

**ISRAEL ELWYN**

**Registered Amuta**

**Financial Statements**

**As of December 31, 2020**



**Executive Offices**  
20 Henrietta Szold St.  
Jerusalem 9650200, Israel  
Tel: +972-2-641-5448  
Fax: +972-2-643-0495  
info@IsraelElwyn.org.il  
www.IsraelElwyn.org.il  
f i IsraelElwyn

Jerusalem & Southern Israel Branch  
Haifa & Northern Israel Branch  
Sharon & Central Israel Branch  
Elwyn El Quds  
Supported Living Programs  
Youth & Young Adults Division  
Academy for Continuing Education

**David B. Marcu**  
Chief Executive Officer

**Margalit Piller**  
Chief Operating Officer

**Marvin S. Kivitz, Ph.D. z"l**  
Founding President



**ISRAEL ELWYN**

**Registered Amuta**

**Financial statements**

**As of December 31, 2020**

**Table of contents**

	<u>Page</u>
Independent auditor's report	1
Balance sheets	2-3
Statements of operations	4
Statements of changes in net asset	5-6
Statements of cash flows	7-8
Notes to the financial statements	9-25



ACCOUNTANTS

Aboulafia Avital Shrensky & Co.  
Feldman Brody & Co. and Paul Staszewski

**AUDITORS' REPORT**  
**TO THE MEMBERS OF THE GENERAL ASSEMBLY OF**  
**ISRAEL ELWYN (Registered Amuta)**

We have audited the accompanying balance sheets of ISRAEL ELWYN (Hereafter - the "Amuta") at December 31 2020 and 2019 and the statements of operations and statements of changes in net assets and cash flows for the years ended on those dates. These financial statements are the responsibility of the Amuta's committee and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we plan and perform our audit to obtain reasonable assurance as to 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 Amuta's committee and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note 2.1 the following financial statements are presented in nominal shekel values, rather than the reportable amounts as required by the Accounting Standards of the Israeli Accounting Standards Board.

In our opinion, subject to the exclusion of the information mentioned in the previous paragraph, the financial statements present fairly, in all material respects, the financial position of the Amuta at December 31 2020 and 2019 and the results of its operations and changes in net assets and cash flows for the years ended on those dates, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

*Aboulafia Avital Shrensky & Co.*

**ABOULAFIA AVITAL SHRENSKY & CO.**

**Certified Public Accountants**

**Date:** 30/5/21

**ISRAEL ELWYN**  
**Registered Amuta**

**Balance sheets**  
**(In thousands)**



		<b><u>As of December 31</u></b>	
		<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>Note</u></b>	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>Current assets</u></b>			
Cash funds and bank balances	3	14,362	6,657
Marketable securities	4	25,943	25,794
Debtors for general activities	5	20,286	18,364
Accounts receivable and debit balances	6	731	348
Inventories		-	821
		<u>61,322</u>	<u>51,984</u>
 <b><u>Prepaid vehicle rental fees</u></b>			
		<u>132</u>	<u>136</u>
 <b><u>Fixed assets</u></b>			
	7		
Fixed assets		100,177	95,773
Cash designated for investment in fixed assets		3,490	3,332
		<u>103,667</u>	<u>99,105</u>
		<u>165,121</u>	<u>151,225</u>

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

# ISRAEL ELWYN

Registered Amuta

## Balance sheets (In thousands)

		<u>As of December 31</u>	
		<u>2020</u>	<u>2019</u>
		<u>NIS</u>	<u>NIS</u>
<b><u>Current liabilities</u></b>			
Employees and institutions regarding salaries	8	21,428	17,890
Suppliers and service providers	9	3,639	2,893
Accounts payable and credit balances	10	1,120	329
		<u>26,187</u>	<u>21,112</u>
<b><u>Long-term liability</u></b>			
Employee termination benefits, net	11		
<b><u>Commitments and bank guarantees</u></b>			
	12		
<b><u>Net assets</u></b>			
<b><u>Unrestricted for use for current activities</u></b>			
Undesignated by management		17,204	24,838
Designated by management	13	11,332	1,602
Used for fixed assets		100,177	95,773
		<u>128,713</u>	<u>122,213</u>
<b><u>Temporarily restricted</u></b>			
	14	<u>10,221</u>	<u>7,900</u>
		<u>165,121</u>	<u>151,225</u>
<u>30/5/21</u> Date of approval		 Board Member	 Board Member

