

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

(An organization registered under the Amutot Law, 1980)

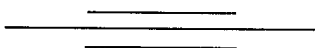
2009 ANNUAL REPORT

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

	Page
REPORT OF INDEPENDENT AUDITORS	2
FINANCIAL STATEMENTS:	
Balance sheets	3
Statements of activities and of changes in deficiency	4
Statements of changes in net assets	5
Notes to financial statements	6 – 11

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, 2009 and 2008 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.

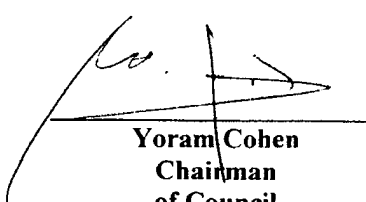
In our opinion, the aforementioned financial statements, which are denominated in nominal values, present fairly, in all material respects, the financial position of the Amuta as of December 31, 2009 and 2008 and the results of its activities and the changes in its deficiency for each of the years ended on those dates, in conformity with accounting principles generally accepted in Israel.

Tel Aviv,
June, 28, 2010


Kesselman & Kesselman
Certified Public Accountants (Isr.)

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

	Note	December 31	
		2009	2008
		NIS	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents		4,248,519	2,589,456
Marketable securities	7 b	2,001,679	1,432,310
Accounts receivable		51,000	9,320
Total current assets		6,301,198	4,031,086
FIXED ASSETS:			
Cost	2, 8	2,684,481	1,262,129
Less – accumulated depreciation		573,096	387,404
		2,111,385	874,725
		8,412,583	4,905,811
Liabilities, net of deficiency			
CURRENT LIABILITIES:			
Accounts payable and accruals:			
Wolfson Medical Center - Research Fund (current account)		9,000	21,693
Other		494,721	668,009
Total current liabilities		503,721	689,702
LONG-TERM LIABILITIES:			
Liability for employee rights upon retirement	3	113,158	139,505
Total liabilities		616,879	829,207
NET ASSETS:			
UNRESTRICTED NET ASSETS	7	4,331,825	941,309
TEMPORARILY-RESTRICTED NET ASSETS		3,463,879	3,135,295
		7,795,704	4,076,604
		8,412,583	4,905,811


Yoram Cohen
Chairman
of Council


Yossef Haim Haroosh
Treasurer and
Member of Council


Simon Fisher
Executive
Director

Date of approval of financial statements: June 28, 2010

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 AND OF CHANGES IN DEFICIENCY

	<u>Note</u>	<u>Year ended December 31</u>	
		<u>2009</u>	<u>2008</u>
		<u>NIS</u>	
OPERATIONS -			
revenues from donations		9,278,689	7,472,663
amounts released from restrictions	7a	<u>1,780,741</u>	
		11,059,430	<u>7,472,663</u>
COST OF OPERATIONS -			
operating expenses	4	<u>6,360,197</u>	<u>5,870,345</u>
NET REVENUES FROM OPERATIONS		4,699,233	1,602,318
GENERAL AND ADMINISTRATIVE EXPENSES	5	994,991	945,337
PUBLICITY AND PUBLIC RELATIONS	6	<u>343,070</u>	<u>330,159</u>
REVENUES (EXPENSES) BEFORE FINANCING EXPENSES, net		3,361,172	326,822
FINANCING REVENUES (EXPENSES)		<u>29,344</u>	<u>(8,747)</u>
NET REVENUES FOR YEAR		<u><u>3,390,516</u></u>	<u><u>318,075</u></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

	Note	Unrestricted net assets	Temporarily- restricted net assets (Note 7) NIS	Total
BALANCE AS OF JANUARY 1, 2008		623,234	1,758,317	2,381,551
MOVEMENT IN 2008:				
Securities restricted for use			1,750,000	1,750,000
Decline in value of restricted securities			(317,690)	(317,690)
Financing			(55,332)	(55,332)
Surplus for year		318,075		318,075
BALANCE AS OF DECEMBER 31, 2008		941,309	3,135,295	4,076,604
MOVEMENT IN 2009:				
Financing			77,756	77,756
Amounts released from restrictions	7a		(1,780,741)	(1,780,741)
Contributions received for new residence			1,462,200	1,462,200
Increase in value of restricted securities			569,369	569,369
Surplus for year		3,390,516		3,390,516
BALANCE AS OF DECEMBER 31, 2009		4,331,825	3,463,879	7,795,704

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 note 8).

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 recompensation from the Amuta for their charitable endeavors overseas.

In 2009, the Amuta helped 206 children from developing countries. In addition, 477 children from developing countries were examined by the Amuta, out of this number, 209 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2009, the Amuta organized three medical delegations, as follows:

1) Medical delegation for the diagnosis of children in Angola.

