

Enosh- The Israeli Mental Health Association
Financial Statements
As at December 31, 2015

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AUDITORS' REPORT
To the Members of
Enosh- The Israeli Mental Health Association

We have audited the accompanying statements of financial position of Enosh- The Israeli mental health association (hereinafter -the "Association") as of December 31, 2015 and 2014 , and the Statement of Activities, the Statement of Changes in Net Assets and the Cash Flow Statement for each of the years ending in those dates. These financial statements are the responsibility of the Association's Committee and its Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 and management of the Association, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2015 and 2014 and the results of its activities, the changes in its net assets and its cash flows of the years then ended in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Gai, Goffer, Yahav, Guilman, Udem & Co.
Certified Public Accountants (Isr.)

7 June 2016
Tel-Aviv, Israel

Enosh- The Israeli Mental Health Association
Balance Sheets

NIS thousands

	Note	As at December, 31	
		2015	2014
Current Assets			
Cash and cash equivalents	[3]	7,600	13,040
Short term deposits	[4]	4,945	4,462
Income receivable	[5]	12,043	8,886
Other receivables and debit balances	[6]	987	997
		<u>25,575</u>	<u>27,385</u>
Designated cash and marketable securities	[7]	12,666	9,940
Fixed Assets, net	[8]	29,931	27,717
Other assets, net	[9]	150	86
		<u>42,747</u>	<u>37,743</u>
		<u>68,322</u>	<u>65,128</u>
Current Liabilities			
Suppliers & Service providers	[10]	2,286	2,622
Other payables and credit balances	[11]	9,181	8,832
		<u>11,467</u>	<u>11,454</u>
Long-Term Liabilities			
Liability for severance payment, net	[12]	1,631	1,627
Contingent Liabilities, Commitments and Liens	[13]	-	-
Net Assets			
Unrestricted assets, net:			
Undesignated (applied to operations)		12,477	14,304
Earmarked by the Board	[15a]	10,104	7,104
Used for fixed assets		28,481	26,203
		<u>51,062</u>	<u>47,611</u>
Restricted assets, net:			
Temporarily restricted	[15b]	2,562	2,836
Permanently restricted	[15c]	1,600	1,600
		<u>4,162</u>	<u>4,436</u>
Total Net Assets		<u>55,224</u>	<u>52,047</u>
		<u>68,322</u>	<u>65,128</u>

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

.....
Yoram Cohen - Chairman of the Board of Directors

.....
Yaacov Shor, CPA- CFO

.....
Dr. Hila Hadas - CEO

Date of approval of financial statements: 7 June 2016

Enosh- The Israeli Mental Health Association
Statements of activities

NIS thousands

	Note	National headquarters and Branches	
		Year ended December, 31	
		2015	2014
Turnover:			
Mental health services	[16]	75,304	71,906
Participations, events, activities and other	[17]	9,332	9,678
Amounts released from restrictions		3,235	1,870
Donations		1,608	1,385
Allocations from municipalities		292	308
		<u>89,771</u>	<u>85,147</u>
Operational Expenditure:			
Payroll and related expenses	[18]	58,717	55,312
Operating expenses	[19]	16,773	16,050
Events and activities	[20]	4,325	4,445
Depreciation of fixed and other assets		3,378	2,944
		<u>83,193</u>	<u>78,751</u>
Net Income from Operations		<u>6,578</u>	<u>6,396</u>
Management & General Expenses	[21]	5,281	5,337
Fundraising Expenses	[22]	1,007	738
Public relations expenses	[23]	520	527
		<u>6,808</u>	<u>6,602</u>
Net expenditure before financial income (expenditure)		<u>(230)</u>	<u>(206)</u>
Financial income (expenditure), net		<u>(27)</u>	<u>512</u>
Net expenditure after financial income (expenditure)		<u>(257)</u>	<u>306</u>
Other expenditure		<u>(35)</u>	<u>-</u>
Net Income (Expenditure)		<u>(292)</u>	<u>306</u>

