

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

(An organization registered under the Amutot Law, 1980)

2014 ANNUAL REPORT

SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)  
2014 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, 2014 and 2013 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, 2014 and 2013 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.

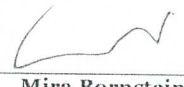
Tel-Aviv, Israel  
June 17, 2015

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	
		2014	2013
		NIS	
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	1g	10,166,329	7,433,562
Accounts receivable			
Wolfson Medical Center		16,012	191,449
Others		58,172	131,003
<b>T O T A L C U R R E N T A S S E T S</b>		<u>10,240,513</u>	<u>7,756,014</u>
<b>FIXED ASSETS:</b>			
Cost	2	12,823,009	12,754,360
L e s s – accumulated depreciation		<u>1,837,184</u>	<u>1,320,274</u>
		<u>10,985,825</u>	<u>11,434,086</u>
		<u>21,226,338</u>	<u>19,190,100</u>
<b>Liabilities, net of deficiency</b>			
<b>CURRENT LIABILITIES -</b>			
accounts payable and accruals:			
Wolfson Research Fund		-	39,537
Other		655,837	1,111,829
<b>T O T A L C U R R E N T L I A B I L I T I E S</b>		<u>655,837</u>	<u>1,151,366</u>
<b>LONG-TERM LIABILITIES -</b>			
liability for employee rights upon retirement	3	<u>338,687</u>	<u>327,341</u>
<b>T O T A L L I A B I L I T I E S</b>		<u>994,524</u>	<u>1,478,707</u>
<b>NET ASSETS</b>			
<b>UNRESTRICTED NET ASSETS</b>		19,370,800	16,144,160
<b>TEMPORARILY-RESTRICTED NET ASSETS</b>	7	<u>861,014</u>	<u>1,567,233</u>
		<u>20,231,814</u>	<u>17,711,393</u>
		<u>21,226,338</u>	<u>19,190,100</u>

  
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**Yoram Cohen**  
Chairman  
of Council

  
\_\_\_\_\_  
**Mira Bornstein**  
Treasurer and  
Member of Council

  
\_\_\_\_\_  
**Simon Fisher**  
Executive  
Director

Date of approval of financial statements: June 17, 2015.

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	
		2014	2013
		NIS	
<b>OPERATIONS:</b>			
Revenues from donations	8, 9	15,288,896	11,615,865
Revenues from the office of regional cooperation		750,000	700,000
Other current revenues		115,179	*99,696
Amounts released from restrictions	7	712,108	1,165,375
		16,866,183	13,580,936
<b>COST OF OPERATIONS -</b>			
operating expenses	4, 8	11,286,011	*9,930,408
<b>NET REVENUES FROM OPERATIONS</b>		5,580,172	3,650,528
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5	1,338,081	1,292,633
<b>PUBLICITY AND PUBLIC RELATIONS</b>	6	1,035,088	918,488
<b>REVENUES (EXPENSES) BEFORE FINANCING REVENUES,</b>			
net		3,207,003	1,439,407
<b>FINANCING EXPENSES (REVENUES)</b>		(19,393)	219,970
<b>NET REVENUES FOR YEAR</b>		3,226,396	1,219,437

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)</u>	<u>Total</u>
	NIS		
<b>BALANCE AS OF JANUARY 1, 2013</b>	14,924,723	2,702,882	17,627,605
<b>MOVEMENT IN 2013:</b>			
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 2014		(1,005,964)	(1,005,964)
Surplus for year	<u>1,219,437</u>		<u>1,219,437</u>
<b>BALANCE AS OF DECEMBER 31, 2013</b>	16,144,160	1,567,233	17,711,393
<b>MOVEMENT IN 2014:</b>			
Financing		6,133	6,133
Amounts released from restrictions for new children's wing in Wolfson Medical Center		(712,108)	(712,108)
Surplus for year	<u>3,226,396</u>		<u>3,226,396</u>
<b>BALANCE AS OF DECEMBER 31, 2014</b>	<u>19,370,556</u>	<u>861,258</u>	<u>20,231,814</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 2014, the Amuta treated 266 children from developing countries. In addition, 857 children from developing countries were examined by the Amuta, out of this number, 200 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2014, the Amuta organized four medical missions, as follows:

- 1) **Medical Mission for the diagnosis of children in Ethiopia** - In June 2014, a delegation of three medical personnel was sent by the Amuta to Ethiopia for 7 days for the purpose of examining and diagnosing 111 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 seven 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) **Medical Mission for the diagnosis of children in Zanzibar** - In February 2014, a delegation of three medical personnel was sent by the Amuta to Zanzibar for 7 days for the purpose of examining and diagnosing 200 children suffering from heart disease in order to bring them to Israel later in the year for heart surgery at the Wolfson Medical Center.
- 3) **Medical Mission for the diagnosis of children in Azerbaijan** - In November 2014, a delegation of four medical personnel was sent by the Amuta to Azerbaijan, for the first time, for 4 days for the purpose of examining and diagnosing 20 children suffering from heart disease in order to bring them to Israel later in the year for heart surgery at the Wolfson Medical Center.
- 4) **Teaching Medical Mission for the treatment and diagnosis of children in Tanzania** - In November 2014, a delegation of three medical personnel was sent by the Amuta to Mwanza, Tanzania for one week for the provision of heart surgery for 10 children and the examination and diagnosis of 50 children in order to bring them during the year for heart surgery at the Wolfson Centre in Israel. This mission was held in cooperation with the Australian organization Open Heart International.

