

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

(An organization registered under the Amutot Law, 1980)

2017 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, 2017 and 2016 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, 2017 and 2016 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
July 18, 2018

Kesselman & Kesselman

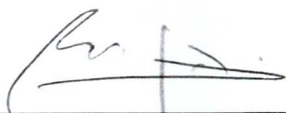
Certified Public Accountants (Isr.)

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>2017</u>	<u>2016</u>
		<u>NIS</u>	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	1g	25,341,828	22,377,343
Accounts receivable:			
Others		<u>9,164</u>	<u>4,094</u>
TOTAL CURRENT ASSETS		<u>25,350,992</u>	<u>22,381,437</u>
FIXED ASSETS:			
Cost	2	12,847,948	12,844,548
Less – accumulated depreciation		<u>3,248,537</u>	<u>2,789,110</u>
		<u>9,599,411</u>	<u>10,055,438</u>
		<u>34,950,403</u>	<u>32,436,875</u>
Liabilities, net of deficiency			
CURRENT LIABILITIES -			
Accounts payable and accruals:			
Wolfson- other payable		405,223	1,129,755
Other		856,213	624,146
Wolfson Research Fund		<u>146,511</u>	<u>215,396</u>
TOTAL CURRENT LIABILITIES		1,407,947	1,969,297
LONG-TERM LIABILITIES -			
Liability for employee rights upon retirement	3	<u>433,518</u>	<u>392,340</u>
TOTAL LIABILITIES		<u>1,841,465</u>	<u>2,361,637</u>
NET ASSETS			
UNRESTRICTED NET ASSETS		26,207,859	24,278,155
TEMPORARILY-RESTRICTED NET ASSETS	7	6,901,079	5,797,083
		<u>33,108,938</u>	<u>30,075,238</u>
		<u>34,950,403</u>	<u>32,436,875</u>



Yoram Cohen
 Chairman
 of Council



Mira Bornstein
 Treasurer and
 Member of Council



Simon Fisher
 Executive
 Director

Date of approval of financial statements: July 18, 2018.

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	
		2017	2016
		NIS	
OPERATIONS:			
Revenues from donations		14,976,761	17,582,270
Revenues from the office of regional cooperation		1,000,000	1,000,000
Revenues received at others for establishment of the children's hospital at Wolfson		2,584,015	5,432,468
Other current revenues		144,772	145,255
Amounts released from restrictions	7	932,552	-
		19,638,100	24,159,993
COST OF OPERATIONS -			
Operating expenses	4	11,931,603	13,684,332
Expenses for establishment of the children's hospital at Wolfson		2,693,450	5,432,468
NET REVENUES FROM OPERATIONS		5,013,047	5,043,193
GENERAL AND ADMINISTRATIVE EXPENSES	5	1,249,626	1,329,996
PUBLICITY AND PUBLIC RELATIONS	6	667,469	581,660
REVENUES (EXPENSES) BEFORE FINANCING REVENUES, net		3,095,952	3,131,537
FINANCING EXPENSES (REVENUES)		1,166,248	276,319
NET REVENUES FOR YEAR		1,929,704	2,855,218

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 DECEMBER 31, 2015		21,422,937	2,089,428	23,512,365
MOVEMENT IN 2016:				
Financing			241	241
Contributions received for establishment of the children's hospital at Wolfson Medical Center	7		2,439,331	2,439,331
Contributions received from the European Union for the year 2017	7		970,675	970,675
Contributions received for the purchase of medical equipment	7		297,408	297,408
Surplus for year		<u>2,855,218</u>		<u>2,855,218</u>
BALANCE AS OF DECEMBER 31, 2016		<u>24,278,155</u>	<u>5,797,083</u>	<u>30,075,238</u>
MOVEMENT IN 2017:				
Contributions received for establishment of the children's hospital at Wolfson Medical Center	7		1,784,964	1,784,964
Contributions received for the purchase of A vehicle	7		164,622	164,622
Contributions received for medical expedition	7		234,520	234,520
Contributions repay to the European Union for the year 2017			(147,558)	(147,558)
Funds released from restriction for contributions received from the European Union for the year 2017			(823,117)	(823,117)
Funds released from restrictions for establishment of the children's hospital at Wolfson Medical Center			(109,435)	(109,435)
Surplus for year		<u>1,929,704</u>		<u>1,929,704</u>
BALANCE AS OF DECEMBER 31, 2017		<u>26,207,859</u>	<u>6,901,079</u>	<u>33,108,938</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 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.

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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

In the event that the Amuta engages donors to a project which the Amuta is the initiator and is promoting, and such donor wishes to provide the donation directly to the medical equipment provider, the hospital providing the medical treatment and the like, the revenue will be recorded on the day the donation was provided, provided that the Amuta has a reference of the date the donation was provided and documentation showing a clear connection between the donation and the project that the Amuta is initiating and promoting. In the instance that the revenue is recorded, a correlating expense will be immediately recorded.

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

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, 2017 includes NIS 21,396 thousand in foreign currency (December 31, 2016 – NIS 16,913 thousand in foreign currency). The balance of cash and cash equivalents as of December 31, 2017 includes NIS 6,200 thousands 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 1 - SIGNIFICANT ACCOUNTING POLICIES (continued):

h. Classifications

Some amounts from prior year have been reclassified to conform with current year presentation.