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

Enosh- The Israeli Mental Health Association
Statements of Changes in Net Assets

NIS thousands

	Unrestricted		Restricted		Total	
	Undesignated	Used for fixed assets	Earmarked by the Association's Committee	Temporary		Permanent
Year ended December 31, 2015:						
Balance at the beginning of the year	14,304	26,203	7,104	2,836	1,600	52,047
Additions during the year:						
Donations	-	-	-	2,963	-	2,963
Amounts earmarked by the Association's Committee	(3,000)	-	3,000	-	-	-
Allocations and unilateral transfers	-	-	-	3,741	-	3,741
Net Income	(292)	-	-	-	-	(292)
Subtractions during the year:						
Net assets released from restrictions	-	-	-	(3,235)	-	(3,235)
Release of assets earmarked by the Association's Committee to operations	-	-	-	-	-	-
Release of assets earmarked by the Association's Committee to assets applied to acquisition of fixed assets	-	-	-	-	-	-
Restricted assets used for fixed assets	-	3,743	-	(3,743)	-	-
Unrestricted assets used for fixed assets	(1,948)	1,948	-	-	-	-
Amounts transferred for depreciation coverage	3,377	(3,377)	-	-	-	-
Amounts arising from sale of fixed assets	36	(36)	-	-	-	-
	<u>12,477</u>	<u>28,481</u>	<u>10,104</u>	<u>2,562</u>	<u>1,600</u>	<u>55,224</u>
Year ended 31 December 2014:						
Balance at the beginning of the year	13,724	24,299	7,621	1,701	-	47,345
Additions during the year:						
Donations	-	-	-	3,122	1,600	4,722
Allocations and unilateral transfers	-	-	-	1,544	-	1,544
Net expenditure for the year	306	-	-	-	-	306
Subtractions during the year:						
Net assets released from restrictions	-	-	-	(1,870)	-	(1,870)
Release of assets earmarked by the Association's Committee to operations	179	-	(179)	-	-	-
Release of assets earmarked by the Association's Committee to assets applied to acquisition of fixed assets	-	338	(338)	-	-	-
Restricted assets applied to acquisition of fixed assets	-	1,661	-	(1,661)	-	-
Unrestricted assets used for fixed assets	(2,854)	2,854	-	-	-	-
Amounts transferred for depreciation coverage	2,944	(2,944)	-	-	-	-
Amounts arising from sale of fixed assets	5	(5)	-	-	-	-
	<u>14,304</u>	<u>26,203</u>	<u>7,104</u>	<u>2,836</u>	<u>1,600</u>	<u>52,047</u>

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

Enosh- The Israeli Mental Health Association
Statements of Cash Flows

NIS thousands

	Year ended December, 31	
	2015	2014
Cash flows generated by operating activities:		
Net income (expenditure), net	(292)	306
Adjustments required to present cash flows generated from operating activity - Appendix A	(2,952)	6,640
	<u>(3,244)</u>	<u>6,946</u>
Cash flows - investing activities:		
Acquisition of fixed assets	(5,691)	(4,854)
Decrease (increase) in earmarked cash and listed securities, net	(3,209)	(1,616)
Proceeds from sale of fixed assets	-	-
	<u>(8,900)</u>	<u>(6,470)</u>
Cash flows - financing activities:		
Temporarily restricted allocations and unilateral transfers received	3,741	1,544
Temporarily restricted donations received	2,963	3,122
	<u>6,704</u>	<u>4,666</u>
Increase (decrease) in cash and cash equivalents	(5,440)	5,142
Cash and cash equivalents at beginning of the year	13,040	7,898
Cash and cash equivalents at end of the year	<u>7,600</u>	<u>13,040</u>
Appendix A- Adjustments required to present cash flows generated from operating activities:		
Income and expenditure not involving cash flows:		
Depreciation of fixed assets	3,377	2,944
Increase in severance	4	279
Restricted assets applied to activities	(3,235)	(1,870)
Provision for doubtful debts	(16)	215
Capital loss	36	5
	<u>166</u>	<u>1,573</u>
Changes in Assets & Liabilities:		
Decrease (increase) in receivables and debit balances	(3,131)	5,146
Increase (decrease) in payables and credit balances	13	(78)
	<u>(3,118)</u>	<u>5,067</u>
	<u>(2,952)</u>	<u>6,640</u>
Appendix B- Investing and financing activities not involving cash flows:		
Donation of fixed assets	-	1,600

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

Enosh- The Israeli Mental Health Association

Notes to the Financial Statements

Note 1 - General

- A. Enosh – The Israeli Mental Health Association (hereafter – the "Association") was founded as an Ottoman Society in 1978 and was registered in 1982 under section 61 of the Associations Law, 1980.

