Save a Child's Heart in Memory of Dr. Ami Cohen (R.A.)

(An association that is registered pursuant to the Associations Law, 198o

Annual Report for 2020

Save a Child's Heart in Memory of Dr. Ami Cohen (R.A.)

Annual Report for 2020

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The amounts are presented in New Israeli 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 Association") as of December 31, 2020 and 2019 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 Association. 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 Association, 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 Association as of December 31, 2020 and 2019 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 30, 2021

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	As of December 31	
		2020	2019
		New Israeli Shekels	
Assets			
Current assets			
Cash and cash equivalents	1G	22,005,539	22,781,349
Receivables – Wolfson Medical Center		-	45,515
Other receivables		75,940	118,827
Total current assets		22,081,479	22,945,151
Fixed assets	2		
Cost		13,189,585	12,945,116
Less – accumulated depreciation		4,511,202	4,027,156
Total fixed assets		8,678,383	8,917,960
		30,759,862	31,863,111
Liabilities and net assets			
Current liabilities			
Other payables:			
Payables for the project for the establishment of the Children's Hospital at Wolfson		4,977,878	415,460
Trade and other payables		736,008	822,757
Payables – Wolfson Medical Center		1,239,053	-
Payables – Wolfson Research Fund		340,287	-
Total current liabilities		7,293,226	1,238,217
Non-current liabilities			
Liability for the termination of employee-employer relationships	3	612,493	533,811
Total liabilities		7,905,719	1,772,028
Net assets			
Net assets for which no restriction exists		22,679,143	27,114,322
Net assets for which a restriction of a temporary nature exists	7	175,000	2,976,761
		22,854,143	30,091,083
		30,759,862	31,863,111

Yoram Cohen
Chairman of the Committee

Yoram Benita
Treasurer and
Member of the Committee

Simon Fisher
Executive Director

Date of the approval of the financial statements: June 30, 2021.

The attached notes form an integral part of the financial statements.

Save a Child's Heart in Memory of Dr. Ami Cohen (R.A.)

Statements of Operations

	Note	For the year ended December 31	
		2020	2019
		New Israeli Shekels	
Turnover from operations			
Revenues from donations		12,623,221	16,534,721
Revenues from the Ministry for Regional Cooperation		1,000,000	1,000,000
Revenues from an estate		-	628,506
Revenues received by others for the project for the establishment of a Children's Hospital at Wolfson	8	2,411,250	2,111,100
Revenues for equipping the Children's Hospital at Wolfson	8	15,826,738	9,182,680
Other operating revenues		60,373	136,589
Transfers from net assets for which a temporary restriction exists	7	2,801,761	2,950,930
Total revenues		34,723,343	32,544,526
Cost of operations			
Operating expenses	4	10,633,120	13,932,602
Expenses for the construction of the project for the establishment of a Children's Hospital at Wolfson	8	8,031,530	4,094,295
Expenses for equipping the Children's Hospital at Wolfson	8	17,204,569	9,976,663
Net (expenses) income from operations		(1,145,876)	4,540,966
Administrative and general expenses	5	2,301,076	1,784,207
Advertising and public relations expenses	6	694,234	1,187,618
Surplus of revenues over expenses (of expenses over revenues), before financing, net		(4,141,186)	1,569,141
Financing expenses		(293,993)	(1,119,164)
Capital gain		-	11,000
Surplus of revenues over expenses (of expenses over revenues), net		(4,435,179)	460,977

The attached notes form 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	Net assets for which no restriction exists	Net assets for which a restriction of a temporary nature exists	Total
		New Israeli Shekels		
Balance as of December 31, 2018		26,653,345	5,752,691	32,406,036
Movements in 2019:				
Donations received for equipping the Children's Hospital at Wolfson		-	175,000	175,000
Amounts released from restrictions for the purchase of a motor vehicle		-	(26,741)	(26,741)
Amounts released from restrictions for the establishment of the Children's Hospital at Wolfson		-	(2,924,189)	(2,924,189)
Surplus of revenues over expenses for the year		460,977	-	460,977
Balance as at December 31, 2019		27,114,322	2,976,761	30,091,083
Movements in 2020:				
Amounts released from restrictions for the establishment of the Children's Hospital at Wolfson	7	-	(2,801,761)	(2,801,761)
Surplus of expenses over revenues for the year	7	(4,435,179)	-	(4,435,179)
Balance as of December 31, 2020		22,679,143	175,000	22,854,143

The attached notes form an integral part of the financial statements.

