

**Friends for Health (NPO)
Financial Reports
for December 31, 2022**

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Friends for Health (NPO)
Financial Statements for December 31, 2022
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28th Cheshvan, 5784
November 12, 2023

Auditing Accountant's Report
for the Members of the Organization
Friends for Health (NPO)

We have reviewed the attached balance sheets of Friends for Health (NPO) (hereafter – "the organization") for December 31, 2022 and 2021, and the reports on their activities, and the reports on the changes in net assets for each of the years that ended on those dates. These financial reports are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the accepted auditing standards in Israel, including standards set forth in the Accountant Regulations (Accountant Work Methods), 1973-5733. According to these standards, we are required to plan the audit and execute it with the aim of obtaining a reasonable degree of assurance that the financial statements do not contain any substantial misrepresentation. An audit includes a sample examination of evidence supporting the amounts and the information in the financial statements. An audit also includes an examination of the accounting rules that were applied, and of any significant estimates made by the organization's management, as well as an assessment of the adequacy of the presentation in the financial statements as a whole. We believe that our audit provides an adequate

basis for our opinion.

In our opinion, the aforementioned financial statements adequately reflect, in accordance with the accepted accounting rules of non-profit institutions, in all significant aspects, the organization's financial position as of December 31, 2022 and 2021, the results of its operations, and the changes in net assets for each of the years that ended on those dates, in accordance with the Israeli Generally-Accepted Accounting Principles (Israeli GAAP).


Menachem M. Ackerman
Certified Public Accountant

MENACHEM ACKERMAN
C.P.A.

Friends for Health (NPO)
Balance Sheets
(In Whole New Israeli Shekel Amounts)

	<u>Explanation</u>	As of December 31st	
		<u>2022</u>	<u>2021</u>
Properties		<u>In New Israeli Shekels</u>	
Current Assets			
Cash and cash equivalents		33,583,682	30,966,427
Debtors and debit balances	3	<u>1,364,332</u>	<u>1,669,954</u>
		<u>34,948,014</u>	<u>32,636,381</u>
Fixed Assets	4	<u>1,114,274</u>	<u>1,251,746</u>
Properties		<u>36,062,288</u>	<u>33,888,127</u>
Liabilities and Net Properties			
Current Liabilities			
Credit from Banking Corporations		263	139
Short-term loans and current maturities		-	12,665
Suppliers and checks for payment		950,768	854,697
Employees and payroll institutions		568,925	603,495
Creditors and credit balances		<u>6,496</u>	<u>12,827</u>
		<u>1,526,452</u>	<u>1,483,823</u>
Long-term liabilities			
Net liability for termination of employer-employee relations	5	779,994	549,610
Long-term loans	6	-	-
		<u>779,994</u>	<u>549,610</u>
Net Properties for which there is no restriction (deficit)			
To be used for activities not designated by the NPO		1,015,295	1,191,221
To be used for activities designated by the NPO		600,000	-
Which were invested in fixed properties		<u>1,114,274</u>	<u>1,251,746</u>
		<u>2,729,569</u>	<u>2,442,967</u>
Net properties for which there is a restriction			
Net properties for which there is a restriction		<u>31,026,273</u>	<u>29,411,727</u>
		<u>33,755,842</u>	<u>31,854,694</u>
Liabilities and Net Properties		<u>36,062,288</u>	<u>33,888,127</u>

The attached explanations constitute an integral part of the financial reports.


Rabbi Dov Rosen--Chairman and Board Member


Ya'akov Reisner--Board Member

Friends for Health (NPO)
Reports on Activities
(In Whole New Israeli Shekel Amounts)

		At the end of the year, on December 31 st	
		<u>2022</u>	<u>2021</u>
Cycle of activities	7	116,452,647	111,597,278
Cost of the activities	8	<u>114,280,916</u>	<u>107,697,998</u>
Net income from activities		2,171,731	3,899,280
Administrative and general expenses	9	<u>3,953,428</u>	<u>3,738,882</u>
Net income (expenses) before financing		<u>(1,781,697)</u>	160,398
Net financing income (expenses)	10	<u>2,068,299</u>	<u>(526,217)</u>
Net income (expenses) for the year		<u>286,602</u>	<u>(365,819)</u>

The attached explanations constitute an integral part of the financial statements.