The Association was founded by a group of families, volunteers and professionals in order to work for the welfare and the rights of people coping with psychiatric disabilities. Over the years the Association led significant changes in the legislation, the rights and the development of services to this population . From the date of the enactment of the law of restoration for people coping with psychiatric disabilities in 2000, the Association deepens its main operations - Provision of services - hiring employees, and continues to operate on additional operations, mainly through volunteers. The goals of the Association include, among others, promoting the status and integration of people coping with psychiatric disabilities in all aspects of life, including social, housing, employment and health care as well as working to promote mental health of the individual and the family and eradicating the stigma against people with psychiatric disabilities.

The Association is a professional organization with well developed knowledge, which operates through 60 service centers which provide rehabilitation services in the community (housing, employment and leisure) and provides advice for families across the country, from Kiryat Shmona to Eilat, in the Arab sector, in development communities as well as in outlying areas. The Association's vision and goals are lead by the executive committee of the Association in conjunction with the senior professional staff. As of the reporting year, approximately 700 employees and 800 volunteers are responsible for the implementation of these goals. The target population of the Association is people coping with psychiatric disabilities and their families.

Since its founding, the Association continuously operates mental health rehabilitation services in the community, using volunteers and employees. This, in order to improve the functional capacity resulting from mental impairment and help the person function independently as much as possible, to get a sense of confidence and competence, and to promote the integration in the community and face the difficult stigma and social, personal and economic challenges.

- B. The number of the Association in the Registrar of Associations is 580019800.
- C. The Association is recognized as a Public Institution under Section 46 of the Income Tax Law, as per the Income Tax Authority approval from March 1, 1985 holding a certificate currently valid until December 31, 2017.
- D. The Association holds "proper management approval" issued by the Registrar of Associations currently valid until December 31, 2016
- E. As required by section 36a of the Associations Law (added by amendment No. 11 thereto), we report that no donations from foreign government entities have been received during the year of this report.

Enosh- The Israeli Mental Health Association
Notes to the Financial Statements

Note 2 - Significant Accounting Policies

A. Basis of preparation:

The financial statements are presented based on the provisions of standard #69 of the Institute of Certified Public Accountants in Israel and of Accounting Standard #5 of the Israel Accounting Standards Board, regarding general practice of accountancy and financial reporting of non profit organizations. According to the standard, revenues and expenses are recognized on accrual basis. See also Note 2E as follows.

The Association presented its financial statements at their nominal values. Since 2003, the financial statements are to be presented at "reported amounts" in accordance with standards issued by the Israel Accounting Standards Board. Reported amounts represent amalgamation of amounts accumulated until December 31, 2002 and linked to the Consumer Price Index (CPI) until that date, and nominal amounts arising after that date.

Implementation of Accounting Standards is subject to materiality considerations. Since the influence of the above mentioned adjustment on the attached Association's Financial Statements is immaterial, its financial reporting amounts as of the beginning of the current year and its financial amounts following that date may be considered as "reported amounts" as required by Israeli GAAP.

B. Cash & cash equivalents:

Cash & cash equivalents are accounted by the Association as prime liquidity investments, including short term bank deposits whose periods on deposit until maturity dates, on the date of investment, do not exceed 3 months.

C. Marketable Securities:

Marketable securities held for short term as a current investment are presented on the basis of their market value as at the balance sheet date. Changes in their value are fully allocated to the Statement of activities.

D. Fixed Assets:

- 1) Fixed assets are stated at their original cost, less accumulated depreciation.
- 2) The cost of valuable fixed assets items as well as their usage rights received free of charge are recognized on their fair value as long as they can be estimated with a reasonable level of reliability.
- 3) Depreciation is computed by the straight-line method, based on the estimated useful life of the assets.
Annual rates of depreciation are as follows:

	<u>%</u>
Buildings	4
Leasehold improvements	10
Furniture and equipment	6-10
Electric appliances	10
Computers	33
Motor vehicle	15

E. Recognition of income:

Revenues in respect of mental health services, received from government agencies, are recognized on accrual basis. Revenues from participation fees in Association's activities and from donations are recognized on cash basis, upon receipt. Revenues are recognized as long as they can be estimated in a reliable manner and there is certainty of their collection at the time of recognition.

