

ISRAEL ELWYN

Registered Amuta

Financial Statements

As of December 31, 2022

ISRAEL ELWYN

Registered Amuta

Financial statements

As of December 31, 2022

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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 2022 and 2021 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Amuta at December 31 2022 and 2021 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: May 23 2023

ISRAEL ELWYN

Registered Amuta

Balance sheets **(In thousands)**


		<u>As of December 31</u>	
		<u>2022</u>	<u>2021</u>
	<u>Note</u>	<u>NIS</u>	<u>NIS</u>
<u>Current assets</u>			
Cash funds and bank balances	3	9,214	7,495
Marketable securities	4	25,431	27,870
Debtors for general activities	5	23,340	21,572
Accounts receivable and debit balances	6	1,323	1,258
		<u>59,308</u>	<u>58,195</u>
<u>Prepaid vehicle rental fees</u>		<u>24</u>	<u>114</u>
<u>Fixed assets</u>			
	7		
Fixed assets		114,050	107,251
Cash designated for investment in fixed assets		1,985	3,077
		<u>116,035</u>	<u>110,328</u>
		<u>175,367</u>	<u>168,637</u>

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

ISRAEL ELWYNRegistered AmutaBalance sheets
(In thousands)

		<u>As of December 31</u>	
		<u>2022</u>	<u>2021</u>
		<u>NIS</u>	<u>NIS</u>
<u>Current liabilities</u>			
Employees and institutions in respect of wages	8	22,964	20,815
Suppliers and service providers	9	5,129	4,364
Accounts payable and credit balances	10	1,701	765
		<u>29,794</u>	<u>25,944</u>
<u>Employee termination benefits, net</u>			
	11		
<u>Commitments and bank guarantees</u>			
	12		
<u>Net assets</u>			
<u>Unrestricted for use for current activities</u>			
Undesignated by management		17,705	18,855
Designated by management	13	4,594	7,283
Used for fixed assets		114,050	105,879
		<u>136,349</u>	<u>132,017</u>
<u>Restricted</u>			
	14	<u>9,224</u>	<u>10,676</u>
		<u>175,367</u>	<u>168,637</u>

May 23 2023
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)

		Year ended December 31	
		2022	2021
		NIS	NIS
<u>Income from activities</u>	15	185,742	171,134
<u>Sums released to activities from restricted net assets</u>		3,231	4,123
<u>Sums released for acquisition of fixed assets from restricted net assets</u>		6,354	1,904
		<u>195,327</u>	<u>177,161</u>
<u>Cost of activities</u>	16	178,251	165,621
Net income from activities		<u>17,076</u>	<u>11,540</u>
<u>General and administration expenses</u>	17	10,153	9,719
<u>Fundraising expenses</u>		474	190
Net income before finance, net		<u>6,449</u>	<u>1,631</u>
<u>Finance income, net</u>	18	(2,117)	1,673
Net income		<u><u>4,332</u></u>	<u><u>3,304</u></u>

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				Restricted net assets
	Undesignated by management	Designated by management	Used for fixed assets	Total	
	NIS	NIS	NIS	NIS	
Balance at January 1 2021	17,204	11,332	100,177	128,713	10,221
Changes during the year					
Net income for the year	3,304	-	-	3,304	-
Donations received	-	-	-	-	7,054
Restricted net assets released for Acquisition of fixed assets	-	-	-	-	(2,476)
Restricted net assets released for current activities	-	-	-	-	(4,123)
Transfer of unrestricted net assets released for acquisition of fixed assets	(5,989)	(4,096)	10,085	-	-
Transfers of funds to cover depreciation	4,383	-	(4,383)	-	-
Funds designated by management this year	(47)	47	-	-	-
	1,651	(4,049)	5,702	3,304	455
Balance at December 31 2021	18,855	7,283	105,879	132,017	10,676

