

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

**FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2022**

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**  
**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022**

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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, 2022 and 2021, 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, 2022 and 2021, 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, April 30, 2023


  
Ziv Haft

Certified Public Accountants (Isr.)

**MELABEV - COMMUNITY CLUBS FOR ELDERCARE (R.A.)**  
**STATEMENTS OF FINANCIAL POSITION**  
(In New Israeli shekels)

<u>ASSETS</u>	<u>Notes</u>	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>LIABILITIES &amp; NET ASSETS</u>	<u>Notes</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
<u>CURRENT ASSETS:</u>				<u>CURRENT LIABILITIES:</u>			
Cash and cash equivalents	3	5,413,385	3,643,739	Current maturities of long term loans		1,602,218	1,104,617
Designated deposits		404,614	402,641	Creditors and credit balances	6	2,617,391	2,567,088
Checks receivables		47,558	54,615	Suppliers and service providers	7	571,672	707,942
Debtors and debit balances	4	2,685,768	2,834,169			4,791,281	4,379,647
		<u>8,551,325</u>	<u>6,935,164</u>				
<u>NON-CURRENT ASSETS:</u>				<u>NON-CURRENT LIABILITIES:</u>			
Fixed assets	5	24,705,688	25,459,032	Long term loans	8	4,349,058	5,764,087
				Severance pay liability, net	9	1,117,256	1,275,422
						<u>5,466,314</u>	<u>7,039,509</u>
				<u>NET ASSETS:</u>			
				Total accrued deficit	10	21,653,119	19,647,390
				Restricted net assets		1,346,299	1,327,650
						<u>22,999,418</u>	<u>20,975,040</u>
		<u>33,257,013</u>	<u>32,394,196</u>			<u>33,257,013</u>	<u>32,394,196</u>

April 30, 2023  
Date of approval of the  
financial statements

  
Zevulun Orlev  
Chairman

  
Yossi Granot  
Committee Member

  
Zeev Fridman  
CEO

  
Noa Melamed  
Chief Financial  
Officer

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

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

**STATEMENTS OF ACTIVITIES**

**(In New Israeli shekels)**

		<b>For the year ended</b>	
	<b>Notes</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Operating Income:</b>			
Day care centers		11,706,668	10,875,080
Amounts released from restricted net assets to			
Day care centers		157,924	204,874
Income from nursing care		9,871,007	9,433,270
At Home with Melabev		1,321,399	1,339,280
Others		272,498	168,304
Donations		1,700,136	1,879,800
Volunteer contributions		461,967	358,394
Amounts released from restricted net assets		1,347,471	840,053
Grants		211,851	-
		27,050,921	25,099,055
Cost of activities	11	22,086,212	20,498,831
<b>Net operating income</b>		4,964,709	4,600,224
General and administrative expenses	12	2,516,515	2,234,446
<b>Income before financial expenses</b>		2,448,194	2,365,778
Financing expenses, net		442,465	406,058
<b>Income post financing expenses</b>		2,005,729	1,959,720
other income		-	300
<b>Net income for the year</b>		2,005,729	1,960,020

**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)**

	<b>Net Assets</b>		
	<b><u>Unrestricted (*)</u></b>	<b><u>Restricted</u></b>	<b><u>Total</u></b>
<b>Balance as of January 1, 2021</b>	17,687,370	1,514,727	19,202,097
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>	<b><u>19,647,390</u></b>	<b><u>1,327,650</u></b>	<b><u>20,975,040</u></b>
Net income for the year	2,005,729		2,005,729
Donations and participations		1,524,044	1,524,044
Amounts released from restricted assets to activities		(1,505,395)	(1,505,395)
<b>Balance as of December 31, 2022</b>	<b><u>21,653,119</u></b>	<b><u>1,346,299</u></b>	<b><u>22,999,418</u></b>

(\*) 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>31.12.2022</u></b>	<b><u>31.12.2021</u></b>
<b><u>Cash flow from Operating Activities:</u></b>		
Net income for the year	2,005,729	1,960,020
Adjustments to cash flow from operating activities (see Schedule 1)	<u>1,852,450</u>	<u>1,011,799</u>
<b>Net cash from Operating Activities</b>	<u>3,858,179</u>	<u>2,971,819</u>
<b><u>Cash flows from Investment Activities:</u></b>		
Proceeds from the sale of fixed assets		-
Acquisition of fixed assets	<u>(676,199)</u>	<u>(265,912)</u>
<b>Net cash for Investment Activities</b>	<u>(676,199)</u>	<u>(265,912)</u>
<b><u>Cash flow from Financing Activities:</u></b>		
Repayment of loans	(1,412,334)	(1,412,334)
<b>Net cash from (for) Financing Activities</b>	<u>(1,412,334)</u>	<u>(1,412,334)</u>
<b><u>Increase (Decrease) in cash and cash equivalents</u></b>	1,769,646	1,293,573
<b><u>Cash and cash equivalents at the beginning of the year</u></b>	<u>3,643,739</u>	<u>2,350,166</u>
<b><u>Cash and cash equivalents at the end of the year</u></b>	<u>5,413,385</u>	<u>3,643,739</u>

