

Enosh - The Israeli Mental Health Association
Financial Statements
As at December 31, 2019

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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, 2019 and 2018 , 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, 2019 and 2018 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.
Gai, Goffer, Yahav, Guilman, Udem & Co.
Certified Public Accountants (Isr.)

8 July 2020
Bnei Brak, Israel

Enosh- The Israeli Mental Health Association
Balance Sheets

NIS thousands

	Note	As at December, 31	
		2019	2018
Current Assets			
Cash and cash equivalents	[3]	7,225 *	3,067
Earmarked cash and securities	[7]	6,836	10,886
Short term deposits	[4]	4,080 *	4,011
Income receivable	[5]	11,441	12,476
Other receivables and debit balances	[6]	1,134	997
		<u>30,716</u>	<u>31,437</u>
Non- Current Assets			
Earmarked cash and securities	[7]	22,081	22,287
Long-term receivables		290	343
Fixed Assets, net	[8]	54,352	49,749
Other assets, net	[9]	315	217
		<u>77,038</u>	<u>72,596</u>
		<u>107,754</u>	<u>104,033</u>
Current Liabilities			
Suppliers & Service providers	[10]	1,902	2,746
Other payables and credit balances	[11]	14,873	14,172
		<u>16,775</u>	<u>16,918</u>
Long-Term Liabilities			
Long term credit		300	-
Employee benefits, net	[12]	3,342	2,820
		<u>3,642</u>	<u>2,820</u>
Contingent Liabilities, Commitments and Liens	[13]	-	-
Net Assets			
Unrestricted assets, net:			
Undesignated (applied to operations)		3,753	1,156
Earmarked by the Board	[15a]	22,551	27,032
Used for fixed assets		49,811	45,033
		<u>76,115</u>	<u>73,221</u>
Restricted assets, net:			
Temporarily restricted	[15b]	6,366	6,141
Permanently restricted	[15c]	4,856	4,933
		<u>11,222</u>	<u>11,074</u>
Total Net Assets		<u>87,337</u>	<u>84,295</u>
		<u>107,754</u>	<u>104,033</u>