F. Use of estimates in preparing the financial statements:

When preparing financial statements in accordance with accepted accounting principles, management is required to use appraisals and estimates which effect the reported values of assets and liabilities, and on data related to conditional assets and contingent liabilities which were disclosed in the financial statements, and also on income and expenditure data in the reporting period. Actual results may differ from these estimates and appraisals.

G. Linkage:

Details of the Consumer Price Index (CPI):

	<u>Change in the year ended</u>			
	<u>December, 31</u>		<u>December, 31</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Index (points) on an average basis in 2002	123.08	124.32	-1.00%	-0.20%

Balances linked to the index were presented in the financial statements according to the known index as at balance sheet date or according to the linkage terms of the balances.

Enosh- The Israeli Mental Health Association
Notes to the Financial Statements

Note 2 - Significant Accounting Policies (Cont.)

H. Foreign Currency:

Foreign currency balances are included according to the Bank of Israel's "representative rate" published as at the balance sheet date.

Exchange rates:

	<u>December, 31</u>		<u>Change in the year ended</u>	
			<u>December, 31</u>	
	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
Exchange rate- US Dollar	3.902	3.889	0.33%	12.04%

I. Marketable Securities:

1. Marketable securities held for short term as a current investment.
2. Marketable securities earmarked for restricted funds, are shown as long term assets.
3. These marketable securities are presented on the basis of their market value as at the balance sheet date. Changes in their value are fully allocated to the Statement of Activities.

J. Doubtful Debts:

The Association records provisions in respect of specific debts, which the probability of their collection, in management's opinion, is regarded as significantly doubtful.

K. Intangible assets:

The Association applies Accounting Standard #30 - Intangible Assets (hereinafter: the "Standard") of the Israel Accounting Standards Board which prescribes the accounting treatment for intangible assets, stipulates how to measure the carrying amount of such assets, and prescribes extensive disclosure requirements in respect thereof. Depreciation is provided by the straight-line method, on basis of the estimated useful life of the assets.

L. Income in advance:

Cut-off test for the purpose of spreading the income is implemented according to the straight line method.

M. Taxes levied on the Association:

Employment tax, as levied by Value Added Tax (VAT) Law is included in salary expenses. VAT paid on transactions that is not deductible, is included under expenditure, or under the assets for which the tax was levied.

N. Financial Instruments:

Financial instruments are reported in accordance with Accounting Standard #22 of the Israel Accounting Standards Board. The book value of cash and cash equivalents, deposits, marketable securities, other receivables, other current assets, most of long term liabilities, suppliers and other creditors is close to the fair value of those financial instruments.

O. Impairment in Asset Value:

In accordance to Standard #15 – "Impairment of Asset Value" of the Israel Accounting Standards Board, the Association examines the carrying amounts of their assets on each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use or its net selling price.

P. Disclosure of the impact of new accounting standards:

On January 2014 the IASB issued Accounting Standard 34 – Presentation of financial statements. The standard prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The standard is mainly based on International Accounting Standard 1, however the disclosure requirements thereby are more limited. The standard is effective retrospectively for annual periods beginning on or after 1 January 2014; earlier application is recommended.

The standard's implementation didn't have a material impact on the company's financial statements.

Enosh- The Israeli Mental Health Association
Notes to the Financial Statements

National headquarters and Branches	
December, 31	
2015	2014

Note 3 - Cash and Cash Equivalents

Cash in banks and in funds:		
Headquarter- In Israeli currency	5,064	4,263
Headquarter- In foreign currency	500	5,438
Branches- In Israeli currency	2,944	2,605
Branches- In foreign currency	344	327
Bank deposits:		
Headquarter- In Israeli currency	4,253	6,408
Branches- In Israeli currency	661	940
Less- designated part	<u>(6,166)</u>	<u>(6,941)</u>
	<u>7,600</u>	<u>13,040</u>

Note 4 - Short-Term Deposits

Pledged and foreclosed cash	888	565
Trust Funds	3,296	1,677
Marketable securities	7,261	5,220
Less- designated part	<u>(6,500)</u>	<u>(3,000)</u>
	<u>4,945</u>	<u>4,462</u>

Thereof:

Headquarters	4,544	4,135
Branches	401	327
	<u>4,945</u>	<u>4,462</u>

Note 5 - Income receivable

Government ministries	10,520	8,164
Debts from Participants (*)	646	554
Other	1,076	383
(*) Net of provision for doubtful debts.	<u>(199)</u>	<u>(215)</u>
	<u>12,043</u>	<u>8,886</u>

