

MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**  
**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021**

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**AUDITORS' REPORT TO THE MEMBERS OF**  
**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

We have audited the accompanying statements of financial position of MELABEV - Community Clubs for Eldercare (R.A.) (hereinafter: "**the Amuta**"), as of December 31, 2021 and 2020, and the related Statements of Activities, Changes in Net Assets and Cash Flows of the two years then ended. These financial statements are the responsibility of the Amuta's committee. Our responsibility is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with general accepted auditing standards in Israel, including those prescribed under the Israeli Auditors Regulations (Auditors' Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examination, 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 committee, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

These financial statements were prepared in nominal values. Data concerning "reported amounts" as stated in the Israeli Accounting Standards Board were not included in those financial statements.

In our opinion, apart from the non-inclusion of the data referred to in the preceding paragraph, the financial statements present fairly, in all material aspects, the financial position of the Amuta, as of December 31, 2021 and 2020, the results of its operations, changes in net assets and its cash flows of the two years then ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Jerusalem, May 1, 2022

  
Ziv Hafi

Certified Public Accountants (Isr.)

## STATEMENTS OF FINANCIAL POSITION

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Date of approval of the financial statements

**Zevulun Orlev**  
**Chairman**

**Yossi Granot**  
**Committee Member**

**Zeev Fridman**  
**CEO**

**Noa Melamed**  
**Chief Financial**  
**Officer**

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**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**STATEMENTS OF ACTIVITIES**

**(In New Israeli shekels)**

	Notes	For the year ended	
		31.12.2021	31.12.2020
<b>Operating Income:</b>			
Day care centers		10,875,080	8,164,070
Amounts released from restricted net assets to			
Day care centers		204,874	110,342
Income from nursing care		9,433,270	8,578,811
At Home with Melabev		1,339,280	1,147,641
Others		168,304	175,539
Donations		1,879,800	2,679,497
Volunteer contributions		358,394	245,540
Amounts released from restricted net assets		840,053	757,878
Grants		-	309,495
		25,099,055	22,168,813
Cost of activities	11	20,498,831	(*)18,101,378
<b>Net operating income</b>		4,600,224	4,060,754
General and administrative expenses	12	2,234,446	(*)2,319,143
<b>Income before financial expenses</b>		2,365,778	1,748,292
Financing expenses, net		406,058	453,235
<b>Income post financing expenses</b>		1,959,720	1,295,057
other income		300	106
<b>Net income for the year</b>		1,960,020	1,295,163

(\*) Reclassified

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



**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**STATEMENTS OF CHANGES IN NET ASSETS**

**(In New Israeli shekels)**

	<u>Net Assets</u>		
	<u>Unrestricted (*)</u>	<u>Restricted</u>	<u>Total</u>
<b>Balance as of January 1, 2020</b>	16,392,207	1,446,636	17,838,843
Net income for the year	1,295,163	-	1,295,163
Donations and participations	-	936,311	936,311
Amounts released from restricted assets to activities	-	(868,220)	(868,220)
<b>Balance as of December 31, 2020</b>	<u>17,687,370</u>	<u>1,514,727</u>	<u>19,202,097</u>
Net income for the year	1,960,020	-	1,960,020
Donations and participations	-	857,850	857,850
Amounts released from restricted assets to activities	-	(1,044,927)	(1,044,927)
<b>Balance as of December 31, 2021</b>	<u>19,647,390</u>	<u>1,327,650</u>	<u>20,975,040</u>

(\*) See Note 10.

**The accompanying notes are an integral part of those financial statements.**

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**STATEMENTS OF CASH FLOWS**

(In New Israeli shekels)

