

Kardias

ANNUAL REPORT 2020

Head of project:

Ana Luz Díaz Smith

**Director General** 

Kardias A. C.

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Courtesy of María Carraza

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#### Dear friends of Kardias:

We went through a year where mankind faced many challenges, which revealed us, more than ever, that we should strengthen our efforts to reduce inequalities and improve access to health care. We are sure that, in the face of adversity, we should be closer to each other and double our efforts to move forward.

2020 was a tough year for Kardias, as it was for many other non-governmental organizations. The health-related circumstances lead us to stop the accelerated growth rhythm of our program, since both of our allied centers had to postpone the procedures of some of our patients and focus in scheduling urgent procedures, during the first months of the sanitary contingency.

Today, even in the middle of a challenging scenario, we are proud to present you a summary of our activities, in addition with the results reached during 2020, which come from the effort, talent and vision of each and everyone who works together day after day for this cause.

It is important to acknowledge that we had a considerable reduction of our impact, since coming from 2019, a year in which we reached a 15% increase in the number of surgeries performed in both centers where Kardias Program runs: Instituto Nacional de Pediatría and the recently inaugurated Centro Pediátrico del Corazón ABC-Kardias (CPC). The number of surgeries in that inaugural year of the center was 266 and 20 therapeutic cardiac catheterizations.

During 2020 the pandemic forced many medical centers to stop performing certain procedures, due to safety and prevention protocols, our centers weren 't the exception. Although surgeries didn't stop, the sanitary contingency forced our outpatient clinic at the CPC to close for more than three months, treating only urgent cases prior scheduling.

Despite this adverse context, during 2020 we consolidated our collaboration with the American British Cowdray Medical Center and remain operating at the CPC located in Observatorio campus with strict sanitary protocols. Not closing and not stopping surgeries was our greatest achievement in such a complex year. Even when everything seemed to be against us, in 2020 we performed 167 cardiovascular surgeries in both centers and 23

therapeutic cardiac catheterizations at the CPC. 86% of these procedures were performed to underprivileged children thanks to the support of our donors and allies.

The medical team also went through an adaptation process to perform surgeries under the new circumstances and protocols that the pandemic revealed as months went by. Kardias stayed in constant contact with the health professionals to detect their necessities and address them promptly in order to provide them with the necessary personal protection equipment to take care of their health.

We also witnessed and took part of the imminent changes at the American British Cowdray Medical Center, which we supported, since we understood that, for such institution, treating COVID-19 patients and implementing new protocols was a priority.

Regarding fundraising, it decreased 50% compared to 2019, a year in which we registered a historic record with an income from donations of 48 million Mexican pesos. We highlight multiannual donations with two major institutional donors: Fundación Gigante and Fundación Gonzalo Río Arronte, as well as the unconditional support of our allies and friends who kept us strong.

In February 2020 we carry out the Kardias Race which registered 8703 adult runners plus 524 children. We added the 21K distance which motivated and brought new participants.

However, as months went by, the pandemic continued and confinement extended, which made us cancel other important fundraising events such as Gran Fondo Adolfo Lagos Izzi – Kardias, for the safety of the participants. Today more than ever, as we retrospect this particular year, we thank you from the bottom of our heart for all your support to this cause that brings us together, and ask you, once again, to continue assisting this project that has changed the paradigm of specialized medicine in Mexico, betting for inclusion, vanguard and social innovation. We are still committed and excited for the progress we have reached as well as for future challenges, with one sole objective: that Mexican children have access to the medical care that they deserve in this specialty.

Alfonso de Angoitia

President of the Board





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# Introduction

# THE CHALLENGE OF AN ATYPICAL YEAR

A congenital heart defect (CHD) is a structural problem with the heart that's present at birth. Such defects result when a mishap occurs during heart development soon after conception – often before the mother is aware that she is pregnant<sup>1</sup>.

Usually, they can be detected at birth or during the first years of childhood and sometimes before birth. Congenital heart defects range in severity from simple problems, such as "holes" between chambers of the heart, to very severe malformations, such as the complete absence of one or more chambers or valves². Each one of them requires a specific treatment and follow up. Some patients require more than one procedure and/or surgery throughout their life.

The initiative that Kardias leads in Mexico is added to the effort of many actors in different parts of the world searching for solutions to injustices created from the asymmetries in the access to quality health care.

We do so by addressing a specific aspect of this huge global challenge: evidence shows that Non-communicable diseases (NCDs) account for 67% of all deaths yet only receive 2% of the funding to improve health in low- and middle-income countries.<sup>3</sup> COVID-19 pandemic has been added to this reality which had a great impact in the access to specialized health care in Mexico and Latin America.

During 2020, the pandemic forced many health centers to stop performing certain procedures, due to safety and prevention





### "1 in every 120 children in the world is born with a congenital heart defect<sup>4</sup>"



protocols, our centers weren´t the exception. Surgeries didn´t stop but the sanitary contingency forced us to close our outpatient clinic at the Centro Pediátrico del Corazón for three months, booking exclusively urgent cases.

Kardias´ medical team also went through an adaptation process to perform surgeries under the new circumstances and protocols that the pandemic revealed as months went by. Kardias stayed in constant contact with the health professionals to detect their necessities and address them promptly in order to provide them with the necessary personal protection equipment to take care of their health.

And even though we didn't stop, in the meantime, messages requesting treatment for children with CHD kept coming, since the public health institutions that used to be an alternative for these patients were focused in COVD-19 patients, leaving aside many children who had to postpone their treatment and/or surgery which

<sup>1</sup> American Heart Association. The Impact of Congenital Heart Defects.https://www.heart.org/en/health-topics/congenital-heart-defects/the-impact-of-congenital-heart-defects. [18.04.2022]

<sup>2</sup> Idem

<sup>3</sup> Institute for Health Metrics and Evaluation (2018). High burden, low budget: non-communicable diseases in low- and middle-income countries. http://www.healthdata.org/infographic/high-burden-low-budget-non-communicable-diseases-low-and-middle-income-countries [21.05.2019].

<sup>4</sup> Palacios Macedo Alexis et al. (2019). "A Novel Private-Public Hybrid Model for Treatment of Congenital Heart Disease in Mexico". World Journal for Pediatric and Congenital Heart Surgery,10(2), 206-213. 19 de marzo de 2019.



"Failure to provide care for NCDs during the pandemic could lead to "a parallel epidemic of preventable deaths" in people with chronic diseases."

Carissa F. Etienne

OPS DIRECTOR

lead their parents to search for other alternatives to save their children's lives.

This made us implement additional measures to include new profiles of beneficiaries, however, the demand overtook us as the pandemic extended.

This situation wasn´t exclusive of Mexico, the Pan American Health Organization published on June 2020 the results of a survey that revealed that, "outpatient services were partially interrupted in 18 surveyed countries (64%), two countries (7%) closed their non-communicable diseases services completely<sup>5</sup>"

The virtual rapid assessment of service delivery for NCDs during the COVID-19 pandemic in the Americas, completed by 158 countries around the world, including 28 member states of PAHO, during a four-week period in May, confirmed that the pandemic has had a global impact and that the disruption of routine health services poses a threat to the health of people living with noncommunicable chronic diseases."6

"In Mexico, every year between 18,000 and 21,000 children are born with a cardiac defect, less than a third of them has access to treatment and when treatment is available, it is frequently suboptimal." Therefore, until before the pandemic, this was the second cause of death in children under 5 years of age in Mexico". Currently, there is no official data showing the direct impact of the pandemic in mortality from CHD in pediatric patients, but it is known that there is a delay in treatment and diagnosis.

Since the pandemic began, in Mexico and many other countries in the world, routine health services were reorganized or interrupted and many stopped treating patients with diseases such as cancer, cardiovascular diseases, diabetes. Likewise, many health workers who treated these patients were reassigned to COVID-19 response, according to a PAHO survey.

At the end of May, the Director of PAHO, Carissa F. Etienne, warned that failure to provide care for NCDs during the pandemic could lead to "a parallel epidemic of preventable deaths" in people with chronic diseases.

Another disturbing data can also be found in the Second Governance Report of Andrés Manuel López Obrador, President of Mexico, which reveals a reduction of 50% in the diagnosis of chronic diseases in Mexico.<sup>10</sup>

According to epidemiologic surveillance reports from the Secretariat of Health of Mexico, regarding heart diseases, during the first semester of 2020 23,342 cases were diagnosed, 13,000 less than 2019. And this as a result of an increase of 8% of diagnosis in January and a 40 % decrease by July.<sup>11</sup>

At the beginning of the pandemic, Humberto García M.D., Head of the Cardiology department of the Hospital 20 de Noviembre, a public hospital of the Instituto de Seguridad Social al Servicio de los Trabajadores del Estado (ISSSTE), performed a survey which results were presented at the Virtual Symposium of Pulmonary Hypertension in September 2020. Many health professionals from different hospitals of the country, where therapeutic diagnostic procedures are performed, answered the survey, reaching the conclusion that the COVID-19 crisis could cause a decrease in medical treatments of 85%.<sup>12</sup>

According to specialists that answered the survey, 10,000 patients could be added to the waiting list, adding up to those who didn't receive their treatment during the last 3 years. This can be translated as follows: the number of patients in waiting lists in

# The COVID-19 crisis could cause a decrease in medical treatments of 85% during 2020

our country could be of up to 30,000 (at different specialized centers), which is equivalent to five years of work, considering the capacity of the Mexican Health Sector.<sup>13</sup>

As we can see, we still don't know for how long we will face the huge challenges arising from the COVID-19 pandemic and this is why Kardias, today more than ever, is committed to continue providing opportunities to care for children born with a CHD.