Note 6 - Other Receivables and Debit Balances

Prepaid rent	548	626
Cheques	24	6
Government institutions and others	357 *	353
Employees	58	12
	<u>987</u>	<u>997</u>

Note 7 - Cash and Designated Marketable Securities

For Assets with temporarily restriction	2,562	2,836
For Assets earmarked by the Board	<u>10,104</u>	<u>7,104</u>
	<u>12,666</u>	<u>9,940</u>

Note 8 - Fixed Assets

Composition and movement for the year ended December 31, 2015, Headquarters and branches:

	Buildings	Leasehold improvements	Motor vehicles	Office furniture and equipment	Computers	Total
Cost:						
Opening balance	10,049	24,936	123	15,415	2,709	53,232
Additions	2,020	2,041	-	1,268	236	5,565
Disposals	-	-	-	(40)	(13)	(53)
Closing Balance	12,069	26,977	123	16,643	2,932	58,744
Accumulated depreciation:						
Opening balance	1,295	14,309	52	7,741	2,118	25,515
Depreciation for the year	344	1,707	19	912	333	3,315
Disposals	-	-	-	(13)	(4)	(17)
Closing Balance	1,639	16,016	71	8,640	2,447	28,813
Depreciated cost as at December 31, 2015	10,430	10,961	52	8,003	485	29,931
Depreciated cost as at December 31, 2014	8,754	10,627	71	7,674	591	27,717

- (A) The Association owns eight apartments, two buildings used as hostels and two buildings used as branches all of them registered on the Association's name in the Land Registry.
- (B) The Association has a lease agreement with the municipality of Kfar Saba for a period of 25 years which will end in 2024 in respect of building used as a hostel, the charge for the lease was set at NIS 1 for the period on condition that the building will be used for rehabilitation activities for people with mental illness in the community.
- (C) The Association has a lease of approximately 70% in 2 real estate assets on Ha Haluts Street in Haifa which are registered in the name of the Jewish National Fund. The Association has written a warning notice on its share in the Land Registry.
- (D) In the year 2014 the Association received a donated apartment in Givatayim . The apartment was registered on 25/05/2015 on the name of the Association, together with the registration of the Association's rights of the apartment, a warning notice was registered regarding the refrain from executing a transaction of the apartment, according to the "hekadesh" (Guardian trust). see Note 15c

Note 9 - Other Assets

	Cost	Accumulated depreciation	Depreciated cost
Composition and movement for the year ended December 31, 2015, Headquarters and branches:			
Opening balance	190	104	86
Additions	126	62	64
Closing Balance	316	166	150

Note 10 - Suppliers & Service providers

	National headquarters and Branches	
	December, 31	
	2015	2014
Suppliers	2,196	2,201
Cheques payable	79	311
Payables in respect of rent	11	110
	2,286	2,622

Note 11 - Other payables and credit balances

Employees and wage-related liabilities:	5,088	4,863
Provision for vacation	2,556	2,436
Provision for recovery	931	886
Expenses payable	165	393
Other Payables	441	254
	9,181	8,832

Note 12 - Employees Severance Pay, Net

- A. The Association deposit funds into Comprehensive pension and personal funds, earmarked to cover pension and severance benefits to employees reaching retirement age. Amounts accumulated in the aforementioned policies and funds are not shown in the balance sheet since they are not under ownership and control of the Association. The Association deposits, since 2008, amounts to Pension funds in respect of per hour employees and instructors according to the Mandatory Pension Law. The amounts provided in the balance sheet for employees severance pay cover the balance of the Association for these severance benefits as stated.
- B. Part of the Association's employees signed special agreements according to Art. 14 of the Severance Law, therefore the Association has in their respect no additional severance debts, in excess of those already deposited starting with the date of the special agreements signing. In respect of periods previous to the agreement, the corresponding provision is shown in the financial statements.

Note 13 - Contingent Liabilities, Commitments and Liens

A. Guarantees

- 1) The Association has issued bank guarantees of a total of NIS 888 thousand, (31.12.14: NIS 494 thousand), of which a total of approximately NIS 404 thousand 31.12.14: NIS 195 thousand) are performance guarantees to the Ministry of Health.
- 2) The Association provided the Ministry of Health guarantees amounting to NIS 2,465 thousand to ensure the provision of services.