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

Amos Sela - Chairman of the
Board of Directors

Tomer Dan- Chairman of the
Financial Committee

Dr. Hila Hadas - CEO

* Reclassified

Date of approval of financial statements: 8 July 2020

Enosh- The Israeli Mental Health Association
Statements of operations

NIS thousands

		National headquarters and Branches	
		Year ended December, 31	
	Note	2019	2018
Income from Operations:			
Mental health services	[16]	102,221	98,314
Participations, events, activities and other	[17]	9,486	9,653
Amounts released from restrictions	[22]	4,072	2,037
Donations	[22]	1,493	1,289
Allocations from Municipalities		302	292
		<u>117,574</u>	<u>111,585</u>
Operational Expenditure:			
Payroll and related expenses	[18]	81,699	74,475
Operating expenses	[19]	22,340	20,626
Events and activities	[20]	4,508	3,867
Depreciation of fixed and other assets		3,915	3,414
		<u>112,462</u>	<u>102,382</u>
Net Income from Operations		<u>5,112</u>	<u>9,203</u>
Management & General Expenses	[21]	6,593	6,007
Fundraising Expenses	[22]	1,049	1,069
Public relations expenses	[23]	644	746
		<u>8,286</u>	<u>7,822</u>
Net (loss) profit before finance results		<u>(3,174)</u>	<u>1,381</u>
Financial income, net	[24]	<u>112</u>	<u>106</u>
Net (loss) profit after finance results		<u>(3,062)</u>	<u>1,487</u>
Net (loss) profit for the year		<u>(3,062)</u>	<u>1,487</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
	Undesignate d	Used for fixed assets	Earmarked by the Association's Management	Temporary	Permanent	
Year ended December 31, 2019:						
Balance at the beginning of the year	1,156	45,033	27,032	6,141	4,933	84,295
Additions during the year:						
Donations	-	-	-	4,828	-	4,828
Allocations	-	-	-	5,348	-	5,348
Net loss for the year	(3,062)	-	-	-	-	(3,062)
Subtractions during the year:						
Net assets released from restrictions	-	-	-	(4,072)	-	(4,072)
Release of assets earmarked by the Association's Committee to operations	1,495	-	(1,495)	-	-	-
Release of assets earmarked by the Association's Committee to assets applied to acquisition of fixed assets	-	2,986	(2,986)	-	-	-
Restricted assets used for fixed assets	906	4,973	-	(5,879)	-	-
Unrestricted assets used for fixed assets	(657)	657	-	-	-	-
Amounts transferred for depreciation coverage	3,915	(3,838)	-	-	(77)	-
Amounts arising from sale of fixed assets	-	-	-	-	-	-
	<u>3,753</u>	<u>49,811</u>	<u>22,551</u>	<u>6,366</u>	<u>4,856</u>	<u>87,337</u>
Year ended 31 December, 2018:						
Balance at the beginning of the year	5,413	40,897	21,090	5,848	2,551	75,799
Additions during the year:						
Donations	-	-	-	2,637	2,440	5,077
Amounts earmarked by the Association's Committee	(8,178)	-	8,178	-	-	-
Allocations	-	-	-	3,969	-	3,969
Net profit for the year	1,487	-	-	-	-	1,487
Subtractions during the year:						
Net assets released from restrictions	-	-	-	(2,037)	-	(2,037)
Release of assets earmarked by the Association's Committee to operations	838	-	(838)	-	-	-
Release of assets earmarked by the Association's Committee to assets applied to acquisition of fixed assets	-	1,398	(1,398)	-	-	-
Restricted assets applied to acquisition of fixed assets	-	4,276	-	(4,276)	-	-
Unrestricted assets used for fixed assets	(1,818)	1,818	-	-	-	-
Amounts transferred for depreciation coverage	3,414	(3,356)	-	-	(58)	-
Amounts arising from sale of fixed assets	-	-	-	-	-	-
	<u>1,156</u>	<u>45,033</u>	<u>27,032</u>	<u>6,141</u>	<u>4,933</u>	<u>84,295</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	
	2019	2018
Cash flows generated by operating activities:		
Net profit for the year	(3,062)	1,487
Adjustments required to present cash flows generated from operating activity - Appendix A	1,173	6,764
	<u>(1,889)</u>	<u>8,251</u>
Cash flows - investing activities:		
Acquisition of fixed assets	(8,616)	(7,492)
Decrease (increase) in earmarked cash and listed securities net	4,187	(7,524)
	<u>(4,429)</u>	<u>(15,016)</u>
Cash flows - financing activities:		
Long term credit received	300	-
Temporarily restricted allocations and unilateral transfers received	5,348	3,969
Temporarily restricted donations received	4,828	2,637
	<u>10,476</u>	<u>6,606</u>
Decrease in cash and cash equivalents	4,158	(159)
Cash and cash equivalents at beginning of the year	3,067	3,226
Cash and cash equivalents at end of the year	<u>7,225</u>	<u>3,067</u>
Appendix A- Adjustments required to present cash flows generated from operating activities:		
Income and expenditure not involving cash flows:		
Depreciation of fixed assets	3,914	3,414
Increase in liabilities from employee benefits	522	397
Restricted assets applied to activities	(4,073)	(2,037)
Provision for doubtful debts	(33)	(170)
	<u>330</u>	<u>1,604</u>
Changes in Assets & Liabilities:		
Decrease (increase) in receivables and debit balances	983	2,199
Increase in payables and credit balances	(140)	2,961
	<u>843</u>	<u>5,160</u>
	<u>1,173</u>	<u>6,764</u>
Appendix B- Investing and financing activities not involving cash flows:		
Apartment received by donation	-	2,440

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 Arabian sector, in development communities as well as in outlying zones. 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 900 employees and 800 volunteers are responsible for the implementation of these goals. The target population of the Association is people dealing 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, 2020.
- D. The Association holds "proper management approval" issued by the Registrar of Associations currently valid until December 31, 2021.
- 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 and Accounting Standard #36 regarding the amendment of provision of standard #69 and Accounting Standard #5. According to the Accounting Standard, revenues and expenses are recognized on accrual basis. See also Note 2E as follows.

The Association used to present its financial statements at their nominal values. In accordance with standards issued by the Israel Accounting Standards Board, adjusted financial statements as at December 31, 2002 serve as a starting point for reporting from that date, which will be presented at "reported amounts" as defined in Standard No. 12 of the Israel Accounting Standards Board.

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 fixed asset items, that have material monetary value, that were received without consideration is determined on the date of recognition at fair value at that date if it can be estimated at a reasonable level of reliability.
- 3) Fixed assets is depreciated according to the straight-line method, based on the estimated useful life of them.