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				Total	Restricted net assets
	Undesignated by management	Designated by management	Used for fixed assets			
	NIS	NIS	NIS	NIS		
Balance at January 1 2022	18,855	7,283	105,879		132,017	10,676
Changes during the year						
Net income for the year	4,332	-	-		4,332	-
Donations received	-	-	-		-	8,133
Restricted net assets released for Acquisition of fixed assets	-	-	-		-	(6,354)
Restricted net assets released for current activities	-	-	-		-	(3,231)
Transfer of unrestricted net assets released for acquisition of fixed assets	(9,854)	(3,459)	13,313		-	-
Transfers of funds to cover depreciation	5,142	-	(5,142)		-	-
Funds designated by management this year	(771)	771	-		-	-
Funds previously designated by management and now released	1	(1)	-		-	-
	(1,150)	(2,689)	8,171		4,332	(1,452)
Balance at December 31 2022	17,705	4,594	114,050		136,349	9,224

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

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

	Year ended December 31	
	2022	2021
	NIS	NIS
<u>Cash flows - Current activities</u>		
Net income for the year	4,332	3,304
Adjustments required to show the true cash flow from current activities (Appendix "A")	3,288	(2,675)
Net cash provided by current activities	<u>7,620</u>	<u>629</u>
<u>Cash flows - Investment activities</u>		
Acquisition of fixed assets	(11,941)	(11,457)
Increase (Decrease) in fixed assets suppliers	(404)	522
Prepaid investment from vehicle rental payments	90	18
Net cash used in investment activities	<u>(12,255)</u>	<u>(10,917)</u>
<u>Cash flows - Financing activities</u>		
Receipts of donations restricted for fixed assets	5,262	3,008
Net cash provided by financing activities	<u>5,262</u>	<u>3,008</u>
Increase (Decrease) in cash and cash equivalents	627	(7,280)
Cash and cash equivalents at beginning of the year	10,572	17,852
Cash and cash equivalents at end of year (*)	<u>11,199</u>	<u>10,572</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")

	Year ended	
	December 31	
	2022	2021
	NIS	NIS
<u>Non-cash income and expenses</u>		
Depreciation	5,142	4,383
Restricted net assets released for current activities	(3,231)	(4,123)
Restricted net assets released for Acquisition of fixed assets	(6,354)	(2,476)
Receipt of donations restricted for current activities	2,871	4,046
Decrease (Increase) in value of marketable securities	2,439	(1,927)
	<u>867</u>	<u>(97)</u>
<u>Changes in items relating to assets and liabilities</u>		
Increase in debtors for general activities	(1,768)	(1,286)
Increase in accounts receivable and debit balances	(65)	(527)
Increase (Decrease) in employees and institutions regarding salaries	2,149	(613)
Increase in suppliers and service providers	1,169	203
Increase (Decrease) in accounts payable and credit balances	936	(355)
	<u>2,421</u>	<u>(2,578)</u>
	<u>3,288</u>	<u>(2,675)</u>

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

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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 5,172 (in 2021 - 5,114) 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 19 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, in accordance with Standard 40 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.

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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 2.6.

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 restricted net assets as long as There is an unconditional and irrevocable undertaking from the donor, relating to the year being reported, documented and legally enforceable.

2.6 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

ISRAEL ELWYN

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Notes to the financial statements

(In thousands)

Note 2 - Accounting policies (Cont.)

2.6 Fixed assets (Cont.)

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".

2.7 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.

2.8 Employee Benefits

2.8.1 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.

2.8.2 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.

2.9 Net assets

2.9.1 The part of the net assets of the Amuta which is unrestricted by the donors and is undesignated by management, is shown as Unrestricted Net Assets, for use for current activities which is undesignated by management.

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

Note 2 - Accounting policies (Cont.)

2.9 Net assets (Cont.)

- 2.9.2 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.

- 2.9.3 Amounts which have been received whose use has been restricted by the donor are shown as restricted net assets. At the time when the restrictions have been removed, the amounts released are shown, according to the restriction of the donors, in the statement of activities, as income arising from amounts released from restricted net assets or as income arising from amounts released for acquisition of fixed assets from restricted net assets.

2.10 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.

2.11 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.

2.12 Services received free of charge

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

2.13 Exchange rate and linkage basis

- 2.13.1 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.

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

Note 2 - Accounting policies (Cont.)