10,000 patients could be added to the waiting list, adding up to those who didn't receive their treatment during the last 3 years.

<sup>5</sup> Pan American Health Organization (2020). "COVID-19 has impacted the operation of health services for noncommunicable diseases in the Americas". https://www.paho.org/en/news/17-6-2020-covid-19-has-impacted-operation-health-services-noncommunicable-diseases-americas

A Idem

<sup>7</sup> Fernández Cantón S, Gutiérrez Trujillo G, Vigur Uribe R. "Principales causas de mortalidad infantil en México: tendencias recientes". Bol Med Hosp Infant Mex. 2012;69(2): 144-148.

B Ídem.

<sup>9</sup> Pan American Health Organization (2020). "COVID-19 has impacted the operation of health services for noncommunicable diseases in the Americas". https://www.paho.org/en/news/17-6-2020-covid-19-has-impacted-operation-health-services-noncommunicable-diseases-americas

<sup>10</sup> Arturo A y Nayeli R (2020). "La pandemia provoca que diagnósticos de enfermedades como cáncer o diabetes caigan hasta 50% en México". Animal Político. https://www.animalpolitico.com/2020/09/cae-deteccion-enfermedades-no-son-covid-cancer-diabetes/

<sup>11</sup> Idem. This information includes diagnosis of adults.

<sup>12</sup> Villareal Zavala A. (25 de febrero de 2021). "Proposición con Punto de Acuerdo por el que se exhorta a la Secretaría de salud del Gobierno Federal a diseñar e implementar un Programa Nacional de Detección, Diagnóstico, Control y Seguimiento a pacientes con cardiopatías congénitas". Gaceta del Senado. Recuperado el 5 de abril de 2021 de https://infosen.senado.gob.mx/sgsp/gaceta/64/3/2021-02-25-1/assets/documentos/PA\_PAN\_Sen\_Audelia\_cardiopatias.pdf

<sup>13</sup> Íder

# Chapter 1

# About us

Kardias is a non-profit organization dedicated to develop quality healthcare programs for children with heart diseases, as well as to promote the education about the relevance of congenital heart diseases.







#### **MISSION**

Enable highly specialized centers in Mexico for the care of girls and boys born with congenital heart diseases, through the development of sustainable, transparent and recognized programs to guarantee access to excellent medical care focused on the comprehensive well-being of the patient.

#### **VISION**

Develop expertise in the design of sustainable, transparent and recognized programs, both nationally and internationally, in order to guarantee access to excellent medical care through the alliance, collaboration and professionalism of multidisciplinary medical groups committed to the well-being of the patient.

#### **VALUES**

- EXCELLENCE
- PASSION
- HUMANISM
- COLLABORATION
- TRANSPARENCY



# OUR ACHIEV



2 HEART CENTERS supported.

**5 FELLOWS TRAINED** in Pediatric Cardiovascular Surgery, Pediatric Cardiovascular Anesthesiology and Pediatric Echocardiography





#### **2 RESEARCH MEDICAL STUDENTS**

trained in the Coordination of Investigation and Education

124 HEALTH PROFESSIONALS ATTENDED VIRTUAL CONGRESSES AND COURSES related to congenital heart diseases





**670 CARDIAC CONSULTATIONS** in both centers

- 189 at CPC for underprivileged patients
- 189 at CPC for private patients
- 292 at Instituto Nacional de Pediatría for underprivileged patients

# **EMENTS**

#### 189 SPECIALIZED TREATMENTS for children:14



- Instituto Nacional de Pediatría: 102 Surgeries
- Centro Pediátrico del Corazón
   65 Surgeries (41 for underprivileged patients and 24 for private patients)
  - 20 Therapeutic cardiac catheterizations for underprivileged patients
  - 2 Cardiac catheterizations for private patients





