

With G-d's Grace

*Friends of Medicine (R.A.)*  
*Financial Statements*  
*as at December 31, 2023*

**Menachem M. Ackerman – CPA, 16 Hahistadrut St., Petach Tikva**

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**Friends of Medicine (R.A.)**

Financial Statements as at December 31, 2023

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With G-d's grace

**Menachem M. Ackerman**  
CPA

16 Hahistadrut St, Petach Tikva  
Telephone No: 03-934-7618  
Fax No: 03-934-9550

28<sup>th</sup> Tishrei, 5785  
October 30, 2024

Auditor's Report for the Members of the Association

Of

**Friends of Medicine (R.A.)**

We have audited the attached Balance Sheets of Friends of Medicine (R.A.) as at December 31, 2023 and 2022 and the Statements on Activities Statements on Changes in Assets, net for each of the years ending on those dates. These financial statements are the responsibility of the Association's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit pursuant to generally accepted accounting standards in Israel including standards prescribed in the Auditors Regulations (Auditor's Modus Operandi), 5733- 1973. Pursuant to these standards, we are required to plan and execute the audit with the goal of attaining a reasonable degree of confidence that the financial statements contain no material erroneous presentation. The audit includes a sample examination of the evidence supporting the sums and data in the financial statements. The audit also includes an examination of the accounting rules applied, the material estimates made by the Association's Management Committee and an assessment of the appropriateness of the presentation in the financial statements in their entirety. We believe that our audit provides a proper foundation for our opinion.

In our opinion, pursuant to Generally Accepted Accounting Principles in Israel (Israeli GAAP), from every material aspect, the aforementioned financial statements properly reflect the Association's financial status as at December 31, 2023 and 2022 as well as the results of its operations and the net changes in its assets for each of the years, ending on those dates.

Menachem M. Ackerman  
[signature]  
CPA

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**Friends of Medicine (R.A.)**

Balance Sheets

(In whole new shekels)

	Note	As at December 31	
		2023	2022
		In NIS	
<b>Assets</b>			
<b>Current Assets</b>		36,263,138	33,583,682
Cash and cash equivalents	3	1,158,790	1,364,332
Other accounts receivable		37,421,928	34,948,014
<b>Property, Plant and Equipment</b>	4	1,468,828	1,114,274
<b>Assets</b>		<b>38,890,756</b>	<b>36,062,288</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Credit from banks		1,293	263
Trade payables and checks for payment		779,788	950,768
Employees and salary institutions		584,659	568,925
Other accounts payable		3,400	6,496
		1,369,140	1,526,452
<b>Long-Term Liabilities</b>			
Employee benefit liabilities, net	5	681,619	779,994
<b>Net assets for which there are no restrictions (deficit)</b>			
For use for activities not designated by the nonprofit organization		804,712	1,015,295
For use for activities designated by the nonprofit organization		2,600,000	600,000
Invested in property, plant and equipment		1,468,828	1,114,274
		4,873,540	2,729,569
<b>Net assets for which there are restrictions</b>			
Net assets for which there are restrictions		31,966,457	31,026,273
		36,839,997	33,755,842
<b>Liabilities and Net Assets</b>		<b>38,890,756</b>	<b>36,062,288</b>

The attached notes constitute an integral part of the financial statements

[signature]  
Rabbi Dov Rosen Chairperson and Committee Member

[signature]  
Yaakov Reizner Committee Member

**Friends of Medicine (R.A.)**

Statements on Activities

(In whole new shekels)

	<u>Note</u>	<b>For the year ending December</b>	
		<b>2023</b>	<b>2022</b>
Turnover of activities	6	132,127,303	116,452,647
Cost of activities	7	127,770,239	114,280,916
Net income from activities		4,357,064	2,171,731
Administrative and general expenses	8	4,155,381	3,953,428
Net income (expenses) before financing		201,683	(1,781,697)
Finance income, net	9	1,942,288	2,068,299
Income for the year, net		2,143,971	286,602

The attached notes constitute an integral part of the financial statements

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CPA

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**Friends of Medicine (R.A.)**

Statements on Changes in Net Assets  
(In whole new shekels)

