HeartLine, Inc.
Financial Statements and Independent Auditor's Report Thereon

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
HeartLine, Inc.

We have audited the accompanying financial statements of HeartLine, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HeartLine, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2013, on our consideration of HeartLine, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering HeartLine, Inc.'s internal control over financial reporting and compliance.

Casey J. Russell CPA, Inc.

Oklahoma City, Oklahoma
September 27, 2013

HeartLine, Inc.
Statement of Position
June 30, 2013

Assets		
Cash on Hand and Demand Deposits	$	46,790.17
Accounts Receivable		78,406.33
Prepaid Insurance & Expenses		7,056.12
Beneficial Interest in Assets Held by Others		51,990.06
Property and Equipment, Net		237,165.01
Total Assets	$	421,407.69

Liabilities and Net Assets		
Liabilities		
Accounts Payable	$	13,805.18
Accrued Liabilties		15,857.24
Compensated Absences		22,713.02
Total Liabilities		52,375.44
Net Assets		
Permanently Restricted		51,990.06
Unrestricted Funds		317,042.19
Total Net Assets		369,032.25
Total Liabilities and Net Assets	$	421,407.69

The accompanying notes are an integral part of these financial statements

HeartLine, Inc.
Statement of Activities
For the Year Ending June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Grants	-	60,408.37	-	60,408.37
Contributions	168,952.01	-	-	168,952.01
Special Events	242,178.56	-	-	242,178.56
United Way Allocation	220,570.50	-	-	220,570.50
Contract Services	530,033.18	-	-	530,033.18
Other Program Income	0.01	-	-	0.01
Unrealized Gains (Losses)	-	-	2,451.45	2,451.45
Investment Gains (Losses)	8,925.35	-	-	8,925.35
Net Assets Released from Restrictions	60,408.37	(60,408.37)	-	-
Total Revenues, Gains and Other Support	1,231,067.98	-	2,451.45	1,233,519.43
Expenditures				
Administration	117,352.10	-	-	117,352.10
Crisis Helpline	83,212.19	-	-	83,212.19
211	753,752.17	-	-	753,752.17
Fundraising	223,462.65	-	-	223,462.65
Total Expenditures	1,177,779.11	-	-	1,177,779.11
Change in Net Assets	53,288.87	-	2,451.45	55,740.32
Extraordinary Expenses	(180.00)	-	-	(180.00)
Change in Net Assets after Extraordinary Expenses	53,468.87	-	2,451.45	55,920.32
Beginning Net Assets	263,573.32	-	49,538.61	313,111.93
Ending Net Assets	$ 317,042.19	$ -	$ 51,990.06	$ 369,032.25

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

HeartLine, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	$ 55,920.32
Adjustments to reconcile Net Income (Loss) to net	
Cash Provided by (used in) operating activities:	
Depreciation and Amortization	30,271.00
Decrease (Increase) in Operating Assets	
Accounts Receivable	(35,209.94)
Due From Others	7,530.00
Prepaid Insurance & Expenses	(2,801.84)
(Decrease) Increase in Operating Liabilities	
Accounts Payable	10,584.57
Accrued Liabilities	1,240.12
Compensated Absences	(657.17)
Total Adjustments	10,956.74
Net Cash Provided By (Used in) Operating Activities	66,877.06
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(8,634.06)
Change in Other Assets	(2,451.45)
Net Cash Provided By (Used In) Investing Activities	(11,085.51)
CASH FLOWS FROM FINANCING ACTIVITIES	
Notes Payable Repayments	(42,400.53)
Net Cash Provided By (Used In) Financing Activities	(42,400.53)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,391.02
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	33,399.15
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 46,790.17
Supplemental Information:	
Interest Paid	$ 657.79