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

**ISRAEL ELWYN**  
**Registered Amuta**

**Statements of operations**  
**(In thousands)**

		<b>Year ended December 31</b>	
		<b>2020</b>	<b>2019</b>
		<b>NIS</b>	<b>NIS</b>
<b><u>Income from activities</u></b>	15	162,499	158,447
<b><u>Cost of activities</u></b>	16	148,615	147,738
Net income from activities		13,884	10,709
<b><u>General and administration expenses</u></b>	17	9,215	9,422
<b><u>Fundraising expenses</u></b>		307	414
Net income before finance, net		4,362	873
<b><u>Finance income, net</u></b>	18	53	1,275
<b><u>Capital loss</u></b>		(62)	-
Net income		4,353	2,148

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



# ISRAEL ELWYN

Registered Amuta

## Statements of changes in net asset (In thousands)

	Unrestricted net assets for use for current activities				Temporarily restricted net assets
	Undesignated by management	Designated by management	Used for fixed assets	Total	
	NIS	NIS	NIS	NIS	
<b>Balance at January 1 2019</b>	22,517	10,804	86,245	119,566	6,925
<b>Changes during the year</b>					
Net income for the year	2,148	-	-	2,148	-
Donations received	-	-	-	-	4,632
Temporarily restricted net assets released for Acquisition of fixed assets, net	-	-	499	499	(499)
Temporarily restricted net assets released for current activities	-	-	-	-	(3,158)
Transfer of unrestricted net assets released for acquisition of fixed assets	(3,415)	(9,240)	12,655	-	-
Transfers of funds to cover depreciation	3,626	-	(3,626)	-	-
Deduction of fixed assets	-	-	-	-	-
Funds designated by management this year	(38)	38	-	-	-
	2,321	(9,202)	9,528	2,647	975
<b>Balance at December 31 2019</b>	24,838	1,602	95,773	122,213	7,900

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

**ISRAEL ELWYN**  
**Registered Amuta**

**Statements of changes in net asset**  
**(In thousands)**

	Unrestricted net assets for use for current activities			Temporarily restricted net assets	
	Undesignated by management	Designated by management	Used for fixed assets	Total	Temporarily restricted net assets
	NIS	NIS	NIS	NIS	NIS
<b><u>Balance at January 1 2020</u></b>	24,838	1,602	95,773	122,213	7,900
<b><u>Changes during the year</u></b>					
Net income for the year	4,353	-	-	4,353	-
Donations received	-	-	-	-	6,623
Temporarily restricted net assets released for Acquisition of fixed assets, net	-	-	2,147	2,147	(2,147)
Temporarily restricted net assets released for current activities	-	-	-	-	(2,155)
Transfer of unrestricted net assets released for acquisition of fixed assets	(4,582)	(1,510)	6,092	-	-
Transfers of funds to cover depreciation	3,673	-	(3,673)	-	-
Deduction of fixed assets	162	-	(162)	-	-
Funds designated by management this year	(11,240)	11,240	-	-	-
	<u>(7,634)</u>	<u>9,730</u>	<u>4,404</u>	<u>6,500</u>	<u>2,321</u>
<b><u>Balance at December 31 2020</u></b>	<u>17,204</u>	<u>11,332</u>	<u>100,177</u>	<u>128,713</u>	<u>10,221</u>