	<b>For the year ended</b>	
	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
<b><u>Cash flow from Operating Activities:</u></b>		
Net income for the year	1,960,020	1,295,163
Adjustments to cash flow from operating activities (see Schedule 1)	<u>1,011,799</u>	<u>600,948</u>
<b>Net cash from Operating Activities</b>	<u>2,971,819</u>	<u>1,896,111</u>
<b><u>Cash flows from Investment Activities:</u></b>		
Proceeds from the sale of fixed assets	-	1,700
Acquisition of fixed assets	<u>(265,912)</u>	<u>(1,375,719)</u>
<b>Net cash for Investment Activities</b>	<u>(265,912)</u>	<u>(1,374,019)</u>
<b><u>Cash flow from Financing Activities:</u></b>		
Repayment of loans	1,412,334	(124,907)
Donations and participations recorded as restricted net assets	<u>-</u>	<u>936,311</u>
<b>Net cash from (for) Financing Activities</b>	<u>1,412,334</u>	<u>811,404</u>
<b><u>Increase (Decrease) in cash and cash equivalents</u></b>	<b>1,293,573</b>	<b>1,333,496</b>
<b><u>Cash and cash equivalents at the beginning of the year</u></b>	<b><u>2,350,166</u></b>	<b><u>1,016,670</u></b>
<b><u>Cash and cash equivalents at the end of the year</u></b>	<b><u>3,643,739</u></b>	<b><u>2,350,166</u></b>

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

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**STATEMENTS OF CASH FLOWS**

**(In new Israeli shekels)**

**Schedule 1 - Adjustments to cash flow from operating activities:**

	<b>For the year ended</b>	
	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
<b>Income and expense items that do not affect the flow of cash:</b>		
Depreciation	1,412,676	1,461,636
Proceeds from sales of fixed assets	-	(106)
Decrease (increase) in vacation provision	(74,080)	179,696
(Increase) in severance pay liability net	(180,521)	(359,256)
Revaluation of loans and deposits	120,298	347,303
Amounts released from restricted net assets	<u>(187,077)</u>	<u>(868,220)</u>
	<u>1,091,296</u>	<u>761,053</u>
<b><u>Changes in asset and current liability:</u></b>		
Decrease (increase) in checks receivables	(4,623)	27,138
Decrease (increase) in debtors and debit balances	(536,173)	414,147
Increase (decrease) in creditors and credit balances	332,412	(204,995)
Increase (decrease) in suppliers and service providers	<u>128,887</u>	<u>(396,395)</u>
	<u>(79,497)</u>	<u>(160,105)</u>
	<u>1,011,799</u>	<u>600,948</u>

**The accompanying notes are an integral part of those financial statements.**



**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**Note 1 - GENERAL:**

MELABEV - Community Clubs for Eldercare (R.A.) (hereinafter: "the Amuta") was founded on July 21, 1981.

The purpose of the Amuta is to assist and serve elderly families in Israel, elderly who suffer from memory loss problems and the illnesses causing this.

The Amuta operates, within the area of Jerusalem and its environs a chain of four day centers, a department for home therapy, a department of nursing, telephone reassurance hotline, a unit of researches and other services to elderly people and to those who suffer from Alzheimer.

The Amuta is defined as a nonprofit organization for purposes of Value Added Tax and is registered as a public institution with the income tax authorities. Furthermore, the Amuta is recognized by the tax authorities as a recognized institution for purposes of donations under Article 46 of the Tax Ordinance.

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES:**

**A. Definitions:**

In these financial statements:

"Net Assets" - The difference between the Amuta's assets and liabilities.

"Restrictions" - Restrictions imposed by donors or by other external entities.

"Unrestricted net assets" - The part of the Amuta's net assets whose use is not restricted.

"Restricted net assets" - That portion of net assets deriving from contributions, allocations or other income whose use is restricted.

"Restricted net assets" - A restriction that expires or is removed with the occurrence of a specific event with the passage of time, or that can be fulfilled or removed with the performance of specific activities, all of which are contingent upon the conditions imposed by donors or other outside sources which provided the funds.

"Index" - The Consumer Price Index, as published by the Central Bureau of Statistics.

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.):**

**B. Reporting basis:**

1. The Amuta's assets, liabilities, income and expenses are recorded on an accrual basis.
2. The financial statements were prepared on the agreed historical cost basis, and do not include the effect of changes in the purchasing power of Israeli currency on the financial position and on the results of its operating activities, according to this the financial statements are not presented according to Standard No. 12 of the Israeli Accounting Standards Board.