HeartLine, Inc.
Statement of Functional Expense
June 30, 2013

	Administration	Crisis Helpline	211	Fundraising	Total
Salaries & Wages	$ 47,842.90	$ 57,918.81	$ 536,188.20	$ 76,184.33	$ 718,134.24
Employee Benefits	13,637.81	9,328.12	84,252.91	6,235.91	113,454.75
Occupancy	965.94	603.74	9,417.99	1,086.69	12,074.36
Office Expenses	4,452.77	6,370.08	23,611.99	4,532.32	38,967.16
Repairs & Maintenance	2,329.25	1,393.03	23,350.94	2,455.86	29,529.08
Interest	43.41	33.39	520.88	60.11	657.79
Telephone	2,540.33	1,789.67	39,433.55	2,103.91	45,867.46
Insurance	685.24	428.28	6,681.16	770.93	8,565.61
Conferences & Training	1,551.74	-	2,321.43	1,080.62	4,953.79
Dues & Publications	4,092.12	811.70	1,737.50	186.06	6,827.38
Professional Fees	2,100.85	1,313.04	20,483.29	2,363.45	26,260.63
Advertising	136.87	1,547.52	4,334.45	3,378.85	9,397.69
Travel & Related Expenses	6,701.87	1,674.81	1,417.88	2,209.73	12,004.29
Special Events Expense	-	-	-	120,813.88	120,813.88
Depreciation	30,271.00	-	-	-	30,271.00
Total Expenses	$ 117,352.10	$ 83,212.19	$ 753,752.17	$ 223,462.65	$ 1,177,779.11

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

HeartLine, Inc. (HeartLine) is a nonprofit corporation organized in March of 1972 under the laws of the State of Oklahoma. HeartLine provides skilled, compassionate listening and crisis support to the people of central Oklahoma through educational programs, referral services and a confidential 24-hour telephone helpline. HeartLine is supported primarily through contributions, grants, contracts for services and the United Way.

Basis of Accounting

The financial statements of HeartLine have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Concentrations

A lone contract for service is approximately 37% of total revenues and is 100% of the accounts receivable balance as of June 30, 2013.

Income Tax Status

HeartLine is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and is classified as a publicly supported organization and not as a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for 3 years after they were filed.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, HeartLine is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Cash and Cash Equivalents

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

Contributions

HeartLine has adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the grantor or donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributed services under SFAS No. 116 are those that create or enhance non-financial assets, are of a specialized nature, are provided by individuals possessing those skills and would otherwise be purchased. In-kind contributions relating to fixed assets, software development, advertising and printing of $0 were recognized during the year.

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

Property and equipment are capitalized at cost, or if donated, at the estimated fair market value at the date of the donation. Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets: building and improvements – 39 years and furniture and equipment – 5 to 10 years. Depreciation expense for the year ended was $30,271.

HeartLine does not have an established written fixed asset policy. Currently, the executive director decides which purchases are to be considered fixed assets.

Property and equipment consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 9,600	$ -	$ -	$ 9,600
Buildings and Improvements	284,226	-	-	284,226
Equipment and Furniture	144,757	8,634	(13,928)	139,463
Total Assets	438,583			433,288
Accumulated Depreciation	(179,780)	(30,271)	13,928	(196,123)
Total Property and Equipment, Net	$ 258,803			$ 237,165

Functional Allocation of Expenses

The schedule of functional expenses presents the costs of providing services on a functional basis. Accordingly, certain costs have been allocated among programs and supporting services.

BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

HeartLine is the beneficiary of an endowment with the Oklahoma City Community Foundation (the Foundation) and records this interest in accordance with SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. Funds are transferred from HeartLine to the Foundation on a continuing basis with variance power granted to Foundation in the following three circumstances: a) HeartLine ceases to exist; b) HeartLine ceases to qualify under its current exempt status with the IRS; and c) HeartLine's mission becomes impractical to fulfill. The current distribution policy of the Foundation is 5% of the market value of the fund at June 30 of each year, averaged over 8 quarters, distributed each October.

According to the Foundation endowment report dated June 30, 2013, the aggregate value of the beneficial interest was $51,990.

LINE OF CREDIT

During the year ending June 30, 2008, HeartLine obtained a line of credit from BancFirst in the amount of $50,000. This note has an interest rate of 5% and will mature on September 1, 2014. HeartLine is required to make monthly interest payments on this note. The line of credit is to cover operational expenses. On February 9, 2009, HeartLine had the line of credit increased to $100,000. Monthly interest payments are being paid at an interest rate of 4% per annum on all outstanding principal. As of June 30, 2013, the outstanding principal on the line of credit was zero.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2013, which is the date the financial statements were issued.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
HeartLine, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of HeartLine, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HeartLine, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HeartLine, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HeartLine, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey J. Russell CPA, chtd

Oklahoma City, Oklahoma
September 27, 2013