Friends for Health (NPO)
Reports on the Changes in Net Assets
(In Whole New Israeli Shekel Amounts)

	<u>Net assets for which there is no restriction</u>			<u>Net assets for which there is a restriction</u>	
	<u>For use in activities not designated by the NPO</u>	<u>For use in activities designated by the NPO</u>	<u>That were Invested in Fixed Assets</u>		<u>Total</u>
<u>Balances as of January 1, 2020</u>	<u>1,279,288</u>	-	<u>1,529,498</u>	<u>27,633,018</u>	<u>30,441,804</u>
<u>Additions (Depreciations) over the course of the year</u>					
Net expenses for the year	(365,819)	-	-	-	(365,819)
Designated donations	-	-		4,765,726	4,765,726
Amounts released from restriction for activities				(2,987,017)	(2,987,017)
Transfer of amounts for which there is no restriction that were invested in fixed assets					
Amounts transferred to cover depreciation expenses	(186,798)	-	186,798	-	-
	<u>464,550</u>	-	<u>(464,550)</u>	-	-
<u>Balances as of December 31, 2021</u>	<u>1,191,221</u>	-	<u>1,251,726</u>	<u>29,411,727</u>	<u>31,854,694</u>
<u>Additions (Depreciations) over the course of the year</u>					
Net expenses for the year	286,602	-	-	-	286,602
Designated donations	-	-	-	6,386,670	6,386,670
Amounts released from restriction for activities	-	-	-	(4,772,124)	(4,772,124)
Transfer of amounts for which there is no restriction that were invested in fixed assets	(253,335)	-	253,335	-	-
Amounts transferred to cover depreciation expenses	390,807	-	(390,807)	-	-
Amounts designated by the NPO	(600,000)	600,000	-	-	-
<u>Balances as of December 31, 2022</u>	<u>1,015,295</u>	<u>600,000</u>	<u>1,114,274</u>	<u>31,026,273</u>	<u>33,755,842</u>

The attached explanations constitute an integral part of the financial statements.

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

1. General considerations

A. Friends for Health is a registered non-profit organization. It was registered as a NPO on April 24, 2003. Its number in the Registrar of Associations is: 8-874-040-58. Its main goals are:

- To ensure vital medical services for underprivileged populations,
- To provide a supportive environment for victims of hostilities in hospitals and rehabilitation centers,
- To help the needy get legal advice from a lawyer or CPA,
- Medical treatment and/or social care to be provided by legally qualified persons.

On June 16, 2019, the organization added, "Help and assistance to patients with serious illnesses" to its list of goals.

B. The organization was recognized as a "public institution" according to Section 9(2) of the Income Tax Ordinance and as a public institution regarding donations according to Section 46(a) of the Ordinance. This approval is valid until December 31, 2026.

2. The Accounting Policy

The main accounting policies applied in the financial statements are:

A. The reporting basis of the financial statements-

The financial statements are prepared in nominal amounts according to the historical cost convention, and not in reported amounts, as required by Accounting Standard No. 12 of the Israeli Institute for Standardization in Accounting. A reported amount is a nominal amount adjusted to changes in the Consumer Price Index, up to the index for the month of December 2003, plus nominal amounts added after the transition date (December 31, 2003) and minus amounts deducted after that date.

B. The organization implements Accounting Standard No. 40 of the Institute for Accounting Standardization regarding accounting rules and financial reporting by non-profits.

This standard consolidates the rules of accounting and financial reporting for non-profits, and replaces White Paper No. 69 and its amendments, as well as Accounting Standard No. 9.

Net assets for which there is no restriction -

The component of the organization's net assets whose use is not subject to any permanent or temporary restrictions that were established by donors and apportioners.

C. Fixed assets –

Depreciation is calculated according to the Equal Depreciation Method at annual rates that are considered sufficient for the depreciation of assets over their estimated period of use.

D. Cash flow statement -

A report on the cash flows was not prepared, since it does not add significant additional information to what is included in the financial statements.

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

Explanation 3 – Debtors and Debit Balance

	As of December 31 st	
	<u>2022</u>	<u>2021</u>
Credit Fund	1,090,543	1,093,287
Income to be received	222,177	570,513
Other Debtors	46,250	
Expenses in advance	<u>5,362</u>	5,879
Checks to be collected	-	<u>275</u>
	<u>1,364,332</u>	<u>1,669,954</u>

Explanation 4 – Fixed assets

	As of December 31, 2022			2021
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Balance Depreciated</u>	<u>Depreciated Cost for December 31, 2021</u>
Vehicles	1,349,603	1,020,002	329,601	491,169
Equipment and furniture	1,435,114	1,168,629	266,485	284,332
Improvements to the pharmacy	729,084	680,267	48,817	62,406
Improvements in the rented property	726,177	590,647	135,530	148,965
Equipment for the pharmacy	642,989	504,981	138,008	166,808
Website	<u>526,143</u>	<u>330,310</u>	<u>195,833</u>	<u>98,066</u>
Total	<u>5,409,110</u>	<u>4,294,836</u>	<u>1,114,274</u>	<u>1,251,746</u>

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

Explanation 5– Obligation for termination of employer-employee relations, net

The organization's obligation to pay retirement compensation to its employees is fully covered by the provision included in the balance sheet, in accordance with the Severance Compensation Law. To cover the obligation, the organization deposits funds in recognized executive insurance policies and in a compensation fund. The balance of the obligation as of the date of the balance sheet is for severance pay for employees who are not covered by executive insurance policies and compensation funds.

