

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

(An organization registered under the Amutot Law, 1980)

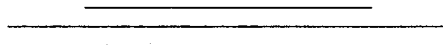
2015 ANNUAL REPORT

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	4
Statements of changes in net assets	5
Notes to financial statements	6-12

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, 2015 and 2014 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, 2015 and 2014 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 22, 2016

A handwritten signature in dark ink, appearing to read "Kesselman & Kesselman".


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>	December 31	
		2015	2014
		NIS	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	1g	16,884,583	10,166,329
Accounts receivable:			
Wolfson Medical Center		-	16,012
Others		36,813	58,172
TOTAL CURRENT ASSETS		16,921,396	10,240,513
FIXED ASSETS:			
Cost	2	12,842,672	12,823,009
L e s s – accumulated depreciation		2,328,237	1,837,184
		10,514,435	10,985,825
		27,435,831	21,226,338
Liabilities, net of deficiency			
CURRENT LIABILITIES -			
accounts payable and accruals:			
Wolfson- other payable		1,898,402	-
Other		1,472,920	655,837
Wolfson Research Fund		189,432	-
TOTAL CURRENT LIABILITIES		3,560,664	655,837
LONG-TERM LIABILITIES -			
liability for employee rights upon retirement	3	362,802	338,687
TOTAL LIABILITIES		3,923,466	994,524
NET ASSETS			
UNRESTRICTED NET ASSETS		21,422,937	19,370,556
TEMPORARILY-RESTRICTED NET ASSETS	7	2,089,428	861,258
		23,512,365	20,231,814
		27,435,831	21,226,338



Yoram Cohen
 Chairman
 of Council



Mira Bornstein
 Treasurer and
 Member of Council



Simon Fisher
 Executive
 Director

Date of approval of financial statements: June 22, 2016.

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	
		2015	2014
		NIS	
OPERATIONS:			
Revenues from donations		19,027,292	15,288,896
Revenues from the office of regional cooperation		800,000	750,000
Other current revenues		222,616	115,179
Amounts released from restrictions	7	29,034	712,108
		20,078,942	16,866,183
COST OF OPERATIONS -			
operating expenses	4	14,828,319	11,286,011
NET REVENUES FROM OPERATIONS		5,520,623	5,580,172
GENERAL AND ADMINISTRATIVE EXPENSES	5	1,367,791	1,260,540
PUBLICITY AND PUBLIC RELATIONS	6	1,630,056	1,112,629
REVENUES (EXPENSES) BEFORE FINANCING REVENUES,			
net		2,252,776	3,207,003
FINANCING EXPENSES (REVENUES)		200,395	(19,393)
NET REVENUES FOR YEAR		2,052,381	3,226,396

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>
		<u>NIS</u>		
BALANCE AS OF DECEMBER 31, 2013		16,144,160	1,567,233	17,711,393
MOVEMENT IN 2014:				
Financing			6,133	6,133
Amounts released from restrictions for new children's wing in Wolfson Medical Center	7		(712,108)	(712,108)
Surplus for year		<u>3,226,396</u>		<u>3,226,396</u>
BALANCE AS OF DECEMBER 31, 2014		<u>19,370,556</u>	<u>861,258</u>	<u>20,231,814</u>
MOVEMENT IN 2015:				
Financing			39	39
Contributions received for establishment of new children's wing in Wolfson Medical Center	7		1,257,165	1,257,165
Amounts released from restrictions for new children's wing in Wolfson Medical Center	7		(29,034)	(29,034)
Surplus for year		<u>2,052,381</u>		<u>2,052,381</u>
BALANCE AS OF DECEMBER 31, 2015		<u>21,422,937</u>	<u>2,089,428</u>	<u>23,512,365</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.

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 2015, the Amuta treated 320 children from developing countries. In addition, 1,220 children from developing countries were examined by the Amuta, out of this number, 440 children from the Palestinian authority were examined during the weekly cardiology clinic of the Amuta.

In 2015, the Amuta organized five medical missions, as follows:

- 1) **Medical Mission for the diagnosis of children in Ethiopia** - In April 2015, a delegation of three medical personnel was sent by the Amuta to Ethiopia for 7 days for the purpose of examining and diagnosing 155 children suffering from heart disease in order to bring them 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 Mission for the diagnosis of children in Romania** - In March 2015, a delegation of two medical personnel was sent by the Amuta to Romania for 2 days for the purpose of examining and diagnosing 64 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 Zanzibar** - In March 2015, a delegation of three medical personnel was sent by the Amuta to Zanzibar for 4 days for the purpose of examining and diagnosing 243 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) **Medical Mission for the diagnosis of children in Tanzania** - In March 2015, a delegation of three medical personnel was sent by the Amuta to Tanzania for 4 days for the purpose of examining and diagnosing 83 children suffering from heart disease in order to bring them to Israel later in the year for heart surgery at the Wolfson Medical Center.
- 5) **Teaching Medical Mission for the treatment and diagnosis of children in Tanzania** - In June 2015, a delegation of 21 medical personnel was sent by the Amuta to Tanzania for one week for the provision of heart surgery for 11 children and the examination and diagnosis of 100 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.

