

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

(An organization registered under the Amutot Law, 1980)

2010 ANNUAL REPORT

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

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The financial statements are denominated in New Israel Shekels (NIS).



REPORT OF INDEPENDENT AUDITORS

To the members of
SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

We have audited the balance sheets of Save a Child's Heart in memory of Dr. Ami Cohen (R.A.) ("the Amuta") as of December 31, 2010 and 2009 and the statements of activities and of changes in deficiency for each of the years ended on those dates. These financial statements are the responsibility of the council and management of the Amuta. 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 Israel, including those prescribed by the Auditors (Mode of Performance) Regulations, 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the council and management of the Amuta, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements, which are denominated in nominal values, present fairly, in all material respects, the financial position of the Amuta as of December 31, 2010 and 2009 and the results of its activities and the changes in its deficiency for each of the years ended on those dates, in conformity with accounting principles generally accepted in Israel.


Tel-Aviv, Israel
June 14, 2011

A handwritten signature in dark ink, appearing to read "Kesselman & Kesselman".

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
BALANCE SHEETS

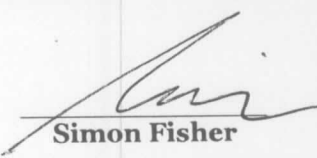
	Note	December 31	
		2010	2009
		NIS	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	7 b	7,373,410	4,248,519
Marketable securities		1,279,583	2,001,679
Accounts receivable			51,000
Total current assets		<u>8,652,993</u>	<u>6,301,198</u>
FIXED ASSETS:	2, 8		
Cost		4,582,210	2,684,481
Less - accumulated depreciation		<u>791,222</u>	<u>573,096</u>
		<u>3,790,988</u>	<u>2,111,385</u>
		<u>12,443,981</u>	<u>8,412,583</u>
Liabilities, net of deficiency			
CURRENT LIABILITIES:			
Accounts payable and accruals:			
Wolfson Medical Center - Research Fund (current account)		67,865	9,000
Other		<u>252,886</u>	<u>494,721</u>
Total current liabilities		320,751	503,721
LONG-TERM LIABILITIES:			
Liability for employee rights upon retirement	3	<u>201,932</u>	<u>113,158</u>
Total liabilities		<u>522,683</u>	<u>616,879</u>
NET ASSETS:			
UNRESTRICTED NET ASSETS	7	5,740,357	4,331,825
TEMPORARILY-RESTRICTED NET ASSETS		6,180,941	3,463,879
		<u>11,921,298</u>	<u>7,795,704</u>
		<u>12,443,981</u>	<u>8,412,583</u>



Yoram Cohen
 Chairman
 of Council



**Joseph Haim
 Harosh**
 Treasurer and
 Member of Council



Simon Fisher
 Executive
 Director

Date of approval of financial statements: June 14, 2011.

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

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
STATEMENTS OF ACTIVITIES AND OF CHANGES IN DEFICIENCY

	<u>Note</u>	<u>Year ended</u> <u>December 31</u>	
		<u>2010</u>	<u>2009</u>
		<u>NIS</u>	
OPERATIONS -			
revenues from donations		10,466,708	9,278,689
amounts released from restrictions	7a	1,891,743	1,780,741
		<u>12,358,451</u>	<u>11,059,430</u>
COST OF OPERATIONS -			
operating expenses	4	9,695,020	6,360,197
NET REVENUES FROM OPERATIONS		2,663,431	4,699,233
GENERAL AND ADMINISTRATIVE EXPENSES	5	1,034,872	994,991
PUBLICITY AND PUBLIC RELATIONS	6	459,713	343,070
REVENUES BEFORE FINANCING REVENUES, net		1,168,846	3,361,172
FINANCING REVENUES		239,686	29,344
NET REVENUES FOR YEAR		<u>1,408,532</u>	<u>3,390,516</u>

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

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
STATEMENTS OF CHANGES IN NET ASSETS