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



**ISRAEL ELWYN****Registered Amuta****Statements of cash flows**  
**(In thousands)**

	<b>Year ended December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
<b><u>Cash flows - Current activities</u></b>		
Net income for the year	4,353	2,148
Adjustments required to show the true cash flow from current activities (Appendix "A")	4,176	(8,470)
Net cash provided by (used in) current activities	<u>8,529</u>	<u>(6,322)</u>
<b><u>Cash flows - Investment activities</u></b>		
Investment in marketable securities	-	(6,900)
Acquisition of fixed assets	(8,239)	(3,938)
Proceeds from sale of fixed assets	100	-
Increase in fixed assets suppliers	846	-
Prepaid investment from vehicle rental payments	4	156
Net cash used in investment activities	<u>(7,289)</u>	<u>(10,682)</u>
<b><u>Cash flows - Financing activities</u></b>		
Receipts from temporarily restricted net assets	6,623	4,632
Net cash provided by financing activities	<u>6,623</u>	<u>4,632</u>
Increase (Decrease) in cash and cash equivalents	<u>7,863</u>	<u>(12,372)</u>
Cash and cash equivalents at beginning of the year	<u>9,989</u>	<u>22,361</u>
Cash and cash equivalents at end of year (*)	<u>17,852</u>	<u>9,989</u>

(\*) Regarding cash designated for investment in fixed assets – see Note 3.

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

# **ISRAEL ELWYN**

**Registered Amuta**

## **Statements of cash flows** **(In thousands)**

### **Adjustments required to show the true cash flow from current activities (Appendix "A")**

	<b>Year ended December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
<b><u>Non-cash income and expenses</u></b>		
Depreciation	3,673	3,626
Changes in employee termination benefits, net	-	(8,969)
Restricted net assets released for current activities	(2,155)	(3,158)
Capital loss from disposal of fixed assets	62	-
Increase in value of marketable securities	(149)	(1,725)
	<u>1,431</u>	<u>(10,226)</u>
<b><u>Changes in items relating to assets and liabilities</u></b>		
Decrease (Increase) in debtors for general activities	(1,922)	1,869
Decrease (Increase) in accounts receivable and debit balances	(383)	69
Decrease (Increase) in inventories	821	(20)
Increase in employees and institutions regarding salaries	3,538	1,148
Decrease in suppliers and service providers	(100)	(612)
Increase (Decrease) in accounts payable and credit balances	791	(698)
	<u>2,745</u>	<u>1,756</u>
	<u>4,176</u>	<u>(8,470)</u>
<b>Appendix B - non cash activities</b>		
Release of real estate property held in trust for the payment of severance pay	-	9,216
Reclassification of Beit Hanan property as fixed asset	-	(9,216)
	<u>-</u>	<u>-</u>

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

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 1 - General**

1.1 Israel Elwyn RA ("the Amuta") was established and registered at the Israeli Registrar of Amutot (as a non-profit organization "Amuta") in September 1983 as an extension of Elwyn Inc. ("Elwyn USA"). This relationship has been ended in 1999.

1.2 The Amuta supports 4,934 (in 2019 - 4,953) children, adolescents and grown-ups with developmental and other disabilities ("participants"), in the fields of, among others, early intervention, rehabilitation, supported living, employment training and job placement, in order to provide the means to enable people with disabilities to make their own decisions in their personal lives and extend their independence, as well as the capability to live and be included within the community.

The Amuta works towards the inclusion of adults in public workplaces, to help children with disabilities, where possible, avoid the special educational system and include them within the general education system, and the transfer of adolescents and adults with disabilities from residential services to more independent, normalized living within the general community.

The main source of the income of the Amuta is from maintenance fees receivable from the Ministry of Social Affairs and Social Services.

1.3 Central milestones in the activities of the Amuta:

- In 1988 the Amuta took over from the State, the management of three Jerusalem residential units for people with disabilities (previously known as the "Swedish Village").
- In 1999, the Amuta completed the building of the Sabbah Center, next to the Swedish Village in Jerusalem, where some of the occupational centers of the Amuta are situated.