B. Commitments

1) Rental of apartments and buildings

The Association contracts with private landlords in order to rent apartments to people coping with psychiatric disabilities who receive services of assisted living from the Association (including personal accompaniment in apartments and hostels). The contracts are signed between the property owners and the Association, therefore the Association is responsible for the payment of rent to the property owner. On the other hand the Association signs a rental contract with the people coping with psychiatric disabilities who intended to settle there, and they pay their rent either directly to the Association, or depending on their eligibility, indirectly through the Ministry of Housing. As of 31 December 2015 the Association rents about 97 apartments and 11 buildings used as hostels and the rent amounts to NIS 3,700 thousand and NIS 1,750 thousand per year, respectively.

In addition the Association rents 20 buildings used as branches with rent amounting to NIS 2,100 thousand per year and 11 buildings used as centers for families counseling at rents amounting to NIS 780 thousand per year.

2) Usage rights free of charge

The Association has received rights to use land and buildings for its operations. The right to use 20 buildings of branches and clubs and one hostel are regulated by lease agreements and by agreements of free of charge usage for a period of up to 25 years from the signing of the agreements. In 20 more branches and clubs, where no agreements have been settled yet, the Association has received the right of usage with no time allocation.

3) Ministry of Health

- I) The Ministry of Health is the main customer of the Association and at the year of these financial statements the services in respect thereof amount approximately to 82% of its revenues (about 85% last year).
- II) The Association gives the Ministry of Health rehabilitation services to people coping with psychiatric disabilities and supports their families in accordance with tender 186/9 of the Ministry of Health since 2008 and with the agreement derived thereof including services such as assisted living, hostels, social club, vocational club, supported employment and sheltered workshops. These services are provided to people coping with psychiatric disabilities approved by the Ministry of Health and in accordance with a fixed fee for each service type per person, also the Association is committed to provide services in accordance with the procedures of the Ministry of Health for each type of service.
The validity of the tender ended in 2011 and is extended in practice till the publishment of a new tender.

III) In addition, the Association has specific agreements for the provision of services as follows:

A Hostel Services Agreement with Hadera and Ramla valid until 31 December 2016, with an annual scope of NIS 4,500 thousand. Agreements with respect to Family counseling centers:

- A) In Jerusalem, Ashdod and Haifa, all valid until June 30, 2016, and at a volume of up to maximum NIS 1,270 thousand per year.
- B) In Karmiel, Hadera and Kfar Saba, all of them valid until June 30, 2016 or until selecting a new winner, the earlier, and at a volume of up to maximum NIS 1,588 thousand per year.
- C) Regarding subsequent events after balance sheet date-see Note 26.
- D) In Tel Aviv and Netanya, valid until 30 September 2016, amounting to approximately NIS 723 thousand and NIS 652 thousand, respectively, per year.

Note 13- Contingent Liabilities, Commitments and Liens (Cont.)

4) Ministry of Defence

The Association has two agreements with the Ministry of Defence: (a) an agreement for supported employment services from September 2012 for a period of 4 years, according to the tariffs of the Ministry of Health and at a sum of up to NIS 400 thousand per year. (b) an agreement of assisted living services from September 2013 for a period of 5 years in accordance with the tariff of the Ministry of Health and at an amount not exceeding NIS 1,700 thousand per year.

5) Social Security

I) The fund for the Development of Services for Disabled people of the National Insurance Institute, transferred in 2015 to the Association approximately a total of NIS 3,741 thousand (in the previous year NIS 1,544 thousand), see Fund for equipment and construction in Note 15b. The amounts are designed to promote well-being and the quality of life of the people coping with psychiatric disabilities. During this financial year, these funds were used for operations to improve the conditions of facilities across the country in which rehabilitation activities are held. Furthermore the living conditions and quality of life of 50 people coping with psychiatric disabilities in 13 appartments across the country, personal and apartment equipment were improved.

II) As part of its vision to develop and expand the services provided to the population in need for mental health the Association began in 2014 to run centers for young people, the first one was established in Bat Yam. The centers will provide treatment of prevention and early intervention for young people with emotional difficulties from mild to moderate range, between the ages of 12-25 (Head-Space project). The Association has an agreement with the National Insurance Institute to operate centers for a period of 36 months from the start of operation (December 2014). The grant of the Institute amounts to 50% of the costs of the project and not more than the sum of NIS 2,693 thousand. As of December 31, 2015 the Institute transferred a cumulative total of NIS 658 thousand.