	<u>Note</u>	<u>Unrestricted net assets</u>	<u>Temporarily- restricted net assets (Note 7)</u>	<u>Total</u>
			NIS	
BALANCE AS OF JANUARY 1, 2009		941,309	3,135,295	4,076,604
MOVEMENT IN 2009:				
Financing			77,756	77,756
Amounts released from restrictions	7a		(1,780,741)	(1,780,741)
Contributions received for new residence			1,462,200	1,462,200
Increase in value of restricted securities			569,369	569,369
Surplus for year		<u>3,390,516</u>		<u>3,390,516</u>
BALANCE AS OF DECEMBER 31, 2009		4,331,825	3,463,879	7,795,704
MOVEMENT IN 2010:				
Financing			170,355	170,355
Amounts released from restrictions	7a		(1,891,743)	(1,891,743)
Contributions received for new residence			889,450	889,450
Contributions received for establishment of new children's wing in Wolfson Medical Center			3,549,000	3,549,000
Surplus for year		<u>1,408,532</u>		<u>1,408,532</u>
BALANCE AS OF DECEMBER 31, 2010		<u>5,740,357</u>	<u>6,180,941</u>	<u>11,921,298</u>

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

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, applied in the preparation of the financial statements on a consistent basis, are as follows:

a. General

Save A Child's Heart in memory of Dr. Ami Cohen (R.A.) ("the Amuta") was registered under the Amutot Law, 1980, on August 18, 1998. The Amuta commenced operations on April 1, 1999. The Amuta operates at the Wolfson Medical Center in Holon and organizes emergency heart operations and post-operative care for children from third world countries and developing countries.

The Amuta operates a hostel in Azor, leased and renovated in 2001, which serves as a recuperation center for children before and after surgery and which also houses doctors and nurses participating in the training programs of the Amuta. The hostel is not capable of housing more than 24 children, 3 international volunteers and 2 doctors from the training program at any given time, and is not meeting the requirements and activities of the Amuta. Therefore the board of directors and the general assembly of the Amuta have approved the construction of a new residence in Holon which will be built according to the needs of the Amuta, and will provide the Amuta with the extra space required in order to enable the Amuta's activities and provide the Amuta with the option of expanding its activities in the future (see also note 8).

The Amuta has been certified by the Income Tax Authority as a Public Institution for donation purposes in accordance with the provisions of Section 46, Income Tax Ordinance.

The Amuta also sends medical delegations to developing countries. The medical personnel sent abroad may be involved in the setting-up of clinics for pre-surgery examination and the provision of continuing post-operative care, or they may be involved in the diagnosis of children, the performing of operations and the training of local medical staff.

In participating in these overseas delegations, the medical staff of the Amuta volunteer their services and receive no recompensation from the Amuta for their charitable endeavors overseas.

In 2010, the Amuta helped 246 children from developing countries. In addition, 596 children from developing countries were examined by the Amuta, out of this number, 368 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2010, the Amuta organized three medical delegations, as follows:

1) **Medical delegation for the diagnosis of children in Jimma, Ethiopia.**

In February 2010, a delegation of two medical personnel was sent by the Amuta to Angola for 3 days for the purpose of examining 51 children suffering from heart disease with a view to bringing those children to Israel later in the year for heart surgery at the Wolfson Medical Center.

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

2) Medical delegation for the diagnosis of children in Iasi, Romania.

In May 2010, a delegation of two medical personnel was sent by the Amuta to Angola for two days for the purpose of examining 55 children suffering from heart disease with a view to bringing those children to Israel later in the year for heart surgery at the Wolfson Medical Center.

3) Medical delegation for the diagnosis of children in Angola.

In October 2010, a delegation of three medical personnel was sent by the Amuta to Angola for seven days for the purpose of examining 122 children suffering from heart disease with a view to bringing those children to Israel later in the year for heart surgery at the Wolfson Medical Center.

b. Format of presentation of financial statements

The financial statements are drawn up in the format prescribed by Opinion No. 69 of the Institute of Certified Public Accountants in Israel (published in March 1997), insofar as the Opinion relates to accounting and financial reporting principles with respect to not-for-profit organizations, and by Accounting Standard No. 5 of the Israel Accounting Standards Board (published in December 1999). In parallel with standard business practice, these pronouncements require the adoption of the comprehensive approach whereby, essentially, all assets, liabilities and net assets must be included in a single balance sheet. Restrictions imposed on the use of funds obtained from the various sources, or the absence of such restrictions, are only reflected in the distinction made between different groups of net assets. In accordance with this approach, all changes in unrestricted net assets (revenues, expenses and amounts ceasing to be restricted and transferred from restricted net assets to activities) are to be presented in a statement of operations.

c. Statements of cash flows

A statement of cash flows has not been provided with these financial statements since such a statement would not have provided any significant further information to that otherwise available in the financial statements themselves.

d. Recognition of revenues and expenses

The expenses of the Amuta are recorded on the accruals basis. A cautious approach is adopted with respect to the recording of income from donations, this being recorded on a cash basis at the time that the funds are actually received. As a result of this policy, occasional instances arise of donations and allocations being received with respect to specific current operations that are to be implemented only in the year following the reported period.