Principal annual rates of depreciation are as follows:

	%
Buildings	2
Improvements in assets in which the Association has the right of use	According to the allocation period
Other Leasehold improvements	10
Furniture and equipment	6-10
Computers	33
Motor vehicle	15

E. Recognition of income:

- 1) Revenues are recognized when they can be estimated reliably and there is certainty of their collection at the time of recognition. Revenues arising from 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 upon receipt, or upon the receipt of a legally enforceable promise, whichever is earlier. In addition, regarding recognition of income in respect of unilateral allocations see Note 2D.
- 2) Income from unilateral transfers not yet received at reporting date will be recognized as income or as an addition to restricted net assets only if there is information as of the date of approval of the financial statements for publication, according to which the transferor assured the transfer as at reporting date and it relates to the period of the report and the transfer was actually received by the association until the date of approval of the financial statements for publication, provided that the receipt is not conditional on a
- 3) Allowances and donations in cash and cash equivalents are presented in section Restricted net assets in the Statement of changes in net assets, if the transferor of the allowance or the donor has stipulated conditions that limit their use. When the restriction expires (the conditions that limit the use have been met), temporarily restricted net assets are transferred to section unrestricted undesignated or to section unrestricted used for fixed assets.
- 4) The Association did not disclosure in the financial statements the value of the donation of services received without consideration.

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 reported periods. Actual results may differ from these estimates and appraisals.

G. Linkage:

Details of the Consumer Price Index (CPI):

	December, 31		Change during the year ended	
	2019	2018	2019	2018
Index (points) on an average basis in 2002	125.06	124.31	0.60%	0.40%

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Exchange rate- US Dollar	3.456	3.748	-7.79%	8.10%

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 with Accounting Standard #36, impairment of assets will be in accordance with Accounting Standard #15, with the necessary adjustments to non-profit organizations. Inter alia, indications of impairment in value regarding an intention to stop the use of an asset if it is damaged or does not contribute to the ability of the non-profit organization to provide services or the intention to purchase another asset in its place or that the utilization of the asset will be lower than the norm. In order to recognize "impairment of assets", the Association annually examines whether an impairment loss should be recognized at the time the carrying amount of the asset exceeds its recoverable amount, The recoverable amount of an asset is the greater of its value in use or its net selling price. The recognition of the impairment of the assets will be reflected in the statement of changes in net assets according to the classification of their restriction.

P. Employee Benefits

The association applies Accounting Standard # 39 regarding employee benefits of the Israeli Accounting Standards Board ("the Standard"). According to the Standard, employee benefits are all forms of benefits paid by the employer in return for service provided by employees, including members of the board of directors. The Standard deals with, among others, the following

1. Short-term employee benefits -

Short-term employee benefits are benefits whose principal amount is expected to be settled 12 months after the end of the annual reporting period in which the employees provide the related services and include a) monetary benefits and non-monetary benefits such as housing and vehicles that are recognized as an expense upon provision of the services; B) profit-sharing and bonus payments recognized when the association has a legal or constructive obligation in the present to pay such payments for services rendered by the employee in the past and the obligation can be reliably estimated.

Enosh- The Israeli Mental Health Association

Notes to the Financial Statements

The Association measures short-term employee on an undiscounted basis according to amounts that are expected to be paid in exchange for the service provided by the employee.

2. Post-employment benefits -

Post-employment benefits include retirement benefits (such as pensions and one-time payments upon retirement), as well as other benefits such as life insurance and post-employment medical treatment.

The arrangements according to which an entity provides these benefits are benefit plans, classified as defined contribution plans or as defined benefit plans.

a. A defined contribution plan

During the employment period, the Association pays regular payments to a separate entity (fund) without any legal or implied obligation to pay additional payments to the fund or directly to the employees after the termination of the employment.

Deposits to the plan for defined deposits in respect of severance pay or for benefits are recognized as an expense at the time of deposit in the plan simultaneously with receiving the employee's services.

b. A defined benefit plan

The Association is committed to providing the agreed benefits to current and former employees and actuarial risk and investment risk fall, in substance, on the Association. The entity shall treat the severance pay benefits according to the shut-down method unless it chooses to apply the actuarial model as described in the standard.