1.4 The Amuta operates in five different frameworks within Israel, as follows:

- Jerusalem and South branch.
- Residential centers.
- Sharon and Center branch.
- Elwyn El Quds activities in East Jerusalem.
- Haifa and the North branch.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements**

#### **(In thousands)**

#### **Note 1 - General (Cont.)**

- 1.5 The Amuta operates the following activities:
- Early intervention for children up to age 3.
  - Afternoon programs at schools for children with disabilities.
  - Day care centers supporting the needs of adults and pensioners.
  - Residential centers.
  - Occupational training centers.
  - Enterprises promoting social and occupational initiatives.
  - Training and placement programs for supporting employment and rehabilitation.
  - Training institute for support and guidance.
  - Youth programs.
- 1.6 Membership in the Amuta is open to anyone who wishes to be a member and whose acceptance has been approved by the Board of the Amuta.
- 1.7 As of the date of signature of the financial statements, the Amuta Committee has 15 members.
- 1.8 The Amuta is recognised as a "Public Institution" according to the Income Tax Ordinance and as a "Non-Profit Organisation" as defined in the VAT Law (5736-1975). Donations to the Amuta are recognised for the purpose of Israeli tax credits under section 46 of the Income Tax Ordinance.
- 1.9 In the event of the winding-up of the Amuta, after payment of all its liabilities, its assets will be transferred to another Public Institution, as defined by of Section 9 (2) of the Israeli Income Tax Ordinance, whose objects are also exempt as defined by Section 501 (c ) (3) of the USA Income Tax Law or any similar section of future Federal Law, and may not be distributed among its members.
- 1.10 The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to non-profit organizations, subject to the regulations of the Israeli Accounting Standards Board as they relate to accounting principles and financial reporting for such organizations.
- 1.11 The Amuta raises funds according to its needs and plans for progress in projects carried out during the same year.



# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 2 - Accounting policies**

The principal accounting policies which were applied in the preparation of the financial statements are as follows:

#### **2.1 Historical cost**

The financial statements were prepared on the agreed basis of historical cost in nominal values.

#### **2.2 Use of estimates**

The preparation of the financial statements, in accordance with generally accepted accounting practices, requires management to use estimates and assumptions, which impact the reported values of assets and liabilities, as well as income and expenses during the period. The actual results may differ from these estimates.

#### **2.3 Cash funds and bank balances**

Cash funds and bank balances include bank deposits, available for immediate withdrawal, as well as unrestricted fixed-period deposits, with maturities of three months or less from the time of investment.

Regarding cash designated for investment in fixed assets, see Note 2.7.

#### **2.4 Marketable Securities**

Marketable securities are stated at their value on the stock exchange at the balance sheet date.

#### **2.5 Promised Donations receivable for Projects**

This relates to promised donations not yet received by the balance sheet date which are attributed to temporarily restricted net assets, as long as the following conditions have been met:

- There is an unconditional and irrevocable undertaking from the donor, relating to the year being reported.
- The undertaking was kept following the balance sheet date.
- The performance of the promise is not conditional on a future event.

#### **2.6 Inventories**

The inventories are reported at cost, which is fixed using the FIFO ("first in – first out") basis.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements**

**(In thousands)**

### **Note 2 - Accounting policies (Cont.)**

#### **2.7 Fixed assets**

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	<u>%</u>
Fully owned buildings	2-10
Investment in buildings under license	2-10
Vehicles	15
Furniture and equipment	7-33
Computers	25-33

Government grants that were received in order to finance a portion of the investments in buildings and equipping, are represented net of the cost of the buildings and furniture and equipment.

Amounts received with the stipulation the funds used is for investment in fixed assets are not included in cash and cash equivalents but as a separate item in fixed assets called "cash designated for investment in fixed assets".

#### **2.8 Government grants**

Government grants received from the National Insurance Institute and municipal authorities are used for the construction of buildings owned and renovations of buildings that are licensed to the Amuta.



**ISRAEL ELWYN**  
**Registered Amuta**

**Notes to the financial statements**  
**(In thousands)**

**Note 2 - Accounting policies (Cont.)**

2.9 Employee Benefits

2.9.1 Post-employments benefits

The Amuta has a number of post-employment benefit plans. The plans are usually funded by payments to insurance companies or funds managed by a trustee, and are classified as designated deposit plans.