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

e. Effect of changes in the general purchasing power of the Israel currency

The financial statements are prepared on the basis of the historical cost convention in nominal values, without consideration being given to the effect of changes in the general purchasing power of the Israel currency on the results of operations. The disclosure of information relating to the effect of these changes, insofar as permitted by Opinion No. 69 in relation to not-for-profit organizations with a low level of turnover, is not provided in these financial statements.

f. Land in operational leasing

Leasing agreements, in which the risks and benefits embodied in the leased asset are not substantially passed, are classified as operational leasing. The leasing payments are known as an ongoing straight-line expense in profit and loss during the leasing period.

g. Fixed assets:

- 1) Fixed assets are presented at cost.
- 2) Fixed assets are depreciated by means of the straight-line method on the basis of the estimated useful lives thereof.

The annual rates of depreciation are as follows:

	%
Land Leased	4
Medical equipment	15
Computers and peripheral equipment	33
Furniture and office equipment	10-15

Improvements to leased premises are amortized by means of the straight-line method on the

h. Cash equivalents

Highly-liquid investments (including short-term bank deposits bearing maturity dates within three months of the date of deposit) which carry no restrictions as to withdrawal or use, are considered by the Amuta to be cash equivalents.

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 – FIXED ASSETS

The composition of fixed assets and the related accumulated depreciation, by principal category, are as follows:

	Cost		Accumulated depreciation	
	December 31			
	2010	2009	2010	2009
	NIS			
Land Leased	1,106,466	1,106,466	59,012	14,753
Building in construction	2,114,670	223,027		
Computers and peripheral Equipment	142,170	142,170	136,860	117,648
Furniture and office equipment	98,456	92,370	75,852	65,815
Medical equipment	988,434	988,434	387,483	242,865
Improvements to leasehold Premises	132,014	132,014	132,015	132,015
	4,582,210	2,684,481	791,222	573,096

NOTE 3 – EMPLOYEE RIGHTS UPON RETIREMENT

Existing labor laws and agreements require the Amuta to make severance payments to employees who are dismissed or who retire from their employment in certain other circumstances.

The severance pay liability of the Amuta is computed on the basis of the number of years of service and reflects those salary components, which, in the view of management, entitle employees to severance pay. The greater part of the liability is covered by the purchase of insurance policies.

The severance pay liability reflected in the balance sheets represents that part of the liability not covered by the above-mentioned insurance policies.

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - OPERATING EXPENSES:

	<u>Year ended December 31</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	
Medical expenses	5,122,547	4,685,632
Purchase of equipment for Wolfson Medical Center	2,139,099	
Payroll and ancillary expenses	533,971	428,533
Air travel expenses of patients and medical teams	306,794	424,684
Rent, local property taxes and electricity	150,324	143,651
Training of doctors	773,545	246,601
Food for patients	151,575	120,241
Transportation of patients	133,402	77,715
Student activities	60,799	41,067
Depreciation	139,094	136,209
Depreciation of land in lease	44,259	14,753
Survey and research expenses	92,737	
Miscellaneous	46,874	41,111
	<u>9,695,020</u>	<u>6,360,197</u>

NOTE 5 - GENERAL AND ADMINISTRATIVE EXPENSES:

	<u>Year ended December 31</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	
Payroll and ancillary expenses	619,085	604,962
Rent and telephone	91,016	106,294
Motor expenses	82,878	72,493
Travelling expenses and refreshments	92,996	40,298
Office supplies and printing	30,665	19,538
Legal and auditing fees	15,131	30,729
Bookkeeping	50,236	62,453
Depreciation	34,773	34,730
Miscellaneous	18,092	23,494
	<u>1,034,872</u>	<u>994,991</u>

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
 NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 – PUBLICITY:

	Year ended December 31	
	2010	2009
	NIS	
Publicity and public relations	72,446	76,334
Payroll and ancillary expenses	222,082	152,881
Website	30,219	19,180
Exhibition		24,475
Marketing Campaign	15,663	
International convention	119,303	70,200
	459,713	343,070

NOTE 7 – TEMPORARILY-RESTRICTED NET ASSETS:

- a. In May 2006, a fund-raising evening was held by the World Kids' Rights Organization in the Netherlands. Subsequent to the fund-raising event, the Amuta received a grant of €300,000. Under the terms of the grant, two-thirds of the principal and the annual investment proceeds thereof must be earmarked for the premises of the Amuta and one-third of the principal and proceeds must be earmarked for current operations.