Note 1 - Principal Accounting Policies

The following are the principal accounting policies, which have been implemented consistently in the preparation of the financial statements:

A. General

Save a Child's Heart in Memory of Dr. Ami Cohen (R.A.) (hereinafter: "**The Association**") was incorporated pursuant to the Associations Law, 5740 – 1980, on August 19, 1998. The Association commenced its operations on April 1, 1999. The Association has received certification from the Commissioner of Income Tax as a public institution for the purpose of donations, pursuant to Section 46 of the Income Tax Ordinance.

The Association 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 from developing countries.

The Association operates a children's home in Holon. The home is used as a recuperation center for children before and after operations and it hosts doctors and nurses who are participation in the Association's training programs.

As part of the Association's activities, it leads medical delegations to developing counties, both diagnostic delegations, which conduct pre-surgery examination clinics and provide ongoing post-operative care as well as delegations, which perform operations, catheterization procedures and conduct training for local medical teams, in addition to diagnosing children.

The Association's medial teams volunteer their time when participating in these delegations, which they do without any consideration whatsoever from the Association for this activity.

B. The format for the presentation of the financial statements

The Association's financial statements have been prepared in the format that is set in Statement of Opinion 69 of the Institute of Certified Public Accountants in Israel regarding accounting principles and financial reporting for charities, which was published in March 1997 and Standard 5 of the Israeli Accounting Standards Board (hereinafter – "The IASB"), which was published in December 1999. These pronouncements implement the inclusive principal, which consists primarily of the inclusion of all of the assets, the liabilities and the net assets in one balance sheet, as is customary in businesses, which is done where the restrictions that are placed in the use of the various funds that have been received, or the absence of such restrictions, are expressed in the distinction that is made between the various net assets groupings.

Pursuant to this approach, all of the changes in the net assets for which no restriction exists, such as revenues, expenses and amounts that have been released from restrictions (except for those that have been restricted to the purchase of fixed assets) and which have been transferred from net assets that have been restricted to operations, will be presented in the Statement of Operations.

C. Statement of cash flows

No statements of cash flows have been included in these financial statements, since they would not add significant information to that which is to be found in the financial statements.

Note 1 - Principal Accounting Policies (Continued)

D. Recognition of revenues and expenses

The Association's expenses are reflected in the accounting records under the accruals method. Revenues from donations are reflected in the accounting records conservatively, on a cash basis, at the time of their actual receipt. As a result of this, donations and allocations, which are intended to cover operating activities, are sometimes received in the year following the period in which the expenses are reported.

In cases in which the Association has recruited donors for a project, which the Association has initiated and which it is promoting, and the donor wishes to transfer funds directly to the supplier of the medical equipment, or to the hospital that provides the operations and etcetera, revenue will be recorded at the time at which the monies are transferred, provided that the Association has documentation for the timing of the transfer of the funds and documentation that forms a basis for a clear connection between the donation and the project, which the Association has initiated and which it is promoting. An expense will be recorded immediately in an identical amount at the time that the revenue is expected.

E. The impact of changes in the general purchasing power of the Israeli currency

The financial statements have been prepared under the historical cost convention in nominal values, without taking the impact of changes in the general purchasing power of the Israeli currency on the operating results into account. Information has not been included in these financial statements regarding changes in this purchasing power, as is enabled for charities with a low operating turnover in the Statement of Opinion that is mentioned in Section B above.

F. Fixed assets

1) The fixed assets are presented at cost.