Designated deposit plan

A designated deposit plan is a post-employment plan whereby the Amuta makes fixed payments to an unrelated entity, and therefore does not have any legal or other obligation to pay additional payments.

The Amuta's payments to designated deposit plan are recognized as an expense throughout the employment period.

2.9.2 Short-term employee benefits

Short-term employee benefits mainly include wages and accompanying social contributions and bonuses. Liabilities for short-term employee benefits are recognized when the Amuta has a legal or implied obligation to pay the benefits for a service previously provided and the liability can be reliably estimated, and are measured on a non-capitalized basis. The expenses incurred are charged to the income statement throughout the employment period.

2.10 Net assets

2.10.1 The part of the net assets of the Amuta which is unrestricted, either temporarily or permanently by the donors, is shown as Unrestricted Net Assets, for use for current activities which is undesignated by management.

2.10.2 Amounts which have been used for acquisition of fixed assets from sources which are unrestricted have been transferred from unrestricted net assets, for use for current activities to unrestricted net assets, used for fixed assets.

Amounts representing the depreciation charge have been shown as a transfer from Unrestricted Net Assets, used for fixed assets to Unrestricted Net Assets, for use for current activities.

2.10.3 Amounts which have been received whose use has been restricted by the donor is shown as temporarily unrestricted net assets. At the time when the restrictions have been removed, the amounts released are shown, according to the restriction of the donors, either as transfer of unrestricted amounts used for fixed assets or, in the statement of activities, as income arising from amounts released from restricted net assets to current activities.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 2 - Accounting policies (Cont.)**

#### **2.11 Recognition of income and expenses**

- Income from independent activities is attributed to the statement of operations on an accrual basis.
- Donations which are not restricted by the donors are reported in the statement of operations on a cash basis.
- Expenses are attributed to the statement of operations on an accrual basis.

#### **2.12 Reduction in asset value**

The Amuta implements accounting standards 15 – reduction in asset value, as appropriate for non-profit organizations in accordance with accounting standards 36.

According to these standards, the Amuta puts in place systems in order to ensure that the assets in the balance sheet are not shown at a value greater than their net reliable value, which is the higher of purchase price and the value-in-use of the asset.

#### **2.13 Services received free of charge**

The financial statements do not reflect services received for free of charge.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 2 - Accounting policies (Cont.)**

#### 2.14 Exchange rate and linkage basis

2.14.1 Balances according to indexation arrangements for which the determinant is the index available ("Known") are reported according to the Known Index at the balance sheet date.

2.14.2 The following is the data relating to the US dollar:

	<b>Exchange rate</b>		<b>Rate of change</b>	
	<b>As of</b>		<b>For Year ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>	<b>%</b>	<b>%</b>
U.S. Dollar	3.215	3.456	(7)	(7.8)

2.14.3 The following is the data relating to the Consumer Price Index (CPI):

	<b>Index in points</b>		<b>Rate of change</b>	
	<b>As of</b>		<b>For Year ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Points</b>	<b>Points</b>	<b>%</b>	<b>%</b>
Index "in respect of"	102	1027	(0.7)	0.6
"Known" index	102.1	102.7	(0.6)	0.3

### **Note 3 - Cash funds and bank balances**

	<b>As of December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
Shekels - cash	149	124
Shekel current accounts	16,488	9,061
Foreign currency current accounts	1,211	800
Foreign currency deposits	4	4
	17,852	9,989
Less: Cash designated for investment in fixed assets	(3,490)	(3,332)
	14,362	6,657

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 4 - Marketable securities**

	<b>As of December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
Stock	3,549	3,684
Mutual funds	3,114	3,192
Government bonds	8,600	9,890
Corporate bonds	8,314	7,893
Corporate bonds in foreign currency	547	244
Deposits	1,185	649
Cash	<u>634</u>	<u>242</u>
	<u>25,943</u>	<u>25,794</u>

### **Note 5 - Debtors for general activities**

Ministry of social affairs and social services	15,925	13,155
Ministry of health	382	857
Local municipalities	81	134
National insurance institute	130	215
Customers for employment of participants	986	848
HMO's	1,407	1,241
Checks receivable	18	32
Promised donations receivable for projects	1,357	1,882
	<u>20,286</u>	<u>18,364</u>