The shut-down

According to the shut-down method, the entity measures the net liability in respect of severance pay as follows:

1. The entity's liability for severance pay retirement benefits under the assumption that at the reporting date, all employees will retire under conditions that will entitle them to severance pay due to employees upon dismissal under the Compensation Law or under contractual or other agreements with the employees due upon their voluntary retirement, less

2. The redemption values of assets plan from which the obligation should be eliminated directly.

A net change in the net liability in respect of severance pay during the period, other than a change attributable to the benefits paid to employees during the period or to the employer's deposits, will be fully recognized in profit or loss.

Management assessment is that the application of this method has no material effect on the financial statements of the Association.

3. Other long-term employee benefits -

The Standard deals with other long-term employee benefits, such as compensated absences and benefits for a long period of undue employment that can be redeemed (such as long service vacations or sabbatical leave and unutilized sick leave), long service benefits, profit sharing plans and grant payments and deferred compensation.

The Association recognizes liabilities for other long-term employee benefits in the amount of the present value of the obligation for the benefit at the end of the reporting period less the fair value of the plan assets (if any) out of which the obligation is to be settled. Regarding the net change in the net liability from long-term employee benefits during the period, other than a change attributable to the benefits paid to employees during the period or to the employer's deposits, will be fully recognized in profit or loss except to the extent that another standard requires different treatment.

The Association assessed, under accepted assumptions, the amount of the liability for the redemption of unused sick leave days (see Note 12.b). In the opinion of the Association, the implementation of the standard has no material effect on the financial statements.

In addition, the Standard deals with extra benefits with respect to termination of employment under special circumstances that relate to payments that the entity may make upon dismissal of employees in addition to payment for severance pay.

Q. New Accounting Standards:

In March 2019, the Israel Accounting Standards Board published Accounting Standard # 10 - Provisions, Contingent Liabilities and Contingent Assets (hereinafter - the standard).

According to the standard, a provision must be recognized when an entity has a present obligation (legal or constructive) that has arisen as a result of a past event, is expected an outflow of resources that will be required to settle the obligation (more likely than not) and the amount can be estimated reliably. The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date (the amount that the entity would rationally pay to settle the obligation). When some or all of the expenditure is expected to be reimbursed to the entity by another party, the reimbursement will be recognized as a separate asset when and only when it is virtually certain that the reimbursement will be received. The expenditure will be recognized in profit and loss less the reimbursement.

When more likely that there is no a present obligation at the end of the reporting period, the entity will consider a contingent liability.

According to the standard, contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured. The entity shall not recognise a contingent liability but it will be disclosed.

This standard becomes operative for financial statements covering annual periods beginning on or after January 1, 2019.

Management assessment is that the standard will have no material effect on the financial statements of the Association.

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

National headquarters and Branches December, 31	
2019	* 2018

Note 3 - Cash and Cash Equivalents

Cash and current bank accounts:		
Headquarter- In Israeli currency	18,044	21,002
Headquarter- In foreign currency	5,637	217
Branches- In Israeli currency	2,901	2,941
Branches- In foreign currency	530	500
Bank deposits:		
Headquarter- In Israeli currency	-	-
Branches- In Israeli currency	30	30
Less- designated part	(19,917)	(21,623)
	<u>7,225</u>	<u>3,067</u>

Note 4 - Short-Term Deposits

Pledged cash	1,727	1,462
Deposits	850	4,263
Trust Funds	2,935	2,728
Marketable securities	7,568	7,108
Less- designated part	(9,000)	(11,550)
	<u>4,080</u>	<u>4,011</u>
Thereof:		
Headquarters	2,944	2,272
Branches	523	450
	<u>3,467</u>	<u>2,722</u>

Note 5 - Income receivable

Government ministries	10,958	12,057
Debts from Participants	85	163
Other	447	338
	<u>11,490</u>	<u>12,558</u>
Net of provision for doubtful debts.	(49)	(82)
	<u>11,441</u>	<u>12,476</u>

Note 6 - Other Receivables and Debit Balances

Prepaid rent	537	494
Cheques	39	4
Government institutions and others	460	396
Employees	98	103
	<u>1,134</u>	<u>997</u>

Note 7 - Designated Cash and Marketable Securities

Earmarked Cash and securities presented in:		
Current Assets	6,836	10,886
Non- Current Assets	22,081	22,287
	<u>28,917</u>	<u>33,173</u>
These balances relate to Net Assets:		
Restricted temporary - see Note 15.b	6,366	6,141
Earmarked by the Association's management - see Note 15.a	22,551	27,032
	<u>28,917</u>	<u>33,173</u>