#### **141 DIRECT BENEFICIARIES**





**Pediátrico** del **Corazón** 







#### **465 INDIRECT BENEFICIARIES**





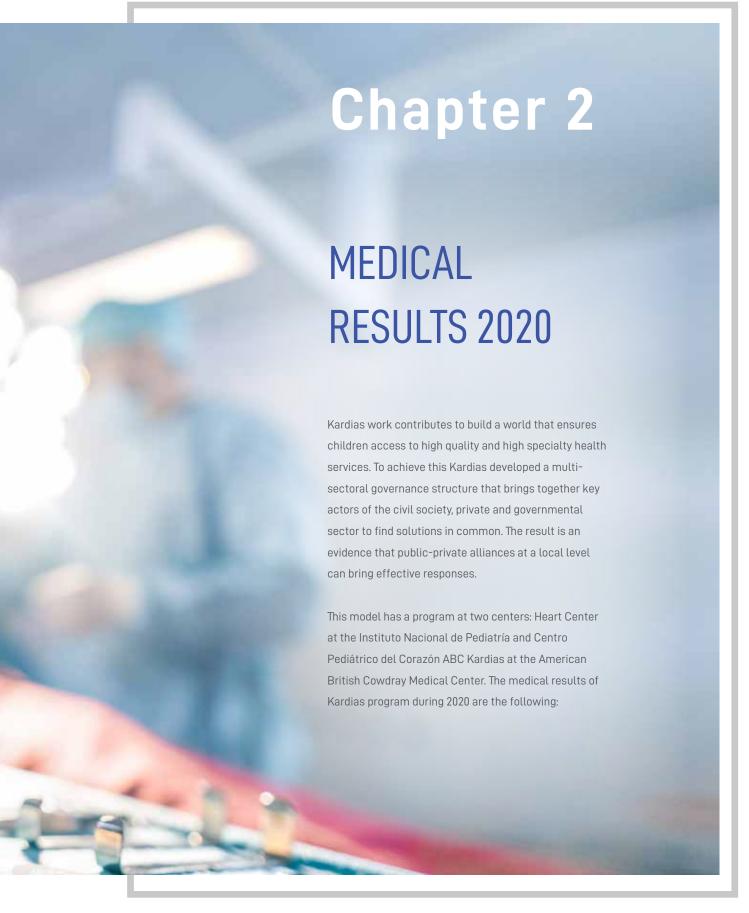
Centro
Pediátrico del Corazón



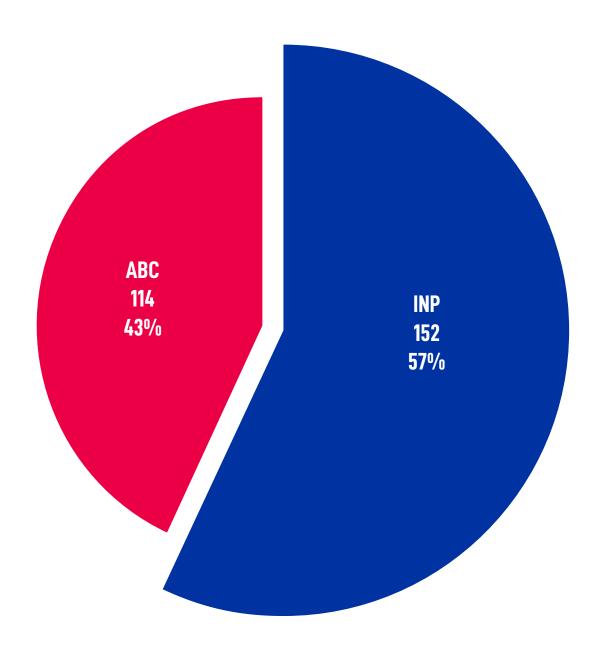




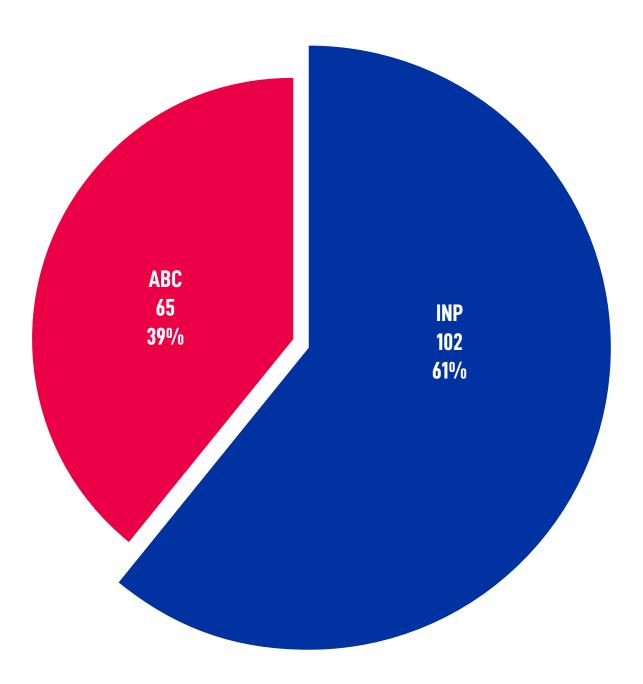




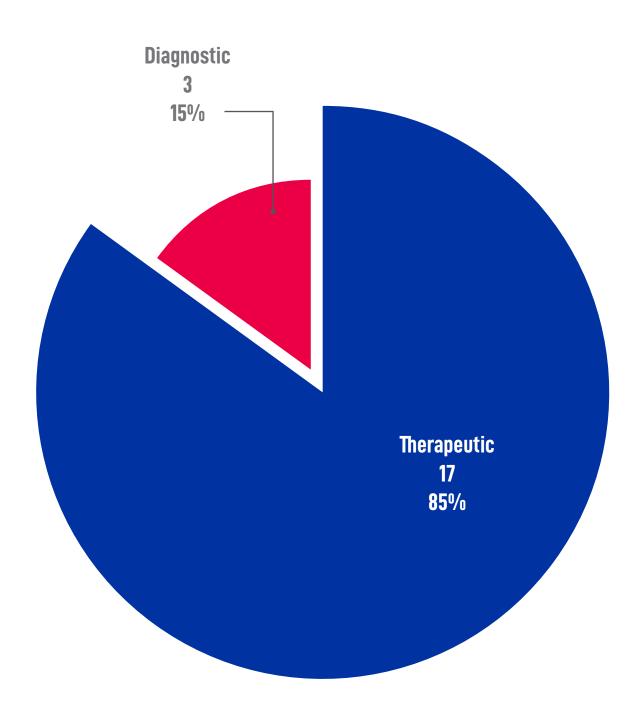
### Surgeries 2019



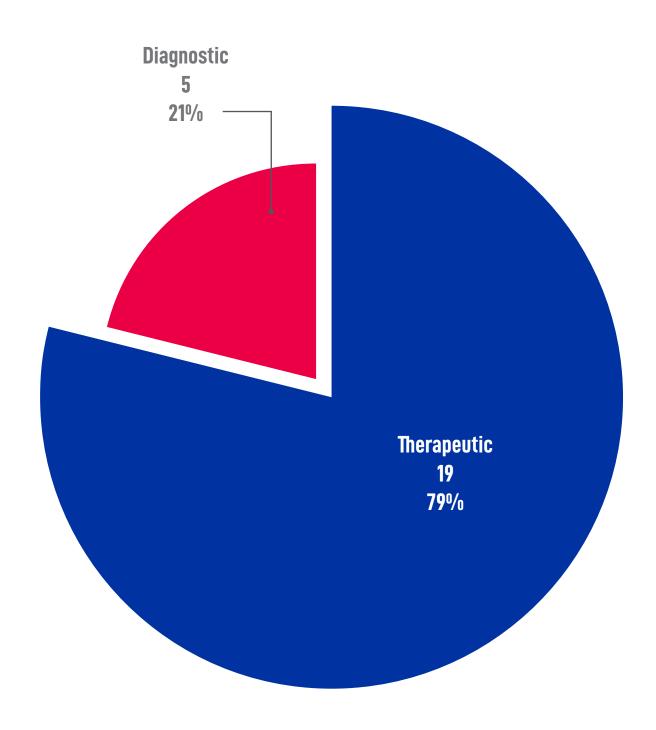
## Surgeries **2020**



#### Cardiac Catheterizations 2019



#### Cardiac Catheterizations **2020**



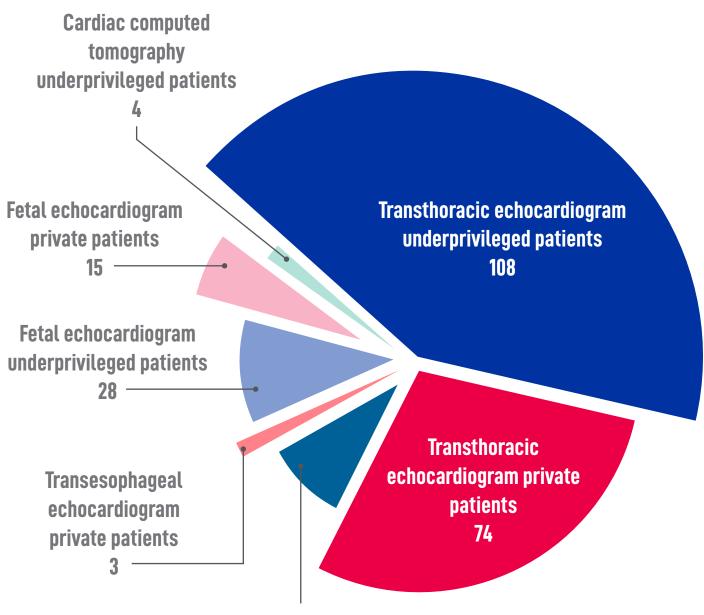
#### Diagnostic tests 2019

### Centro Pediátrico del Corazón





TOTAL 256

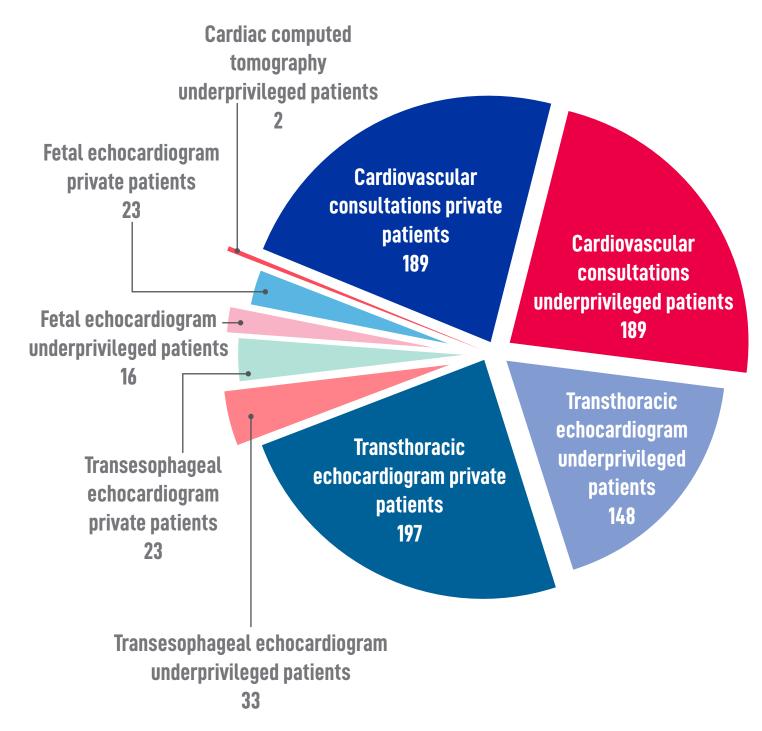


Transesophageal echocardiogram underprivileged patients

24

#### Consultations and Diagnostic tests 2020

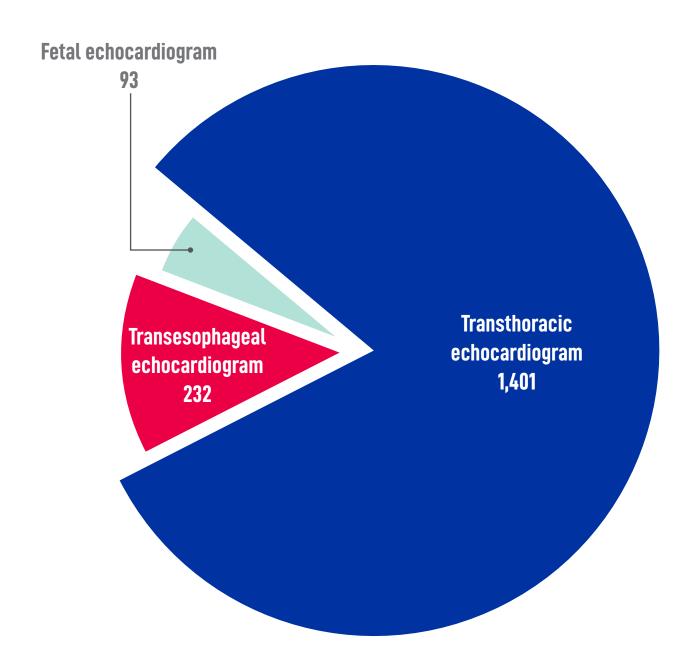




#### Diagnostic tests **2019**

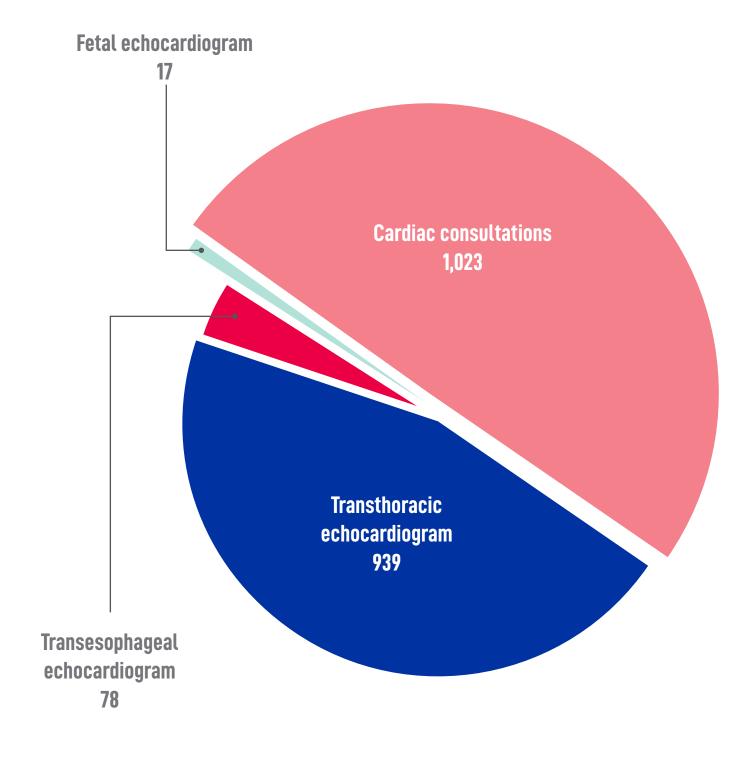


TOTAL 1,726



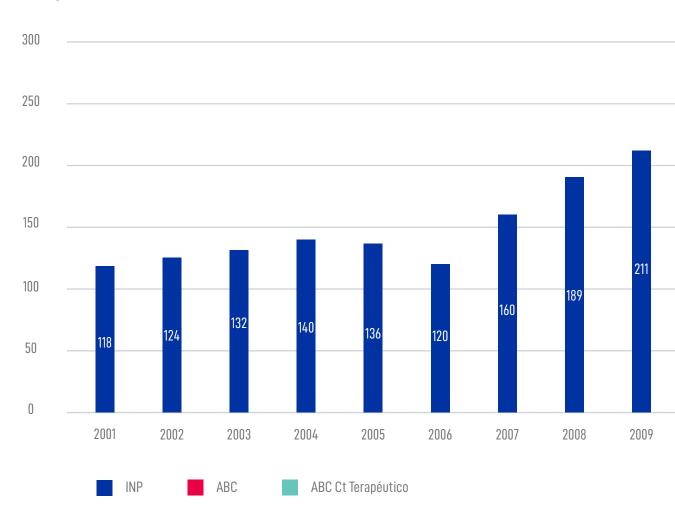
#### Consultations and Diagnostic tests **2020**



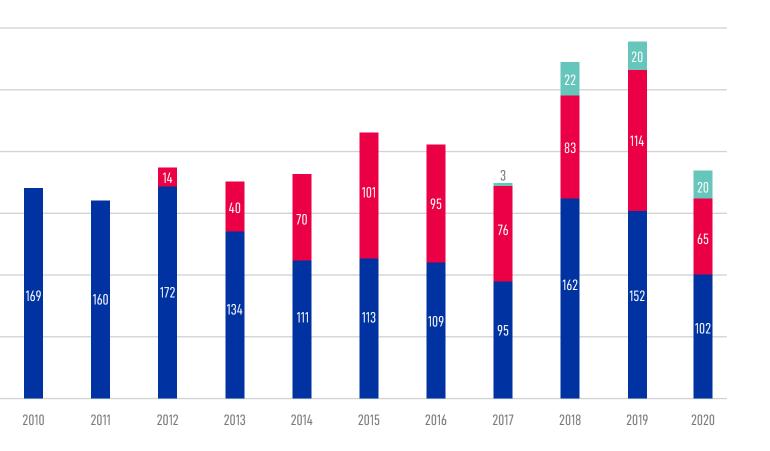




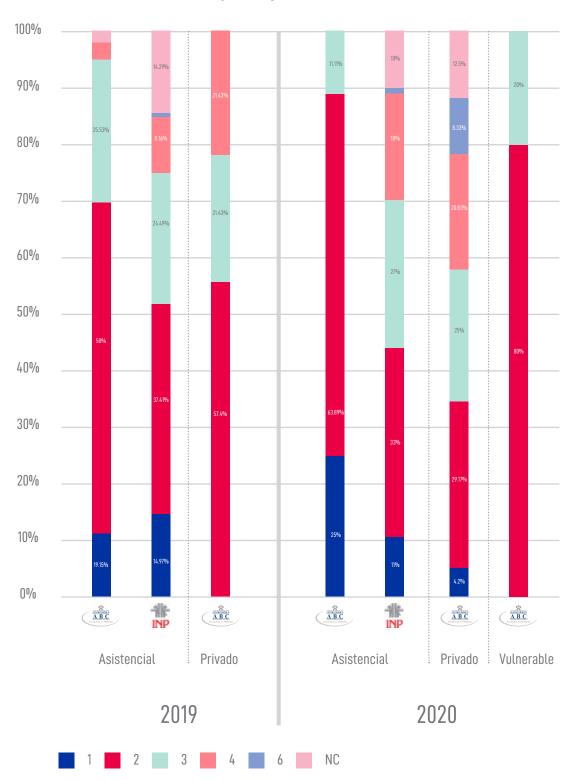
### Surgeries 2001-2020







#### Overview of complexity of cases in 2019 *versus* 2020





# Chapter 3

# FUNDRAISING RESULTS 2020

During 2020 fundraising affected Kardias deeply, decreasing approximately 40% compared to the two previous years. Thanks to the solidarity of our donors and allies who have supported us over the years and the savings that we accumulated and that were set aside for emergencies, we were able to continue our activities without interruption during this challenging year.

In order to prioritize health and safety of all participants, we cancelled our yearly cycling event and the Gran Fondo Adolfo Lagos izzi Kardias, two very significant sport events in regards to our annual fundraising.

In 2020 Kardias US Board was incorporated with the objective of international fundraising, it is made up of a group of people with interests aligned to Mexico and Kardias cause. The objective of this group is to manage and supervise the fundraising projects launched from the United States, which will strengthen our international strategy. During November Kardias and the US Board planned a Gala at New York targeting U.S. residents' donors, but it was also cancelled.