### **Note 6 - Accounts receivable and debit balances**

Prepaid expenses	668	282
Advances to employees	63	66
	<u>731</u>	<u>348</u>

**ISRAEL ELWYN**  
Registered Amuta

Notes to the financial statements  
(In thousands)

Note 7 - Fixed assets

7.1 Composition -

	Fully owned buildings		Investment in buildings under license		Vehicles		Furniture & Equipment		Computers		Total	
	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS
<u>Cost-</u>												
Opening balance	65,451	42,813		2,483		34,670		2,201		147,618		
Additions this year	2,926	1,650		-		5,117		199		9,892		
Grant received this year	-	(649)		-		(1,004)		-		(1,653)		
Deductions this year	-	-		(269)		-		-		(269)		
	<u>68,377</u>	<u>43,814</u>		<u>2,214</u>		<u>38,783</u>		<u>2,400</u>		<u>155,588</u>		
<u>Accumulated depreciation -</u>												
Opening balance	14,086	8,354		1,632		25,961		1,812		51,845		
Depreciation for the year	883	858		177		1,572		183		3,673		
Deductions this year	-	-		(107)		-		-		(107)		
	<u>14,969</u>	<u>9,212</u>		<u>1,702</u>		<u>27,533</u>		<u>1,995</u>		<u>55,411</u>		
Net cost at December 31 2020	<u>53,408</u>	<u>34,602</u>		<u>512</u>		<u>11,250</u>		<u>405</u>		<u>100,177</u>		
<u>Cash designated for investment in fixed assets</u>	<u>-</u>	<u>2,969</u>		<u>-</u>		<u>521</u>		<u>-</u>		<u>3,490</u>		

**ISRAEL ELWYN**  
**Registered Amuta**

**Notes to the financial statements**  
**(In thousands)**

**Note 7 - Fixed assets (Cont.)**

7.2 Fixed asset are presented net of grants received from the National Insurance and municipalities as of December 31, 2020 amounting to approximately 48,588 thousand NIS.

In the year of this report, the Amuta received grants from government institutions amounting approximately 1,653 thousand NIS.

7.3 The Amuta owns 6 buildings.

In July 2014 the Amuta signed an agreement with the Director of residential properties in the Ministry of Finance, according to which the Amuta will hold the building "under license" until December 31, 2028.

For further details – see Note 12.1.8.

7.4 Regarding the agreement with the Ministry of Social Affairs and Social services concerning the license to the Amuta to receive and operate the three buildings – see Note 12.1.1.

7.5 In 2019, the Amuta converted the property in Beit Hanan, which had been held in a trust as a security for the payment of severance pay to employees, as the Amuta intends to release the property and transfer it as part of the association's fixed assets. For this purpose, the Amuta deposited approximately 9 million NIS in all the employees compensation policies to cover the full liability of the Amuta as of the balance sheet date.

At the end of the process of closing the Amuta's Liability for payment of severance pay, the Amuta reclassified the property in Beit Hanan as part of its fixed assets.

In November 2020 the property was released from the trust and transferred to the Amuta's ownership.



# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements** **(In thousands)**

**Note 8 - Employees and institutions regarding salaries**

	<b>As of December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
Employees	9,475	6,943
Institutions regarding salaries	4,942	4,310
Provision for vacation	7,011	6,390
Provision for severance pay	-	247
	<u>21,428</u>	<u>17,890</u>

**Note 9 - Suppliers and service providers**

Current balances	2,344	2,553
Checks payable	449	340
Fixed assets suppliers	846	-
	<u>3,639</u>	<u>2,893</u>

**Note 10 - Accounts payable and credit balances**

Accrued expenses	205	318
Participants for salary and cash allowances (*)	114	3
Advances from parents of participants and others	801	8
	<u>1,120</u>	<u>329</u>

(\*) Net of deduction of bank balances totaling about 652 thousand NIS and about 660 thousand NIS at December 31 2020 and 2019 in accordance, which are used to pay the salaries and cash allowances for the participants.

