

**Enosh - The Israeli Mental Health Association**  
**Financial Statements**  
**As at December 31, 2020**

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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, 2020 and 2019 , 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, 2020 and 2019 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.)

June 16, 2021

Bnei Brak, Israel

**Enosh - The Israeli Mental Health Association**  
**Balance Sheets**

NIS thousands

	Note	As at December, 31	
		2020	2019
<b>Current Assets</b>			
Cash and cash equivalents	[3]	11,782	7,225
Earmarked cash and securities	[7]	4,372	6,836
Short term deposits	[4]	4,136	4,080
Income receivable	[5]	12,459	11,441
Other receivables and debit balances	[6]	554	1,134
		<u>33,303</u>	<u>30,716</u>
<b>Non- Current Assets</b>			
Earmarked cash and securities	[7]	25,564	22,081
Long-term receivables		432	290
Fixed Assets, net	[8]	58,785	54,352
Other assets, net	[9]	272	315
		<u>85,053</u>	<u>77,038</u>
		<u>118,356</u>	<u>107,754</u>
<b>Current Liabilities</b>			
Suppliers & Service providers	[10]	4,250	1,902
Other payables and credit balances	[11]	16,620	14,873
		<u>20,870</u>	<u>16,775</u>
<b>Long-Term Liabilities</b>			
Long term credit		193	300
Employee benefits, net	[12]	3,942	3,342
		<u>4,135</u>	<u>3,642</u>
<b>Contingent Liabilities, Commitments and Liens</b>	[13]	-	-
<b>Net Assets</b>			
Unrestricted assets, net:			
Undesignated (applied to operations)		4,358	3,753
Earmarked by the Board	[15a]	24,459	22,551
Used for fixed assets		54,295	49,811
		<u>83,112</u>	<u>76,115</u>
Restricted assets, net:			
Temporarily restricted	[15b]	5,477	6,366
Permanently restricted	[15c]	4,762	4,856
		<u>10,239</u>	<u>11,222</u>
<b>Total Net Assets</b>		<u>93,351</u>	<u>87,337</u>
		<u>118,356</u>	<u>107,754</u>

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

  
 Eli Ashraf - Chairman of the  
 Board of Directors

  
 Tomer Dan- Chairman of the  
 Financial Committee

  
 Dr. Hila Hadas - CEO

Date of approval of financial statements: 16 June 2021

**Enosh - The Israeli Mental Health Association**  
**Statements of operations**

NIS thousands

		<b>National headquarters and Branches</b>	
		<b>Year ended December, 31</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Income from Operations:</b>			
Mental health services	[16]	113,318	102,221
Participations, events, activities and other	[17]	9,092	9,486
Amounts released from restrictions	[22]	2,674	4,072
Donations	[22]	1,020	1,493
Allocations from Municipalities		295	302
		<u>126,399</u>	<u>117,574</u>
<b>Operational Expenditure:</b>			
Payroll and related expenses	[18]	86,237	81,699
Operating expenses	[19]	22,492	22,340
Events and activities	[20]	4,296	4,508
Depreciation of fixed and other assets		4,230	3,915
		<u>117,255</u>	<u>112,462</u>
<b>Net Income from Operations</b>		<u>9,144</u>	<u>5,112</u>
Management & General Expenses	[21]	6,986	6,593
Fundraising Expenses	[22]	848	1,049
Public relations expenses	[23]	481	644
		<u>8,315</u>	<u>8,286</u>
<b>Net (loss) profit before finance results</b>		<u>829</u>	<u>(3,174)</u>
Financial expenses (income), net	[24]	433	(112)
Net (loss) profit after finance results		<u>396</u>	<u>(3,062)</u>
<b>Net (loss) profit for the year</b>		<u>396</u>	<u>(3,062)</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 Management	Temporary	Permanent	
<b>Year ended December 31, 2020:</b>						
Balance at the beginning of the year	3,753	49,811	22,551	6,366	4,856	87,337
<b>Additions during the year:</b>						
Donations	-	-	-	5,312	-	5,312
Amounts earmarked by the Association's Committee	(4,481)	-	4,481	-	-	-
Allocations	-	-	-	2,980	-	2,980
Net profit for the year	396	-	-	-	-	396
<b>Subtractions during the year:</b>						
Net assets released from restrictions	-	-	-	(2,674)	-	(2,674)
Release of assets earmarked by the Association's Committee to operations	816	-	(816)	-	-	-
Release of assets earmarked by the Association's Committee to assets applied to acquisition of fixed assets	-	1,757	(1,757)	-	-	-
Restricted assets used for fixed assets	1,730	4,777	-	(6,507)	-	-
Unrestricted assets used for fixed assets	(2,085)	2,085	-	-	-	-
Amounts transferred for depreciation coverage	4,229	(4,135)	-	-	(94)	-
Amounts arising from sale of fixed assets	-	-	-	-	-	-
	<u>4,358</u>	<u>54,295</u>	<u>24,459</u>	<u>5,477</u>	<u>4,762</u>	<u>93,351</u>
<b>Year ended 31 December, 2019:</b>						
Balance at the beginning of the year	1,156	45,033	27,032	6,141	4,933	84,295
<b>Additions during the year:</b>						
Donations	-	-	-	4,828	-	4,828
Amounts earmarked by the Association's Committee	-	-	-	-	-	-
Allocations	-	-	-	5,348	-	5,348
Net loss for the year	(3,062)	-	-	-	-	(3,062)
<b>Subtractions during the year:</b>						
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 applied to acquisition of 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>