	<u>Net Assets for which there are no restrictions</u>		<u>Net Assets for which there are restrictions</u>
	<u>For use for activities not designated by the nonprofit organization</u>	<u>For use for activities designated by the nonprofit organization</u>	
	<u>1,191,221</u>	<u>1,251,746</u>	<u>Total</u>
<b>Balance as at January 1, 2022</b>			31,854,694
<b>Additions (removals) during the year</b>			
Net income for the year	286,602	-	286,602
Designated donations	-	-	6,386,670
Sums that were released from restriction for activity	-	-	(4,772,124)
Transfer of sums for which there is no restriction invested in property, plant and equipment	(253,335)	253,335	-
Sums transferred for covering depreciation expenses	390,807	(390,807)	-
Sums designated by a nonprofit organization	(600,000)	600,000	-
<b>Balance as at December 31, 2022</b>	<u>1,015,295</u>	<u>1,114,274</u>	<u>33,755,842</u>
<b>Additions (removals) during the year</b>			
Net income for the year	2,143,971	-	2,143,971
Designated donations	-	-	8,143,815
Sums that were released from restriction for activity	-	-	(7,203,631)
Transfer of sums for which there is no restriction invested in property, plant and equipment	(795,706)	795,706	-
Sums transferred for covering depreciation expenses	441,152	(441,152)	-
Sums designated by a nonprofit organization	(2,000,000)	2,000,000	-
<b>Balance as at December 31, 2023</b>	<u>804,712</u>	<u>1,468,828</u>	<u>36,839,997</u>

The attached notes constitute an integral part of the financial statements

**Friends of Medicine (R.A.)**  
Notes to the Financial Statements  
**(In whole new shekels)**

**1. General**

- a. Friends of Medicine Registered Association, was registered as an Association on April 24, 2003 with the registered number: 58-040-874-8. Its main objectives are to guarantee essential medical services for the needy population; to provide a supportive environment for terror victims in hospitals and rehabilitation centers; to assist the lower economic levels to receive legal consultation by Attys. at Law and accountants; to provide medical and/or social treatment to be given by legally authorized persons.  
On June 16, 2019, "aid and assistance to patients with severe diseases" was added to the Association's objectives.
- b. The Association is recognized as "a Public Institution" pursuant to Section 9(2) of the Income Tax Ordinance and as a Public Institution regarding donations pursuant to Section 46(a) of the Ordinance. The authorization expires on December 31, 2026.

**2. Bookkeeping Policy**

The principles of the bookkeeping policy that were implemented in the financial statements are:

- a. The reporting basis of the financial statements –  
The financial statements are prepared in nominal sums pursuant to the convention of historical cost and not in reported sums is required pursuant to Accounting Standard Number 12 of the Israel Accounting Standards Board. A reported sum is a nominal sum adjusted for changes in the Consumer Price Index up to the index for December 2003, with the addition of nominal sums that were added after the transition date (December 31, 2003) and less sums that were removed after that date.
- b. The Association implements Accounting Standard Number 40 of the Accounting Standards Board regarding the accounting rules and financial reporting by nonprofit organizations.  
This Standard groups the accounting and financial reporting rules for nonprofit organizations and replaces Audit Guide Number 69 and the amendments to it and Accounting Standard Number 9  
  
Net assets for which they are no restrictions –  
Comprise the net assets of the Association on which no restriction as established by the donors and allocators has been imposed on their use.
- c. Property, Plant and Equipment –  
Depreciation is calculated according to the straight-line method at annual rates considered to be sufficient for reducing the assets over their assumed useful lifespan.
- d. Statements on Cash Flows –  
No Statements on Cash flows were prepared because they do not add any significant data in addition to what is already included in the financial statements.

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**Friends of Medicine (R.A.)**  
Notes to the Financial Statements  
(In whole new shekels)

**3. Other Accounts Receivable**

	<b>As at December 31</b>	
	<b>2023</b>	<b>2022</b>
Credit fund	1,029,132	1,090,543
Income receivable	82,994	222,177
Other accounts receivable	38,750	46,250
Prepaid expenses	7,884	5,362
Checks for collection	30	-
	<b>1,158,790</b>	<b>1,364,332</b>

**4. Property, Plant and Equipment**

	<b>As at December 21, 2023</b>			<b>2022</b>
	<b>Cost</b>	<b>Accrued depreciation</b>	<b>Balance for amortization</b>	<b>Amortized as at December 31, 2022</b>
Vehicles	1,798,356	1,177,385	620,971	329,601
Equipment and furniture*	1,434,583	1,206,517	228,066	266,485
Improvements to the pharmacy	729,084	688,847	40,237	48,817
Improvements to the premises	743,727	620,199	123,528	135,530
Pharmacy equipment	645,902	532,193	113,709	138,008
Computerization and communications*	853,164	510,847	342,317	195,833
Total	<b>6,204,816</b>	<b>4,735,988</b>	<b>1,468,828</b>	<b>1,114,274</b>

\* Reclassified

**5. Liabilities for Employee Benefits, Net**

The Association's liability to pay severance pay to employees is fully covered by a provision included in the balance sheet, pursuant to the Severance Pay Law. For covering the liability, the Association deposits funds into recognized managers insurance policies and into a compensation fund. The balance of the liability as at the balance sheet date is for severance pay to employees who are not covered by the managers insurance policies and the compensation funds.

