



Dear Supporters of The Children's Heart Foundation,

On December 4 2017, Bill Foley abruptly resigned from his role as Executive Director of The Children's Heart Foundation (CHF), effective immediately. Given the limited information provided by Mr. Foley, the CHF Executive Committee determined that initiating an internal investigation was in the best interest of CHF.

The Executive Committee quickly engaged the law firm of McDermott, Will and Emery LLP and the accounting firm of Grant Thornton, both nationally recognized and respected firms, to conduct an internal investigation of CHF's financial affairs. McDermott and Grant Thornton have been working together diligently, and with a sense of urgency, in close consultation with the Executive Committee.

CHF, like many young, small nonprofit organizations, has operated with a high degree of trust in its staff, a lean administrative infrastructure, and clean opinions of past audits performed by independent auditors. Most of the time, this combination works well. However, based on a thorough internal investigation, we now have significant and reliable evidence that Mr. Foley, a long time team member in whom we placed our utmost trust, both mishandled and misappropriated CHF funds from 2011 through the date of his resignation.

For the seven-year period covered by the investigation, approximately 4.5% of total funds raised were misappropriated (or approximately \$770,000). We have reported this matter to the Illinois Attorney General's office, which has the principal state jurisdiction over Illinois charities, and we are working with that office regarding involvement of other law enforcement authorities.

Currently, we are: (1) confident in our financial position, (2) working diligently to maintain CHF's current operations, and (3) enhancing our ability to grow and succeed. However, we cannot express how deeply saddened and disappointed we are that this has occurred. We want to assure you that the CHF Board and Executive Committee have already done and are continuing to do everything possible to preserve, protect and grow CHF's charitable assets and mission and obtain full restitution from Mr. Foley. We have already made several positive changes, including tightening internal controls and hiring of our new interim Executive Director, Joe Brownlee, who brings experience in finance, change management and strategic planning.

Knowing our mission is paramount to our supporters, our top priorities moving forward are preserving your confidence and trust in our organization, and ensuring that your resources and donations are dedicated to making a positive and lasting impact within the CHD community. We are steadfastly committed to making continuous improvements and maintaining high standards in the following important areas:

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- Transparency with our volunteers, donors and supporters
- Implement our newly adopted Strategic Plan
- Strong internal operations, controls, and financial management and governance
- Retention and ongoing recruitment of experienced Board leadership and staff who are committed to enhancing operations while strengthening relationships with our volunteers, donors and supporters

Since 1996, CHF has funded over \$10.6 million in CHD research, including \$9.1 million of independent research and an additional \$1.5 million toward collaborative research projects. These achievements have been possible thanks to generous support and commitment from people like you. We appreciate everything you have done to contribute to the success of our mission over the past 21 years and we are committed to maintaining your trust as we work together to continue to improve outcomes for children and families affected by CHDs.

The CHF Board, Executive Committee and staff ask for your continued support as we move forward toward full resolution of this matter and, more importantly, as we build for future growth and success in furthering our mission of funding the most promising research to advance the diagnosis, treatment and prevention of CHDs.

Thank you for all you do. If you have any questions concerning this matter, please do not hesitate to contact Tamara Thomas tthomas@childrensheartfoundation.org or 740-407-1507

Sincerely,

CHF Executive Committee:

Betsy Peterson, Founder

Tamara Thomas, President

Sally Powers, Secretary

William Roach

Kevin Slawin

Jennifer Romano, M.D.