Currently, this organization has 501 C3 status which grants us eligibility to receive tax- deductible charitable contributions, a key factor to reach our 2021 institutional objectives.







Added to the 2020 difficult context, in 2021 the Mexican government published changes to the Tax Reform that affected fundraising models of many non-profit organizations. "Originally, the Executive's proposal established that transfers of property, rendering of services, and leasing carried out by certain authorized donation recipients would be considered as VAT exempt. However, Congress modified the proposal to include within this VAT exemption, all authorized donation recipients, which will affect more non-profit organizations.<sup>15"</sup>

Despite of the difficulties, Kardias is committed to continue working for its cause. Today, more than ever we need the support of our donors and allies to continue giving life opportunities to children with congenital heart disease.

<sup>15</sup> Ritch Mueller. 2020 Tax Reform: key takeaways. https://www.ritch.com.mx/storage/uploads/articles/376/en/AhHhwleSAF0AtM11jDRH5TQK2jjYkuxImzgK1QZi.pdf [25.04.2022]

## **SPORT EVENTS**

Kardias 2020 Race took place in February 2020. This event, besides being crucial for fundraising, helps us spread information about CHD and create awareness regarding the illness.

The event was sold out. For the first time, and to commemorate Kardias 20 years anniversary, we added the 21K distance (half marathon) with the slogan: 20 years = 20 Km + 1. This additional kilometer represented the next step that we take to keep moving forward after two decades of hard work and in the middle of important challenges.









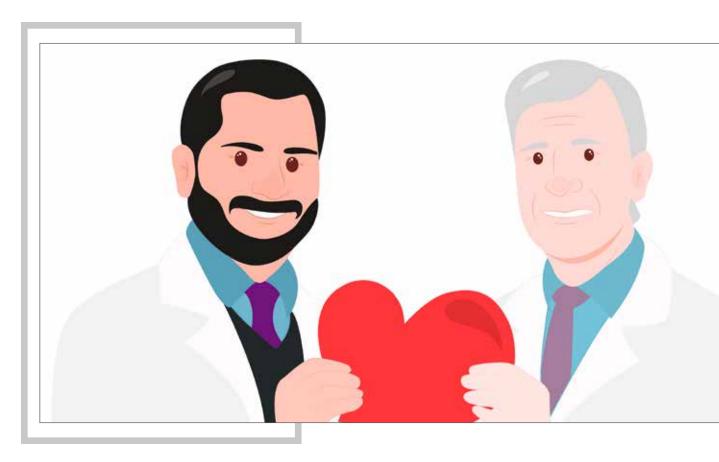


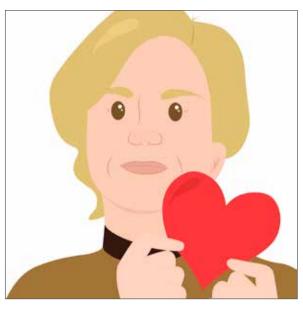














## ONLINE COLLECTIVE FUNDING CAMPAIGN

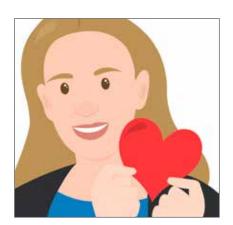
#### 2020 Virtual Race

We thank the 12 teams of virtual runners who participated in the 2020 edition, together they raised, during February and March

MXN \$1,132,275.17







GUADALAJARA TEAM: Paulina Ángel and Lorenza Orozco.