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

**Enosh - The Israeli Mental Health Association**  
**Statements of Cash Flows**

NIS thousands

	<b>Year ended December, 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows generated by operating activities:</b>		
Net profit for the year	396	(3,062)
Adjustments required to present cash flows generated from operating activity - Appendix A	7,440	1,173
	<u>7,836</u>	<u>(1,889)</u>
<b>Cash flows - investing activities:</b>		
Acquisition of fixed assets	(10,450)	(8,616)
Decrease (increase) in earmarked cash and listed securities, net	(1,075)	4,187
	<u>(11,525)</u>	<u>(4,429)</u>
<b>Cash flows - financing activities:</b>		
Long term credit received	(46)	300
Temporarily restricted allocations and unilateral transfers received	2,980	5,348
Temporarily restricted donations received	5,312	4,828
	<u>8,246</u>	<u>10,476</u>
Decrease in cash and cash equivalents	4,557	4,158
Cash and cash equivalents at beginning of the year	7,225	3,067
Cash and cash equivalents at end of the year	<u>11,782</u>	<u>7,225</u>
<b>Appendix A- Adjustments required to present cash flows generated from operating activities:</b>		
Income and expenditure not involving cash flows:		
Depreciation of fixed assets	4,239	3,914
Increase in liabilities from employee benefits	539	522
Restricted assets applied to activities	(2,674)	(4,073)
Provision for doubtful debts	17	(33)
	<u>2,121</u>	<u>330</u>
Changes in Assets & Liabilities:		
Decrease (increase) in receivables and debit balances	(597)	983
Increase (decrease) in payables and credit balances	5,916	(140)
	<u>5,319</u>	<u>843</u>
	<u>7,440</u>	<u>1,173</u>
<b>Appendix B- Investing and financing activities not involving cash flows:</b>		
Acquisition of fixed assets on credit	<u>1,821</u>	<u>-</u>

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

## **Enosh - The Israeli Mental Health Association**

### **Notes to the Financial Statements**

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#### **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 knowledgeable professional organization operating through 67 service centers which provide rehabilitation services in the community (in the domains of supportive housing, employment and leisure) and family counseling across the country, from Kiryat Shmona to Eilat, in the arabian sector, in development communities as well as in peripheral zones. The Association's vision and goals are lead by the Executive Committee in conjunction with the senior professional staff. As of the reporting year, approximately 950 employees and 850 volunteers are responsible for the implementation of these goals. The target population of the Association is people dealing with psychosocial disabilities and their family members.

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, 2023.
- D. The Association holds "proper management approval" issued by the Registrar of Associations currently valid until December 31, 2021.
- E. The Association reports that no donations were received from a foreign state entity in 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, unrestricted, 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:

Unrestricted marketable securities and deposits held for as short term 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.
- 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 future
- 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):

	<u>December, 31</u>		<u>Change in the year ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Index (points) on an average basis in 2002	124.19	125.06	-0.70%	0.60%

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**

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**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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Exchange rate- US Dollar	3.215	3.456	-6.97%	7.79%

**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 employee benefits:

**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 vehicles that are recognized as an expense upon provision of the services; B) bonus payments (including those established by law) 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**

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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.

