fund Raising	<u>162,140</u>	<u>293,435</u>
Total Expenses	<u>827,633</u>	<u>979,063</u>
Increase (Decrease) in Unrestricted Net Assets	<u>13,002</u>	<u>(46,499)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Revenue		
Donations	0	50,000
Net Assets Released from Restrictions		
Program Services	<u>393</u>	<u>37,668</u>
(Decrease) Increase in Temporarily Restricted Net Assets	<u>(393)</u>	<u>12,332</u>
INCREASE (DECREASE) IN NET ASSETS	12,609	(34,167)
NET ASSETS – BEGINNING OF THE YEAR	<u>148,423</u>	<u>182,590</u>
NET ASSETS – END OF THE YEAR	<u>\$ 161,032</u>	<u>\$ 148,423</u>

The accompanying notes are an integral part of these financial statements

**THE CHILDREN'S HEART FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. ORGANIZATION

The Children's Heart Foundation (an Illinois not-for-profit corporation) is a national organization that supports research toward discovering the causes and improving the methods of diagnosing, treating and preventing congenital heart defects. The Foundation began operations in 1996 and has funded 37 research projects, totaling \$3.6 million to date. Each year the Foundation hosts multiple fundraisers in the Chicagoland area. They are also the beneficiaries of numerous events held throughout the country.

The Foundation has eight local chapters. The chapters are located in Florida, Oregon, Ohio, Iowa, Indiana, Arizona, Pennsylvania and Illinois. These chapters are run autonomously by board members elected at their respective local levels.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting.

B. Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(C)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the financial statements.

C. Concentration of Credit Risk

The Foundation maintains its cash balances at two high credit quality financial institutions located in Illinois. At December 31, 2009, the cash balance is not in excess of the Federal Deposit Insurance Corporation limits. The Foundation has not experienced, nor does it expect to experience, any losses in such accounts.

D. Contributions

Contributions and promises to contribute are recognized as income when received or when they become unconditional promises to give. Contributions receivable are all due in less than one year.

E. Reclassifications

Certain reclassifications have been made to conform the 2008 financial statements to the 2009 presentation.

F. Uncollectible Accounts Receivable

The Foundation uses the allowance method to estimate uncollectible contributions receivable. At December 31, 2009 and 2008, the Foundation considers all contributions receivable to be fully collectible.

3. DONATED SERVICES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. The Foundation received donated audit services in 2009 and 2008 of \$1,500 which meet the criteria under SFAS 116, and are therefore recognized in the statement of activities.

**THE CHILDREN'S HEART FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

4. GRANTS

During 2009 the Foundation approved three research grants totaling \$250,000 to fund studies on congenital heart defects. The grants for 2009 were as follows: \$50,000 to Julie A. Brothers, M.D. from Children's Hospital of Philadelphia, \$100,000 to Sunjay Kaushal, M.D., PhD from Children's Memorial Hospital Chicago, and \$100,000 to Marlene Rabinovich, M.D. from Stanford University School of Medicine.

During 2008 the Foundation approved six research grants totaling \$395,641 to fund studies on congenital heart defects. The grants for 2008 were as follows: \$50,000 to Julie A. Brothers, M.D. from Children's Hospital of Philadelphia, \$100,000 to Sunjay Kaushal, M.D., PhD from Children's Memorial Hospital Chicago, \$100,000 to Marlene Rabinovitch, M.D. from Stanford University School of Medicine, \$36,750 to Emile Bacha, M.D. from Children's Hospital Boston, \$70,000 to Vidu Garg, M.D. from University of Texas Southwestern Medicine Center, and \$38,891 to Edward Hickey, M.D. and Glen Van Arsdell, M.D. from The Hospital for Sick Children.

5. RESTRICTIONS ON NET ASSETS

From time to time, the Foundation receives contributions that are designated by the donor with restrictions as to use. It is the Foundation's policy to disclose the nature of the restriction in net assets. Restrictions that are met in the same reporting period are classified as unrestricted net assets.