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**Friends of Medicine (R.A.)**  
Notes to the Financial Statements  
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**6. Activities Turnover**

**a. Following is the Composition:**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash equivalent donations	114,280,522	98,937,559
Donations in Israel	12,250,614	11,185,126
Sums that were released from net assets restricted for activities	3,210,399	4,772,124
Donations from overseas	1,897,796	1,207,563
Allocations from the Ministry of Labor and Welfare	327,834	203,594
Allocations from various municipalities	160,138	146,681
	<b>132,127,303</b>	<b>116,452,647</b>

**b. Cash Equivalent Donations:**

The Association receives services and assets without any consideration.

Assets without consideration are included in the Financial statements in both activities turnover and in the cost of activities according to the following details:

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Ownership of the activity – support and assistance:		
Assistance for patients with severe diseases	62,062,236	56,662,687
Drugs and medical equipment	40,737,469	39,756,971
Drugs – Iron Swords War	9,476,495	-
Events and activities for children	1,988,013	2,515,281
Consultation and professional aid	16,309	2,620
	<b>114,280,522</b>	<b>98,937,559</b>

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**Friends of Medicine (R.A.)**  
Notes to the Financial Statements  
(In whole new shekels)

**7. Cost of Activities**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Aid for patients with severe diseases</b>		
Drugs for patients with severe diseases – for cash	3,210,399	4,772,124
Drug for patients with severe diseases – cash equivalent	61,971,112	56,572,567
Drug for patients with severe diseases – volunteer equivalent	91,124	90,120
	<u>65,272,635</u>	<u>61,434,811</u>
<b>Procurement of Iron War drugs*</b>		
Procurement of Iron Swords War drugs – for cash	406,884	-
Procurement of Iron Swords War drugs – cash equivalent	9,463,231	-
Procurement of Iron Swords War drugs – volunteer equivalent	13,264	-
	<u>9,883,379</u>	<u>-</u>
<b>Drugs and medical equipment</b>		
Drugs and medical equipment – for cash	2,891,553	3,604,317
Drugs and medical equipment – cash equivalent	40,386,247	39,419,461
Drugs and medical equipment – volunteer equivalent	351,222	337,510
	<u>43,629,022</u>	<u>43,361,288</u>
<b>Integrated events and activities for handicapped children</b>		
Integrated events and activities for handicapped children – for cash	298,657	259,327
Integrated events and activities for handicapped children – cash equivalent	1,503,620	2,049,288
Integrated events and activities for handicapped children – volunteer equivalent	187,874	184,679
	<u>1,990,151</u>	<u>2,493,294</u>
<b>Events and activities for sick children</b>		
Events and activities for sick children – for cash	239,832	223,961
Events and activities for sick children – cash equivalent	108,645	96,635
Events and activities for sick children – volunteer equivalent	187,874	184,679
	<u>536,351</u>	<u>505,275</u>

**Friends of Medicine (R.A.)**  
Notes to the Financial Statements  
(In whole new shekels)

**7. Cost of Activities (Continued)**

**Consultation and professional aid**

Consultation and professional aid – cash	225,340	224,640
Consultation and professional aid – volunteer equivalent	16,309	2620
	<u>241,649</u>	<u>227,260</u>
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Labor rates and social benefits	4,766,993	4,963,458
Vehicle maintenance	466,055	419,450
Leasing	390,393	389,827
Depreciation	412,028	319,695
RE taxes and water	58,641	58,095
Insurances	51,710	49,716
Electricity	40,943	40,612
Events and activities	25,909	16,490
Travel and deliveries	4,380	1,645
	<u>127,770,239</u>	<u>114,280,916</u>
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\* On October 8, 2024, about 24 hours after the outbreak of the Iron Swords War, the Association established a logistic center for distributing drugs and medical equipment to regular and reserve duty soldiers, evacuees, the injured and war victims. For the purposes of activating the array, a massive procurement of drugs and medical equipment and receipt of drug at a high cash equivalent was executed.

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**8. Administrative and General Expenses**

	<b>For the year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Labor rates and social benefits	2,443,265	2,340,634
Raising donations	627,609	542,468
Office and postage	375,618	385,103
Professional services	314,335	293,522
Advertising and printing	125,167	107,891
Communications	117,218	90,879
Computer maintenance and website	66,584	65,254
Leasing	43,377	43,314
Depreciation	29,124	71,112
RE taxes and water	6,516	6,455
Electricity	4,549	4,512
Levies	2,019	2,284
	<b>4,155,381</b>	<b>3,953,428</b>

**9. Finance Income, Net**

	<b>For year ending December 31</b>	
	<b>2023</b>	<b>2022</b>
Commissions and interest for banks	31,354	18,306
Rate differences and income from banks	(1,973,642)	(2,086,605)
	<b>1,942,288</b>	<b>2,068,299</b>

**10. Income from the Ministry of Labor and Welfare**

Support from the Ministry of Labor and Welfare was given to the Association for integrated recreational activity for handicapped children.