

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

(An organization registered under the Amutot Law, 1980)

2012 ANNUAL REPORT

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)  
2012 ANNUAL REPORT

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

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## 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, 2012 and 2011 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, 2012 and 2011 and the results of its activities and the changes in its net assets for each of the years ended on those dates, in conformity with accounting principles generally accepted in Israel.

Tel-Aviv, Israel  
June 9, 2013

  
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**

	<u>Note</u>	<u>December 31</u>	
		<u>2012</u>	<u>2011</u>
		<u>NIS</u>	
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	1g	5,704,709	5,159,876
Marketable securities	7 a	-,-	452
Accounts receivable			
Wolfson Medical Center		922,681	-,-
Others		169,297	-,-
Prepaid expenses			19,930
Total current assets		<u>6,796,687</u>	<u>5,180,258</u>
<b>FIXED ASSETS:</b>			
Cost	2, 8	12,566,420	12,115,186
Less – accumulated depreciation		800,099	914,522
		<u>11,766,321</u>	<u>11,200,664</u>
Restricted cash for construction		-,-	198,828
		<u>18,563,008</u>	<u>16,579,750</u>
<b>Liabilities, net of deficiency</b>			
<b>CURRENT LIABILITIES -</b>			
Accounts payable and accruals:			
Wolfson Medical Center - Research Fund (current account)		32,167	139,388
Other		625,746	459,365
Total current liabilities		<u>657,913</u>	<u>598,753</u>
<b>LONG-TERM LIABILITIES -</b>			
liability for employee rights upon retirement	3	<u>277,490</u>	<u>310,767</u>
Total liabilities		<u>935,403</u>	<u>909,520</u>
<b>NET ASSETS</b>			
<b>UNRESTRICTED NET ASSETS</b>		14,924,723	13,378,600
<b>TEMPORARILY-RESTRICTED NET ASSETS</b>	7	<u>2,702,882</u>	<u>2,291,630</u>
		<u>17,627,605</u>	<u>15,670,230</u>
		<u>18,563,008</u>	<u>16,579,750</u>


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**Yoram Cohen**  
 Chairman  
 of Council


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


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**Simon Fisher**  
 Executive  
 Director

Date of approval of financial statements: June 9, 2013.

**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**

	<u>Note</u>	Year ended December 31	
		2012	2011
		NIS	
<b>OPERATIONS:</b>			
Revenues from donations	9, 10	12,285,295	*11,314,561
Revenues from the office of regional cooperation		1,277,600	
Amounts released from restrictions	7	251,192	613,000
		13,814,087	11,927,561
<b>COST OF OPERATIONS -</b>			
operating expenses	4, 9	11,319,563	10,072,883
<b>NET REVENUES FROM OPERATIONS</b>		2,494,524	1,854,678
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5	1,159,037	1,181,002
<b>PUBLICITY AND PUBLIC RELATIONS</b>	6	605,996	751,774
<b>REVENUES (EXPENSES) BEFORE FINANCING REVENUES,</b>			
net		729,491	(78,098)
<b>FINANCING EXPENSES</b>		124,798	*114,966
<b>NET REVENUES FOR YEAR</b>		604,693	(193,064)

\* Restated.

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**

	Unrestricted net assets	Temporarily- restricted net assets (note 7)	Total
	NIS		
<b>BALANCE AS OF JANUARY 1, 2011</b>	*7,559,116	*4,406,441	11,965,557
<b>MOVEMENT IN 2011:</b>			
Financing	-,	7,600	7,600
Amounts released from restrictions for new children's wing in Wolfson Medical Center	-,	(613,000)	(613,000)
Contributions received for establishment of new children's wing in Wolfson Medical Center	-,	756,600	756,600
Contributions received for establishment of new residence	-,	3,746,537	3,746,537
Amounts released from restrictions for establishment of new residence	6,012,548	(6,012,548)	-,
Surplus for year	(193,064)		(193,064)
<b>BALANCE AS OF JANUARY 1, 2012</b>	13,378,600	2,291,630	15,670,230
<b>MOVEMENT IN 2012:</b>			
Financing	-,	30,010	30,010
Amounts released from restrictions for new children's wing in Wolfson Medical Center	-,	(251,192)	(251,192)
Contributions received for establishment of new residence	-,	567,900	567,900
Amounts released from restrictions for establishment of new residence	941,430	(941,430)	-,
Contributions received from the European Union for year 2013	-,	1,005,964	1,005,964
Surplus for year	604,693		604,693
<b>BALANCE AS OF DECEMBER 31, 2011</b>	<u>14,924,723</u>	<u>2,702,882</u>	<u>17,627,605</u>

\* Restated.