**C. First implementation of accounting standard number 40, accounting rules and financial reporting by nonprofits**

**Advertising requirements**

Accounting standard number 40, accounting rules and financial reporting by nonprofits (hereinafter: the "Standard") was published on August 13, 2020. The standard replaces the existing provisions in the combined version of Manifesto Number 69 and accounting standard number 5 and its amendments, as well as accounting standard number 9.

**First and transition instructions**

The standard has been implemented for annual periods beginning on January 1, 2021. The effect of adopting the measurement provisions in this standard at the time of implementation for the first time was reported as coordinating the net asset balances for the beginning of the period. No comparative information has been reintroduced for the changes in measurement resulting from the provisions of this standard. The presentation instructions contained in this standard have been applied in the starting date of the standard.

**D. Presentation of financial statements:**

1. The balances included in the grouping of Net Assets are categorized as follows:
  - Unrestricted net assets.
  - Restricted net assets.
2. The Statement of Activities includes all income and expense items for the reporting period. "Income" includes all revenues received and earned during the period which are unrestricted in nature and amounts that were released from donor restriction. "Expenses" also include those expenses which were financed from sources that were restricted by their donors.

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2021**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.):**

3. **Net assets for which there is a restriction**

These contributions imposed on the use of restrictions by the donors will be presented as an addition to net assets for which there is a restriction. At the time of lifting the restrictions by executing the objectives for which they were intended, the amounts will be transferred from the net assets for which there is a restriction and will be presented as part of the amounts that will be released from the activity restrictions as income in the activity report on the activity.

4. **Classification of limited contributions in cash flow report**

The cash flows from financing activities will include receipts from donations that the donor has restricted their use for a long time, while the cash flows from the current activities will include receipts from donations for which there is a restriction, except for donations that the donor has restricted their use for a long time.

**E. Foreign Currency and Linkage:**

1. Assets and liabilities in foreign currency, or linked to it, are stated at the representative exchange rates as at financial statement date.
2. Assets and liabilities linked to the Index are presented according to the linkage conditions applicable to each balance.
3. Income, expenses and other transactions in foreign currencies are recorded at the rates of exchange at the time of the transaction.
4. Linkage and exchange differences are recorded in the financial statements at the time they occur.
5. Following are the details of the Consumer Price Index and exchange rates as at the financial statement date:

	<u>31.12.2021</u>	<u>31.12.2020</u>
The Consumer Price Index, in points	102.6	99.8
U.S. Dollar (in Shekels to 1 Dollar)	3.110	3.215
	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>%</u>	<u>%</u>
Rate of change in the Consumer Price Index	2.80	(0.69)
Rate of change in the U.S. Dollar for the year	(3.27)	(6.97)

**F. Cash and cash equivalents:**

Cash and cash equivalents include current bank account balances and deposits in banks both available for immediate withdrawal where the period until realization when invested was not longer than three months.



**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2021**

**Note 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.):**

**G. Fixed assets:**

Fixed assets are presented at cost less accumulated depreciation. Depreciation is calculated by the straight-line method, at equal annual rates, considered to sufficiently depreciate the assets over the period of anticipated use.

<u>Rate of depreciation</u>	<u>%</u>
Buildings	2-4
Computers & Electronic equipment	33
Office furniture & equipment	6-15
Leasehold improvements	2-10
Vehicles	15

**H. Income and changes in net assets recognition**

1. Income and changes in net assets that were restricted are recorded on an accrual basis.
2. Disposable assets and goods that were received without consideration are not included in the financial statements.
3. Income from investments designated for covering reserves of employee rights are presented as a deduction from the periodical expenses that are required to complete these reserves in respect of the current year.

**I. Tax:**

1. Payroll taxes, levied pursuant to the Value Added Tax laws, are included in salaries and related expenses.
2. Taxes in respect of certain expenses ("surplus expenses") are included in the expenses items in respect of which the tax was charged.

**J. Estimates and assumptions:**

The preparation of the financial statements and the presentation thereof in accordance with generally accepted accounting principles, require that management make estimates and assumptions which affect the data in the financial statements and the related notes. Due to the nature of the estimates and assumptions, actual results may differ from those estimates.