LAGUNES TEAM: Annette Lagunes, Rodrigo Pino, Gloria Niño de Rivera,

Kathy Butcher, Sergio Lagunes and Tatiana Ordorica.

LOS WILLIS TEAM: Horacio Lozano, Marcelo Peruggia and Narda González.

ANGOITIA LEGORRETA TEAM: Concha Legorreta and Mari Carmen Angoitia.

ALEJANDRA TEAM: Alejandra Villegas y familia.

SABRINA TEAM: Karla Robles and Sabrina Puig.

MÉDICOS KARDIAS TEAM: Alexis Palacios Macedo, Almudena March and

**Héctor Diliz.** 

LARREGUI TEAM: Miguel Larregui and family.

CHERCHI TEAM: Tony Cherchi and family.

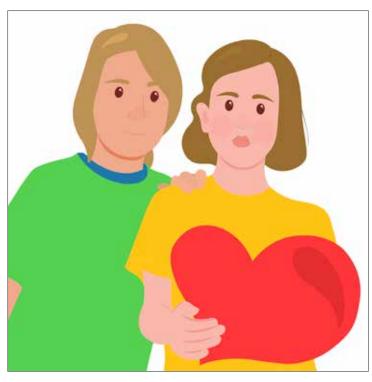
JOSEFINA AND CRISTOBAL TEAM: Josefina Santacruz, Cristobal Cosio

and Imanol Dunand.

ESPCM80 TEAM: Luis Miguel Rodríguez Peñagos and Carlo O.

ANA MARÍA TEAM: Ana María Fernández, Araceli Fernández, Ma Luisa

Sabau and Viviana Álvarez.



## HELP US TAKE CARE OF THEM! CAMPAIGN

We launched a campaign at Donadora, a collective fundraising platform, to provide protection equipment for Kardias´ doctors and nurses, and supplies for the Instituto Nacional de Pediatría which were delivered to more than 30 health professionals that work at the pediatric cardiac unit.







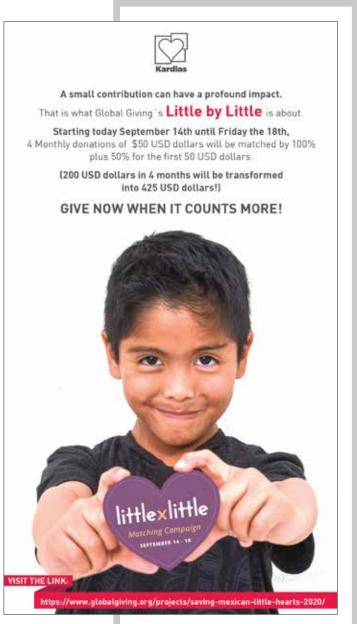


## **GLOBAL GIVING**

We fundraised **USD\$35,553** through Global Giving Platform. **USD\$5,541** came from corporate alliances and marketing efforts. 92 donors became active with an average donation of **USD\$250** per donor, and we also received **USD\$3,620** from recurring donations.







# SUSTAINABILITY FUND

Since the inauguration of the Centro Pediátrico del Corazón in February 2019, the participation of each actor changed, the American British Cowdray Medical Center adopted Kardias-ABC program as one of its own specialty medicine programs, due to its excellent results.

After the consolidation of the project, Kardias asked the American British Cowdray Medical Center to contribute to the Sustainability Fund, which aims to reach financial sustainability of the hospitalization costs of the program, ensuring treatment for a minimum of 100 underprivileged patients per year during the following 20 years.

The Centro Pediátrico del Corazón ABC-Kardias is based in an innovative model where the hospitalization costs of underprivileged patients are covered with the reinvestment of the profits from private patients of the same Centro Pediátrico del Corazón ABC-Kardias.

To consolidate the success of this plan, we need an initial investment of 60 million Mexican pesos. This will allow the Centro Pediátrico del Corazón ABC-Kardias to cover the variable costs of economically vulnerable patients, until the point of balance of the program, which we estimate will be in five years. This investment guarantees that the center will be able to provide treatment for underprivileged patients for the following two decades.

This way, in the following 20 years, the Sustainability Fund will allow to perform:

- 2,400 surgeries for Mexican children, 1,600 of them will be for underprivileged patients
- 1,500 therapeutic cardiac catheterizations, 1,000 of them will be for underprivileged patients



 More than 26,000 consultations, 10,000 of them will be for underprivileged patients

#### Fundraising progress

The Sustainability Fund was a success and raised more than expected during its first year, despite of the crisis of the COVID-19 pandemic. Between 2019 and 2020 the Fund raised 71.2% of its goal.

Since the creation of the Sustainability Fund, in 2019, we negotiated with the American British Cowdray Medical Center to reassign the amount of the investment from 2018 for the remodeling of the space of the new Centro Pediátrico del Corazón ABC-Kardias, as seed capital for the Sustainability Fund, which our ally accepted as a sign of will and collaboration for the success of this project. This is why the following chart shows contributions of such dates.

One more sign of this interinstitutional shared effort, is that we have contributions from the Department of Philanthropy and Social Impact of the American British Cowdray Medical Center tagged for the Kardias-ABC Program.

On the other side, we obtained multiannual donations with several foundations which, despite we still haven 't

received their payment, we are certain that we will receive such contributions, which are detailed as follows in the committed contribution column.

### **Achievements**

Due to this changes the amounts were allocated as follows:

Until December 2020, a little over a year from its beginning, we have raised and committed 43 million Mexican pesos, which represents 71.2% of our initial goal for the Sustainability Fund of the Centro Pediátrico del Corazón ABC-Kardias, which aims to be consolidated with 60 million Mexican pesos by 2022. We still have to fundraise 17 million Mexican pesos for such fund.

	СМАВС	Kardias	Committed	Total
2018		\$4,575,465		\$4,575,465
Private donor		\$3,756,085		\$3,756,085
Foundation		\$438,380		\$438,380
Corporate donor		\$381,000		\$381,000
2019	\$4,118,500	\$10,168,377		\$14,286,877
Private donor	\$4,118,500	\$6,137,762		\$10,256,262
Foundation		\$3,070,399		\$3,070,399
Corporate donor		\$960,216		\$960,216
2020	\$2,400,000	\$6,806,000		\$9,206,000
Foundation	\$1,000,000	\$5,660,000		\$6,660,000
Private donor	\$1,400,000			\$1,400,000
Corporate donor		\$1,146,000		\$1,146,000
2021		\$2,600,000	\$11,740,000	\$14,340,000
Foundation		\$2,600,000	\$11,740,000	\$14,340,000
2022			\$1,000,000	\$1,000,000
Foundation			\$1,000,000	\$1,000,000
Total	\$6,518,500	\$24,149,842	\$12,740,000	\$43,408,342