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Beginning Temporarily Restricted Net Assets	\$ 15,323	\$ 2,991
Medtronic, Inc. – "It's My Heart" Parent Book	0	50,000
Less: Expenditures for Parent Book	<u>(393)</u>	<u>(37,668)</u>
Ending Temporarily Restricted Net Assets	<u>\$ 14,930</u>	<u>\$ 15,323</u>

**THE CHILDREN'S HEART FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

6. RELATED PARTY TRANSACTIONS

The Foundation has seven chapters in Florida, Oregon, Ohio, Iowa, Indiana, Arizona and Pennsylvania. Related party transactions between the national chapter in Illinois and the other chapters are as follows:

	<u>2009</u>	<u>2008</u>
Contributions to the CHF National Organization by:		
The Florida Chapter	\$ 66,000	\$ 25,201
The Oregon Chapter	25,000	105,000
The Ohio Chapter	4,138	0
The Iowa Chapter	4,400	13,125
The Indiana Chapter	2,649	8,839
The Arizona Chapter	180	0
The Pennsylvania Chapter	13,250	0
Total Contributions from Affiliates	<u>\$ 115,617</u>	<u>\$ 152,165</u>

7. INTERNAL SPECIAL EVENTS

The Foundation hosts special events to raise money for the fight against congenital heart defects. The revenue from these special events is as follows:

	<u>2009</u>	<u>2008</u>
Family Benefit	\$ 141,191	\$ 129,069
Chicago Golf Outing	146,211	195,084
Total	<u>\$ 287,402</u>	<u>\$ 324,153</u>

8. EXTERNAL SPECIAL EVENTS

The Foundation is the beneficiary of several fundraising events throughout the country. The net income from these special events is as follows:

	<u>2009</u>	<u>2008</u>
ACHA/CHF Walk	\$ 3,310	\$ 0
Alpine Children's Chairty	50,000	65,000
Agne Fundraiser	21,153	22,430
Tuscon Golf Outing	30,090	41,669
Art for the Heart	11,520	8,020
Bovis Golf Outing	126,735	0
CHF/CHIN Walk	0	34,193
Legacy Golf Outing	28,706	0
Heartfelt Affair	25,735	17,290
Hopping for Hearts	0	24,032
Share Your Heart	31,581	6,250
Team CHF - Chicago Marathon	21,119	0
Miscellaneous Outside Fundraisers	70,805	24,735
Total	<u>\$ 420,754</u>	<u>\$ 243,619</u>

ADDITIONAL INFORMATION

**THE CHILDREN'S HEART FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Research Funding	\$ 250,000	\$ 0	\$ 0	\$ 250,000
Public Education and Advocacy	9,842	296	616	10,754
Salaries, Taxes and Benefits	134,719	19,778	39,733	194,230
Insurance	1,666	5,295	662	7,623
Office Supplies and Postage	2,328	9,608	7,077	19,013
Professional Fees	14,175	10,219	5,719	30,113
Printing	0	797	652	1,449
Travel	20,838	3,399	7,080	31,317
Rent and Utilities	12,096	2,304	4,800	19,200
Marketing	48,335	6,370	15,068	69,773
Fund Raising	104,015	1,877	78,824	184,716
Meetings and Conferences	2,195	2,962	1,909	7,066
Miscellaneous	<u>0</u>	<u>2,379</u>	<u>0</u>	<u>2,379</u>
Total	<u>\$ 600,209</u>	<u>\$ 65,284</u>	<u>\$ 162,140</u>	<u>\$ 827,633</u>

The accompanying notes are an integral part of these financial statements.

**THE CHILDREN'S HEART FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Research Funding	\$ 395,641	\$ 0	\$ 0	\$ 395,641
Public Education and Advocacy	228	3,854	1,749	5,831
Salaries, Taxes and Benefits	99,979	36,418	86,648	223,045
Insurance	0	5,404	0	5,404
Office Supplies and Postage	8,829	7,110	11,203	27,142
Professional Fees	0	8,100	0	8,100
Printing	0	1,318	1,078	2,396
Travel	20,451	3,511	17,556	41,518
Rent and Utilities	8,640	3,072	7,488	19,200
Marketing	34,203	26,096	36,821	97,120
Fund Raising	13,680	1,588	129,870	145,138
Meetings and Conferences	4,130	2,094	866	7,090
Miscellaneous	<u>0</u>	<u>1,282</u>	<u>156</u>	<u>1,438</u>
Total	<u>\$ 585,781</u>	<u>\$ 99,847</u>	<u>\$ 293,435</u>	<u>\$ 979,063</u>

The accompanying notes are an integral part of these financial statements.