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 compensated and paid (such as unutilized sick leave).

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.

## **Q. Contingent liabilities**

The association applies 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.

**R. New accounting standards in issue but not yet effective**

**1. Accounting standard 40 - Accounting and reporting standards by non-profit organisations**

In August 2020, the Israel Accounting Standards Board issued Accounting Standard No. 40 - Accounting and reporting by Non-Profit organizations (hereinafter - the Standard). The standard replaces Accounting standard 69 which was amended by Accounting Standard 5, amendments and clarifications for Accounting standard 69.

The following are the main changes included in the standard:

**a. Donation of fixed assets and cash donations to be invested in fixed assets**

Donations of fixed assets and cash donations for investment in fixed assets will be recognized as income in the statement of operations when the asset is ready for its intended use or throughout the limitation period set by the donor and not directly as an addition to net assets, as used to be accepted.

**b. Services received from volunteers without consideration**

Services received without consideration will be included in the reports if the following three conditions are met: [1] those services have a material monetary value on an overall basis, in relation to the scope of the non-profit's activity, [2] the fair value can be reliably assessed and [3] the services are of the type that require professional skill and expertise, and if they were not received, the Association would have been forced to buy them in consideration or the services would create or increase a non-financial asset.

Quantitative disclosure may be provided in the notes to the financial statements regarding services received without consideration that do not meet above mentioned conditions.

**c. Revenue recognition**

The standard distinguishes between conditional donation and unconditional donation. A conditional donation is a donation that includes the conditioning imposed by a donor. The stipulation imposed by a donor is a condition that represents a barrier that must be overcome before the receiving non-profit entity will be entitled to the transferred assets or the promised assets. However, restrictions imposed by the donor limiting the use of the donation, do not affect the eligibility of nonprofit entity to it.

Unconditional donations received will be recognized at the time of receipt and unconditional promise of a donation will be recognized at the time the promise was received provided there is sufficient evidence in the form of verifiable documentation that a promise has been given and there is legal enforceability of the promise.

A conditional donation or a conditional promise will be recognized only when the conditions on which they are contingent actually exist, i.e. when the conditional donation or conditional promise becomes unconditional.

Fixed assets received as a donation will be recognized as income in the statement of operations when the asset is ready for its intended use or throughout the limitation period set by the donor, subject to the rules set forth in the standard.

It is also required to include services received without consideration as income and expenses (or as assets) if the conditions specified in the standard are met.

In accordance with the standard income from agency transactions will be presented in the statement of activities in net amount.

**d. Elimination of the distinction of matching of sources, internal and external**

The standard eliminates the distinction of matching sources internal and external and stipulates that when the donor requires matching of sources he actually places a barrier and therefore it is a conditional donation which will be recognized only when the Association overcomes the barrier.

**e. Elimination of the distinction between permanent and temporary restriction**

The Standard eliminates the distinction between net assets in respect of which there is a restriction of a temporary nature and net assets in respect of which there is a restriction of a permanent nature. In the financial statements, the distinction will remain between net assets for which there is a restriction and net assets for which there is no restriction.

The notes to the financial statements will disclose the balance of net assets for which there is a restriction while splitting the balance between [1] net assets for which there is a permanent restriction, [2] net assets limited to a defined use and [3] net assets limited to a defined future time.

**f. Classification in the statement of cash flows of restricted donations**

Cash arises from donations for which there is a restriction will be included in cash flows from operating activities, with the exception of donations that the donor has limited their use for a long-term period that will be included in cash flows from financing activities.

**g. Presentation of financial statements**

The standard includes general characteristics of the presentation of financial statements from Accounting Standard No. 34, which does not apply to non-profit organizations, inter alia, disclosure of expenses in the statement of operations will be classified based on the nature of the expenditure or on the nature of the activity according to the Association's election. Notes to the financial statements will disclose the classification of expenses according to the method not applied on the report, including comparative figures.

