

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

(An organization registered under the Amutot Law, 1980)

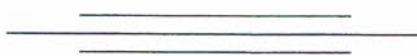
2016 ANNUAL REPORT

**SAVE A CHILD'S HEART IN MEMORY OF DR. AMI COHEN (R.A.)**  
2016 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, 2016 and 2015 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, 2016 and 2015 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.

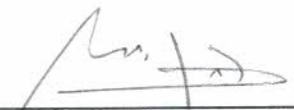
Tel-Aviv, Israel  
June 18, 2017

A handwritten signature in blue ink, appearing to read "Kesselman &amp; Kesselman", is written over the printed name of the firm.

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	
		2016	2015
		NIS	
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	1g	22,377,343	16,884,583
Accounts receivable:			
Others		4,094	36,813
<b>TOTAL CURRENT ASSETS</b>		<u>22,381,437</u>	<u>16,921,396</u>
<b>FIXED ASSETS:</b>			
Cost	2	12,844,548	12,842,672
Less – accumulated depreciation		2,789,110	2,328,237
		<u>10,055,438</u>	<u>10,514,435</u>
		<u>32,436,875</u>	<u>27,435,831</u>
<b>Liabilities, net of deficiency</b>			
<b>CURRENT LIABILITIES -</b>			
accounts payable and accruals:			
Wolfson- other payable		1,129,755	1,898,402
Other		624,146	1,472,920
Wolfson Research Fund		215,396	189,432
<b>TOTAL CURRENT LIABILITIES</b>		1,969,297	3,560,664
<b>LONG-TERM LIABILITIES -</b>			
liability for employee rights upon retirement	3	392,340	362,802
<b>TOTAL LIABILITIES</b>		<u>2,361,637</u>	<u>3,923,466</u>
<b>NET ASSETS</b>			
<b>UNRESTRICTED NET ASSETS</b>		24,278,155	21,422,937
<b>TEMPORARILY-RESTRICTED NET ASSETS</b>	7	5,797,083	2,089,428
		<u>30,075,238</u>	<u>23,512,365</u>
		<u>32,436,875</u>	<u>27,435,831</u>

  
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**Yoram Cohen**  
Chairman  
of Council

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

  
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**Simon Fisher**  
Executive  
Director

Date of approval of financial statements: June 18, 2017.

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>	<b>Year ended</b>	
		<b>December 31</b>	
		<b>2016</b>	<b>2015</b>
		<b>NIS</b>	
<b>OPERATIONS:</b>			
Revenues from donations		17,582,270	19,027,292
Revenues from the office of regional cooperation		1,000,000	800,000
Revenues received at others for establishment of the children's hospital at Wolfson		5,432,468	-
Other current revenues		145,255	222,616
Amounts released from restrictions	7	-	29,034
		<u>24,159,993</u>	<u>20,078,942</u>
<b>COST OF OPERATIONS -</b>			
operating expenses	4	<u>19,116,800</u>	<u>14,828,319</u>
<b>NET REVENUES FROM OPERATIONS</b>		5,043,193	5,520,623
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5	1,329,996	1,367,791
<b>PUBLICITY AND PUBLIC RELATIONS</b>	6	<u>581,660</u>	<u>1,630,056</u>
<b>REVENUES (EXPENSES) BEFORE FINANCING REVENUES, net</b>		3,131,537	2,252,776
<b>FINANCING EXPENSES (REVENUES)</b>		<u>276,319</u>	<u>200,395</u>
<b>NET REVENUES FOR YEAR</b>		<u>2,855,218</u>	<u>2,052,381</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) NIS</u>	<u>Total</u>
<b>BALANCE AS OF DECEMBER 31, 2014</b>		19,370,556	861,258	20,231,814
<b>MOVEMENT IN 2015:</b>				
Financing			39	39
Contributions received for establishment of the children's hospital at Wolfson Medical Center	7		1,257,165	1,257,165
Funds released from restrictions for establishment of the children's hospital at Wolfson Medical Center	7		(29,034)	(29,034)
Surplus for year		2,052,381		2,052,381
<b>BALANCE AS OF DECEMBER 31, 2015</b>		21,422,937	2,089,428	23,512,365
<b>MOVEMENT IN 2016:</b>				
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			297,408	297,408
Surplus for year		2,855,218		2,855,218
<b>BALANCE AS OF DECEMBER 31, 2016</b>		24,278,155	5,797,083	30,075,238