2) The fixed assets are depreciated under the straight-line method, based on their estimated useful lifetimes.

   The annual depreciation rates are:

	%
Medical equipment	15
Computers and peripheral equipment	33
Office furniture and equipment	10 – 15
Building	4

Note 1 - Principal Accounting Policies (Continued)

G. Cash equivalents

Highly-liquid investments, which include short-term deposits in banking corporations (up to 3 months at the time of their deposit), the withdrawal or the use of which is unrestricted, are considered to be cash equivalents by the Association. The balance of cash and cash equivalents as at December 31, 2020 includes an amount of approximately NIS 11,446 thousand in foreign currency (December 31, 2019 – approximately NIS 15,927 thousand in foreign currency). The balance of cash and cash equivalents as at December 31, 2020 includes an amount of approximately NIS 175 thousand, which has been designated by the donors for the establishment of the Children's Hospital at the Wolfson Medical Center.

H. Reclassification

Certain amounts in the comparative figures for the previous year have been reclassified to conform with the presentation in the current year.

Note 2 - Fixed assets

The composition of the fixed assets and the accumulated depreciation thereon, by principal categories, are as follows:

	Cost		Accumulated depreciation	
	As at December 31		As at December 31	
	2020	2019	2020	2019
	New Israeli Shekels			
Leased land	1,352,105	1,352,105	-	-
Building	10,901,305	10,718,840	3,787,669	3,354,988
Computers and peripheral equipment	336,000	287,877	262,560	239,019
Motor vehicles	138,412	138,412	41,799	21,038
Office furniture and equipment	172,522	158,641	129,933	122,870
Medical equipment	289,241	289,241	289,241	289,241
	13,189,585	12,945,116	4,511,202	4,027,156

Note 3 - Liability for the termination of employee-employer relationships, net

Pursuant to the labor laws and the labor agreements that are in force, the Association is required to pay severance pay to employees who are dismissed or who resign from their work in certain other circumstances.

The Association's liability for the termination of employer-employer relationships for its employees, which is calculated based on the number of years of services and in accordance with the salary components, which, in management's opinion, entitle the employees to receive severance pay, is covered for the most part by the purchase of policies in insurance companies and/or a pension fund.

The amount of the liability for severance pay, which is recorded in the balance sheets, expressed the balance of the liability that is not covered by the insurance policies and/or the pension fund.

Note 4 - Operating expenses

	For the year ended December 31	
	2020	2019
	New Israeli Shekels	
Medical expenses	5,943,856	6,901,517
Training for doctors and medical teams	647,395	1,159,219
Salaries and social benefits	1,387,112	1,816,911
Medical equipment for the Wolfson Medical Center	-	576,327
Maintenance of the children's home and a vehicle	217,727	119,779
Overseas medical delegations	755,065	1,316,049
Flights for patients	643,038	739,612
Municipal taxes and electricity	164,005	198,568
Food for patients	188,315	265,992
Transportation of patients	76,929	92,376
Student activities	8,680	24,002
Depreciation	435,641	418,244
Surveys and research expenses	-	31,095
"Heart of the Matter" project	-	24,599
Insurance	84,940	68,372
Equipping of centers of excellence abroad	71,157	171,036
Other expenses	9,260	8,904
	10,633,120	13,932,602

Note 5 - Administrative and general expenses

	For the year ended December 31	
	2020	2019
	New Israeli Shekels	
Salaries and social benefits	1,574,686	1,269,436
Municipal taxes, electricity and insurance	24,636	28,665
Communications	25,570	40,449
Motor vehicle expenses	81,307	70,620
Travelling, hosting, refreshments and gifts	6,041	26,792
Office expenses and supplies and printing	32,324	60,891
Legal, audit and professional fees	28,925	99,113
Bookkeeping	107,801	104,600
Depreciation	48,405	46,472
Strategic consultancy – building the strategic plan	348,192	-
Other expenses	23,189	37,168
	2,301,076	1,784,207