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			
	2017	2016	2017	2016
	NIS			
Land Leased	1,352,105	1,352,105	-	-
Building	10,718,840	10,718,840	2,497,480	2,068,725
Computers and peripheral equipment	228,729	228,729	225,109	217,932
Vehicles	124,000	124,000	124,000	105,556
Furniture and office equipment	135,033	131,633	112,706	107,656
Medical equipment	289,241	289,241	289,242	289,241
	<u>12,847,948</u>	<u>12,844,548</u>	<u>3,248,537</u>	<u>2,789,110</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.

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

NOTE 4 - OPERATING EXPENSES:

	Year ended December 31	
	2017	2016
	NIS	
Medical expenses	6,530,687	6,820,813
Training of doctors and medical staff	956,779	1,142,205
Payroll and ancillary expenses	1,194,765	1,288,517
Medical equipment for Wolfson Medical Center	404,391	806,156
Medical equipment for medical institutions in developing countries	-	65,365
Maintenance of residence	81,789	58,827
Air travel expenses of patients and medical team	1,625,005	1,574,600
Local property taxes and electricity	208,488	158,611
Roteri Program - Romania	-	193,500
Food for patients	197,395	220,768
Transportation of patients	116,803	114,253
Student activities	37,840	57,867
Depreciation	413,484	414,787
Survey and research expenses	26,002	134,573
"Heart of the matter" Project	57,601	199,986
Medical equipment purchased for "heart of the matter" project	-	313,099
Insurance	64,339	102,214
Miscellaneous	16,235	18,192
	<u>11,931,603</u>	<u>13,684,332</u>

NOTE 5 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31	
	2017	2016
	NIS	
Payroll and ancillary expenses	822,350	850,192
Communication	51,774	61,548
Motor expenses	73,632	106,299
Travelling expenses and refreshments	18,278	17,650
Office supplies and printing	18,909	21,306
Legal and auditing fees	67,913	94,458
Bookkeeping	70,200	75,331
Depreciation	45,943	46,087
Miscellaneous	80,627	57,125
	<u>1,249,626</u>	<u>1,329,996</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	
	2017	2016
	NIS	
Publicity and public relations	289,386	203,471
Payroll and ancillary expenses	266,844	336,705
Website	13,627	-
Marketing Campaigns	77,844	34,207
Events	19,768	7,277
	<u>667,469</u>	<u>581,660</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 children's hospital 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 children's hospital 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 2015, about 1,250 thousand NIS grant was received from **SACH Australia**. Under the terms of the grant, this amount and any related yield can be used to build the children's hospital 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 - 2015 grants were not provided for this purpose, but 613,000 NIS, 251,192 NIS, 159,411 NIS, 712,108 NIS and 29,034 NIS were released in favor of this designation, accordingly.

In 2016 the following grants were received in favor of the construction of a children's hospital (as described in Note 8 below) and they were included in the statement of change in net asset as an addition to temporarily restricted assets: NIS 1,927,500 were received from SACH US, and NIS 511,831 were received from the Jewish National Fund.

In 2016 a grant from SACH UK in the amount of NIS 297,407 was received for the purchase of medical equipment for the children's hospital and it was included in the statement of change in net asset as an addition to temporarily restricted assets.

In 2016 a grant from the European Union in the amount of NIS 970,675 was received for activities to be performed by the Amutah in 2017 and it was included in the statement of change in net asset as an addition to temporarily restricted assets.

In 2017 this amount was released in favor of this designation.

In 2017 the following grant was received in favor of the construction of a children's hospital (as described in Note 8 below) and it was included in the statement of change in net asset as an addition to temporarily restricted assets: NIS 1,784,964 were received from SACH Endowment Fund.

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

In 2017 109,435 NIS were released in favor of this designation.

In 2017 two grants were received from SACH UK: 1. Grant in the amount of NIS 164,622 was received for the purchase of a vehicle for the Amutah in 2018; and 2. Grant in the amount of NIS 234,529 was received for a medical mission to take place in 2018. These grants were included in the statement of change in net asset as an addition to temporarily restricted assets.

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.

During 2015 the Israeli Ministry of Health prepared an updated budget for the construction and equipping of the project amounting to \$34,500,000, of which the first phase is \$20,500,000.

In 2016, NIS 2,000,000 were transferred from the Ministry of Regional Cooperation directly to the Ministry of Health, and NIS 3,432,468 were transferred from the Helmsley Charitable Trust directly to the Ministry of Health.

In 2017, NIS 2,584,015 were transferred from the Helmsley Charitable Trust directly to the Ministry of Health.

In 2017 additional addendum to the Agreement was signed, according to which the total cost of the entire project (first and second phases) in NIS 159,600,000.

In 2018, due to the fundraising of the Amuta which was directed to the Ministry of Health, an additional addendum to the Agreement was signed, according to which the Amuta committed to participate in the funding of the project in the total and final amount of NIS 68,400,000. The Amuta has already raised, and has received signed future pledges, on the entire amount. The amount committed to the project by the Amuta includes amounts already invested in planning and the purchase of medical equipment.

The Ministry of Health committed to participate in parallel funding of up to NIS 76,000,000 and an additional donor has committed to participate in funding of 15,200,000 NIS.

The construction has commenced in June 2016 and the project is planned to be completed by 2019.

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 2017, a battery charger was purchased for the use of the Pediatric Cardiac Surgery department at the Wolfson Medical Center and a mobile echo machine and a TEE transducer was purchased for the use of the Pediatric Cardiology department at the Wolfson Medical Center.