**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 notes 7, 8 and 10).

The construction of the new residence has been completed in February 2012. The children's home and the offices of the Amuta have been moved to the new residence in Holon. In order to return the leased house used as the hostel in Azor back to its owner, a renovation has been made during 2012 before the end of the lease contract.

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 compensation from the Amuta for their charitable endeavors overseas.

In 2012, the Amuta helped 298 children from developing countries. In addition, 637 children from developing countries were examined by the Amuta, out of this number, 380 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2012, the Amuta organized two medical delegations, as follows:

- 1) **Medical delegation for the diagnosis of children in Zanzibar** - In February 2012, a delegation of three medical personnel was sent by the Amuta to Zanzibar for seven days for the purpose of examining and diagnosing 217 children suffering from heart disease in order to bring them 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 Romania** - In October 2012, a delegation of two medical personnel was sent by the Amuta to Iasi, Romania for three days for the purpose of examining and diagnosing 40 children suffering from heart disease in order to bring them to Israel later in the year for heart surgery at the Wolfson Medical Center.

On July 28, 2011 following the recommendation of the **UN department of economic and social affairs (ECOSOC)**, the Amuta was granted the status of Special Advisor to the UN. In September 2012 the Amuta was awarded at the President's Residence, the Israeli Presidential Award for Volunteerism.

**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.

**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.



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

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f. 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:

	<u>%</u>
Medical equipment	15
Computers and peripheral equipment	33
Furniture and office equipment	10,15
Building	4

Improvements to leasehold premises are amortized by means of the straight-line method on the basis of the shorter of the period of the lease and the estimated life of the improvements.

**g. 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.

The balance of cash and cash equivalents as of December 31, 2012 includes NIS 2,552 thousand in foreign currency (December 31, 2011 – NIS 557 thousand in foreign currency). The balance of cash and cash equivalents as of December 31, 2012 includes NIS 1.7 million that was designated by donors for building the Pediatric Intensive Care Unit at the Wolfson Medical Center.

**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			
	2012	2011	2012	2011
	NIS			
Land Leased	1,352,105	1,106,466	-,-	-,-
Building in construction	10,487,170	9,524,288	351,983	-,-
Computers and peripheral Equipment	198,258	142,168	158,102	140,219
Vehicles	124,000	124,000	31,156	12,556
Furniture and office equipment	115,646	97,814	85,197	80,355
Medical equipment	289,241	988,434	173,661	534,624
Improvements to leasehold Premises		132,016	-,-	146,768
	<u>12,566,420</u>	<u>12,115,186</u>	<u>800,099</u>	<u>914,522</u>

**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.

**NOTE 4 - OPERATING EXPENSES:**

	Year ended December 31	
	2012	2011
	NIS	
Medical expenses	6,847,805	6,127,147
Purchase of equipment for Wolfson Medical Center	1,699,619	1,147,834
Payroll and ancillary expenses	783,769	640,282
Renovation of former children residence	154,612	-,-
Air travel expenses of patients and medical teams	446,875	764,776
Rent, local property taxes and electricity	166,792	140,535
Training of doctors	509,588	592,403
Food for patients	165,907	144,333
Transportation of patients	92,010	124,721
Student activities	(73,043)	66,297
Depreciation	393,025	155,646
Survey and research expenses	59,611	108,794
Miscellaneous	72,994	60,115
	<u>11,319,563</u>	<u>10,072,883</u>

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

**NOTE 5 - GENERAL AND ADMINISTRATIVE EXPENSES:**

	<u>Year ended December 31</u>	
	<u>2012</u>	<u>2011</u>
	<u>NIS</u>	
Payroll and ancillary expenses	762,053	776,648
Rent and telephone	67,979	86,738
Motor expenses	84,543	73,998
Travelling expenses and refreshments	77,525	62,357
Office supplies and printing	19,160	31,922
Legal and auditing fees	48,041	70,647
Bookkeeping	31,675	37,111
Depreciation	43,669	12,556
Miscellaneous	24,392	29,025
	<u>1,159,037</u>	<u>1,181,002</u>