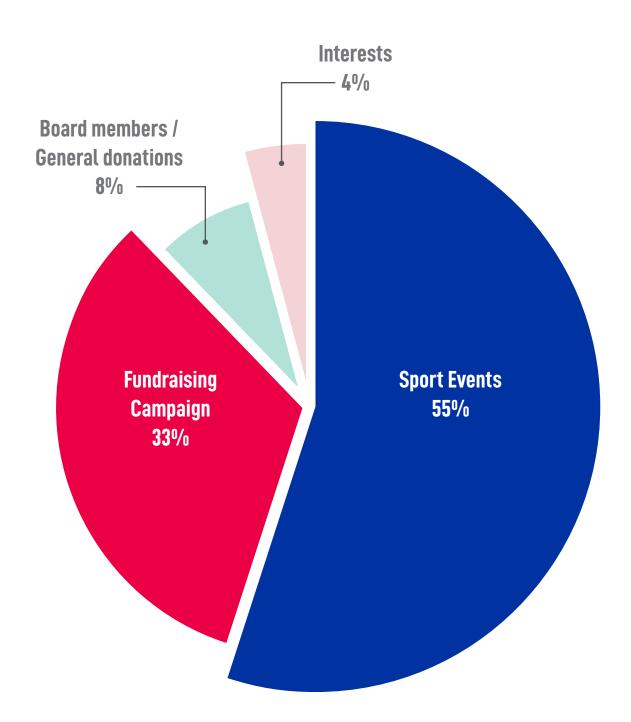


# Chapter 4

FINANCIAL RESULTS

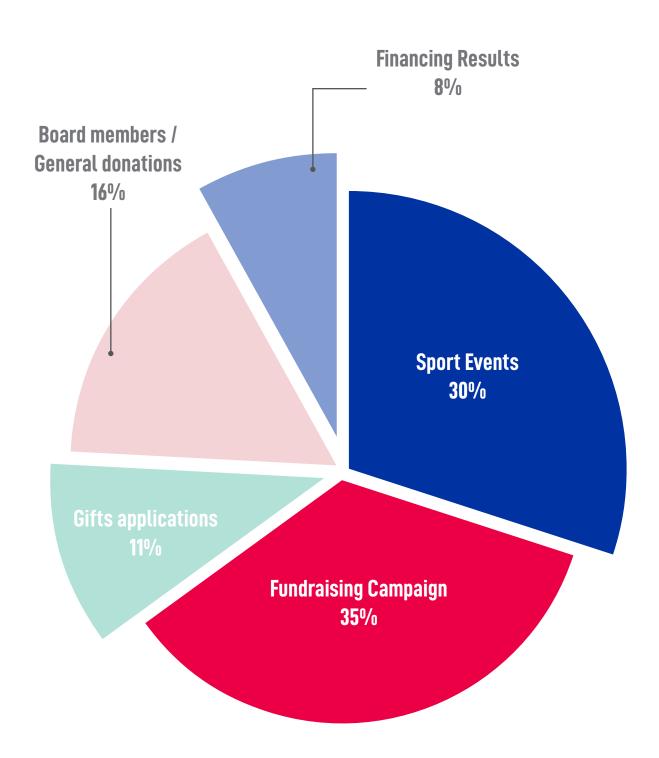
## Income **2019**

TOTAL 49.91 M



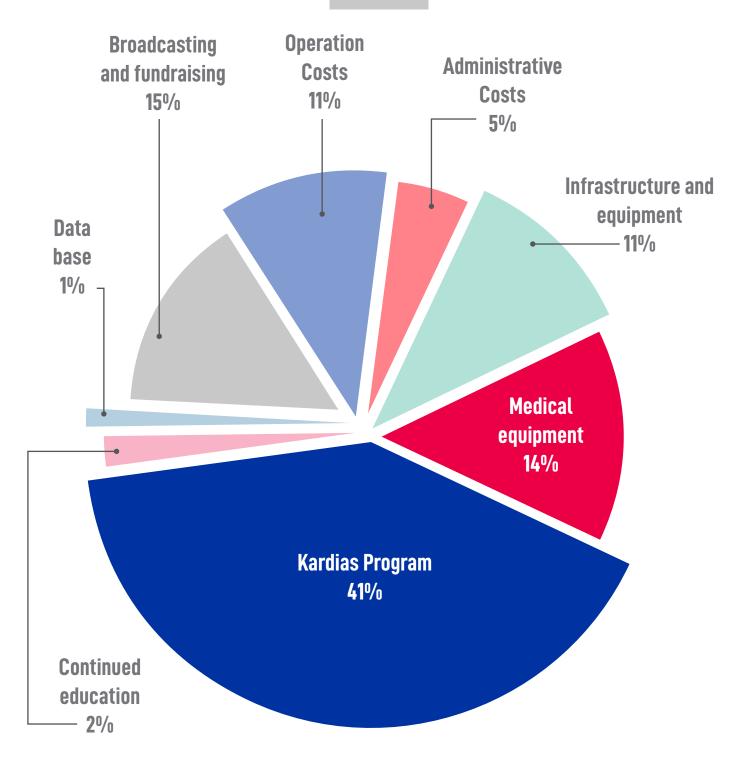
## Income **2020**

TOTAL 24.07 M



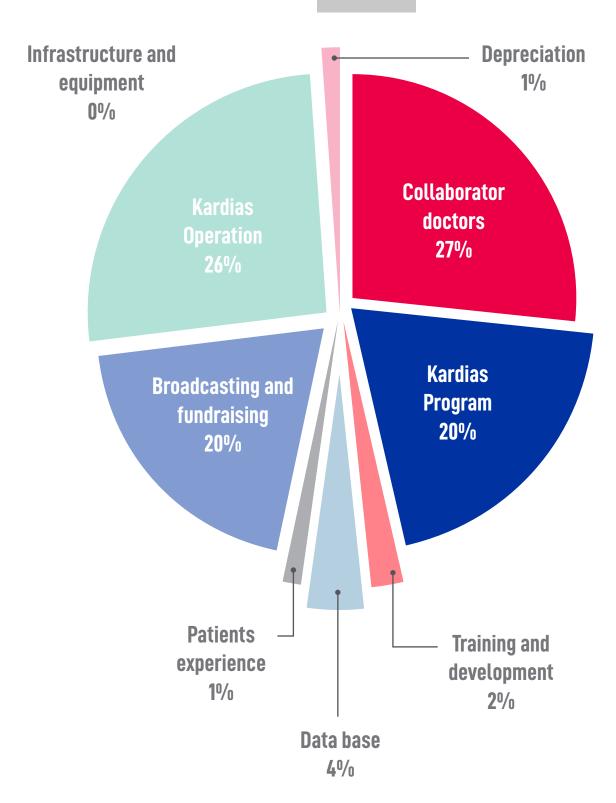
## Expenses 2019

TOTAL 39.99 M



## Expenses 2020

TOTAL 24.64 M



# FINANCIAL STATEMENTS

## Kardias, A. C.

Financial statements for the years ended December 31, 2020 and 2019, and Independent Auditors' Report dated on June 28, 2021



## Kardias, A. C.

# Independent Auditors' report and financial statements 2020 and 2019

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## Deloitte.

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Tel: +52 (55) 5080 6000 www.deloitte.com/mx

## Independent Auditors' report on the Financial Statements to the Associates' Meeting of Kardias, A. C.

#### Opinion

We have audited the accompanying financial statements of Kardias, A. C. (the Association), which comprise the statements of financial position as of December 31, 2020 and 2019, the statements of activities and statements of cash flows for the years then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kardias, A. C. as of December 31, 2020 and 2019, and the activities and the cash flows for the years then ended, in accordance with the Mexican Financial Reporting Standards (NIF) applicable to nonprofit entities.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and with the Ethics Code issued by the Mexican Institute of Public Accountants A.C. (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code.

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

#### Other matters

As stated in Note 3b. the accompanying financial statements have been translated from Spanish into English for the convenience of readers.

## Responsibilities of the board of trustees of those charged with Governance of the Association for the financial statements

The Association's board of trustees is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with Mexican Financial Reporting Standards for nonprofit entities, the contributions they grant and for such internal control as the Association's board of trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of trustees is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of trustees either intends to liquidate the Association, cease operations or has no realistic alternative but to do so.

The board of trustees is responsible for overseeing the Association's financial reporting process.



### Deloitte.

#### Independent auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs will always detect a material error when it exists. Errors may arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions that users make on the basis of the financial statements.

As part of an audit in conformity with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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, deceit, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of trustees.
- Conclude on the appropriateness of the board of trustees's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a Going Concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a Going Concern.
- Evaluate the overall presentation, structure and content of the financial statements, including
  disclosures, and whether the financial statements represent the underlying transactions and events in
  a way that constitutes fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Galaz, Yamazaki, Ruiz Urquiza, S. C.

Member of Deloittd Touche Tohmatsu Limited

C.P.C. Erick (Calvillo Rello

June 28, 2021



Kardias, A. C.

# Statements of Financial Position As of December 31, 2020 and 2019 (In Mexican pesos)

		2020			2019	
Assets	Unrestricte	d Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Current assets:  Cash and cash equivalents Accounts receivable Prepaid expenses  Total current assets Noncurrent assets:	72,1 39,986,0	531 - 837 - 614 -	\$ 39,910,246 3,531 72,837 39,986,614	\$ 36,242,669 70,223 34,205 36,347,097	\$ 4,109,215 - - - - - - - - - - - - - - - - - - -	\$ 40,351,884 70,223 34,205 40,456,312
Furniture and medical equipment, net  Total assets	1,911,3 \$ 41,897,3		1,911,217 \$ 41,897,831	2,265,400 \$ 38,612,497	\$ 4,109,215	2,265,400 \$ 42,721,712
Liabilities and net assets						
Accounts payable Taxes payable Total current liabilities	\$ 836,1 268,7 1,105,2	751 -	\$ 836,536 268,751 1,105,287	\$ 1,173,925 422,517 1,596,442	<u> </u>	\$ 1,173,925 422,517 1,843,622
Employee benefits at retirement Total liabilities	2,010,0		904,771 2,010,058	602,900 2,199,342	·	602,900 2,199,342
Net assets: Cumulative net assets Other comprehensive expense (Deficit) excess of revenues over expenditure of the period Total net assets	40,684, (231, (565,6 39,887,	778) - 081)	40,684,632 (231,778) (561,081) 39,887,773	25,762,717 (162,263) 10,812,701 36,413,155	5,005,500 - (896,285) 4,109,215	30,768,217 (162,263) 9,916,416 40,522,370
Total	\$ 41,897,	831 \$ -	\$ 41,897,831	\$ 38,612,497	\$ 4,109,215	\$ 42,721,712

The accompanying notes are part of the financial statements.

Kardias, A. C.