The grant is reflected in the statement of changes in net assets for 2006 as an addition to temporarily-restricted assets.

Interest on the grant was credited directly to the temporarily-restricted assets.

In 2009, the Amuta paid €200,000 from the grant in order to establish a children's hostel in Holon.

In addition, an amount of €100,000 that was earmarked for the Amuta's children's home, was approved by the donor for the purpose of on-going operations in 2009.

- b. In September 2008, a donation of 1,750,000 Israeli Shekels (500,000 US Dollars) was received by the fund in memory of Ami Cohen through the transfer of a portfolio of American securities managed by the donors (via the American portfolio management company - Morgan Stanley Smith Barney, LLC). According to the grant conditions, the money and its profit can be used for the establishment of a residence for children in memory of Ami Cohen. The grant was included in the statements of changes in net assets in 2008 as an addition to temporarily restricted net assets.

In 2010 the amuta sold securities at the value of the 250 thousand US Dollars (909 thousand Israeli Shekels). The money was transferred to a Us Dollar account restricted for the new residence.

The value of the portfolio of American securities as of December 31, 2010 stood at 1,180 thousand Israeli Shekels (332 thousand US Dollars).

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 – TEMPORARILY-RESTRICTED NET ASSETS (continued):

- c. In October 2009, a donation of 150,000 US Dollars was received from an anonymous foundation. The money was transferred as part of an agreement determines that the Amuta will be granted 1,000,000 US Dollars according to milestones in establishing the new children's home in Holon. According to the grant conditions, the money and its profit can be used for the establishment of a residence for children. The grant was included in the statements of changes in net assets in 2009 as an addition to temporarily restricted net assets.
In 2010, the amuta used the donation for the establishment of the new residence. This was also included in the statements of changes in net assets.
- d. In December 2009, a donation of 250,000 Canadian Dollars was received from SACH Canada. The money was transferred as part of an agreement according to which the Amuta will be granted 1,000,000 Canadian Dollars in four equal payments until 2012. According to the grant conditions, the money and its profit can be used for the establishment and the maintenance of a residence for children. The grant and the use of the restricted grant were included in the statements of changes in net assets.
- e. In 2010, a donation of 1,000,000 US Dollars was received from SACH US. Under the terms of the grant, the money can be used only for the establishment of new intensive care unit for children in the Wolfson Medical Center. As of December 31, 2010 the project hasn't started yet. The grant was included in the statements of changes in net assets as an addition to temporarily restricted net assets.

NOTE 8 – LAND IN LEASE

On August 30, 2009, the Amuta signed an agreement for the lease of a plot of land from the Municipality of Holon in order to establish a residence for children suffering from heart diseases in different countries. According to the agreement, the lease is for 25 years including two extension options for up to ten years each.

NOTE 9 – PURCHASE OF EQUIPMENT PROMOTING THE WOLFSON MEDICAL CENTER

As part of the Amuta's objective to promote medical institutions, particularly the Wolfson Medical Center where the majority of the Amuta's activities take place, in 2009/10 the Amuta commenced its effort to improve, expand and upgrade the cardiac facilities in the Wolfson Medical Center with the goal to establish in the Wolfson Medical Center a pediatric cardiac center. This activity includes raising funds for construction of the center mentioned above including planning and equipping the center.

In 2010 equipment was purchased for the pediatric intensive care unit at the Wolfson Medical Center including an open incubator, children's respirators, high-frequency respirators, injection pumps, a bronchoscope and a dialysis machine; equipment was purchased for the pediatric surgery department at the Wolfson Medical Center including brain saturation machine; and equipment was purchased for the pediatric cardiology unit at the Wolfson Medical Center including an echocardiograph machine and a CPACS data base.

NOTE 10 – EVENTS FOLLOWING THE DATE OF THE FINANCIAL STATEMENTS

On May 16, 2011, the NGO Committee in the UN has decided to recommend the Amuta to the UN department of Economic and Social Affairs (ECOSOC) for approval of a special consultative status. The management of the Amuta predicts that this unique status will open additional doors for the Amuta which will enable the Amuta to reach more children in need of treatment in the poorest corners of the world.