Note 8 - Fixed Assets

Composition and movement for the year ended December 31, 2018, Headquarters and branches:

	Buildings	Leasehold improvements	Motor vehicles	Office furniture and equipment	Computers	Total
Cost:						
Opening balance	28,546	32,792	123	22,609	3,979	88,049
Additions	4,454	497	66	2,099	1,263	8,379
Disposals	-	-	-	-	-	-
Closing Balance	33,000	33,289	189	24,708	5,242	96,428
Accumulated depreciation:						
Opening balance	2,353	20,523	119	11,785	3,520	38,300
Depreciation for the year	383	1,626	9	1,256	502	3,776
Disposals	-	-	-	-	-	-
Closing Balance	2,736	22,149	128	13,041	4,022	42,076
Depreciated cost as at December 31, 2018	30,264	11,140	61	11,667	1,220	54,352
Depreciated cost as at December 31, 2017	26,193	12,269	4	10,824	459	49,749

(A) The Association owns nine apartments, two buildings used as hostels and four buildings used as branches all of them registered in its name in the Israeli Land Registry.

(B) The Association has leasing rights in registration process regarding 2 real estate assets on Hahalutz Street in Haifa of 70% of the leasing rights in these assets.

(C) Buildings include four properties held in trust registered in the Trust Registrar and one property received as a restricted donation. See Note 15C.

(D) See also Note 13 b 2) regarding rights of use assets without consideration.

Note 9 - Other Assets

	Cost	Accumulated depreciation	Depreciated cost
Composition and movement for the year ended December 31, 2019, Headquarters and branches:			
Opening balance	577	360	217
Additions	237	139	98
Closing Balance	814	499	315

Note 10 - Suppliers & Service providers

	National headquarters and Branches December, 31	
	2019	2018
Suppliers	1,762	2,530
Cheques payable	-	72
Payables in respect of rent	140	144
	1,902	2,746

Note 11 - Other payables and credit balances

Employees and wage-related liabilities	8,525	8,051
Current portion of long term credits	110	-
Provision for vacation	4,173	3,475
Provision for recovery	1,343	1,231
Expenses payable	100	835
Other Payables	622	580
	14,873	14,172

Note 12 - Employee Benefits, Net

A. Post employment benefits plans

1. The liability for severance payment of the Association are presented net of the part covered by current deposits in the name of employees in comprehensive pension funds and provident funds. The aforementioned amounts are not included in the balance sheet since they are not under the control and ownership of the Association. In accordance with the Mandatory Pension Law from January 2008, the Association deposits pension funds in respect of per hour employees and instructors in accordance with the law. The amounts provided in the balance sheet for employees severance pay cover the balance of the Association for these severance benefits
2. 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.
3. The total amounts recognized in the Statements of operations in respect of contributions paid by the Association for severance pay during the reporting year is approximately NIS 3,499 thousands (2018 - NIS 3,103 thousands).

B. Other long-term employee benefits- compensated unused sick leave

The obligation to pay unused sick leave is recognized in the financial statements in accordance with the "Extension Order for Social Workers Employed in Accordance with the State's Arrangements 2017" (hereinafter - "the Extension Order"). In accordance with the Extension Order, social workers who meet the conditions specified therein are entitle to compensation for the accumulation of unused sick leave days. This liability, compensation for unused of sick leave, is measured at the present value of the obligation at the reporting date. Also, on the basis of the calculation are certain assumptions assumed by the association.

As of December 31, 2019, the balance of the obligation for unused sick leave amounts NIS 167 thousands (December 31, 2018 - NIS 98 thousands).

Note 13 - Contingent Liabilities, Commitments and Liens

A. Guarantees

- 1) The Association provided bank guarantees for a total of NIS 1,062 thousands, (31.12.18: NIS 918 thousands), of which approximately NIS 561 thousands (31.12.18: NIS 515 thousands) are performance guarantees for 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 owners of private apartments in order to rent them to people coping with psychiatric disabilities who receive assisted housing services 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 subcontract 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 2019 the Association rents about 79 apartments and 12 buildings used as hostels and the rent amounts to NIS 3,761 thousands and NIS 2,461 thousands per year, respectively.

In addition the Association rents 24 buildings used as branches with rent amounting to NIS 2,867 thousands per year and 8 buildings used as centers for families counseling at rents amounting to NIS 501 thousands per year.