Note 6 - Advertising and public relations

	For the year ended December 31	
	2020	2019
	New Israeli Shekels	
Advertising and public relations	128,014	218,314
Salaries and social benefits	508,913	470,795
Website	4,140	25,928
Marketing campaigns	25,010	46,462
Events	21,942	426,119
Travelling	6,215	-
	694,234	1,187,618

Note 7 - Net assets for which a restriction of a temporary nature exists

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

In 2010, a grant of 1 million Dollars was received from SACH US. Pursuant to the terms of the grant, half of the grant and of the yield thereon are to be used to support the Association in the establishment of the Children's Hospital at the Wolfson Medical Center. Accordingly, half of the amount of the grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

Note 7 - Net assets for which a restriction of a temporary nature exists (Continued)

In 2011, a grant of 200 thousand Dollars was received from SACH US. Pursuant to the terms of the grant, the monies from the grant and the yield thereon may be used for the establishment of the Children's Hospital at the Wolfson Medical Center. The grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2015, a grant of approximately NIS 1.25 million was received from SACH Australia. Pursuant to the terms of the grant, half of the grant and of the yield thereon are to be used to support the Association in the establishment of the Children's Hospital at the Wolfson Medical Center. The grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2016, and as described in Note 8 below, the following grants were received in support of the establishment of the Children's Hospital: NIS 1,927,500 was received from SACH US and NIS 511,831 was received from the Jewish National Fund. These grants were recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2017, a grant of NIS 1,784,964 was received in support of the establishment of the Children's Hospital (as described in Note 8 below), the grant was received from the Foundation in Memory of the Late Ami Cohen. The grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2018, a grant of NIS 272,280 was received in support of the equipping of the Children's Hospital (as described in Note 8 below), the grant was received from the Jewish National Fund – Canada. The grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2019, a grant of NIS 175,000 was received in support of the equipping of the Children's Hospital (as described in Note 8 below), the grant was received from The Arkin Family Foundation – M. Arkin (1999) Ltd. The grant was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In the years 2011 – 2015, the amounts of NIS 613,000, NIS 251,192, NIS 159,411, NIS 712,108 and NIS 29,034, respectively, were released in support of the establishment of the Children's Hospital at the Wolfson Medical Center.

In the years 2017 – 2020, the amounts of NIS 109,435, NIS 750,860, NIS 2,924,189 and NIS 2,801,761, respectively, were released in support of the establishment of the Children's Hospital at the Wolfson Medical Center.

Note 7 - Net assets for which a restriction of a temporary nature exists (Continued)

Other grants for which a restriction of a temporary nature exist:

In 2016, a grant of NIS 297,408 was received from SACH UK in support of the purchase of medical equipment for the Children's Hospital at the Wolfson Medical Center, which was recorded as an addition to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

This amount was released in support of its intended usage in 2018.

In 2017, two grants were received from SACH UK: (1) an amount of NIS 164,622 in support of the purchase of a vehicle for the Association in 2018, and (2) an amount of NIS 234,520 in support of a medical delegation, which travelled in 2018. These grants were recorded as additions to net assets for which a restriction of a temporary nature exists in the statement of changes in net assets.

In 2018, an amount of NIS 137,881 was released from restriction in support of the purchase of a vehicle for the Association and an amount of NIS 234,520 was released from restriction in support of a medical delegation, which travelled in 2018.

In 2019, an amount of NIS 26,471 was released from restriction in support of expenses relating to the purchase of a vehicle for the association.

Note 8 - The construction of the Children's Hospital on the Wolfson Medical Center Campus in Holon, at the Association's initiative

On March 27, 2014, an agreement was signed between the Association and the Israeli Ministry of Health, pursuant to which the Ministry of Health will supervise the planning and execution of a project for the establishment of the Children's Hospital at the Wolfson Medical Center, which was initiated and funded by the Association and its friends and will even bear part of the cost of the project in tandem.

In 2016, an addition to the agreement was signed, pursuant to which the cost of the first phase of the project is NIS 77,900,000.