**K. Volunteers**

As of 2016, the Amuta includes in its financial statements the value of the work of volunteers who assist in the activities of the Amuta.

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**(In New Israeli shekels)**

**Note 3 – Cash and Cash equivalents:**

	<u>31.12.2021</u>	<u>31.12.2020</u>
Cash in bank, in Israeli Currency	3,642,869	2,350,166
Cash in bank, in Foreign Currency	870	-
	<u>3,643,739</u>	<u>2,350,166</u>

**Note 4 - Debtors and Debit Balance:**

	<u>31.12.2021</u>	<u>31.12.2020</u>
Debtors via credit cards	719,536	561,037
Debtors	288,330	234,333
Income receivable	1,651,509	1,340,523
Advances payments to suppliers	174,794	162,103
	<u>2,834,169</u>	<u>2,297,996</u>

**Note 5 - Fixed Assets:**

	<u>Vehicles</u>	<u>Buildings</u>	<u>Beit-Shemesh building- planning costs</u>	<u>Computers</u>	<u>Office furniture &amp; equipment</u>	<u>Leasehold improve- ment</u>	<u>Total</u>
<b><u>Cost</u></b>							
Balance as at January 1, 2021	330,040	36,813,901	225,999	1,168,426	1,362,699	307,444	40,208,509
Additions in 2021	-	127,881	-	67,878	45,091	25,062	265,912
Balance as at December 31, 2021	<u>330,040</u>	<u>36,941,782</u>	<u>225,999</u>	<u>1,236,304</u>	<u>1,407,790</u>	<u>332,506</u>	<u>40,474,421</u>
<b><u>Accumulated depreciation</u></b>							
Balance as at January 1, 2021	330,040	10,712,566	17,777	1,058,865	1,178,799	304,667	13,602,713
Depreciation	-	1,286,357	6,359	70,795	46,943	2,222	1,412,676
Balance as at December 31, 2021	<u>330,040</u>	<u>11,998,923</u>	<u>24,135</u>	<u>1,129,660</u>	<u>1,225,742</u>	<u>306,889</u>	<u>15,015,389</u>
<b><u>Depreciated cost as at December 31, 2021</u></b>	<u>-</u>	<u>24,942,859</u>	<u>201,864</u>	<u>106,644</u>	<u>182,048</u>	<u>25,617</u>	<u>25,459,032</u>
<b><u>Depreciated cost as at December 31, 2020</u></b>	<u>-</u>	<u>26,101,335</u>	<u>208,223</u>	<u>109,561</u>	<u>183,900</u>	<u>2,776</u>	<u>26,605,796</u>



**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**(in New Israeli shekels)**

The buildings include:

1. The day-center in Pisgat Zeev is a building that was constructed on a land that the Jerusalem Municipality has provided to the Amuta for use in perpetuity.
2. The day-center in Talpiot is a building that was acquired in 2006 and that was adapted to the needs of the Amuta. The registration of the land in the area of the building has not yet been settled, but a warning notice has been recorded in favor of the Amuta in the Land Ledgers.  
The Amuta received a sum of approximately NIS 2,835,000 from the National Insurance Institute during the years 2009 and 2010 for one of the buildings in Talpiot. If the Amuta ceases the day- center activities within 10 years from the date of receiving the payment, then it will have to return this sum to the National Insurance Institute linked to the Consumer Price Index less depreciation of 10% per year.  
Furthermore, the Amuta undertook to the National Insurance Institute in connection with the participation of the Claims Council in constructing the building (totaling approximately NIS 405,000) not to undertake land transactions involving the property for 10 years from the date of receipt of the participation.
3. The day- center in Givat Massuah, where the Amuta's offices are located, is a building that was acquired and adapted to the needs of the Amuta. Registration in the Land Registry has been completed and the building is registered in the name of the Amuta. The center was pledged to a bank and a private party as collateral for loans received. See also Note 13.