**Note 11 - Employee termination benefits, net**

Employee benefits include short-term benefits, post-employment benefits, other long-term benefits and severance benefits.

The Labor Law and Dismissal Compensation Law in Israel require the Amuta to pay compensation to an employee upon dismissal or retirement, or to make regular payments to designated deposit plans under section 14 of the Dismissal Compensation Law.

In 2019, most of the Amuta's employees signed on section 14 of the Dismissal Compensation Law. The Amuta makes regular payments to designated deposit plans, held by an unrelated entity, therefore the Amuta will have no legal or other obligation for further compensation upon dismissal of an employee in the future.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements** **(In thousands)**

#### **Note 12 - Commitments and bank guarantees**

##### **12.1 Commitments**

- 12.1.1 In 2013, the Amuta signed contracts in order to extend the original agreements, made in 1988 with the Ministry of Social Affairs and Social Services on basis of tenders ("the extension agreements"), for continuation of the management of the Swedish Village comprising of three residential centers, which occupy people with disabilities, including continuation of operating all residential centers.

According to the extension agreement the Amuta looks after people with disabilities referred to it by the Ministry of Social Affairs and Social Services to live in these residential units, in exchange for monthly maintenance fees payable for each participant, according to the terms of the agreement.

The extension agreement also includes a provision for an additional monthly payment by the Ministry of Social Affairs and Social Services for each participant to cover ongoing maintenance of the residential buildings, the cost of which the Amuta undertook to cover itself for the duration of the period of the extension agreement, for repairs to the buildings and equipment, including damages arising from underlying defects in the buildings or infrastructure including the water, electricity, sewage, heating, roof systems etc.

According to the addendum to the agreement, the agreement will automatically renew for an additional period of one year, unless either party notifies the other, six months prior to the completion of the current extension, of its desire not to renew the agreement,

At the date of signing the financial statements, neither side has informed the other of their desire to end the agreement.

The net balance of the investment amounts in the residential buildings by the Amuta at December 31, 2020 NIS 21,554 which sum is shown as renovations in buildings under license as part of the Fixed Assets, less government grants attributed to the buildings.

- 12.1.2 The Amuta pays rent for buildings and apartments used in its activities throughout the country, for the periods as shown in the leases.
- 12.1.3 In May 2017, the Amuta signed an agreement the leasing of offices used by the management of the Amuta for a period of 3 years, which can be extended for another 3 years. In May 2020, the agreement was extended by another 3 years.
- 12.1.4 The Amuta signed an agreement with a leasing company for operating leases relating to vehicles used by employees for which monthly rental fees are payable and in accordance with the terms of the agreement.

At the date of signing the financial statements, the Amuta had leased 43 vehicles.

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements** **(In thousands)**

#### **Note 12 - Commitments and bank guarantees (Cont.)**

##### **12.1 Commitments (cont.)**

12.1.5 The Amuta provides leisure, recreational and physical therapy services to participants and charges fees for this, which are paid from a designated fund of the Israeli government funded by the National Insurance Institute.

12.1.6 The Amuta operates activities with a number of local municipalities in exchange for participation fees according to agreed amounts as per the agreements.

12.1.7 The Ministry of Social Affairs and Social Services refers candidates for acceptance within the Amuta's activities for periods subject to review and pays agreed maintenance fees accordingly.

12.1.8 In July 2014 the Amuta signed an "under license" agreement for the maintenance of the Sabbah Center Building with the Director of residential properties in the Ministry of Finance under which the Amuta will hold the building under license until 31 December 2028.

##### **12.2 Bank guarantees**

As security for its commitments, the Amuta has produced to its customer's bank guarantees as of December 31, 2020 totaling 1,610 thousand NIS; as of December 31, 2019, the total was 1,411 thousand NIS.