**h. The standard also sets out certain disclosure requirements in the notes to the financial statements.**

The Standard is applied for annual reporting periods beginning on or after January 1, 2021. Early application is recommended. A non-profit organization is required to report the effect of the adoption of the standard's measurement provisions at the date of first application as a correction of net asset balances to the beginning of the period in which the standard was first adopted, without restatement of comparative figures due to measurement changes arising from this standard. However presentation rules will be applied retroactively. Accordingly, the Association will restate comparative information in respect of changes in presentation arising from the provisions of the standard.

The association is examining the effects of the application of the standard on its financial statements.

**Revised accounting standards**

**2. Amendments to accounting standard 35 - Accounting policies, changes in accounting estimates and errors**

The amendments to Accounting Standard 35 make it possible to adopt an international standard (or a rule thereof), instead of accepted practice in Israel (when there is no accounting standard or clarification within the Israeli standard), taking into account transition reliefs provided by the international standard. Implementation of an international standard (or a rule thereof) will be done with the required changes in accordance with general implementation guidelines to be published in the future by the Accounting Standards Board regarding changes required by the accounting standards when adopting current international financial reporting standards or rules.

The amendments are applied for annual periods beginning on or after January 1, 2021. Earlier application is permitted.

The implementation of the amendments is not expected to have a material impact on the Association's financial statements.

**2. Amendments to accounting standard 34 - Presentation of financial statements**

The amendment clarifies that a liability will be classified as a current liability when the entity at the end of the reporting period has no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period except where the entity breaches at the end of the reporting period, or before that date a long term financial liability and as result the liability becomes repayable on demand, the entity will continue to classify this liability as non-current if the breach has been remedied after the reporting period and prior to the approval of the financial statements for publication under the conditions set forth in section 54 of the Standard.

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

National headquarters and Branches December, 31	
2020	2019

**Note 3 - Cash and Cash Equivalents**

Cash and current bank accounts:		
Headquarter- In Israeli currency	27,263	18,044
Headquarter- In foreign currency	3,517	5,637
Branches- In Israeli currency	2,396	2,901
Branches- In foreign currency	542	530
Bank deposits:		
Headquarter- In Israeli currency	-	-
Branches- In Israeli currency	-	30
Less- designated part	(21,936)	(19,917)
	<u>11,782</u>	<u>7,225</u>

**Note 4 - Short-Term Deposits**

Pledged cash	968	1,727
Deposits	950	850
Trust Funds	2,902	2,935
Marketable securities	7,316	7,568
Less- designated part	(8,000)	(9,000)
	<u>4,136</u>	<u>4,080</u>
Thereof:		
Headquarters	3,586	3,530
Branches	550	550
	<u>4,136</u>	<u>4,080</u>

**Note 5 - Income receivable**

Government ministries	11,445	10,958
Debts from Participants	67	85
Other	1,013	447
	<u>12,525</u>	<u>11,490</u>
Net of provision for doubtful debts.	(66)	(49)
	<u>12,459</u>	<u>11,441</u>

**Note 6 - Other Receivables and Debit Balances**

Prepaid rent	454	537
Cheques	3	39
Government institutions and others	66	460
Employees	31	98
	<u>554</u>	<u>1,134</u>

**Note 7 - Designated Cash and Marketable Securities**

Earmarked Cash and securities presented in:		
Current Assets	4,372	6,836
	<u>25,564</u>	<u>22,081</u>
Non- Current Assets	<u>29,936</u>	<u>28,917</u>
These balances relate to Net Assets:		
Restricted temporary - see Note 15.b	5,477	6,366
Earmarked by the Association's management - see Note 15.a	<u>24,459</u>	<u>22,551</u>
	<u>29,936</u>	<u>28,917</u>

**Note 8 - Fixed Assets**

Composition and movements for the year ended December 31, 2020, Headquarters and branches:

	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Motor vehicles</b>	<b>Office furniture and equipment</b>	<b>Computers</b>	<b>Total</b>
Cost:						
Opening balance	33,000	33,289	189	24,708	5,242	96,428
Additions	4,695	1,190	-	1,943	680	8,508
Disposals	-	-	(113)	-	-	(113)
Closing Balance	37,695	34,479	76	26,651	5,922	104,823
Accumulated depreciation:						
Opening balance	2,736	22,149	128	13,041	4,022	42,076
Depreciation for the year	397	1,772	11	1,250	645	4,075
Disposals	-	-	(113)	-	-	(113)
Closing Balance	3,133	23,921	26	14,291	4,667	46,038
Depreciated cost as at December 31, 2020	34,562	10,558	50	12,360	1,255	58,785
Depreciated cost as at December 31, 2019	30,264	11,140	61	11,667	1,220	54,352

(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**

	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>cost</b>
Composition and movements for the year ended December 31, 2020, Headquarters and branches:			
Opening balance	814	499	315
Additions	111	154	(43)
Closing Balance	925	653	272

<b>National headquarters and Branches</b>
<b>December, 31</b>
<b>2020</b>
<b>2019</b>

**Note 10 - Suppliers & Service providers**

Suppliers	3,947	1,762
Cheques payable	123	-
Payables in respect of rent	180	140
	4,250	1,902

**Note 11 - Other payables and credit balances**

Employees and wage-related liabilities	9,414	8,525
Current portion of long term credits	114	110
Provision for vacation	4,670	4,173
Provision for recovery	1,358	1,343
Expenses payable	405	100
Other Payables	659	622
	16,620	14,873

**Note 12 - Employee Benefits, Net**

	<b>National headquarters and Branches</b>	
	<b>December, 31</b>	
	<b>2020</b>	<b>2019</b>
A. Composition		
Accrued Severance payment	3,714	3,175
Liability for unused sick leave	228	167
	<u>3,942</u>	<u>3,342</u>
B. 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 3,720 thousands ( 2019 - NIS 3,499 thousands).		
C. 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 a compensation for unused sick leave days. This liability, compensation for unused sick leave days, 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.		

**Note 13 - Contingent Liabilities, Commitments and Liens**

**A. Guarantees**

- 1) The Association provided bank guarantees for a total of NIS 968 thousands, (31.12.19: NIS 1,062 thousands), of which approximately NIS 516 thousands (31.12.19: NIS 561 thousands) 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 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 2020 the Association rents about 72 apartments and 11 buildings used as hostels and the rent amounts NIS 3,714 thousand and NIS 2,324 thousand per year, respectively.  
In addition the Association rents 25 buildings used as branches with rent amounting NIS 2,792 thousand per year and 10 buildings used as centers for families counseling at rents amounting NIS 544 thousand per year.
- 2) Usage rights free of charge  
As of 31 December 2020, the Association has received rights to use land and buildings for its operations. The right to use 15 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 limit for 14 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 87.9% of its revenues (about 85.5% 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 and has been signed by the Ministry of Health.  
In respect to Family counseling centers ("MILAM centers"):
- 1) Tel Aviv, Netanya and Eilat, valid until June 30, 2022. As of the date of approval of these financial statements, this extension has been approved by the Association but has not yet been signed by the Ministry of Health.
  - 2) In Jerusalem, Karmiel and Haifa, contractual agreement valid until June 30, 2021.
- 4) Ministry of Defence  
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) The "Bait Meazen" Project - The association operates the "Bait Meazen" center as an alternative to psychiatric hospitalization, within the framework of agreements reached between the association and the Maccabi Health Services and Clalit Health Services HMOs for the provision of services within the framework of the project. The association undertook to provide the services relating to the treatment required in exchange for monetary payment as stipulated in the agreements signed.
  - 7) In February 2021, indictments were filed against the association and senior officials in the Labor Court for contracting and receiving cleaning services, in one branch and for a short period, from a service provider who did not hold a license to engage as a cleaning services contractor. In the opinion of the association's management, based on its legal counsel, given the negligible scope of the above engagement and also that the association has weighty administrative arguments, the association has a low risk due to this incident.
- 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, 2020 and 2019, 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 a number of foreign currencies compared to the shekel in respect of foreign currency bank deposits, including mainly US dollars deposits.

The following table lists the sensitivity to a 1% increase or decrease in the exchange rate of the US dollar. The sensitivity analysis includes balances of monetary items denominated in the US dollar and adjusts their translation at the end of the year to a change in the US dollar exchange rate as stated above. This change represents management's assessments of the possible change in the US dollar exchange rate.