Explanation 6 – Long-term loans

	As of December 31 st	
	<u>2022</u>	<u>2021</u>
Bank loans	-	12,665
Deducting current maturities	=	<u>(12,665)</u>
	=	=

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

Explanation 7 – Cycle of Activities

A. Here is the breakdown:

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekels</u>	
Cash-equivalent contributions	98,937,559	95,944,344
Contributions in Israel	11,185,126	11,774,056
Amounts released from net assets which are restricted for activities	4,772,124	2,189,575
Contributions from abroad	1,207,563	956,283
Allowances from the Ministry of Labor and Welfare	203,594	591,013
Allowances from various municipalities	148,681	127,007
Allowances from the Ministry of Health-bequests	-	15,000
	<u>116,452,647</u>	<u>111,597,278</u>

B. Cash-equivalent contributions:

The organization received services and assets without consideration.

In the financial statements, the assets received without consideration were included both in the cycle of the activities and in the cost of the activities, according to the following breakdown:

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
Assistance to patients with serious illnesses	56,662,687	55,243,314
Medicines and medical equipment	39,756,971	39,257,293
Events and activities for children	2,515,281	1,433,633
Professional counseling and assistance	2,620	10,104
	<u>98,937,559</u>	<u>95,944,344</u>

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

Explanation 8 – Cost of the activities

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
Assistance to patients with serious illnesses		
Medicines for patients with serious diseases - in money	4,772,124	2,189,575
Medicines for patients with serious diseases - in money equivalents	56,572,567	55,215,828
Medicines for patients with serious diseases – value of volunteers	<u>90,120</u>	<u>27,486</u>
	<u>61,434,811</u>	<u>57,432,889</u>
Medicines and medical equipment		
Medicines and medical equipment - in money	3,604,317	3,115,973
Medicines and medical equipment - in money equivalents	39,419,461	39,082,547
Medicines and medical equipment - value of volunteers	<u>337,510</u>	<u>174,746</u>
	<u>43,361,288</u>	<u>42,373,266</u>
Events and inclusive activities for children with disabilities		
Events and inclusive activities for children with disabilities – in money	259,327	231,134
Events and inclusive activities for children with disabilities – in money equivalents	2,049,288	1,031,362
Events and inclusive activities for children with disabilities - value of volunteers	<u>184,679</u>	<u>184,679</u>
	<u>2,493,294</u>	<u>1,447,175</u>
Events and activities for sick children		
Events and activities for sick children - in money	223,961	132,447
Events and activities for sick children – in money equivalents	96,635	32,913
Events and activities for sick children - value of volunteers	<u>184,679</u>	<u>184,679</u>
	<u>505,275</u>	<u>350,039</u>
Professional counseling and assistance		
Professional counseling and assistance - in money	224,640	196,560
Professional counseling and assistance - value of volunteers	<u>2,620</u>	<u>10,104</u>
	<u>227,260</u>	<u>206,664</u>

**Friends for Health (NPO)
Explanatory Notes to the Financial Reports
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Explanation 8 – Cost of the activities (cont.)

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
Salaries and accompanying expenses	4,963,458	4,622,826
Vehicle maintenance	419,450	339,258
Rent	389,827	389,408
Depreciation	319,695	416,501
Property tax and water	58,095	14,486
Insurance	49,716	57,025
Electricity	40,612	35,986
Events and activities	16,490	9,081
Travel and errands	1,645	3,394
	<u>114,280,916</u>	<u>107,697,998</u>

Explanation 9 – Administrative and general expenses

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
Salaries and accompanying expenses	2,340,634	2,380,032
Fundraising	542,468	531,078
Clerical and mail	385,103	301,643
Professional services	293,522	222,531
Advertising and printing	107,891	51,565
Communications	90,879	78,120
Depreciation	71,112	48,049
Computer and website maintenance	65,254	74,669
Rent	43,314	43,268
Property tax and water	6,455	1,610
Electricity	4,512	3,998
Fees	2,284	2,319
	<u>3,953,428</u>	<u>3,738,882</u>

Friends for Health (NPO)
Explanatory Notes to the Financial Reports
(In Whole New Israeli Shekel Amounts)

Explanation 10 – Net Financing Income (Expenses)

	At the end of the year, on December 31 st	
	<u>2022</u>	<u>2021</u>
To banking corporations	18,306	14,979
Exchange rate differences	(1,589,239)	530,696
From banking corporations	(497,366)	(19,458)
	<u>2,068,299</u>	<u>(526,217)</u>

Explanation 11 – Income from the Ministry of Labor and Welfare

Support from the Ministry of Labor and Welfare was given to the organization for inclusive leisure activities for children with disabilities.

Explanation 12 - Events After the Date of the Balance Sheet

As of the date of the writing of the financial statements, and about a month after the outbreak of Operation "Swords of Iron" that began on October 7th, 2023, the organization established, within a day of the start of the war, an aid system for the distribution of medicines and medical equipment to regular-duty and reserve-duty soldiers, evacuees, the wounded, and war casualties.

For the needs of operating the system, a massive purchase of medicines and medical equipment was performed, and a large amount of cash-equivalent donations were received, which will be reflected in the organization's financial statements for 2023.