#### **Note 13 - Temporarily Unrestricted Designated by management**

	<b><u>As of December 31,</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Participation in apartment purchases	7,132	1,602
Renovation of buildings for service recipients	2,000	-
Completion of construction of the rehabilitation day care center in Carmiel	2,200	-
	<b><u>11,332</u></b>	<b><u>1,602</u></b>

# **ISRAEL ELWYN**

## **Registered Amuta**

### **Notes to the financial statements** **(In thousands)**

#### **Note 14 - Temporarily restricted net assets**

	<b>For activities</b>	<b>Investments in fixed assets</b>	<b>Total</b>
	<b>NIS</b>	<b>NIS</b>	<b>NIS</b>
14.1 Composition -			
<b><u>Balance at January 1, 2019</u></b>	5,933	992	6,925
<b><u>Changes during 2019</u></b>			
Donations received	3,659	973	4,632
Sums released for activities	(3,158)	-	(3,158)
Sums used for investment in Fixed Assets	-	(499)	(499)
<b><u>Balance at December 31, 2019</u></b>	6,434	1,466	7,900
<b><u>Changes during 2020</u></b>			
Donations received	3,397	3,226	6,623
Sums released for activities	(2,155)	-	(2,155)
Sums used for investment in Fixed Assets	-	(2,147)	(2,147)
<b><u>Balance at December 31, 2020</u></b>	7,676	2,545	10,221

14.2 Over the years, the Amuta received donations from various organizations, primarily for designated projects, including renovations and construction of buildings for use by the Amuta.

# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 15 - Income from activities**

	<b>Year ended December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>NIS</b>	<b>NIS</b>
<u>Independent activities</u>		
Maintenance	148,087	142,747
Leisure services, recreation and therapy	1,242	1,432
Participation from local municipalities	630	550
Medical services	7,885	7,576
Placement with customers	979	1,388
National Insurance Institute funded placement services	803	879
Parent's participation in activities	93	197
Others	46	329
	<u>159,765</u>	<u>155,098</u>
<u>Donations</u>	579	191
<u>Sums released to activities from restricted net assets</u>	2,155	3,158
	<u>162,499</u>	<u>158,447</u>

### **Note 16 - Cost of activities**

Salaries and related expenses	113,953	111,666
Food	7,353	8,409
Clothing, laundry and hygiene	2,084	1,531
Compensation to and treatment of participants	3,274	3,580
Transportation and travel	1,328	1,516
Communications	471	536
Vehicle maintenance	2,003	2,206
Cleaning and maintenance	11,984	11,614
Office expenses	2,253	2,894
Publicity	239	160
Depreciation	3,673	3,626
	<u>148,615</u>	<u>147,738</u>



**ISRAEL ELWYN**  
**Registered Amuta**

**Notes to the financial statements**  
**(In thousands)**

**Note 17 - General and administration expenses**

	<b><u>Year ended</u></b> <b><u>December 31</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Salaries and related expenses	6,527	6,472
Office rental and maintenance	655	607
Vehicle maintenance	434	399
Professional services	521	514
Office expenses	393	538
Insurance	474	482
Refreshments	82	55
Conferences and overseas travel	105	232
Others	24	123
	<u>9,215</u>	<u>9,422</u>

**Note 18 - Finance income, net**

Revaluation of marketable securities	149	1,725
Exchange rate differences of Banks	34	(317)
Bank fees	(130)	(133)
	<u>53</u>	<u>1,275</u>

**Note 19 - Principal Customers**

	<b><u>Percentage of Gross Income</u></b>	
	<b><u>For the year ended</u></b>	
	<b><u>December 31,</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>%</u></b>	<b><u>%</u></b>
Ministry of Social Affairs and Social Services	91	90



# **ISRAEL ELWYN**

**Registered Amuta**

## **Notes to the financial statements** **(In thousands)**

### **Note 20 - Related parties**

	<b><u>As of December 31,</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>20.1 Related parties balances</u></b>		
Current assets	<u>15,925</u>	<u>13,155</u>
	<b><u>Year ended</u></b> <b><u>December 31,</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>20.2 Transactions with related parties</u></b>		
Maintenance fee	<u>148,087</u>	<u>142,747</u>