Assuming that the other parameters remain unchanged, the effect of a 1% increase / decrease in the US dollar compared to the NIS was as follows:

	<b>Year ended December, 31</b>	
	<b>2020</b>	
	<b>+1%</b>	<b>-1%</b>
Statements of operations - profit (loss)		
1% change in the exchange rate of the US dollar	40	(40)

**Note 15- Net Assets**

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

	<b>Balance at 01.01.2020</b>	<b>Amounts earmarked</b>	<b>Amounts released from restrictions</b>	<b>Balance at 31.12.2020</b>
<b>Earmarked for activities:</b>				
Anchor Fund for Financial Stability	12,000	8,000	-	20,000
Infrastructure, Computer and Communications Improvement Fund	928	(428)	(279)	221
Special Project and Professional Development Fund	2,505	(505)	(816)	1,184
	<u>15,433</u>	<u>7,067</u>	<u>(1,095)</u>	<u>21,405</u>
<b>Earmarked for acquisition of fixed assets:</b>				
<b>The headquarters</b>				
Enosh House Construction Fund	5,000	(2,000)	-	3,000
<b>Branches</b>				
Fund for the construction of Enosh branches and hostels	2,086	(586)	(1,478)	22
Fund for the establishment of Enosh House - Hertzeliya	32	-	-	32
	<u>2,118</u>	<u>(586)</u>	<u>(1,478)</u>	<u>54</u>
	<u>7,118</u>	<u>(2,586)</u>	<u>(1,478)</u>	<u>3,054</u>
			-	
	<u>22,551</u>	<u>4,481</u>	<u>(2,573)</u>	<u>24,459</u>

**B- Net Assets with temporarily restriction**

	Balance at 01.01.2020	amounts received and restricted	amounts released from restrictions	Balance at 31.12.2020
<b>Temporarily restricted:</b>				
<b>The headquarters:</b>				
Fund for Maintenance of the Enosh House in Haifa	90	-	-	90
Mind & Fitness Fund *	50	-	(50)	-
Headspace center (see Note 13b (6) (b))	1,295	1,099	(691)	1,703
Digital Orientation Fund	-	433	-	433
Sukka Project Fund	48	-	-	48
Project "Bicycle Shop"	154	-	(6)	148
Social bond Fund	-	250	(250)	-
Fund for operation of Enosh homes	112	-	(62)	50
Food Vouchers for beneficiaries Fund *	-	664	(664)	-
The Starter Project Fund	170	-	(100)	70
The Enosh Kiryat Ono Branch Maintenance Fund	460	-	(17)	443
Massive recruitment for employment fund	-	220	-	220
Fund for financing the activities of the Afula Enosh home *	2,145	823	(2,968)	-
E-headSpace - Massive recruitment	-	411	-	411
Fund for maintenance Beit Shemesh Enosh home	401	200	(442)	159
Navigate Project Fund *	-	74	(74)	-
Fund Carmiel Kitchen Training Fund	251	-	-	251
Fund for maintenance Kiriat Gat branch	432	-	-	432
RUOK Project Fund	124	118	-	242
Project "Covid" Fund *	-	388	(388)	-
Other Funds *	336	405	(146)	595
	<u>6,068</u>	<u>5,085</u>	<u>(5,858)</u>	<u>5,295</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 2,446 thousand, of which NIS 1,242 thousand of it relates "Bait Meazen" Project, NIS 573 thousand of it relates to Project "Covid" and NIS 492 thousand of relates to Navigate Project.

**Branches**

Jerusalem Branch Fund (Estate of the late Lior Ori)	182	-	-	182
<b>Fund arising from properties held in trust and an apartment received as donation</b>	-	227	(227)	-
<b>Fund for equipment and construction (see Note 13b (6) (a))</b>	116	2,980	(3,096)	-
<b>Total</b>	<u>6,366</u>	<u>8,292</u>	<u>(9,181)</u>	<u>5,477</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.