**Note 6 – Creditors and credit balances:**

	<u>31.12.2021</u>	<u>31.12.2020</u>
Employees and salary institutions	2,199,468	2,251,745
Expenses payable	360,120	57,011
Deferred income	7,500	-
	<u>2,567,088</u>	<u>2,308,756</u>

(\*) Reclassified

**Note 7 - Suppliers and service providers:**

	<u>31.12.2021</u>	<u>31.12.2020</u>
Open debts	<u>707,942</u>	<u>579,055</u>

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**(In New Israeli shekels)**

**Note 8 - Long term loans:**

<b><u>The loaner</u></b>	<b><u>Interest rate/ linkage</u></b>	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
U-bank	Prime + 3.8%	5,883,998	6,507,071
Private loaner A	Does not carry interest nor linkage	-	143,648
Private loaner B (*)	Does not carry interest nor linkage	984,706	1,509,706
		6,868,704	8,160,425
Less current maturities		(1,104,617)	(1,412,334)
		<u>5,764,087</u>	<u>6,748,091</u>

(\*) Member of the board of Directors.

**Note 9 - Severance pay liability, net:**

	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
Provision for severance pay	1,342,177	1,516,014
Deposit in severance pay fund	(66,755)	(60,071)
	<u>1,275,422</u>	<u>1,455,943</u>

**Note 10 – Unrestricted net assets:**

	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
For use in activities	(5,811,642)	(8,918,426)
Used for fixed assets	25,459,032	26,605,796
	<u>19,647,390</u>	<u>17,687,370</u>

The deficit is mainly covered by long-term loans and severance pay liability.

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**(In New Israeli shekels)**

**Note 11 - Cost of activities:**

	<b>For the year ended</b>	
	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
Salaries and related expenses	13,212,550	12,135,023
Value of volunteer work	358,394	245,540
Meals for patients and for those receiving service	961,073	758,347
Travel and deliveries expenses	1,419,173	1,226,011
Groups and activities	1,212,029	951,678
Alternative service	691,055	222,764
Maintenance and sundry	949,293	826,732
Professional Services	17,914	26,137
Rent for the day centers	78,950	62,250
Telephone and communications	43,927	50,457
Insurance	141,800	141,484
Depreciation	1,412,673	1,461,636
	<b><u>20,498,831</u></b>	<b><u>21,858,177</u></b>

**Note 12 – General and administrative expenses:**

	<b>For the year ended</b>	
	<b><u>31.12.2021</u></b>	<b><u>31.12.2020</u></b>
Salaries and related expenses	1,313,519	*1,353,826
Fundraising expenses	558,231	537,808
Professional services	57,353	93,197
Office expenses and sundry	203,108	* 237,440
Vehicle maintenance	77,566	56,821
Telephone and communications	12,288	13,571
Taxes and fees	3,161	11,938
Presents and refreshments	9,100	9,215
Other	120	5,327
	<b><u>2,234,446</u></b>	<b><u>2,319,143</u></b>

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021**

**Note 13 – Mortgages and guarantees:**

On the land in Givat Massuah, liens were recorded for the benefit of accompanying Parties.

**Note 14 - Events after the reporting period**

Following the outbreak of the COVID 19 corona virus in China in December 2019, and its spread in early 2020 to many other countries, there has been a decrease in the volume of activity in many regions of the world, including Israel. The spread of the virus caused, among other things, a decrease in the volume of global transportation, restrictions on movement and employment imposed by the Israeli government and many governments around the world. In addition, in accordance with government directives in Israel, the activity of businesses was banned or restricted, the presence of human resources in workplaces was significantly restricted, entertainment venues were closed, education systems were shut down and restrictions on leaving homes were imposed.

In accordance with the instructions of the Ministry of Health and the Government of Israel, starting from mid-March 2020 and as of the date of the reports, the association has been adapting itself to the changing reality of uncertainty. The day centers were closed for activity by decision of the Ministry of Labor from 15.03.20 to 01.06.20.

The association renewed the activities of the day centers, in accordance with the guidelines of the Ministry of Labor and the Ministry of Health.

For the first time, the day centers also operated on a noon shift.

The association has developed the virtual service in Melabav for home and community. Despite the complex and challenging reality, the association has successfully met the targets in terms of service and organization as well as its financial goals.