**NOTE 6 - PUBLICITY:**

	<u>Year ended December 31</u>	
	<u>2012</u>	<u>2011</u>
	<u>NIS</u>	
Publicity and public relations	61,506	63,611
Payroll and ancillary expenses	283,599	394,599
Website	91,063	19,996
Exhibition of the European Union	-	32,596
Marketing Campaigns	169,828	179,162
International convention	-	61,810
	<u>605,996</u>	<u>751,774</u>

**NOTE 7 - TEMPORARILY-RESTRICTED NET ASSETS:**

- a. 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 an Us Dollar account restricted for the new residence.

In 2011 the Amuta sold securities at the value of the 343 thousand US Dollars (1,218 thousand Israeli Shekels). The money was also transferred to the above mentioned account, and was used for the establishment of the residence.



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):**

The value of the portfolio of American securities as of December 31, 2011 stood at 452 Israeli Shekels (118 US Dollars).

Moreover, a **SACH US**'s portfolio of American securities was sold (via the above mentioned American portfolio management company) in 2011 in an amount of 373 thousands Israeli Shekels; This amount was received as a contribution designated for the establishment of the residence, and all the amount was released and used entirely for that purpose throughout 2011.

- b.** In 2009, an anonymous fund allocated US\$1,000 thousand towards building a new residence for children in Holon. Under the terms of this grant, the amounts will be provided according to progress made on this project. In 2009, US\$150 thousand of the allocation was provided.

The grant is included in the statement of changes in net assets in 2009 as an addition to temporarily restricted assets.

In 2010, the Society utilized this allocation (of US\$150 thousand) for building the residence. This was also reflected in the statement of changes in net assets.

In 2011, additional US\$700 thousand of the total allocation (\$1,000 thousand) was provided, which was fully used for building the new residence.

In 2012, the final payment of 150,000\$ was received from the allocation. All of it was used in that year.

- c.** In 2009, 2010 and 2011, three grants of C\$250 thousand each were received from **SACH Canada** under an agreement promising the Society C\$1 million in four equal annual installments until 2012. Under the terms of the grant, the amount and any related yield can be used for building and maintaining the new residence for children. The grants and the use of funds to construct the Amuta's building in Holon are included in the statement of change in net asset as a change in temporarily restricted assets. In 2012 the amount was not reflected in temporarily restricted net assets, since it was allocated for ongoing maintenance.

- d.** In 2010, a \$1 million grant was received from **SACH US**. Under the terms of the grant, half of this amount and any yield can be used to build the Pediatric Intensive Care Unit at the Wolfson Medical Center. Accordingly, half of the amount of grant was included in the statement of change in net asset as an addition to temporarily restricted assets.

In 2011, a \$200 thousand grant was received from **SACH US**. Under the terms of the grant, this amount and any related yield can be used to build the Pediatric Intensive Care Unit at the Wolfson Medical Center. In 2011, NIS 613,000 was released for this purpose. The grant is included in the statement of change in net assets as an addition to temporarily restricted assets.

In 2012 grants were not provided for this purpose, but 251,192\$ was released in favor of this designation.

- e.** At the end of 2012 a grant was received from the European Commission for the Amuta's ongoing operations in 2013. The grant is included in the statement of changes in net assets as a supplement to temporarily restricted net assets.

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

**NOTE 8 - LAND IN LEASE**

On August 30, 2010, 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 2012 medical equipment was purchased for the use of the Pediatric Intensive Care Unit at the Wolfson Medical Center including echocardiograph, transducer for the echocardiograph and screens for the Echo room, and medical equipment for the use of the Pediatric Lung Unit at the Wolfson Medical Center including a Data Archiving System for a Bronchoscope.

**NOTE 10 – Services Received free of charge**

As part of the Amuta's activities for the advancement of medical facilities, in 2012 the Amuta received a contribution of cardiac catheterization devices worth about 92,000 ILS. These devices were implanted in the hearts of patients of the Amuta during their treatment in Wolfson Medical Center.

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