6) According to an inheritance order approved on 8/7/2015 by a court of law , the Association will be entitled to 40% of the possessions of a deceased lady who commanded them to the Association after her mother's death. At this point, the Association can not estimate the value of the expected donation.

7) The financial statements of the Association do not include revenues of NIS 700 thousand regarding payments requirements presented to the Ministry of Health, although not yet approved, due to differences of opinios regarding the respective validity.

Note 14 - Financial Instruments and risk management

A. Credit risks

Cash and cash equivalents earmarked for Association's projects as of December 31, 2015 and 2014, are deposited within Israeli Banks. The Association estimates that Credit risk in their respect are nil. The Association is exposed to credit risk in respect of debts from Governmental Ministries to which it renders its services, and credit to participants and their families (in small proportion). The Association's management analyzes on an ongoing way these debts.

B. Fair value of financial instruments

The book value of cash and cash equivalents, deposits, marketable securities, receivables, suppliers, and other creditors is close to the fair value of those financial instruments.

C. Foreign currency risks

The organization is exposed to changes in exchange rates of foreign currencies against the shekel at balance sheet date in respect of foreign currency deposits.

Note 15a-Unrestricted Assets applied to operations earmarked by the Association's Committee

	Balance at 01.01.2015	Amounts earmarked	Amounts released from restrictions	Balance at 31.12.2015
Earmarked for activities:				
Anchor Fund for Financial Stability	3,975	1,500	-	5,475
Infrastructure, Computer and Communications Improvement Fund	999	-	-	999
Special Project and Professional Development Fund	240	1,500	-	1,740
	<u>5,214</u>	<u>3,000</u>	<u>-</u>	<u>8,214</u>
Earmarked for acquisition of fixed assets:				
The headquarters				
Enosh House Construction Fund	1,858	-	-	1,858
Branches				
Enosh House Fund- Hertzeliya	32	-	-	32
	<u>1,890</u>	<u>-</u>	<u>-</u>	<u>1,890</u>
	<u>7,104</u>	<u>3,000</u>	<u>-</u>	<u>10,104</u>

Note 15b- Assets with temporarily external restriction

	Balance at 01.01.2015	amounts received and restricted	amounts released from restrictions	Balance at 31.12.2015
Temporarily restricted:				
The headquarters:				
The research fund	15	-	-	15
Cooperation with the Palestinians fund	40	-	-	40
Training of policemen fund	31	-	(14)	17
YNET fund *	7	-	(7)	-
Information center fund *	78	61	(139)	-
Fund for Maintenance of the Enosh House in Ashdod	154	-	(9)	145
Fund for Maintenance of the Enosh House in Bat Yam	169	-	(31)	138
Fund for Maintenance of the Enosh House in Haifa	389	-	(72)	317
Social media Be'er Sheva *	189	-	(189)	-
Mind & Fitness Fund *	-	235	(235)	-
The establishment of an ecological center in Givatayim	7	-	(7)	-
Foundation on family issues*	-	97	(97)	-
The human voice fund *	-	30	(30)	-
Head Space project (see Note 13b (4) (II))	1,396	1,609	(1,456)	1,549
Telemarketing project in Haifa *	-	96	(96)	-
English Speaking Club Foundation Jerusalem *	-	28	(28)	-
Anat Center Fund-Jerusalem *	50	-	(50)	-
Sukka Project Fund	-	468	(436)	32
Achva fund	-	25	(25)	-
Project "Bicycle Shop"	-	190	(190)	-
Pensioners Club Foundation Hadera	-	24	(24)	-
Building maintenance fund in the name of Hekdesh Deborah Silin and Shmuel Vinograd	-	100	(100)	-
	<u>2,525</u>	<u>2,963</u>	<u>(3,235)</u>	<u>2,253</u>
* Surplus activity paid from current budget				
The amount of the ongoing budget for financing the operations is NIS 1,412 thousand, which NIS 811 thousand of it is for fund on family uses.				
Branches				
Jerusalem Branch Fund (Estate of the late Lior Ori)	<u>182</u>	-	-	<u>182</u>
Fund for equipment and construction (see Note 13b (4) (I))				
	<u>129</u>	<u>3,741</u>	<u>(3,743)</u>	<u>127</u>
Total	<u>2,836</u>	<u>6,704</u>	<u>(6,978)</u>	<u>2,562</u>

Balances and transactions represent contributions earmarked by donors for specific projects undertaken by the Association and the use of the donations during the financial years of the statements.