**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. 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.

**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			
	2014	2013	2014	2013
	NIS			
Land Leased	1,352,105	1,352,105		
Building	10,718,840	10,652,170	1,211,218	783,608
Computers and peripheral Equipment	207,190	207,190	200,270	178,598
Vehicles	124,000	124,000	68,356	49,756
Furniture and office equipment	131,633	129,654	96,907	91,265
Medical equipment	289,241	289,241	260,433	217,047
	<u>12,823,009</u>	<u>12,754,360</u>	<u>1,837,184</u>	<u>1,320,274</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	
	2014	2013
	NIS	
Medical expenses	5,691,758	5,709,744
Training of doctors and medical staff	1,112,542	962,845
Payroll and ancillary expenses	1,077,894	*864,469
Medical equipment for Wolfson Medical Center	279,053	50,981
Construction costs ICU	712,108	108,430
Maintenance of residence	46,823	37,974
Air travel expenses of patients and medical teams	717,293	773,084
Local property taxes and electricity	219,640	141,912
Food for patients	241,022	215,415
Transportation of patients	155,138	127,271
Student activities	116,062	*105,947
Depreciation	465,219	476,789
Survey and research expenses	143,127	155,452
"Heart of the matter" Project	247,300	*144,000
Miscellaneous	61,032	74,545
	<u>11,286,011</u>	<u>9,930,408</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>2014</u>	<u>2013</u>
	<u>NIS</u>	
Payroll and ancillary expenses	831,325	*841,902
Communication	55,434	70,520
Motor expenses	84,389	98,327
Travelling expenses and refreshments	106,310	45,129
Office supplies and printing	28,788	28,250
Legal and auditing fees	59,646	49,703
Bookkeeping	74,932	71,122
Depreciation	51,691	43,386
Miscellaneous	45,566	*44,294
	<u>1,338,081</u>	<u>1,292,633</u>

\* Reclassified

**NOTE 6 - PUBLICITY:**

	<u>Year ended December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>NIS</u>	
Publicity and public relations	70,321	35,306
Publishing through Google	434,930	298,803
Payroll and ancillary expenses	295,904	298,125
Website	109,465	16,464
Marketing Campaigns	115,503	179,605
International convention	8,965	90,185
	<u>1,035,088</u>	<u>918,488</u>

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

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. This grant was included in the statement of change in net asset as an addition to temporarily restricted assets.

In 2011 - 2014 grants were not provided for this purpose, but 613,000 NIS, 251,192 NIS, 159,411 NIS and 712,108 NIS were released in favor of this designation, accordingly.

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

**NOTES TO FINANCIAL STATEMENTS (continued)**

**NOTE 8 - CONSTRUCTION OF CHILDREN'S HOSPITAL AT THE WMC IN HOLON INITIATED BY THE AMUTA**

On March 27, 2014 an agreement was signed between the Amuta and the Israeli Ministry of Health according to which the Ministry of Health will oversee the planning and operation of the construction of the children's hospital project initiated by the Amuta, and will even fund part of the project's costs.

In the framework of this Agreement the Amuta acts and will continue to act towards the funding of the project amounting \$9,000,000 (equivalent of 31,500,000 NIS). The Ministry of Health committed to participate in parallel funding up to 10,500,000 NIS. The amount committed to the project by the Amuta includes amounts already invested in planning and the purchase of medical equipment.

The Amuta contracted an American donor who committed to participate in substantial funding of the project. \$600,000 were already provided by the donor and deposited in the Ministry of Health.

Following the signing of the agreement, the Ministry of Health appointed a Project Manager on its behalf. The Project Manager prepared an updated budget for the construction and equipping of the Children's Hospital amounting \$34,500,000, the first phase is \$17.5M. SACH has already raised \$15M for this project.

The Project Manager on behalf of the Ministry of Health estimates that the construction is planned to commence in the end of 2015 and the project is planned to be completed in the beginning of 2018.

**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 (WMC) 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.

This activity includes raising funds for the purchase of medical equipment for the WMC.

In 2014, a mobile echocardiograph machine was purchased for the use of the pediatric cardiology unit and the Pediatric Intensive Care Unit at the Wolfson Medical Center and monitors were purchased for the use of the Pediatric Intensive Care Unit at the Wolfson Medical Center.

**NOTE 10 - SERVICES RECEIVED FREE OF CHARGE**

In 2014 the Amuta received a donation from Google. 434,930 NIS worth of Google ads were used to market the Amuta online. This contribution was included in the revenues of the Amuta.