2) Usage rights free of charge

As of 31 December 2019, the Association has received rights to use land and buildings for its operations. The right to use 12 buildings of branches and social clubs and one hostel are regulated by lease agreements and by agreements of free of charge usage for a period up to 25 years. Also, the Association has received rights of usage with no time allocation for 18 additional branches and social clubs for which no agreements have yet been formalized.

3) Ministry of Health

- a) The Ministry of Health is the main customer of the Association and at the reported periods the services in respect thereof amount approximately to 85.5% of its revenues (about 86.6% last year).
- b) 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 housing, 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 agreement ended in 2011 and is extended in practice till the date of approval of these financial statements. In respect of certain services under this agreement there is an extension which has been approved by the Association but has not yet been signed by the Ministry of Health.

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

- c) In addition, the Association has specific contracts and agreements which have not yet been expressed in a signed contract, for the provision of services as follows:
In respect to hostel services Hadera and Ramla (in the context of the "contract extension for the acquisition of certain hostel services as part of tender 30/2008") valid until December 31, 2021. This extension has been approved by the Association but has not yet been signed by the Ministry of Health.
In respect to Family counseling centers ("MILAM centers"):
- 1) Tel Aviv and Netanya, valid until December 31, 2019. As of the date of approval of these financial statements, the association is in a tender process to extend the contract for these MILAM centers, which due to the Corona plague is being delayed. Despite the delay, the association continues to provide these services under the terms of the previous tender.
 - 2) In Jerusalem, Karmiel and Haifa, contractual agreement valid until July 1, 2020.
- 4) Ministry of Defense
The Association has agreements with the Ministry of Defense for the provision of services: (a) dated July 17, 2018 in respect of Hostel's services and Rehabilitative housing which is valid until August 31, 2023; (b) dated April 10, 2018 in respect of supported employment services, vocational club services and sheltered workshop services which is valid until April 30, 2023.
- 5) National Insurance Institute
- a) The fund for the Development of Services for Disabled people of the National Insurance Institute transfers funds to the Association which are designed to improve the conditions of facilities across the country in which rehabilitation activities are held and to improve the living conditions and quality of life of people coping with psychiatric disabilities.
 - b) Headspace center- According to an agreement with the National Insurance Institute, the Association runs centers which provide treatment of prevention and early intervention for young people with emotional difficulties from mild to moderate range.
 - 6) According to an inheritance order approved on July 8, 2015 by a court of law, the Association will be entitled to 40% of the possessions of a deceased woman who commanded them to the Association after her mother's death. Relatives of the deceased filed an appeal against the court's decision. On August 23, 2018, the court accepted the appeal of the opponents and ruled that the will was null and void. The beneficiaries of the will, including the Association, filed an application to appeal this ruling to the Supreme Court, which was rejected on January 16, 2019.
- C. **Contingent liabilities**
The management of the association estimates that the financial statements fairly reflect the amounts that the Association may be required to pay in respect of benefits to social workers as a result of the extension order and the amounts that it is expected to receive from the Ministry of Health to cover these additional expenses, in light of, inter alia, the discussions being conducted as of the date of approval of these financial statements, with the Ministry of Health.

Note 14 - Financial Instruments and risk management

A. Credit risks

Cash and cash equivalents and earmarked funds for Association's projects as of December 31, 2019 and 2018, are deposited in Israeli banks. The Association estimates that Credit risk in their respect is remote.

Most of the Association's income receivables for the services rendered by it are from government institutions and a negligible part of them are from participants and their families. The management regularly examines the quality of these debts. The management estimates that the credit risks deriving from these debts are low.

B. Fair value of financial instruments

The financial instruments of the Association include non - derivative assets and liabilities such as: cash and cash equivalents, short term deposits, receivables, suppliers, and other creditors. The fair value of these financial instruments is close or equal to their value in the financial statements.

C. Foreign currency risks

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

Note 15- Net Assets

A- Unrestricted Net Assets earmarked by the Association's management

	Balance at 31.12.2018	Amounts earmarked	Amounts released from restrictions	Balance at 31.12.2019
Earmarked for activities:				
Anchor Fund for Financial Stability	12,000	-	-	12,000
Infrastructure, Computer and Communications Improvement Fund	2,000	-	(1,072)	928
Special Project and Professional Development Fund	4,000	-	(1,495)	2,505
	<u>18,000</u>	<u>-</u>	<u>(2,567)</u>	<u>15,433</u>
Earmarked for acquisition of fixed assets:				
The headquarters				
Enosh House Construction Fund	5,000	-	-	5,000
Branches				
Fund for the construction of Enosh branches and hostels	4,000	-	(1,914)	2,086
Fund for the establishment of Enosh House - Hertzeliya	32	-	-	32
	<u>4,032</u>	<u>-</u>	<u>(1,914)</u>	<u>2,118</u>
	<u>9,032</u>	<u>-</u>	<u>(1,914)</u>	<u>7,118</u>
			-	
	<u>27,032</u>	<u>-</u>	<u>(4,481)</u>	<u>22,551</u>