**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

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, 2016 includes NIS 16,913 thousand in foreign currency (December 31, 2015 – NIS 13,369 thousand in foreign currency). The balance of cash and cash equivalents as of December 31, 2016 includes NIS 4,529 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			
	2016	2015	2016	2015
	NIS			
Land Leased	1,352,105	1,352,105		
Building	10,718,840	10,718,840	2,068,725	1,639,972
Computers and peripheral equipment	228,729	226,853	217,932	209,786
Vehicles	124,000	124,000	86,956	86,956
Furniture and office equipment	131,633	131,633	102,282	102,282
Medical equipment	289,241	289,241	289,241	289,241
	<u>12,844,548</u>	<u>12,842,672</u>	<u>2,789,110</u>	<u>2,328,237</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:**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>NIS</b>	
Medical expenses	6,820,813	7,709,265
Training of doctors and medical staff	1,142,205	818,709
Payroll and ancillary expenses	1,288,517	1,239,937
Medical equipment for Wolfson Medical Center	806,156	2,028,688
Medical equipment for medical institutions in developing countries	65,365	-
Expenses for establishment of the children's hospital at Wolfson	5,432,468	-
Construction costs children's hospital	-	29,034
Maintenance of residence	58,827	37,317
Air travel expenses of patients and medical team	1,574,600	1,029,042
Local property taxes and electricity	158,611	167,271
Roteri Program - Romania	193,500	-
Food for patients	220,768	243,394
Transportation of patients	114,253	104,493
Student activities	57,867	123,604
Depreciation	414,787	441,944
Survey and research expenses	134,573	52,258
"Heart of the matter" Project	199,986	240,356
Medical equipment purchased for "heart of the matter" project	313,099	417,149
Insurance	102,214	124,724
Miscellaneous	18,192	21,134
	<u>19,116,800</u>	<u>14,828,319</u>

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

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>NIS</b>	
Payroll and ancillary expenses	850,192	933,149
Communication	61,548	71,612
Motor expenses	106,299	88,217
Travelling expenses and refreshments	17,650	17,359
Office supplies and printing	21,306	22,887
Legal and auditing fees	94,458	68,091
Bookkeeping	75,331	74,851
Depreciation	46,087	49,109
Miscellaneous	57,125	42,516
	<u>1,329,996</u>	<u>1,367,791</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 6 - PUBLICITY:**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>NIS</b>	
Publicity and public relations	203,471	128,734
Publishing through Google	-	470,642
Payroll and ancillary expenses	336,705	358,134
Website	-	32,956
Marketing Campaigns	34,207	126,334
20 years event and other events	7,277	487,925
Marketing event- "Heart of the matter"	-	25,331
	<u>581,660</u>	<u>1,630,056</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: \$500,000 were received from SACH US, and NIS 511,831 were received from the Jewish National Fund.

In 2016 a grant from the European Union in the amount of NIS 970,675.41 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 2016 a grant from SACH UK in the amount of NIS 297,407.8 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.



**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.

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 \$891,876 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 cast of the entire project (first and second phases) in NIS 159,600,000.

The Amuta committed to participate in the funding of the project in the total and final amount of NIS 106,400,000. The Amuta has already raised, and has received signed future pledge, on a total amount of NIS 89,300,000 and has committed to raise the additional NIS 17,100,000. 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 38,000,000.

The construction has commenced in June 2016 and the project is planned to be completed by the beginning of 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 2016, ICU ventilators ,VAPOTHERM ventilator system, nebulizer and syringe pumps were purchased for the use of the Pediatric Intensive Care Unit at the Wolfson Medical Center, a data recording system, saturation monitor and an operating room camera were purchased for the use of the Pediatric Cardiac Surgery department at the Wolfson Medical Center and a TEE transducer was purchased for the use of the Pediatric Cardiology department at the Wolfson Medical Center.

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

In 2015 the Amuta received a donation from Google. 470,642 NIS worth of Google ads were used to market the Amuta online. This contribution was included in the revenues of the Amuta.