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, 2015 includes NIS 13,369 thousand in foreign currency (December 31, 2014 – NIS 7,116 thousand in foreign currency). The balance of cash and cash equivalents as of December 31, 2015 includes NIS 2,089 thousands that was designated by donors for building the Pediatric Intensive Care Unit at the Wolfson Medical Center.

h. Classifications

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

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			
	2015	2014	2015	2014
	NIS			
Land Leased	1,352,105	1,352,105		
Building	10,718,840	10,718,840	1,639,972	1,211,218
Computers and peripheral equipment	226,853	207,190	209,786	200,270
Vehicles	124,000	124,000	86,956	68,356
Furniture and office equipment	131,633	131,633	102,282	96,907
Medical equipment	289,241	289,241	289,241	260,433
	<u>12,842,672</u>	<u>12,823,009</u>	<u>2,328,237</u>	<u>1,837,184</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	
	2015	2014
	NIS	
Medical expenses	7,709,265	5,691,758
Training of doctors and medical staff	818,709	1,112,542
Payroll and ancillary expenses	1,239,937	1,077,894
Medical equipment for Wolfson Medical Center	2,028,688	279,053
Construction costs children's hospital	29,034	712,108
Maintenance of residence	37,317	46,823
Air travel expenses of patients and medical team	1,029,042	717,293
Local property taxes and electricity	167,271	219,640
Food for patients	243,394	241,022
Transportation of patients	104,493	155,138
Student activities	123,604	116,062
Depreciation	441,944	465,219
Survey and research expenses	52,258	143,127
"Heart of the matter" Project	240,356	247,300
Medical equipment purchased for "heart of the matter" project	417,149	-
Insurance	124,724	52,582
Miscellaneous	21,134	8,450
	<u>14,828,319</u>	<u>11,286,011</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:

	Year ended December 31	
	2015	2014
	NIS	
Payroll and ancillary expenses	933,149	831,325
Communication	71,612	55,434
Motor expenses	88,217	84,389
Travelling expenses and refreshments	17,359	28,769
Office supplies and printing	22,887	28,788
Legal and auditing fees	68,091	59,646
Bookkeeping	74,851	74,932
Depreciation	49,109	51,691
Miscellaneous	42,516	45,566
	<u>1,367,791</u>	<u>1,260,540</u>

NOTE 6 - PUBLICITY:

	Year ended December 31	
	2015	2014
	NIS	
Publicity and public relations	128,734	156,827
Publishing through Google	470,642	434,930
Payroll and ancillary expenses	358,134	295,904
Website	32,956	109,465
Marketing Campaigns	126,334	115,503
20 years event	487,925	-
Marketing event- "Heart of the matter"	25,331	-
	<u>1,630,056</u>	<u>1,112,629</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 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 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 - 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.

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 the framework of this Agreement and the addendums to this Agreement signed during 2015-6, the Amuta acts and will continue to act towards the funding of the project amounting \$13,500,000 (equivalent of 51,300,000 NIS) of the first phase. The Amuta already raised, in money and future contractual commitments from donors, the entire amount required for the first phase mentioned above. 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 up to \$3,000,000 (equivalent of 11,400,000 NIS).

As stated above, the first phase of the project is for \$20,500,000 dollars. Accordingly, in addition to the amount of \$13,500,000 for which the Amuta raised donors' liabilities and the commitment from Ministry of Health for providing \$3,000,000, as mentioned above, the Amuta works also for achieving the required balance of funding for the first phase of the project for \$4,000,000. Of this amount, the Amuta has raised in 2014 a total of \$600,000 from an American donor.

The project management estimates that the construction is planned to commence in mid 2016 and the project is planned to be completed by the end 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 2015, a bronchoscope, ICU ventilators and pediatric intensive care beds were purchased for the use of the Pediatric Intensive Care Unit at the Wolfson Medical Center and a medical screen, head lamp, head video camera, surgery lamp and a heart lung machine were purchased for the use of the Pediatric Cardiac Surgery 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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 11 - 20th ANNIVERSARY EVENT

On October 6, a fundraising event took place in Heichal HaTarbut in Tel Aviv, to mark the 20th anniversary of Save a Child's Heart and the start of the construction of the Children's Hospital at Wolfson Medical Center.

The Amuta's income from contributions associated with the event was approximately 850,000 NIS and costs associated with the event amounted to approximately 490,000 NIS (see also Note 6 above).