2.13 Exchange rate and linkage basis (Continue)

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

	Exchange rate		Rate of change	
	As of		For Year ended	
	December 31,		December 31,	
	2 0 2 2	2 0 2 1	2 0 2 2	2 0 2 1
	NIS	NIS	%	%
U.S. Dollar	3.52	3.11	13.2	(3.3)

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

	Index in points		Rate of change	
	As of		For Year ended	
	December 31,		December 31,	
	2 0 2 2	2 0 2 1	2 0 2 2	2 0 2 1
	Points	Points	%	%
Index "in respect of"	110.4	104.8	5.3	2.7
"Known" index	110.1	104.5	5.4	2.4

Note 3 - Cash funds and bank balances

	As of December 31	
	2022	2021
	NIS	NIS
Shekels - cash	182	169
Shekel current accounts	8,438	8,605
Foreign currency current accounts	2,575	1,794
Foreign currency deposits	4	4
	11,199	10,572
Less: Cash designated for investment in fixed assets	(1,985)	(3,077)
	9,214	7,495

ISRAEL ELWYN

Registered Amuta

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

Note 4 - Marketable securities

	As of December 31	
	2022	2021
	NIS	NIS
Stock	3,915	4,387
Mutual funds	875	2,076
Government bonds	8,863	8,755
Corporate bonds	10,397	10,181
Corporate bonds in foreign currency	-	434
Deposits	1,381	2,037
	<u>25,431</u>	<u>27,870</u>

Note 5 - Debtors for general activities

Ministry of social affairs and social services	16,028	14,906
Ministry of health	2,360	1,507
Local municipalities	138	152
National insurance institute	195	172
Customers for employment of participants	358	640
HMO's	1,407	1,433
Checks receivable	19	27
Promised donations receivable for projects	2,835	2,735
	<u>23,340</u>	<u>21,572</u>

Note 6 - Accounts receivable and debit balances

Prepaid expenses	1,265	1,201
Advances to employees	58	57
	<u>1,323</u>	<u>1,258</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
Cost-						
Opening balance	71,825	46,897	2,214	43,225	2,884	167,045
Additions this year	-	8,802	-	7,013	487	16,302
Grant received this year	(12)	(3,134)	-	(1,215)	-	(4,361)
	<u>71,813</u>	<u>52,565</u>	<u>2,214</u>	<u>49,023</u>	<u>3,371</u>	<u>178,986</u>
Accumulated depreciation -						
Opening balance	15,914	10,143	1,886	29,604	2,247	59,794
Depreciation for the year	<u>921</u>	<u>1,082</u>	<u>134</u>	<u>2,663</u>	<u>342</u>	<u>5,142</u>
	<u>16,835</u>	<u>11,225</u>	<u>2,020</u>	<u>32,267</u>	<u>2,589</u>	<u>64,936</u>
	<u>54,978</u>	<u>41,340</u>	<u>194</u>	<u>16,756</u>	<u>782</u>	<u>114,050</u>
Cash designated for investment in fixed assets	<u>-</u>	<u>1,512</u>	<u>-</u>	<u>473</u>	<u>-</u>	<u>1,985</u>

ISRAEL ELWYN

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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, 2022 amounting to approximately 54,618 thousand NIS.

In the year of this report, the Amuta received grants from government institutions amounting approximately 4,361 thousand NIS.

7.3 The Amuta owns 7 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.

Note 8 - Employees and institutions in respect of wages

	As of December 31	
	2022	2021
	NIS	NIS
Employees	8,175	7,996
Institutions regarding salaries	4,601	4,667
Provision for vacation	8,641	8,152
Provision for social workers	1,547	-
	<u>22,964</u>	<u>20,815</u>

Note 9 - Suppliers and service providers

Open accounts	3,636	2,837
Checks payable	529	159
Fixed assets suppliers	964	1,368
	<u>5,129</u>	<u>4,364</u>

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

Note 10 - Accounts payable and credit balances

	As of December 31	
	2022	2021
	NIS	NIS
Accrued expenses	899	575
Participants for salary and cash allowances (*)	175	185
Advances from parents of participants and others	-	5
Advance income	627	-
	<u>1,701</u>	<u>765</u>

(*) Net of deduction of bank balances totaling about 633 thousand NIS and about 639 thousand NIS at December 31 2022 and 2021 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.

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.

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Notes to the financial statements

(In thousands)

Note 12 - Commitments and bank guarantees (Cont.)

12.1 Commitments (cont.)

12.1.1 (cont.)