Note 15c-Assets with permanent external restriction

The Association received during the year 2014 inherited estate of the deceased Luba Berkowitz Memorial Apartment St. Jacob Feinberg 5/1 Givatayim. Rest commanded the apartment to use for the Association's needs but the Association will not be entitled to sell the apartment.

Enosh- The Israeli Mental Health Association
Notes to the Financial Statements

NIS thousands

**National headquarters and
Branches**

Note 16 - Mental Health Services

Year ended December, 31

	2015	2014
Composition:		
Ministry of Health	73,816	70,329
Ministry of Defense	1,262	1,577
Ministry of Social Affairs and Social Services	226	-
	<u>75,304</u>	<u>71,906</u>

Note 17 - Participations, events, activities and sundry

Composition:		
Participation fee - vacation of beneficiaries.	846	1,243
Tenants' participation in rent (including Ministry of Housing)	5,373	5,468
Events and activities	411	290
Rehabilitation employment	2,325	2,391
Other	377	286
	<u>9,332</u>	<u>9,678</u>

Note 18 - Payroll and related expenses

Composition:		
Clubs	7,231	7,669
Vocational rehabilitation	11,990	10,923
Supported housing	29,573	27,589
Hostels	5,611	5,601
Counseling Centers for Tenants' Families	2,964	2,866
Other projects	1,348	664
	<u>58,717</u>	<u>55,312</u>

**National headquarters and
Branches**

Year ended December, 31

2015 **2014**

Note 19 - Operating expenses

Rent of Branches	2,815	2,686
Rent of appartments	5,528	5,299
Maintenance and operation	4,574 *	4,418
Office maintenance	535	507
Vehicles	933	811
Training and activities	1,577	1,290
Travel and other	811	1,039
	<u>16,773</u>	<u>16,050</u>

Note 20 - Expenses and activities

Clubs	844	689
Vacation of beneficiaries (excluding cost of hired escorts)	965	1,280
Vocational rehabilitation	2,516	2,476
	<u>4,325</u>	<u>4,445</u>

Note 21 - General and Administrative expenses

Salaries & Related expenses	3,091 *	2,919
Office maintenance	599	616
Legal and Professional Services	883	962
Office, communication and other expenses	162	143
Payroll services	174	155
Food and events	158	95
Insurances	31 *	37
Travel abroad	61	50
Motor vehicle	138	145
Provision for doubtful debts	(16)	215
	<u>5,281</u>	<u>5,337</u>

Note 22 - Fundraising Expenses

Fundraising expenses relate to both unrestricted donations, presented in the statements of activities, and restricted donations, presented in the statements of changes in net assets. The total amount of donations received this year is NIS 8,312 thousand (previous year NIS 7,651).

Note 23 - Public relations

Supplementary training and seminars	53	16
Conferences	211	234
Advertising and public relations	256	277
	<u>520</u>	<u>527</u>

Note 24 - Transactions and Balances with Related Parties

National headquarters and Branches	
Year ended December, 31	
2015	2014

A. Salary and related expenses of the CEO	<u>754</u>	<u>701</u>
B. Transactions with government institutions: See Note 16 and Note 13 Commitments.		
C. Transactions with National Insurance Institute, see Note 15b (Construction fund)		

Note 25 - Income Tax

Income Tax included in the Profit & Loss reports - Advance payments on exceeding expenses, are currently allocated as Income Tax expenses.

The Association has final assessments in respect of taxes deducted at source until the year 2011, included.

Note 26 - Subsequent Events

The Ministry of Health published on 10/4/16 the results of tender 23/2015 for operating Family counseling centers. Accordingly, it was determined that the Association will continue to operate the Family counseling centers in Jerusalem, Haifa and Karmiel but will no longer continue to operate the Family counseling centers in Ashdod, Hadera and Kfar-Saba. The total amount of revenues this year in all of those centers is about NIS 1,427 thousand.