In May 2009, a delegation of two medical personnel was sent by the Amuta to Angola for six days for the purpose of examining 88 children suffering from heart disease with a view to bringing those children 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 Iraqi children in Jordan.

In June 2009, the pediatric cardiologist of the Amuta was sent to Jordan for two days for the purpose of examining 30 children from Iraq suffering from heart disease with a view to bringing those children to Israel later in the year for heart surgery at the Wolfson Medical Center.

3) Medical delegation for the diagnosis of children in Zanzibar.

In September 2009, a delegation of two medical personnel was sent by the Amuta to Zanzibar for six days for the purpose of examining 150 children suffering from heart disease with a view to bringing those children to Israel later in the year for heart surgery at the Wolfson Medical Center.

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. Land in operational leasing

Leasing agreements, in which the risks and benefits embodied in the leased asset are not substantially passed, are classified as operational leasing. The leasing payments are known as an ongoing straight-line expense in profit and loss during the leasing period.

g. 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:

	%
Land Leased	4
Medical equipment	15
Computers and peripheral equipment	33
Furniture and office equipment	10-15

Improvements to leasehold premises are amortized by means of the straight-line method on the b

h. 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.

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			
	2009	2008	2009	2008
	NIS			
Land Leased	1,106,466		14,753	
Building in construction	223,027			
Computers and peripheral Equipment	142,170	135,740	117,648	90,420
Furniture and office equipment	92,370	88,700	65,815	58,313
Medical equipment	988,434	905,674	242,865	106,656
Improvements to leasehold Premises	132,014	132,015	132,015	132,015
	<u>2,684,481</u>	<u>1,262,129</u>	<u>573,096</u>	<u>387,404</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	
	2009	2008
	NIS	
Medical expenses	4,685,632	4,149,554
Payroll and ancillary expenses	428,533	410,179
Air travel expenses of patients and medical teams	424,684	457,167
Rent, local property taxes and electricity	143,651	143,210
Training of doctors	246,601	277,350
Food for patients	120,241	159,411
Transportation of patients	77,715	98,212
Student activities	41,067	16,141
Depreciation	136,209	74,718
Depreciation of land in lease	14,753	
Survey and research expenses		41,580
Miscellaneous	41,111	42,823
	<u>6,360,197</u>	<u>5,870,345</u>

NOTE 5 – GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31	
	2009	2008
	NIS	
Payroll and ancillary expenses	604,962	566,205
Rent and telephone	106,294	93,878
Motor expenses	72,493	68,360
Travelling expenses and refreshments	40,298	58,164
Office supplies and printing	19,538	34,486
Legal and auditing fees	30,729	10,629
Bookkeeping	62,453	18,980
Depreciation	34,730	48,086
Miscellaneous	23,494	46,550
	<u>994,991</u>	<u>945,338</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	
	2009	2008
	NIS	
Publicity and public relations	76,334	47,998
Payroll and ancillary expenses	152,881	128,298
Website	19,180	68,688
Exhibition	24,475	85,175
International convention	70,200	
	343,070	330,159

NOTE 7 – TEMPORARILY-RESTRICTED NET ASSETS:

- a. In May 2006, a fund-raising evening was held by the World Kids' Rights Organization in the Netherlands. Subsequent to the fund-raising event, the Amuta received a grant of €300,000. Under the terms of the grant, two-thirds of the principal and the annual investment proceeds thereof must be earmarked for the premises of the Amuta and one-third of the principal and proceeds must be earmarked for current operations.

The grant is reflected in the statement of changes in net assets for 2006 as an addition to temporarily-restricted assets.

Interest on the grant was credited directly to the temporarily-restricted assets.

In 2009, the Amuta paid €200,000 from the grant in order to establish a children's hostel in Holon.

In addition, an amount of €100,000 that was earmarked for the Amuta's children's home, was approved by the donor for the purpose of on-going operations in 2009.

- b. 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 2009 the value of the securities increased and the value as of December 31, 2009 stood at 2,001,679 Israeli Shekels (530,245 US Dollars).
- c. In October 2009, a donation of 150,000 US Dollars was received from an anonymous foundation. The money was transferred as part of an agreement determines that the Amuta will be granted 1,000,000 US Dollars according to milestones in establishing the new children's home in Holon. According to the grant conditions, the money and its profit can be used for the establishment of a residence for children. The grant was included in the statements of changes in net assets in 2009 as an addition to temporarily restricted net assets.

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. In December 2009, a donation of 250,000 Canadian Dollars was received from SACH Canada. The money was transferred as part of an agreement according to which the Amuta will be granted 1,000,000 Canadian Dollars in four equal payments until 2012. According to the grant conditions, the money and its profit can be used for the establishment and the maintenance of a residence for children. The grant was included in the statements of changes in net assets in 2009 as an addition to temporarily restricted net assets.

NOTE 8 – LAND IN LEASE

On August 30, 2009, 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.

