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

(An organization registered under the Amutot Law, 1980)

2018 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, 2018 and 2017 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, 2018 and 2017 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.

Kesselman & Kesselman

Tel-Aviv, Israel
June 25, 2019

Kesselman & Kesselman
Certified Public Accountants (lsr.)
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 2018	December 31 2017
		NIS	
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	1g	25,189,850	25,341,828
Accounts receivable:			
Wolfson- other receivable		76,530	-
Others		124,130	9,164
TOTAL CURRENT ASSETS		25,390,510	25,350,992
FIXED ASSETS:			
Cost	2	12,995,712	12,847,948
L e s s – accumulated depreciation		3,686,441	3,248,537
		9,309,271	9,599,411
		34,699,781	34,950,403
Liabilities, net of deficiency			
CURRENT LIABILITIES -			
Accounts payable and accruals:			
Wolfson- other receivable		-	405,223
Children's Wolfson hospital construction project		472,383	-
Other		1,092,599	856,213
Wolfson Research Fund		207,780	146,511
TOTAL CURRENT LIABILITIES		1,772,762	1,407,947
LONG-TERM LIABILITIES -			
Liability for employee rights upon retirement	3	520,984	433,518
TOTAL LIABILITIES		2,293,746	1,841,465
NET ASSETS			
UNRESTRICTED NET ASSETS		26,653,345	26,207,859
TEMPORARILY-RESTRICTED NET ASSETS	7	5,752,690	6,901,079
		32,406,035	33,108,938
		34,699,781	34,950,403

Yoram Cohen
Chairman of Council

Yoram Benita
Treasurer and Member of Council

Simon Fisher
Executive Director

Date of approval of financial statements: June 25, 2019.

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

	Note	Year ended December 31, 2018	2017
		NIS	
OPERATIONS:			
Revenues from donations		14,076,264	14,976,761
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		5,152,651	2,584,015
Revenues received for Equipping of the children's hospital at Wolfson		1,743,780	-
Other current revenues		160,795	144,772
Amounts released from restrictions	7	1,420,669	932,552
		23,554,159	19,638,100
COST OF OPERATIONS:			
Operating expenses	4	13,889,010	11,944,789
Expenses for establishment of the children's hospital at Wolfson		7,637,644	2,693,450
NET REVENUES FROM OPERATIONS		2,027,505	4,999,861
GENERAL AND ADMINISTRATIVE EXPENSES	5	1,594,511	1,236,440
PUBLICITY AND PUBLIC RELATIONS	6	924,127	667,469
REVENUES (EXPENSES) BEFORE FINANCING REVENUES, net		(491,133)	3,095,952
FINANCING REVENUES (EXPENSES)		936,619	(1,166,248)
NET REVENUES FOR YEAR		445,486	1,929,704

The accompanying notes are an integral part of the financial statements.

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

STATEMENTS OF CHANGES IN NET ASSETS

	Note	Unrestricted net assets	Temporarily restricted net assets	Total
			NIS	
BALANCE AS OF DECEMBER 31, 2016		24,278,155	5,797,083	30,075,238
CHANGES DURING 2017:				
Contributions received for establishment of the children's hospital at Wolfson Medical Center			1,784,964	1,784,964
Contributions received for the purchase of A vehicle			164,622	164,622
Contributions received for medical expedition			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		1,929,704		1,929,704
BALANCE AS OF DECEMBER 31, 2017		26,207,859	6,901,079	33,108,938
CHANGES DURING 2018:				
Contributions received for establishment of the children's hospital at Wolfson Medical Center			272,280	272,280
Funds released from restriction for the purchase of medical equipment			(297,408)	(297,408)
Funds released from restrictions for establishment of the children's hospital at Wolfson Medical Center			(750,860)	(750,860)
Funds released from restrictions for the purchase of a vehicle			(137,881)	(137,881)
Funds released from restrictions for medical expedition			(234,520)	(234,520)
Surplus for year		445,486		445,486
BALANCE AS OF DECEMBER 31, 2018		26,653,345	5,752,690	32,406,035

The accompanying notes are an integral part of the 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 in cooperation with 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 children's home in Holon, which serves as a child recovery center before and after surgery and hosts doctors and nurses participating in the Amuta's training programs.

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.

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, 2018 includes NIS 18,294 thousand in foreign currency (December 31, 2017 – NIS 21,396 thousand in foreign currency).
The balance of cash and cash equivalents as of December 31, 2018 includes NIS 5,726 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.