**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	
	2020	2019
Apartment on Feinberg Street 5, Givatayim (a)	1,476	1,496
Apartment on Snapir Street 1, Tel Aviv (b)	187	193
Apartment on Shitrit Street 16, Netanya (b)	108	112
Apartment on Benbenishti Street 6, Tel Aviv (c)	627	659
	<u>2,398</u>	<u>2,460</u>

The goals of these trusts:

- (a) The trust is for housing people with psychiatric disabilities from the Enosh association.
- (b) For the establishment of a hostel in the context of Netanya and the Tel Aviv branches of Enosh Association.
- (c) 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	2,363	2,396
	<u>2,363</u>	<u>2,396</u>

The apartment on 6 Shmuel HaNagid St. in Jerusalem 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.

<b>Total Net Assets with permanent restriction</b>	<u>4,761</u>	<u>4,856</u>
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**Note 16 - Mental Health Services**

**National headquarters  
and Branches**

**Year ended December, 31**

<b>2020</b>	<b>2019</b>
111,091	100,283
1,320	1,454
907	484
<u>113,318</u>	<u>102,221</u>

Composition:

Ministry of Health (\*)

Ministry of Defense

Other

(\*) Year 2019 includes NIS 124 thousand refer to differentials rates relates to previous years.

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

Rehabilitative housing	57,633	53,038
Hostel	13,819	13,978
Vocational rehabilitation	29,295	25,770
Social and recreation centers	5,932	4,071
Family counseling center	5,733	5,071
Other projects	906	293
	<u>113,318</u>	<u>102,221</u>

**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

48	893
5,299	5,428
707	566
2,677	2,514
361	85
<u>9,092</u>	<u>9,486</u>

**Note 18 - Payroll and related expenses**

Composition:

Social clubs

Vocational rehabilitation

Supported housing

Hostels

Family counseling center

Other projects

9,724	8,947
16,469	16,208
44,344	41,665
8,861	8,514
3,894	3,614
2,945	2,751
<u>86,237</u>	<u>81,699</u>

National headquarters and Branches	
Year ended December, 31	
2020	2019

**Note 19 - Operating expenses**

Rent of Branches	2,909	3,058
Rent of apartments	6,140	6,222
Maintenance and operation	5,754	6,193
Office maintenance	713	803
Vehicles	1,182	1,319
Training and activities	4,952	3,903
Travel and other	842	842
	<u>22,492</u>	<u>22,340</u>

**Note 20 - Events and activities**

Social clubs	1,685	1,037
Vacation of beneficiaries (excluding cost of hired escorts)	-	895
Vocational rehabilitation	2,611	2,576
	<u>4,296</u>	<u>4,508</u>

**Note 21 - General and Administrative expenses**

Salaries & Related expenses	4,822	4,713
Office maintenance	746	710
Legal and Professional Services	732	520
Office, communication and other expenses	56	75
Payroll services	356	348
Food and events	49	58
Insurances	68	37
Business travel abroad	11	20
Motor vehicle	115	117
Provision for doubtful debts	31	(5)
	<u>6,986</u>	<u>6,593</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	1,020	1,493
Allowances from Municipalities	295	302
	<u>1,315</u>	<u>1,795</u>
2) Statements of changes in net assets:		
Donations temporarily restricted	5,312	4,828
Donations permanent restricted	-	-
	<u>5,312</u>	<u>4,828</u>
Total donations	<u>6,627</u>	<u>6,623</u>
Fundraising expenses	<u>848</u>	<u>1,049</u>

**Note 23 - Raising social awareness costs**

Supplementary training and seminars	86	110
Marketing, advertising and public relations	395	534
	<u>481</u>	<u>644</u>

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

	NIS thousands	
	National headquarters and Branches	
	Year ended December, 31	
	2020	2019
<b>Note 24 - Financial income, Net</b>		
Financial expenses:		
Bank expenses	93	78
Interests	14	10
Losses from securities	24	-
Exchange differences	302	397
	433	485
Financial income:		
Interest from bank deposits	-	48
Profit from securities	-	549
Exchange differences	-	-
	-	597
Financial expenses (income), net	433	(112)

**Note 25 - Transactions and Balances with Related Parties**

A. Salary and related expenses of the CEO	796	738
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 2015, included.

**Note 27 - Significant events during year ended December 31, 2020**

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 financial stability to a total amount of NIS 20 million. For this purpose, the committee 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.