#### Statements of activities

For the years ended December 31, 2020 and 2019 (In Mexican pesos)

				2020						2019		
		Unrestricted	Tem	porarily restricted		Total		Unrestricted	Tem	porarily restricted		Total
Revenues and income from:				•								
Donations	S	13,405,231	\$	5,342,306	\$	18,747,537	\$	19,173,980	S	19,907,104	\$	39,081,084
Sponsorship		3,300,000		-		3,300,000		8,940,000				8,940,000
Interest		1,732,349		-		1,732,349		1,880,163		-		1,880,163
Other proceeds		-		-	_	-	_	10,330		-		10,330
Total income		18,437,580		5,342,306		23,779,886		30,004,473		19,907,104		49,911,577
Expenses by program:												
Kardias ABC		-		4,914,494		4,914,494		-		16,119,027		16,119,027
Collaborating physician program		6,611,192		-		6,611,192		5,700,860		-		5,700,860
Infrastructure		32,119		-		32,119				3,803,297		3,803,297
Patient support		270,730		284,716		555,446		-		120,000		120,000
Database	_	1,011,168	_	-	_	1,011,168	_	395,044	_	-	_	395,044
Total expenses by program		7,925,209		5,199,210		13,124,419		6,095,904		20,042,324		26,138,228
Medical formation expenses:												
Training and development		-		143,096		143,096				761,065		761,065
Promotional expenses:												
Events		4,549,346		-		4,549,346		5,397,031		-		5,397,031
Marketing	_	133,263	_		_	133,263	_	734,326			_	734,326
Total promotional expenses		4,682,609				4,682,609		6,131,357		-		6,131,357
Operating and administrative expenses:												
Operating expenses		5,415,588		-		5,318,483		4,669,736		-		4,669,736
Administrative expenses		749,900		-		990,101		1,596,910		-		1,596,910
Financial expenses		22,649		-		22,649		10,747		-		10,747
Income taxes		2,646		-		2,646		1,845		-		1,845
Exchange (gain) loss	_	(293,219)	_	-	_	(293,219)	_	204,265	_	-	_	204,265
Total operating and administrative expenses		6,040,660				6,040,660		6,483,503				6,483,503
Depreciation expenses:												
Depreciation	_	354,183	_		_	354,183	_	481,008			_	481,008
Total expenses		19,002,661		5,342,306		24,344,976		19,212,844		20,803,389		39,995,161
(Deficit) excess of revenues over expenditure of the period		(565,081)		-		(565,081)		10,812,701		(896,285)		9,916,416
Net assets:												
At the begging of the period		40,522,370		-		40,522,370		25,762,717		5,005,500		30,768,217
Other comprehensive expense	_	(69,516)	_		_	(69,516)	_	(162,263)	_		_	(162,263)
At the end of the period	\$	39,887,773	\$		\$	39,887,773	\$	36,413,155	\$	4,109,215	\$	40,522,370

The accompanying notes are part of the financial statements.

## Kardias, A. C.

## Statements of cash flows

For the years ended December 31, 2020 and 2019 (In Mexican pesos)

		2020		2019
Operating activities: Contributions received	\$	22,047,537	\$	48,589,015
Contributions granted General expenses Net cash flows (used in) provided by operating activities		(18,075,861) (6,308,584) (2,336,908)		(36,097,333) (2,234,242) 10,257,440
Investment activities: Payment of furniture and medical equipment acquisitions Interest collected Income taxes paid Net cash flows provided by investment activities	_	1,732,349 (2,646) 1,729,703	_	(50,045) 1,880,163 - 1,830,118
Net (decrease) increase in cash		(607,205)		12,087,558
Cash flow adjustment for exchange rate fluctuations		165,567		(204,266)
Cash balance at the beginning of the year		40,351,884		28,468,592
Cash balance at the end of the year	\$	39,910,246	\$	40,351,884

The accompanying notes are part of the financial statements.

#### Kardias, A. C.

#### Notes to the financial statements

For the years ended December 31, 2020 and 2019 (In Mexican pesos)

#### 1. Nature of business

Kardias, A. C. (the "Association"), attends to the surgical requirements of cardiac patients who lack the economic resources needed to cover the expenses resulting from surgical procedures by obtaining the materials and equipment required for cardiovascular surgery, training medical and paramedical personnel, cardiovascular surgery research, the prevention, treatment and rehabilitation of patients, while also providing educational and emotional support for both patients and their family members.

The Association is a nonprofit entity, which is authorized under the terms of the Income Tax Law ("LISR") to receive donations that are deductible for their contributors.

On January 12, 2021, through a publication in the Federal Official Gazette (DOF), the Tax Administration Service (SAT) authorized the Association to continue receiving deductible donations during 2020 in conformity with current laws.

#### 2. Relevant event

#### COVID-19 contingency

Global Pandemic – During the initial months of 2020, the global expansion of the infectious disease known COVID-19 derived from the SARS-COV-2 (Coronavirus) virus, which was declared a Global Pandemic by the World Health Organization (WHO) on March 11, 2020, resulted in the application of a series of containment measures by the Association, together with the healthcare measures implemented by the Mexican authorities to halt the spread of this virus. As of the date of issuance of the financial statements, the consequences arising for the Association are reflected by the decreased reception and granting of donations due to the low level of activity of programs and places for the performance of the Association's activities. We consider that, even though the Coronavirus pandemic has affected and may continue to affect the results of the Association, its operation is in the process of reactivation and has not been compromised.

#### 3. Basis for presentation

- a. The Association applies the provisions of NIF B-16, Financial statements of nonprofit entities, and E-2, Revenues and contributions received by nonprofit entities and the contributions they grant. The most significant effects derived from the application of these provisions are reflected in the presentation of the financial statements. The statements of financial position show the Association's net assets classified according to the restrictions applied by associates to their contributions; the statements of activities report the amount of the total change in net assets during the year, while also providing relevant information on the results of transactions and other events that modify the Association's net assets.
- b. Explanation for translation into English The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of NIFs, which are comprised of accounting standards that are individually referred to as Normas de Información Financiera. Certain accounting practices applied by the Entity that conform with NIF may not conform with accounting principles generally accepted in the country of use.
- Classification of costs and expenses Are presented according to their function because this is the
  practice of the sector to which the Association belongs.



#### 4. Summary of principal accounting policies

The accompanying financial statements are in conformity with NIF. Their preparation requires that the Association's board of trustees make certain estimates and utilize certain assumptions to value some of the items in the financial statements and make the required disclosures. However, actual results may differ from these estimates. In applying its professional judgment, the Association's board of trustees considers that the estimates and assumptions utilized were adequate in the circumstances. The principal accounting policies applied by the Association are as follows.

- a. Monetary unit of the financial statements The financial statements and notes as of December 31, 2020 and 2019, and for the years then ended include balances and transactions denominated in pesos of different purchasing power. The cumulative inflation of the three annual periods preceding December 31, 2020 and 2019 is 14.43% and 15.69%, respectively. Accordingly, given that the economic environment qualifies as non-inflationary in both years, the effects of inflation on the accompanying financial statements are not recognized. The inflationary percentages of the years ended December 31, 2020 and 2019 were 3.15% and 2.83%, respectively
- b. Cash and cash equivalents Primarily consist of bank deposits in checking accounts and short-term investments in highly liquid securities that are easily converted to cash, with maturity of up to three months as of their acquisition and which are subject to immaterial value changes. Cash is presented at nominal value, while cash equivalents are valued at fair value and changes in the fair are recognized in the statement of activities of the period. As of December 31, 2020 and 2019, the Association has the obligation to allocate a certain amount of cash to specific social programs, which is classified as temporarily restricted cash.
- c. Furniture and medical equipment Are recorded at acquisition cost. Depreciation is calculated according to the straight-line method based on depreciation rates:

	%
Medical equipment	10
Computer equipment	30
Office furniture and fixtures	10

- d. Provisions Are recognized when the Association has a present obligation as a result of a past event which will probably result in the disbursement of economic resources and can be fairly estimated.
- e. Classification of accounting net assets Aligned with the basic elements of the financial statements, (NIF A-5) establishes that the accounting net assets of nonprofit entities must be classified, when applicable, according to the type of restriction as regards the following:
  - Unrestricted net assets, the use of which by the entity is not subject to any restrictions; i.e., it is supported by unrestricted net assets;
  - Temporarily restricted net assets, which is supported by temporarily restricted assets, the use of
    which by the entity is limited by provisions that expire over time or because certain established
    objectives are attained; and
  - c. Permanently restricted net assets, which is supported by permanently restricted assets, the use of which by the entity is limited by provisions that do not expire over time and which may not be eliminated by the board of trustees actions.



Unrestricted net assets is normally derived from revenues generated by the provision of services, the production and delivery of goods, unrestricted donations received and the dividends or interest received from invested assets, less the costs and expenses incurred to provide services, produce and deliver goods, receive donations and perform administrative functions.

The only limits applicable to unrestricted net assets are those related to the nature of the Association, the environment in which it operates, the objectives contained in its bylaws and the allocations imposed by the board of trustees's voluntary resolutions.

#### Temporary restrictions may be:

- Applied at a specific time: if it is established that assets cannot be immediately used, at a later period or after a certain date;
- For a specific purpose: if it is established that assets must be utilized for a specific purpose; or
- A combination of the preceding restrictions.

#### f. Revenue recognition:

- Donations Are contributions that are recognized as an increase in net assets when donations
  are received in cash or are based on unconditional promises to receive cash, goods or services.
   Donations in kind are recognized at fair value in the financial statements.
- Sponsorship The support received by the Association is used to fulfill its corporate purpose
  and revenue is recognized when the Association received cash or an unconditional promise to
  receive cash, goods or services.
- Interest Interest income is recorded periodically according to the outstanding balance and
  applicable effective interest rate, which is the rate that exactly discounts the estimated cash
  flows to be received over the expected life of the financial asset, which is matched with its net
  book value in its initial recognition.