B- Net Assets with temporarily restriction

	Balance at 31.12.2018	amounts received and restricted	amounts released from restrictions	Balance at 31.12.2019
Temporarily restricted:				
The headquarters:				
Fund for Maintenance of the Enosh House in Haifa	144	-	(54)	90
Mind & Fitness Fund *	50	166	(166)	50
Headspace center (see Note 13b (6) (b)) *	1,024	2,060	(1,789)	1,295
Sukka Project Fund	170	-	(122)	48
Project "Bicycle Shop"	298	18	(162)	154
Fund for operation of Enosh homes	138	60	(86)	112
The Starter Project Fund	252	41	(123)	170
The Enosh Kiryat Ono Branch Maintenance Fund	520	-	(60)	460
Fund for financing the activities of the Afula Enosh home	2,145	-	-	2,145
Fund for maintenance Beit Shemesh Enosh home	419	-	(18)	401
Navigate Project Fund *	-	274	(274)	-
Fund Carmiel Kitchen Training Fund	250	163	(162)	251
Fund for maintenance Kiriat Gat branch	-	1,085	(653)	432
RUOK Project Fund	-	124	-	124
Fund for Family counseling - MILAM *	-	105	(105)	-
Other Funds *	448	476	(588)	336
	<u>5,858</u>	<u>4,572</u>	<u>(4,362)</u>	<u>6,068</u>

* Funds relate to activities financed also by the Association current funds (Hereinafter - "The ongoing budget").

The amount of the ongoing budget for financing the operations amounted NIS 2,678 thousand, of which NIS 787 thousand of it relates "Bait Meazen" Project and NIS 605 thousand of relates to Headspace center.

Branches

Jerusalem Branch Fund (Estate of the late Lior Ori) 182 - - 182

Fund arising from properties held in trust and an apartment received as donation - 256 (256) -
Fund for equipment and construction (see Note 13b (6) (a)) 101 5,348 (5,333) 116

Total 6,141 10,176 (9,951) 6,366

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.

C- Net Assets with permanent restriction

1) Trusts:

The Association has four apartments held in trust registered in the Trust Registrar, whose net book value is as follow:

	December, 31	
	2019	2018
Apartment on Feinberg Street 5, Givatayim (a)	1,496	1,517
Apartment on Snapir Street 1, Tel Aviv (b)	193	198
Apartment on Shitrit Street 16, Netanya (b)	112	115
Apartment on Benbenishti Street 6, Tel Aviv (c)	659	675
	<u>2,460</u>	<u>2,505</u>

The goals of these trusts:

- The trust is for housing people with psychiatric disabilities from the Enosh association.
- For the establishment of a hostel in the context of Netanya and the Tel Aviv branches of Enosh Association.
- The apartment will be used to expand and increase the Enosh activity at the Tel Aviv branch.

2) Other Assets restricted permanent:

The Association has an apartment with permanent restriction, whose net book value is as follow:

Apartment on Hanagid Street 6, Jerusalem	<u>2,396</u>	<u>2,428</u>
	<u>2,396</u>	<u>2,428</u>

In 2018, the Association received an inheritance on 6 Shmuel HaNagid St. in Jerusalem, which yields rent. According the will, this apartment will remain owned by the Association and will serve as a source of income for the maintenance and operation of a certain project.

Total Net Assets with permanent restriction 4,856 4,933

Note 16 - Mental Health Services

Composition:

Ministry of Health (*)

Ministry of Defense

Ministry of Social Affairs and Social Services

Other

**National headquarters
and Branches**

Year ended December, 31

2019	2018
100,283	96,737
1,454	1,252
-	-
484	325
102,221	98,314

(*) NIS 124 thousand refer to differentials rates relates to previous years (2018: NIS 581 thousand).