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I and check this box **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Type or print File by the due date for filing your return. See instructions.	Name of Exempt Organization THE CHILDREN'S HEART FOUNDATION	Employer identification number 36-4077528
	Number, street, and room or suite no. If a P.O. box, see instructions. P.O. BOX 244	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. LINCOLNSHIRE, IL 60069	

Check type of return to be filed (file a separate application for each return):

- | | | |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

CHILDRENS HEART FOUNDATION

- The books are in the care of ▶ **P.O. BOX 244 LINCOLNSHIRE - , IL 60069**
Telephone No. ▶ **847-634-6474** FAX No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2010**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year **2009** or
▶ tax year beginning _____, and ending _____

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$
b	If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$
c	Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$ N/A

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.



The CPA. Never Underestimate The Value.™

Theodore I. Weber, CPA
Florian J. Kordas, CPA
Lucien R. Battiato, CPA
Robert D. Olson, CPA
Jacen R. Maleck, CPA

Andrew J. Schwarz, CPA
Ronald J. Degner Jr., CPA

Allen R. Hochfelder, CPA
1957-2007
Ernest J. Hochfelder, CPA
1933-1984

Hochfelder & Weber, P.C.
Certified Public Accountants and Consultants

525 West Monroe • Suite 910
Chicago, IL 60661-3629
Telephone: 312/715-0101 • Facsimile: 312/715-1512



CELEBRATING
75 YEARS
1933-2008

June 29, 2010

Office of the Attorney General
Charitable Trust Bureau
ATTN: Annual Report Section
100 West Randolph, 11th Floor
Chicago, IL 60601-3175

RE: Children's Heart Foundation
P.O. Box 244
Lincolnshire, IL 60069
36-4077528

To Whom It May Concern:

The above named exempt organization requests a 60 day extension for filing form AG990-IL for the year ended December 31, 2009.

If you need any additional information, please contact the undersigned.

Very Truly Yours,

Andrew J. Schwarz, CPA
Hochfelder & Weber, PC



The CPA. Never Underestimate The Value.™

Theodore I. Weber, CPA
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Certified Public Accountants and Consultants

525 West Monroe • Suite 910
Chicago, IL 60661-3629
Telephone: 312/715-0101 • Facsimile: 312/715-1512



CELEBRATING
75 YEARS
1933-2008

August 16, 2010

The Children's Heart Foundation
P.O. Box 244
Lincolnshire, IL 60069

Dear Bill:

Enclosed is the Organization's 2009 Exempt Organization return. The state Exempt Organization return is also enclosed. These should be signed, dated and mailed.

Specific filing instructions are as follows:

FORM 990 RETURN:

- Please sign, date and mail on or before August 16, 2010.

ILLINOIS FORM AG990-IL RETURN:

- Please sign, date and mail Form AG990-IL on or before August 29, 2010.
- Enclose a check for \$15.
- Make check payable to Illinois Charity Bureau Fund.

Copies of all the returns are enclosed for your files. We suggest that you retain these copies indefinitely.

Very truly yours,

Andrew J. Schwarz, CPA
HOCHFELDER & WEBER, P.C.



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Theodore I. Weber, CPA
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Certified Public Accountants and Consultants

525 West Monroe • Suite 910
Chicago, IL 60661-3629
Telephone: 312/715-0101 • Facsimile: 312/715-1512



CELEBRATING
75 YEARS
1933-2008

Hochfelder & Weber, P.C. Privacy Notice

Dear Client:

We have a strong tradition of protecting the confidentiality of our clients' personal information and are highly aware of the importance of properly maintaining this information. While our practices regarding personal information have not changed, this notice is now required of financial institutions such as ours by state and federal law.

Nonpublic Personal Information We Collect

We collect nonpublic information about you from yourself and other sources obtained by us with your authorization.

Nonpublic Personal Information We Disclose

We do not disclose any nonpublic personal information about our current or former Clients to anyone, except as permitted by law. Specifically, the Internal Revenue Code provides that a tax return preparer is prohibited from disclosing any information provided to prepare a tax return or the use of such information by the preparer for a purpose other than preparation of the return.

Confidentiality and Security

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal interest.

If you have any questions, please contact us.