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>31.12.2022</u></b>	<b><u>31.12.2021</u></b>
<b>Income and expense items that do not affect the flow of cash:</b>		
Depreciation	1,429,543	1,412,676
Decrease (increase) in vacation provision	(8,600)	(74,080)
(Increase) in severance pay liability net	(158,166)	(180,521)
Revaluation of loans and deposits	492,933	120,298
Amounts released from restricted net assets	<u>18,649</u>	<u>(187,077)</u>
	<u>1,774,359</u>	<u>1,091,296</u>
<b><u>Changes in asset and current liability:</u></b>		
Decrease (increase) in checks receivables	7,057	(4,623)
Decrease (increase) in debtors and debit balances	148,401	(536,173)
Increase (decrease) in creditors and credit balances	58,903	332,412
Increase (decrease) in suppliers and service providers	<u>(136,270)</u>	<u>128,887</u>
	<u>78,091</u>	<u>(79,497)</u>
	<u>1,852,450</u>	<u>1,011,799</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, 2022**

**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, 2022**

**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, 2021. 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, 2022. 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, 2022**

**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:

	<b><u>31.12.2022</u></b>	<b><u>31.12.2021</u></b>
The Consumer Price Index, in points	108	102.6
U.S. Dollar (in Shekels to 1 Dollar)	3.519	3.110
	<b><u>For the year ended December 31,</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>%</u></b>	<b><u>%</u></b>
Rate of change in the Consumer Price Index	5.26	2.80
Rate of change in the U.S. Dollar for the year	13.15	(3.27)

**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, 2022**

**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, 2022**

**(In New Israeli shekels)**

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
Cash in bank, in Israeli Currency	5,413,385	3,642,869
Cash in bank, in Foreign Currency	-	870
	<u>5,413,385</u>	<u>3,643,739</u>

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
Debtors via credit cards	696,945	719,536
Debtors	498,675	288,330
Income receivable	1,304,389	1,651,509
Advances payments to suppliers	185,759	174,794
	<u>2,685,768</u>	<u>2,834,169</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, 2022	330,040	36,941,782	225,999	1,236,304	1,407,790	332,506	40,474,421
Additions in 2022	-	548,891	-	82,594	44,714	-	676,199
Balance as at December 31, 2022	330,040	37,490,673	225,999	1,318,898	1,452,504	332,506	41,150,620
<b><u>Accumulated depreciation</u></b>							
Balance as at January 1, 2022	330,040	11,998,923	24,135	1,129,660	1,225,742	306,889	15,015,389
Depreciation	-	1,295,757	6,359	74,413	49,173	3,841	1,429,543
Balance as at December 31, 2022	330,040	13,294,680	30,494	1,204,073	1,274,915	310,730	16,444,932
<b><u>Depreciated cost as at December 31, 2022</u></b>	-	24,195,993	195,505	114,825	177,589	21,776	24,705,688
<b><u>Depreciated cost as at December 31, 2021</u></b>	-	24,942,859	201,864	106,644	182,048	25,617	25,459,032

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**(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. involving the property for 10 years from the date of receipt of the participation.
2. 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>31.12.2022</u>	<u>31.12.2021</u>
Employees and salary institutions	2,213,686	2,199,468
Expenses payable	403,705	360,120
Deferred income	-	7,500
	<u>2,617,391</u>	<u>2,567,088</u>

(\*) Reclassified

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
Open debts	<u>571,672</u>	<u>707,942</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**(In New Israeli shekels)**

**Note 8 - Long term loans:**

<u>The loaner</u>	<u>Interest rate/ linkage</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
U-bank	Prime + 3.8%	5,266,570	5,883,998
Private loaner B (*)	Does not carry interest	<u>684,706</u>	<u>984,706</u>

	nor linkage	
	5,951,276	6,868,704
Less current maturities	<u>(1,602,218)</u>	<u>(1,104,617)</u>
	<u>4,349,058</u>	<u>5,764,087</u>

(\*) Member of the board of Directors.

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
Provision for severance pay	1,176,511	1,342,177
Deposit in severance pay fund	<u>(59,255)</u>	<u>(66,755)</u>
	<u>1,117,256</u>	<u>1,275,422</u>

**Note 10 – Unrestricted net assets:**

	<u>31.12.2022</u>	<u>31.12.2021</u>
Total accrued deficit	(3,052,569)	(5,811,642)
Used for fixed assets	<u>24,705,688</u>	<u>25,459,032</u>
	<u>21,653,119</u>	<u>19,647,390</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, 2022**

**(In New Israeli shekels)**

**Note 11 - Cost of activities:**

	<b><u>For the year ended</u></b>	
	<u>31.12.2022</u>	<u>31.12.2021</u>
Salaries and related expenses	14,606,532	13,212,550
Value of volunteer work	461,967	358,394
Meals for patients and for those receiving service	1,170,081	961,073

Travel and deliveries expenses	1,608,356	1,419,173
Groups and activities	1,262,971	1,212,029
Alternative service	310,936	691,055
Maintenance and sundry	888,036	949,293
Professional Services	49,103	17,914
Rent for the day centers	98,200	78,950
Telephone and communications	52,389	43,927
Insurance	148,098	141,800
Depreciation	1,429,543	1,412,673
	<u>22,086,212</u>	<u>20,498,831</u>

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

	<b>For the year ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
Salaries and related expenses	1,540,686	1,313,519
Fundraising expenses	580,228	558,231
Professional services	91,160	57,353
Office expenses and sundry	168,910	203,108
Vehicle maintenance	111,457	77,566
Telephone and communications	10,144	12,288
Taxes and fees	2,750	3,161
Presents and refreshments	10,860	9,100
Other	320	120
	<u>2,516,515</u>	<u>2,234,446</u>



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

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2022**

**Note 13 – Mortgages and guarantees:**

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