Composition of income according to types of services in accordance to the rehabilitation basket:

Rehabilitative housing

Hostel

Vocational rehabilitation

Social and recreation centers

Family counseling center

Other projects

53,037	51,635
13,978	13,255
25,770	23,787
4,071	4,067
5,071	5,245
293	326
102,220	98,315

Note 17 - Participations, events, activities and other

Composition:

Participation fee - vacation of beneficiaries.

Tenants' participation in rent (including Ministry of Housing)

Events and activities

Rehabilitation employment

Other

893	741
5,428	5,653
566	584
2,514	2,608
85	67
9,486	9,653

Note 18 - Payroll and related expenses

Composition:

Social clubs

Vocational rehabilitation

Supported housing

Hostels

Family counseling center

Other projects

8,947	7,951
16,208	15,218
41,665	37,248
8,514	8,816
3,614	2,915
2,751	2,327
81,699	74,475

National headquarters and Branches	
Year ended December, 31	
2019	2018

Note 19 - Operating expenses

Rent of Branches	3,058	2,938
Rent of apartments	6,222	6,098
Maintenance and operation	6,193	5,949
Office maintenance	803	691
Vehicles	1,319	1,142
Training and activities	3,903	2,939
Travel and other	842	869
	<u>22,340</u>	<u>20,626</u>

Note 20 - Events and activities

Social clubs	1,037	637
Vacation of beneficiaries (excluding cost of hired escorts)	895	635
Vocational rehabilitation	2,576	2,595
	<u>4,508</u>	<u>3,867</u>

Note 21 - General and Administrative expenses

Salaries & Related expenses	4,713	4,060
Office maintenance	710	724
Legal and Professional Services	520	620
Office, communication and other expenses	75	102
Payroll services	348	290
Food and events	58	67
Insurances	37	37
Business travel abroad	20	13
Motor vehicle	117	75
Provision for doubtful debts	(5)	19
	<u>6,593</u>	<u>6,007</u>

Note 22 - Donations, Allowances and its Fundraising Expenses

Fundraising costs relate to both, restricted and unrestricted donations and allocations presented as follow:

1) Statement of operations:		
Donations	1,493	1,289
Allowances from Municipalities	302	292
	<u>1,795</u>	<u>1,581</u>
2) Statements of changes in net assets:		
Donations temporarily restricted	4,828	2,637
Donations permanent restricted	-	2,440
	<u>4,828</u>	<u>5,077</u>
Total donations	<u>6,623</u>	<u>6,658</u>
Fundraising expenses	<u>1,049</u>	<u>1,069</u>

Note 23 - Raising social awareness costs

Supplementary training and seminars	110	80
Marketing, advertising and public relations	534	666
	<u>644</u>	<u>746</u>

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

NIS thousands

**National headquarters
and Branches**

Year ended December, 31

2019 2018

Note 24 - Financial income, Net

Financial income:

Interest from bank deposits
Profit from securities
Exchange differences

48	15
549	-
-	146
<u>597</u>	<u>161</u>

Financial expenses:

Bank expenses
Other interest
Losses from securities
Exchange differences

78	37
10	-
-	18
<u>397</u>	<u>-</u>
<u>485</u>	<u>55</u>

Financial income, net

<u>112</u>	<u>106</u>
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Note 25 - Transactions and Balances with Related Parties

A. Salary and related expenses of the CEO

738 736

B. Transactions with government institutions: See Note 16 and Note 13b Commitments.

C. Transactions with National Insurance Institute, see Note 15b (Construction fund)

Note 26 - 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 tax assessments for fiscal years until 2014, included.

Note 27 - Events after financial statement date

Following the spread of the corona virus in early 2020 in the world and in Israel, the Ministry of Health declared the disease a contagious and dangerous disease. The need to prevent the spread of the disease and maintain public health, the government has imposed significant restrictions with many implications, including macroeconomic. Following this, the association's organs decided on certain measures to reduce the impact of these consequences while maintaining the provision of services and their adaptation within the framework of the directives of the Ministry of Health. Among other things, the association took a number of employees on unpaid leave.

Following the above mentioned, the Association's committee decided to increase the Anchor fund for economic stability to a total amount of NIS 20 million. For this purpose, the board of directors allocated a sum of NIS 8 million at the expense of other funds and unrestricted undesignated net assets .

Subsequently, the association's management monitors developments in connection with the aforementioned consequences. As of the date of approval of these financial statements, the consequences for the association's activities are not material. Also, most of the employees who were taken on unpaid leave were returned to work.