

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

(An organization registered under the Amutot Law, 1980)

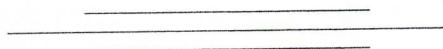
2013 ANNUAL REPORT

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)
2013 ANNUAL REPORT

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





REPORT OF INDEPENDENT AUDITORS

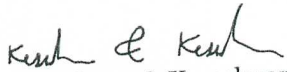
To the members of
SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)

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, 2013 and 2012 and the statements of activities and of changes in net assets 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.

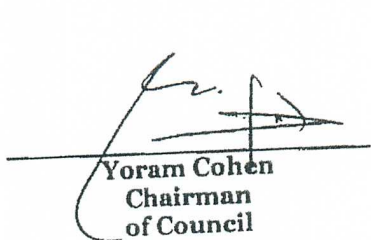
In our opinion, the aforementioned financial statements, which are denominated in nominal values, present fairly, in all material respects, the financial position of the Amuta as of December 31, 2013 and 2012 and the results of its activities and the changes in its net assets for each of the years ended on those dates, in conformity with accounting principles generally accepted in Israel.

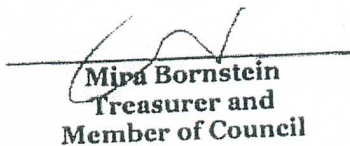
Tel-Aviv, Israel
June 23, 2014


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	
		2013	2012
		NIS	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	1g	7,433,562	5,704,709
Accounts receivable		191,449	922,681
Wolfson Medical Center		131,003	169,297
Others			
TOTAL CURRENT ASSETS		<u>7,756,014</u>	<u>6,796,687</u>
FIXED ASSETS:	2		
Cost		12,754,360	12,566,420
Less – accumulated depreciation		1,320,274	800,099
		<u>11,434,086</u>	<u>11,766,321</u>
		<u>19,190,100</u>	<u>18,563,008</u>
Liabilities, net of deficiency			
CURRENT LIABILITIES -			
accounts payable and accruals:		39,537	32,167
Wolfson Research Fund		1,111,829	625,746
Other			
TOTAL CURRENT LIABILITIES		<u>1,151,366</u>	<u>657,913</u>
LONG-TERM LIABILITIES -	3		
liability for employee rights upon retirement		327,341	277,490
TOTAL LIABILITIES		<u>1,478,707</u>	<u>935,403</u>
NET ASSETS			
UNRESTRICTED NET ASSETS		16,144,160	14,924,723
TEMPORARILY-RESTRICTED NET ASSETS	7	1,567,233	2,702,882
		<u>17,711,393</u>	<u>17,627,605</u>
		<u>19,190,100</u>	<u>18,563,008</u>


Yoram Cohen
Chairman
of Council


Mira Bornstein
Treasurer and
Member of Council


Simon Fisher
Executive
Director

Date of approval of financial statements: June 23, 2014.

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	
		2013	2012
		NIS	
OPERATIONS:			
Revenues from donations	8, 9	11,615,865	12,285,295
Revenues from the office of regional cooperation		70,000	1,277,600
Amounts released from restrictions	7	1,165,375	251,192
		13,481,240	13,814,087
COST OF OPERATIONS -			
operating expenses	4, 8	9,830,712	11,319,563
NET REVENUES FROM OPERATIONS		3,650,528	2,494,524
GENERAL AND ADMINISTRATIVE EXPENSES	5	1,292,633	1,159,037
PUBLICITY AND PUBLIC RELATIONS	6	918,488	605,996
REVENUES (EXPENSES) BEFORE FINANCING REVENUES,			
net		1,439,407	729,491
FINANCING EXPENSES		219,970	124,798
NET REVENUES FOR YEAR		1,219,437	604,693

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>Unrestricted net assets</u>	<u>Temporarily- restricted net assets (note 7) NIS</u>	<u>Total</u>
BALANCE AS OF JANUARY 1, 2012	13,378,600	2,291,630	15,670,230
MOVEMENT IN 2012:			
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
BALANCE AS OF DECEMBER 31, 2012	<u>14,924,723</u>	<u>2,702,882</u>	<u>17,627,605</u>
MOVEMENT IN 2013:			
Financing		29,726	29,726
Amounts released from restrictions for new children's wing in Wolfson Medical Center		(159,411)	(159,411)
Contributions received from the European Union for year 2013		(1,005,964)	(1,005,964)
Surplus for year	1,219,437		1,219,437
BALANCE AS OF DECEMBER 31, 2013	<u>16,144,160</u>	<u>1,567,233</u>	<u>17,711,393</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 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 2013, the Amuta treated 265 children from developing countries. In addition, 734 children from developing countries were examined by the Amuta, out of this number, 400 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2013, the Amuta organized two medical missions, as follows:

- 1) **Medical Mission for the diagnosis of children in Romania** - In June 2013, a delegation of two medical personnel was sent by the Amuta to Romania for three days for the purpose of examining and diagnosing 36 children suffering from heart disease in order to bring them to Israel later in the year for heart surgery at the Wolfson Medical Center. The team also examined eight children who had been previously treated by the Amuta.

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) **Teaching Medical Mission for the treatment and diagnosis of children in Tanzania** - In October 2013, a delegation of twenty medical personnel was sent by the Amuta to Mwanza, Tanzania for one week for the provision of heart surgery for 15 children and the examination and diagnosis of 250 children in order to bring them during the year for heart surgery at the Wolfson Centre in Israel.

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:

	%
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, 2013 includes NIS 3,953 thousand in foreign currency (December 31, 2012 – NIS 2,552 thousand in foreign currency).
The balance of cash and cash equivalents as of December 31, 2013 includes NIS 1.6 million that was designated by donors for building the Pediatric Intensive Care Unit at the Wolfson Medical Center.

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			
	2013	2012	2013	2012
	NIS			
Land Leased	1,352,105	1,352,105		-
Building in construction	10,652,170	10,487,170	783,608	351,983
Computers and peripheral Equipment	207,190	198,258	178,598	158,102
Vehicles	124,000	124,000	49,756	31,156
Furniture and office equipment	129,654	115,646	91,265	85,197
Medical equipment	289,241	289,241	217,047	173,661
	12,754,360	12,566,420	1,320,274	800,099

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

NOTES TO FINANCIAL STATEMENTS (continued)

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	
	2013	2012
	NIS	
Medical expenses	5,709,744	6,847,805
Purchase of equipment for Wolfson Medical Center	50,981	1,699,619
Construction costs ICU	108,430	
Payroll and ancillary expenses	990,469	*769,185
Renovation of former children residence		154,612
Maintenance of residence	37,974	*14,584
Air travel expenses of patients and medical teams	773,084	446,875
Rent, local property taxes and electricity	141,912	166,792
Training of doctors	962,845	509,588
Food for patients	215,415	165,907
Transportation of patients	127,271	92,010
Student activities	5,801	(73,043)
Depreciation	476,789	393,025
Survey and research expenses	155,452	59,611
Miscellaneous	74,545	72,994
	<u>9,830,712</u>	<u>11,319,563</u>

* Reclassified

NOTE 5 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31	
	2013	2012
	NIS	
Payroll and ancillary expenses	764,253	762,053
Rent and telephone	70,520	67,979
Motor expenses	98,327	84,543
Travelling expenses and refreshments	45,129	77,525
Office supplies and printing	28,250	19,160
Legal and auditing fees	49,703	48,041
Bookkeeping	71,122	31,675
Depreciation	43,386	43,669
Miscellaneous	121,943	24,392
	<u>1,292,633</u>	<u>1,159,037</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	
	2013	2012
	NIS	
Publicity and public relations	35,306	61,506
Publishing through Google	298,803	
Payroll and ancillary expenses	298,125	283,599
Website	16,464	91,063
Marketing Campaigns	179,605	169,828
International convention	90,185	-
	918,488	605,996

NOTE 7 - TEMPORARILY-RESTRICTED NET ASSETS:

- a. 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.

- b. In 2009, 2010, 2011 and 2012, four 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.

- c. 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. In 2013 grants were not provided for this purpose, but 159,411\$ was released in favor of this designation.

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):

- d. 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 at the year of 2012, these funds were released in 2013.

NOTE 8 - 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 2013 medical equipment was purchased for the use of the Pediatric Intensive Care Unit at the Wolfson Medical Center including data processing software.

NOTE 9 - SERVICES RECEIVED FREE OF CHARGE

In 2013 the Amuta received a donation from Google. ₪298,803 worth of Google ads were used to market the Amuta online. This contribution was included in the revenues of the Amuta.