In 2017, an additional addition to the agreement was signed, pursuant to which the overall cost of the projects (the first and the second phases) is NIS 159,600,000.

In 2018, it was decided to expand the project by adding two floors, which will only be constructed up to the shell stage, at a cost of NIS 20 million, with the Association undertaking to finance an additional NIS 15 million.

Following the raising of funds by the Association, which were directed to the Ministry of Health, an addition to the original agreement was signed, pursuant to which the Association has committed to participating in the financing of the execution of the project in an overall amount of NIS 68.4 million, such that the amount of the Association's commitment for the execution of the project, which will have seven floors (five of which will be completed and two of which will be at the shell level) amounts to an overall sum of NIS 83.4 million.

The Association has already raised, and has signed donors on commitments for the future, for the full amount of the commitment.

Note 8 - **The construction of the Children's Hospital on the Wolfson Medical Center Campus in Holon, at the Association's initiative (Continued)**

The amount that the Association has committed to make available in support of the project includes amounts that it has already invested in planning and in the purchase of equipment.

In parallel, the Ministry of Health has undertaken to participate with financing in an amount of up to NIS 76 million and further NIS 5 million for the addition of the extra two flows, as described above, such that the Ministry of Health's overall commitment stands at NIS 81 million. An additional donor has committed to contribute 4 million Dollars, which constitutes approximately NIS 15.2 million as participation in the financing.

Following the abovementioned changes, the overall cost of the project stands at NIS 179.6 million.

The construction began in June 2016 and is planned to be completed by the end of 2021.

Grants that have been recruited by the Association and which have been received directly by the Ministry of Health

In 2016, grants of NIS 2,000,000 from the Ministry of Regional Cooperation and 891,876 from the Helmsley Charitable Trust were received directly by the Ministry of Health.

In 2017, a grant of NIS 2,584,015 from the Helmsley Charitable Trust was received directly by the Ministry of Health.

In 2018, grants of NIS 1,352,651 from the Helmsley Charitable Trust and NIS 3,800,000 from CLRC Inc. were received directly by the Ministry of Health.

In 2019, grants of NIS 2,111,100 were received from the CLRC Inc. Legacy Foundation were received directly by the Ministry of Health.

In 2020, grants of NIS 2,411,250 were received from the CLRC Inc. Legacy Foundation were received directly by the Ministry of Health.

Note 9- **Purchase of equipment to advance the Hospital**

As part of the Association's objective to advance medical institutions, and in particular the Wolfson Medical Center, where most of the Association's activity is conducted, in 2009/10, the Association started an effort to improve, to expand and to upgrade the Wolfson Medical Center's cardiac facilities. This activity includes the raising of finds in support of the purchasing of equipment for the Wolfson Medical Center.

In 2018, NIS 289,164 was spent on the purchase of medical devices. Furthermore, an amount of NIS 501,637 was spent on the purchase of computer equipment, licenses and software.

In 2019, NIS 175,309 was spent on the purchase of medical devices. Furthermore, an amount of NIS 401,018 was spent on the purchase of software.

Note 10- Agreement with UIAC the United Israel Appeal in Canada

On May 20, 2020, an agreement was signed with UAIC – the United Israel Appeal in Canada, pursuant to which the UAIC will donate an amount of 8 million Dollars for projects that are managed by the Association over a period of 5 years, commencing on May 1, 2020, for the financing of the purchase of equipment for the new Children's Hospital at the Wolfson Medical Center, medical procedures for children, medical delegations and training for doctors.

The agreement places a duty on the Association to provide reports to the UIAC on the progress of the projects, as set forth in the agreement.

The agreement may be cancelled by either of the parties, with notification being given three months in advance. In the case of the cancellation of the agreement, the amounts that have been received and have not been expended, will be repaid to the UIAC.

An amount of NIS 1.86 million was received pursuant to this agreement in 2020, for the purchase of equipment for the new Children's Hospital at the Wolfson Medical Center, which was recorded under revenues for the equipping of the Children's Hospital at the Wolfson Medical Center.