

**Friends for Health (NPO)
Financial Reports
for December 31, 2021**

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**Friends for Health (NPO)
Financial Statements for December 31, 2021
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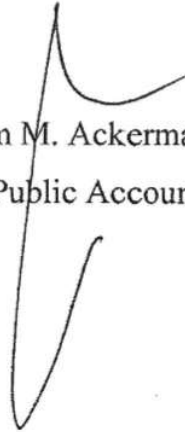
30th Tishrei, 5783
October 25, 2022

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

We have reviewed the attached balance sheets of Friends for Health (hereafter – "the organization") for December 31, 2021 and 2020, 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, 2021 and 2020, 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

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

	<u>Explanation</u>	As of December 31 st	
		<u>2021</u>	<u>2020</u>
Property		<u>In New Israeli Shekels</u>	
Current Assets			
Cash and cash equivalents		30,966,427	29,454,236
Debtors and debit balances	3	<u>1,669,954</u>	<u>1,706,328</u>
		<u>32,636,381</u>	<u>31,160,564</u>
Fixed Assets	4	<u>1,251,746</u>	<u>1,529,498</u>
Property		<u>33,888,127</u>	<u>32,690,062</u>
Liabilities and Net Assets			
Current Liabilities			
Credit from Banking Corporations		139	29
Short-term loans and current loans		12,665	34,865
Suppliers and checks for payment		854,697	695,230
Employees and payroll institutions		603,495	629,434
Creditors and credit balances		<u>12,827</u>	<u>136,164</u>
		<u>1,483,823</u>	<u>1,495,722</u>
Long-term liabilities			
Net liability for termination of employer-employee relations	5	549,610	739,857
Long-term loans	6	=	<u>12,679</u>
		<u>549,610</u>	<u>752,536</u>
Net Properties			
For which there is no restriction on their use for activities		1,191,221	1,279,288
For which there is no restriction that were used for fixed assets		1,251,746	1,529,498
For which there is a restriction of a temporary nature		<u>29,411,727</u>	<u>27,633,018</u>
	7	<u>31,854,694</u>	<u>30,441,804</u>
Liabilities and Net Assets		<u>33,888,127</u>	<u>32,690,062</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>2021</u>	<u>2020</u>
	<u>Explanation</u>		
Cycle of activities	7	111,597,278	108,167,312
Cost of the activities	8	<u>107,697,998</u>	<u>103,973,575</u>
Net income from activities		3,899,280	4,193,737
Administrative and general expenses	9	<u>3,738,882</u>	<u>3,705,315</u>
Net income before financing		160,398	488,422
Net financing expenses	10	<u>526,217</u>	<u>771,184</u>
(Net expenses) after financing		(365,819)	(282,762)
Capital gain from the realization of fixed assets		–	<u>32,000</u>
(Net expenses) for the year		<u>(365,819)</u>	<u>(250,762)</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>Net assets to be used for activities</u>	<u>Net assets used for fixed assets</u>	<u>Of a Temporary Nature</u>	<u>Total</u>
<u>Balances as of January 1, 2020</u>	1,620,966	1,438,582	26,415,066	29,474,614
<u>Additions (Depreciations) over the course of the year</u>				
Net expenses for the year	(250,762)	-	-	(250,762)
Designated donations	-	-	3,701,019	3,701,019
Amounts released from restriction for activities			(2,483,067)	(2,483,067)
Transfer of amounts for which there is no restriction that were used for fixed assets				
Amounts transferred to cover depreciation expenses	(549,156)	549,156	-	-
	458,240	(458,240)	-	-
<u>Balances as of December 31, 2020</u>	1,279,288	1,529,498	2,7633,018	30,441,804
<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 used for fixed assets	(186,798)	186,798	-	
Amounts transferred to cover depreciation expenses	464,550	(464,550)	-	-
<u>Balances as of December 31, 2021</u>	1,191,221	1,251,746	29,411,727	-

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, 2023.

2. The Main Principles of the Accounting Policy

The main accounting policies applied in the financial statements are:

A. The effect of the decrease in the general purchasing power of the Israeli currency –

The financial statements were prepared in accordance with the accepted accounting rules based on the convention of historical cost, without considering the decline in the general purchasing power of the Israeli currency.

B. Net assets -

The organization implements Standard 5 of the Institute for Accounting Standardization in combination with White Paper 69 of the Chamber of Certified Public Accountants in Israel regarding accounting rules and financial reporting by non-profits.

