

SIMCHA LAYELED

REGISTERED AMUTA

Financial statements

As of December 31, 2020

SIMCHA LAYELED

Registered Amuta

Financial statements

As of December 31, 2020

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AUDITORS' REPORT
TO THE MEMBERS OF THE GENERAL ASSEMBLY OF
SIMCHA LAYELED (Registered Amuta)

We have audited the accompanying balance sheets of SIMCHA LAYELED (Hereafter - the "Amuta") at December 31, 2020 and 2019 and the statements of operations and statements of changes in net assets and cash flows for the years ended on those dates. These financial statements are the responsibility of the Amuta's committee and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we plan and perform our audit to obtain reasonable assurance as to 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 Amuta's committee and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, subject to the exclusion of the information mentioned in the previous paragraph, the financial statements present fairly, in all material respects, the financial position of the Amuta at December 31, 2020 and 2019 and the results of its operations and changes in net assets and cash flows for the years ended on those dates, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Aboulafia Avital Shrensky & Co
ABOULAFIA AVITAL SHRENSKY & CO.
Certified Public Accountants

Date: October 10, 2021

SIMCHA LAYELED

Registered Amuta

Balance Sheet

		<u>As of December 31</u>	
		<u>2020</u>	<u>2019</u>
	<u>Note</u>	<u>NIS</u>	<u>NIS</u>
<u>Curret Assets</u>			
Cash and cash equivalents	3	1,821,256	1,306,283
Credit cards		1,156,738	853,710
Income receivable		638,715	1,713,978
		<u>3,616,709</u>	<u>3,873,971</u>
 <u>Long-Time Deposit</u>			
Deposit in bank		53,013	49,104
Deposit in leasing company		17,395	27,082
Rent deposit		-	9,000
		<u>70,408</u>	<u>85,186</u>
 <u>Fixed Assets</u>			
	4	<u>497,586</u>	<u>470,428</u>
		<u>4,184,703</u>	<u>4,429,585</u>

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

SIMCHA LAYELED

Registered Amuta

Balance Sheet

		As of December 31	
		2020	2019
		NIS	NIS
<u>Current liabilities</u>			
Trade accounts payable		73,960	155,291
Other accounts payable	5	381,657	391,167
		<u>455,617</u>	<u>546,458</u>
<u>Long-term liabilities</u>			
Liability for employee termination benefits	6	<u>150,698</u>	<u>158,531</u>
<u>Net Assets</u>			
<u>Unrestricted in use for activities</u>			
Undesignated by management		347,173	(123,290)
Designed by management		547,004	502,391
Used for fixed assets		497,586	470,428
		<u>1,391,763</u>	<u>849,529</u>
<u>Temporarily restricted</u>		<u>2,186,625</u>	<u>2,875,067</u>
		<u>3,578,388</u>	<u>3,724,596</u>
		<u>4,184,703</u>	<u>4,429,585</u>

October 10, 2021
Date of approval


Richi Wolf
Board Member


Ilan Grobman
Board Member

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

SIMCHA LAYELED

Registered Amuta

Balance Sheet

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		NIS	NIS
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October 10, 2021

Date of approval

Richi Wolf
Board Member

Ilan Grobman
Board Member

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

SIMCHA LAYELED

Registered Amuta

Statements of Operations

	Note	Year ended December 31	
		2020	2019
		NIS	NIS
<u>Revenues</u>			
Donations	7	6,693,638	10,074,802
Allocations	8	1,095,320	1,177,182
Amounts released from restriction		1,283,217	647,082
Parents participation in expenses		104,865	207,534
		<u>9,177,040</u>	<u>12,106,600</u>
<u>Cost of Operations</u>	9	<u>6,810,420</u>	<u>9,926,706</u>
Net Income from Operations		2,366,620	2,179,894
<u>General and Administrative Expenses</u>	10	1,093,443	1,025,099
<u>Fundraising Expenses</u>	11	<u>623,770</u>	<u>872,071</u>
Net Income before financing expenses, net		649,407	282,724
<u>Financing expenses, net</u>		<u>107,173</u>	<u>196,742</u>
Net income		<u>542,234</u>	<u>85,982</u>

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

SIMCHA LAYELED

Registered Amuta

Statements of Changes in Net Assets

	Unrestricted net Assets in Use for Activities				Total
	Not	Designated	Used for	Temporarily	
	Designated	in use by	Fixed	restricted	
	in use by	Organization	Assets	net assets	
	Organization				
	NIS	NIS	NIS	NIS	NIS
Balance at January 1, 2019	448,616	-	314,931	647,082	1,410,629
Net Income for the year	85,982	-	-	-	85,982
Donations restricted by donor	-	-	-	2,875,067	2,875,067
Amounts released by management	(502,391)	502,391	-	-	-
Amounts released to activities during the year	-	-	-	(647,082)	(647,082)
Investment in fixed assets	(198,440)	-	198,440	-	-
Transfer for depreciation expenses for the year	42,943	-	(42,943)	-	-
Balance as of December 31, 2019	<u>(123,290)</u>	<u>502,391</u>	<u>470,428</u>	<u>2,875,067</u>	<u>3,724,596</u>
Net Income for the year	542,234	-	-	-	542,234
Donations restricted by donor	-	-	-	594,775	594,775
Amounts released by management	(44,613)	44,613	-	-	-
Amounts released to activities during the year	-	-	-	(1,283,217)	(1,283,217)
Investment in fixed assets	(124,096)	-	124,096	-	-
Transfer for depreciation expenses for the year	96,938	-	(96,938)	-	-
Balance as of December 31, 2020	<u><u>347,173</u></u>	<u><u>547,004</u></u>	<u><u>497,586</u></u>	<u><u>2,186,625</u></u>	<u><u>3,578,388</u></u>