#### 5. Cash and cash equivalents

	2020	2019
Cash Cash equivalents	\$ 7,720,2 <sup>2</sup> 32,190,00	
	\$ 39,910,24	<u>\$ 40,351,884</u>

#### Furniture and medical equipment

	December 31, 2020	December 31, 2019		
a) Investment				
Medical equipment (i)	\$ 5,233,309	\$ 5,233,309		
Computer equipment	193,303	193,303		
Office furniture and fixtures	89,610	89,610		
	5,516,222	5,516,222		
b) Accumulated depreciation				
Medical equipment (i)	(3,370,726)	(3,041,653)		
Computer equipment	(181,113)	(164,394)		
Office furniture and fixtures	(53,166)	(44,775)		
	(3,605,005)	(3,250,822)		
	¢ 1011217	e 2.265.400		
	\$ 1,911,217	\$ 2,265,400		



(i) As of December 31, 2020 and 2019, this medical equipment is located at the facilities of the National Pediatrics Institute and is subject to the terms of a contract of loan and restitution.

The depreciation for the years ended 2020 and 2019, which was recognized in the statement of income, was \$354,183 and \$481,008, respectively.

#### 7. Net assets

As of December 31, 2020 and 2019, the net assets of the Association are composed by associates' contributions, received donations and the results of operations it obtained.

As the Association's funds are exclusively utilized to fulfill its corporate purpose, it is unable to grant benefits related to the distributable remnant to any individual or its associates, whether natural persons or entities, unless entities are authorized to receive donations deductible for Income Tax (ISR) purposes in conformity with the LISR or when involving effectively received services.

#### 8. Administrative expenses

Administrative expenses are the expenses incurred by the Association to perform the activities for which it was created, and which primarily consist of legal, accounting and tax, information technology, publicity, advertising and stationery expenses.

#### Income taxes

According to article 79 of the Mexican Income Tax Law, the Association is not subject to its provisions because it is classified as a nonprofit entity.

Pursuant to the final paragraph of article 79 of the LISR, the nondeductible expenses incurred by the Association are considered as a distributable remnant on which tax must be paid by applying the maximum rate to the amount by which the lower limit specified by article 152 of that Law is exceeded.

#### 10. New accounting principles

As of December 31, 2020, the Mexican Board for Research and Development of Financial Reporting Standards (CINIF) issued different NIF and Improvements to the NIF. As of the date of issuance of these financial statements, the Association's board of trustees has determined that the standards are inapplicable and/or do not affect the Association's financial statements.

#### 11. Authorization to issue the financial statements

The issuance of the accompanying financial statements was authorized on June 28, 2021 by Mr. José Antonio Martínez Ramírez, Controllership Manager. Accordingly, they do not reflect any events that occurred after this date and are subject to the approval of the Associates' Meeting, which may request their modification according to rule 2675 of the Federal Civil Code.

\*\*\*\*\*



## **ACKNOWLEDGEMENTS**

From Kardias and from all the families that benefit from our programs, we want to thank the companies, allies and friends that have helped us fulfilled our mission. Thank you for your work and the support during 2020.





















































































## MEDICAL TEAM SPECIALIZED

#### Pediatric Cardiothoracic Surgery

Alexis Palacios-Macedo Quenot M.D.

Pediatric Cardiothoracic Surgeon

Héctor Santiago Diliz Nava M.D.

Pediatric Cardiothoracic Surgeon

#### Pediatric Cardiology - Echocardiography

Fabiola Pérez Juárez M.D.

Pediatric Cardiologist

Pediatric and Fetal Echocardiographer

Moisés Mier Martínez M.D.

Pediatric Cardiologist

Pediatric Echocardiographer

Héctor Antonio Sánchez López M.D.

Pediatric Cardiologist

Pediatric Echocardiographer

Andrés González Ortiz M.D.

Pediatric Cardiologist

Pediatric and Fetal Echocardiographer

Jair Rafael Osorio Ugarte M.D.

Pediatric Cardiologist

Pediatric Echocardiographer

#### Interventional Cardiology

Juan Pablo Sandoval Jones M.D.

Interventional Cardiologist

Carlos Corona Villalobos M.D.

Interventional Cardiologist

#### Cardiac Electrophysiology

Carlos González Rebeles M.D.

Cardiac Electrophysiologist

Gerardo Rodríguez Diez M.D.

Cardiac Electrophysiologist

#### Pediatric Cardiac Anesthesia and Perfusion

Orlando José Tamariz Cruz M.D.

Pediatric Cardiovascular Anesthesiologist

Pediatric Cardiac Critical Care Physician

Felipa Acosta Garduño M.D.

Pediatric Cardiovascular Anesthesiologist

Sofía Elizabeth López Ramírez M.D.

Pediatric Cardiovascular Anesthesiologist

Raúl Guillén Rojas M.D.

Pediatric Cardiovascular Anesthesiologist

Lina Sarmiento Argüello M.D.

Pediatric Cardiovascular Anesthesiologist

Luis Motta Amézquita M.D.

Pediatric Cardiovascular Anesthesiologist

Carlos Ixbalamqué Rodríguez Herrera M.D.

Pediatric Cardiovascular Anesthesiologist

Lourdes Carolina Pellecer González M.D.

Pediatric Cardiovascular Anesthesiologist

Gabriela Trejo Gómez

Perfusionist

#### Pediatric Cardiac Critical Care

Edgar Omar Hernández Beltrán M.D.

Pediatric Cardiac Critical Care Physician

Aric Araujo Martínez M.D.

Pediatric Cardiac Critical Care Physician

Violeta Castañuela Sánchez M.D.

Pediatric Cardiac Critical Care Physician (INP)

José Alfredo Hernández Suárez M.D.

Pediatric Cardiac Critical Care Physician

María del Carmen Elideth López Aguilera M.D.

Pediatric Cardiac Critical Care Physician

Juan Carlos Iglesias Castillo M.D.

Pediatric Cardiac Critical Care Physician

#### Research and Education

Luis Antonio García Benitez M.D., MS

#### Psychology

María Almudena March Mifsut

Psychologist M.A. (INP)

Eduardo Espinosa Garamendi

Psychologist M.A. (INP)

#### Social Work

Yolanda Gómez

Social Worker (INP)



## **OUR TEAM**

Ana Luz Díaz Smith

Director General

Ma. Dolores Fernández Rodríguez

Director of Strategic Alliances

Alicia Salgado Villegas

**Director of Operations** 

**Elizabeth Palacios Barrientos** 

Manager of Communication and Institutional Linking

Nora Lorena Cerezo Ramírez

Administration and Finance Manager

## KARDIAS BOARD

Alfonso de Angoitia Noriega

President

María Blanca del Valle Perochena

Vicepresident

Marcelo Enrique Peruggia Canova

**Board Member** 

Concepción Legorreta de Angoitia

**Board Member** 

Horacio Lozano Zalce

**Board Member** 

María Teresa Vega Fernández-Vega

**Board Member** 

María del Carmen de Angoitia Noriega

**Board Member** 

Alejandra Villegas Canal

**Board Member** 

María Teresa Carrancedo Ocejo

**Board Member** 

**Mary Annette Vessels** 

**Board Member** 

Sergio Lagunes Vessels

**Board Member** 

Juan Pablo del Río

Secretary (not a member)

#### **VOCALS/ VOLUNTEERS**

Lorena Flores Josefa Molina

Karla Robles Familia Cherchi

Caty Leal Daniela Legorreta

#### **US BOARD**

Sergio Lagunes

Carlos Madrazo

President

Board Member

Marcela Gonzalez de Cosio

**Concepcion Legorreta** 

**Board Member** 

**Board Member** 

Gordon Lee

Board Member

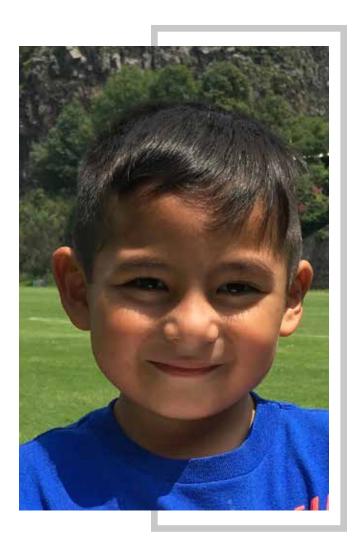
Con amplia experiencia cuidando el corazón de las niñas y los niños de México, el Programa Kardias combina tecnología y experiencia de punta, con un cuidado centrado en el paciente. El equipo multidisciplinario de cardiólogos pediatras, cirujanos cardiovasculares, anestesiólogos cardiovasculares, perfusionistas, intensivistas cardiovasculares, enfermeras, y psicólogos que colaboran con el Programa Kardias, trabaja para ofrecer al paciente la experiencia y cuidado en cada punto desde el diagnóstico hasta el tratamiento o, en caso necesario, la atención quirúrgica, para ofrecer los mejores resultados posibles. Si necesitas más información sobre cómo funcionan nuestros modelos de atención, por favor contáctanos, estamos para apoyarte.

### **CONTACTO:**

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- info@kardias.org

### **REDES SOCIALES:**

- https://www.facebook.com/kardiasmex
- @kardiasac
- @kardiasac





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