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 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>2021</u>	<u>2020</u>
Credit Fund	1,093,287	1,120,855
Income to be received	570,513	580,000
Expenses in advance	5,879	5,312
Checks to be collected	<u>275</u>	<u>161</u>
	<u>1,669,954</u>	<u>1,706,328</u>

Explanation 4 – Fixed assets

	As of December 31, 2021			2020
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Balance Depreciated</u>	<u>Depreciated Cost as for December 31, 2020</u>
Vehicles	1,349,603	858,434	491,169	693,609
Equipment and furniture	1,374,302	1,089,970	284,332	328,052
Improvements to the pharmacy	729,084	666,678	62,406	114,622
Improvements in the rented property	711,552	562,587	148,965	119,089
Equipment for the pharmacy	633,970	467,162	166,808	212,901
Website	<u>357,264</u>	<u>259,198</u>	<u>98,066</u>	<u>61,225</u>
Total	<u>5,155,775</u>	<u>3,904,029</u>	<u>1,251,746</u>	<u>1,529,498</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>2021</u>	<u>2020</u>
Bank loans	12,665	27,573
Deducting current maturities	(12,665)	(14,894)
	=	<u>12,679</u>

Explanation 7 – Cycle of Activities

A. Here is the breakdown:

	At the end of the year, on December 31 st	
	<u>2021</u>	<u>2020</u>
	<u>New Israeli Shekels</u>	
Cash-equivalent contributions	95,944,344	93,901,650
Contributions in Israel	11,774,056	11,916,301
Amounts released from net assets which are restricted for activities	2,189,575	910,419
Contributions from abroad	956,283	758,406
Allowances from the Ministry of Labor and Welfare	591,013	500,000
Allowances from various municipalities	127,007	80,536
Allowances from the Ministry of Health-bequests	15,000	-
Social security allowances	=	<u>100,000</u>
	<u>111,597,278</u>	<u>108,167,312</u>

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

Explanation 7-- Cycle of Activities (cont.)

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>2021</u>	<u>2020</u>
Assistance to patients with serious illnesses	55,243,314	60,660,918
Medicines and medical equipment	39,257,293	32,485,254
Events and activities for children	1,433,633	749,234
Professional counseling and assistance	<u>10,104</u>	<u>6,244</u>
	95,944,344	93,901,650

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>2021</u>	<u>2020</u>
Assistance to patients with serious illnesses		
Medicines for patients with serious diseases - in money*	2,189,575	910,419
Medicines for patients with serious diseases - in money equivalents	55,215,828	60,636,127
Medicines for patients with serious diseases – value of volunteers	<u>27,486</u>	<u>24,791</u>
	<u>57,432,889</u>	<u>61,571,337</u>
Medicines and medical equipment		
Medicines and medical equipment - in money	3,115,973	2,765,489
Medicines and medical equipment - in money equivalents	39,082,547	32,072,520
Medicines and medical equipment - value of volunteers	<u>174,746</u>	<u>412,734</u>
	<u>42,373,266</u>	<u>35,250,743</u>
Events and inclusive activities for children with disabilities		
Events and inclusive activities for children with disabilities – in money	231,134	144,098
Events and inclusive activities for children with disabilities – in money equivalents	1,031,362	388,072
Events and inclusive activities for children with disabilities - value of volunteers	<u>184,679</u>	<u>165,920</u>
	<u>1,447,175</u>	<u>698,090</u>
Events and activities for sick children		
Events and activities for sick children - in money	132,447	141,433
Events and activities for sick children – in money equivalents	32,913	29,322
Events and activities for sick children - value of volunteers	<u>184,679</u>	<u>165,920</u>
	<u>350,039</u>	<u>336,675</u>
Professional counseling and assistance		
Professional counseling and assistance - in money	196,560	169,680
Professional counseling and assistance - value of volunteers	<u>10,104</u>	<u>6,244</u>
	<u>206,664</u>	<u>175,924</u>

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

Explanation 8 – Cost of the activities (cont.)

	At the end of the year, on December 31 st	
	<u>2021</u>	<u>2020</u>
Salaries and accompanying expenses	4,622,826	4,685,896
Depreciation	416,501	422,988
Rent	389,408	358,084
Vehicle maintenance	339,258	296,581
Insurance	57,025	51,557
Electricity	35,986	38,566
Property tax and water	14,486	80,356
Events and activities	9,081	5,559
Travel and errands	3,394	1,219
	107,697,998	103,973,575

*Re-sorted

Explanation 9 -- Administrative and general expenses

	At the end of the year, on December 31 st	
	<u>2021</u>	<u>2021</u>
Salaries and accompanying expenses	2,380,032	2,189,093
Fundraising	531,078	433,333
Clerical and mail*	301,643	327,390
Professional services	222,531	307,213
Communications	78,120	90,701
Computer and website maintenance	74,669	91,098
Advertising and printing	51,565	175,866
Depreciation	48,049	35,252
Rent	43,268	39,787
Electricity	3,998	4,285
Fees	2,319	2,369
Property tax and water	<u>1,610</u>	<u>8,928</u>
	<u>3,738,882</u>	<u>3,705,315</u>

*Re-sorted

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

Explanation 10 – Net Financing Expenses

	At the end of the year, on December 31 st	
	<u>2021</u>	<u>2020</u>
Exchange rate differences	530,696	772,171
To banking corporations	14,979	9,570
From banking corporations	(19,458)	(10,557)
	<u>526,217</u>	<u>771,184</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.