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			
	2018	2017	2018	2017
	NIS			
Land Leased	1,352,105	1,352,105	-	-
Building	10,718,840	10,718,840	2,926,234	2,497,480
Computers and peripheral equipment	236,063	228,729	229,391	225,109
Vehicles	261,882	124,000	124,279	124,000
Furniture and office equipment	137,581	135,033	117,296	112,706
Medical equipment	289,241	289,241	289,241	289,242
	12,995,712	12,847,948	3,686,441	3,248,537

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 and/or pension funds.

The severance pay liability reflected in the balance sheets represents that part of the liability not covered by the above-mentioned insurance policies and/or pension funds.

NOTE 4 - OPERATING EXPENSES:

	Year ended December 31	
	2018	2017
	NIS	
Medical expenses	7,579,015	6,530,687
Training of doctors and medical staff	921,815	969,964
Payroll and ancillary expenses	1,414,678	1,194,765
Medical equipment for Wolfson Medical Center	790,801	404,391
Maintenance of residence	105,639	81,789
Overseas medical delegations	1,296,771	950,125
Air travel expenses of patients	613,393	674,880
Local property taxes and electricity	194,679	208,488
Food for patients	259,590	197,395
Transportation of patients	108,137	116,803
Student activities	56,190	37,840
Depreciation	394,114	413,484
Survey and research expenses	28,430	26,002
"Heart of the matter" Project	60,754	57,601
Insurance	45,336	64,339
Miscellaneous	19,668	16,236
	13,889,010	11,944,789

NOTE 5 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31	
	2018	2017
	NIS	
Payroll and ancillary expenses	1,173,867	822,350
Municipal taxes, electricity and insurance	25,697	30,921
Communication	44,242	51,774
Motor expenses	82,285	73,632
Travelling, hosting and refreshments expenses	6,809	18,278
Office supplies and printing	27,015	25,235
Legal and auditing fees	60,229	67,913
Bookkeeping	85,055	70,200
Depreciation	43,790	45,943
Miscellaneous	45,522	30,194
	1,594,511	1,236,440

NOTE 6 - PUBLICITY:

	Year ended December 31	
	2018	2017
	NIS	
Publicity and public relations	305,791	276,687
Payroll and ancillary expenses	308,376	266,844
Website	33,300	13,627
Marketing Campaigns	49,096	45,526
Events	227,564	64,785
	924,127	667,469

NOTE 7 - TEMPORARILY-RESTRICTED NET ASSETS

Grants for the establishment of children's Hospital at Wolfson Medical Center

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, half of 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 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. These grants were included in the statement of change in net asset as an addition to temporarily restricted assets.

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.

In 2018 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: Grant in the amount of NIS 272,280 was received from "Keren Kayemeth LeIsrael" (Canada) - Jewish National Fund.

In 2011-2015, the following grants were released: NIS 613,000, NIS 251,192, NIS 159,411, NIS 712,108 and NIS 29,034, respectively, in favor of this designation and were subtracted from the statement of change in net assets as a deduction from temporary restricted assets.

NOTE 7 - TEMPORARILY-RESTRICTED NET ASSETS (continued):

In 2017 and 2018, the following grants were released: NIS 109,435, NIS 750,860, respectively, in favor of this designation and were subtracted from the statement of change in net assets as a deduction from temporary restricted assets.

Other grants for which there is a temporary restriction:

In 2016 a grant from the European Union in the amount of NIS 970,675 was received for activities which were performed by the Amuta 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 2016 a grant from SACH UK in the amount of NIS 297,408 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 2018 this amount was 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 Amuta in 2018; and 2. Grant in the amount of NIS 234,520 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.

In 2018 NIS 137,881 were released in favor of the purchase of a vehicle and NIS 234,520 was released in favor of medical mission which took place in 2018.

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 2016, an addendum to the agreement was signed whereby the total first phase is NIS 77,900,000.

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

In 2018, NIS 1,352,651 were transferred from the Helmsley Charitable Trust directly to the Ministry of Health and NIS 3,800,00 were transferred from the Legacy Foundation Charitable Trust directly to the Ministry of Health.

NOTE 8 - CONSTRUCTION OF CHILDREN'S HOSPITAL AT THE WMC IN HOLON INITIATED BY THE AMUTA (continued):

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 NIS 15,200,000.

The construction has commenced in June 2016 and the project is planned to be completed till the end 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 2018 the Amuta purchased medical devices valued at NIS 289,164 and computer software and hardware for the Wolfson Hospital in the amount of NIS 501,637.