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, 2022 NIS 28,650 which sum is shown as renovations in buildings under license and equipment belongs to the residential buildings 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.

The Amuta does not intend to renew the agreement in 2023.

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 42 vehicles.

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.

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Notes to the financial statements

(In thousands)

Note 12 - Commitments and bank guarantees (Cont.)

12.1 Commitments (cont.)

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 agreement with the Director of residential properties in the Ministry of Finance according to which the Amuta will hold the Sabbah Center Building under license until 31 December 2028. The Amuta's management anticipates that the agreement will be extended for another period.

12.2 Bank guarantees

In order to secure its commitments of tenders, the Amuta set up financial guarantees for local municipalities from a banking institution in the total amount of NIS 1,984 thousand as of December 31, 2022 and NIS 1,665 thousand as of December 31, 2021.

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

Note 13 - Unrestricted Net Assets Designated by management

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Participation in apartment purchases	4,594	3,824
Renovation of buildings for service recipients	-	1,259
Completion of construction of the rehabilitation day care center in Carmiel	-	2,200
	<u>4,594</u>	<u>7,283</u>

Note 14 - Temporarily restricted net assets

	<u>For activities</u>	<u>Investments in fixed assets</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
14.1 Composition -			
<u>Balance at January 1, 2021</u>	7,676	2,545	10,221
<u>Changes during 2021</u>			
Donations received	4,046	3,008	7,054
Sums released for activities	(4,123)	-	(4,123)
Sums used for investment in Fixed Assets	-	(2,476)	(2,476)
<u>Balance at December 31, 2021</u>	<u>7,599</u>	<u>3,077</u>	<u>10,676</u>
<u>Changes during 2022</u>			
Donations received	2,871	5,262	8,133
Sums released for activities	(3,231)	-	(3,231)
Sums used for investment in Fixed Assets	-	(6,354)	(6,354)
<u>Balance at December 31, 2022</u>	<u>7,239</u>	<u>1,985</u>	<u>9,224</u>

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.

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

Note 15 - Income from activities

	Year ended December 31	
	2022	2021
	NIS	NIS
<u>Independent activities</u>		
Maintenance	164,208	154,100
Leisure services, recreation and therapy	1,880	1,792
Participation from local municipalities	384	453
Medical services	17,676	12,937
Placement with customers	550	952
National Insurance Institute funded placement services	575	541
Parent's participation in activities	250	54
Others	42	45
	<u>185,565</u>	<u>170,874</u>
Donations	177	260
	<u>185,742</u>	<u>171,134</u>

Note 16 - Cost of activities

Salaries and related expenses	135,934	127,896
Food	10,376	9,081
Clothing, laundry and hygiene	1,190	1,706
Compensation to and treatment of participants	3,271	3,173
Transportation and travel	2,149	1,938
Communications	503	406
Vehicle maintenance	2,384	2,188
Cleaning and maintenance	13,468	11,767
Office expenses	3,424	2,746
Publicity	410	340
Depreciation	5,142	4,380
	<u>178,251</u>	<u>165,621</u>

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

Note 17 - General and administration expenses

	Year ended	
	December 31	
	2022	2021
	NIS	NIS
Salaries and related expenses	7,054	6,679
Office rental and maintenance	663	646
Vehicle maintenance	575	494
Professional services	535	561
Office expenses	455	537
Insurance	528	485
Refreshments	148	188
Conferences and overseas travel	163	91
Others	32	38
	<u>10,153</u>	<u>9,719</u>

Note 18 - Finance income, net

Revaluation of marketable securities	(2,439)	1,927
Exchange rate differences of Banks	445	(76)
Bank fees	(123)	(178)
	<u>(2,117)</u>	<u>1,673</u>

Note 19 - Principal Customers

	Percentage of Gross Income	
	For the year ended	
	December 31,	
	2022	2021
	%	%
Ministry of Social Affairs and Social Services	<u>84</u>	<u>87</u>

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

Note 20 - Related parties

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
20.1 <u>Related parties balances</u>		
Current assets	<u>16,028</u>	<u>14,906</u>
	<u>Year ended</u>	
	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
20.2 <u>Transactions with related parties</u>		
Maintenance fee	<u>164,208</u>	<u>154,100</u>