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

SIMCHA LAYELED

Registered Amuta

Statement of Cash Flows

	Year ended December 31	
	2020	2019
	NIS	NIS
<u>Cash Flows from Operating Activities</u>		
Net income	542,234	85,982
Adjustments to reconcile net income (expenses) to net cash provided by operating activities (Appendix "A")	770,499	(1,219,517)
Net cash used in operating activities	1,312,733	(1,133,535)
<u>Cash Flows from Investing Activities</u>		
Investment in fixed assets	(124,096)	(198,440)
Decrease in long term deposits	14,778	32,067
Net cash used in investing activities	(109,318)	(166,373)
<u>Cash Flows - Financing Activities</u>		
Amounts received from (used for) temporarily restricted net assets	(688,442)	2,227,985
Increase in cash and cash equivalents	514,973	928,077
Cash and cash equivalents at the beginning of the year	1,306,283	378,206
Cash and cash equivalents at end of year	1,821,256	1,306,283

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

SIMCHA LAYELED

Registered Amuta

Statement of Cash Flows

Adjustments to reconcile net income (expenses) to net cash provided by operating activities **(Appendix "A")**

	Year ended	
	December 31	
	2020	2019
	NIS	NIS
<u>Income and Expenses not Involving Cash Flows</u>		
Depreciation	96,938	42,943
Increase (Decrease) in liability for employee termination benefits	(7,833)	5,099
	<u>89,105</u>	<u>48,042</u>
<u>Changes in Assets and Liabilities</u>		
Decrease (Increase) in credit cards	(303,028)	217,397
Decrease (Increase) in allocation receivable	1,075,263	(1,696,478)
Increase (Decrease) in trade accounts payable	(81,331)	31,648
Increase (Decrease) in other accounts payable	(9,510)	179,874
	<u>681,394</u>	<u>(1,267,559)</u>
	<u>770,499</u>	<u>(1,219,517)</u>

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

SIMCHA LAYELED

Registered Amuta

Notes to Financial Statements

Note 1 - General

- 1.1 The Amuta was established on April 28, 2004 and operates as a non-for-profit institution.
- 1.2 The Amuta operates to enhance the lives of special children with physical and mental challenges, children with cancer and children who are victims of terror, by organizing activities for the joy and welfare of children in hospitals, in camps, by celebrating holidays and to honor special requests.
- 1.3 Sources of financing of the Amuta are funds raised abroad and in Israel.
- 1.4 The Amuta operates in four different areas, in Jerusalem- including "Meirav Center", Petach Tikva, Haifa, and Be'er Sheva.
- 1.5 In December 2019, the Amuta entered into an agreement to lease another area adjacent to the Jerusalem branch. The Amuta established a treatment center in this area called the "Meirav Center". The treatment center is designed to provide treatment for families with children who has chronic diseases and physical disabilities, but with normal intelligence. The given treatments are psychological treatments through conversations or art therapy. These treatments are subsidized by the Amuta. The treatment center is intended for children, siblings and parents of the children. The center began operating in February 2020.
- 1.6 In the event that the Amuta is dissolved, the assets of the Amuta will be transferred, after the repayment of its debts, to a different public institution as defined in section 9 (2) of the Income Tax Ordinance.
- 1.7 The Amuta has been recognized under the Income Tax Ordinance (New Version) as a "public organization" and as a "not-for-profit organization" under the Value Added Tax Law – 1975. Donations to the Amuta are eligible for a tax credit to the contributor. The Amuta has a certificate according to section 46 of the Income Tax Ordinance until December 31, 2023.
- 1.8 These financial statements have been prepared in accordance with generally accepted accounting principles for corporations established without the intent to produce revenue, in accordance with regulation number 5 of the Israeli Accounting Standards Board, with regard to general accounting principles and financial reporting by non-for-profit institutions.

Note 2 - Significant Accounting Policies

The principal accounting policies which were applied in the preparation of the financial statements are as follows :

2.1 Historical Cost

The financial statements were prepared on the agreed basis of historical cost.

2.2 Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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Registered Amuta

Notes to Financial Statements

Note 2 - Significant Accounting Policies (Cont.)

2.3 Cash and Cash Equivalents

Cash and cash equivalents include bank deposits, for a budgeted amount of time, without limitations of usage, and with maturities of three months or less from the time of investment.

2.4 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, at the following rates:

	%
Meirav Center and Leasehold improvements	10
Furniture and equipment	7-33
Software and website	33

2.5 Net Assets

2.5.1 Unrestricted net assets in use for activities

2.5.1.1 Unrestricted net assets in use for activities

The part of the net assets of the Amuta resulting from contributions and other inflows of assets whose use by the organization are not restricted by the donor and are not designated in use by organization.

2.5.1.2 Designated by management

The part of the net assets of the Amuta resulting from contributions and other inflows of assets whose use by the organization is not restricted by the donor, but is designated by the Amuta's management.

2.5.1.3 Used for Fixed Assets

The part of the net assets of the Amuta used for fixed assets resulting from unrestricted inflows.

2.5.2 Temporarily Restricted Net Assets

Includes the balance of net assets arising from donation where use is restricted by the donor on behalf of winter and summer camps next year or behalf of a sick child who needs medical treatment abroad.

2.6 Revenue Recognition

- Revenue from Donations is recognized upon the cash basis.
- Parents participation in expenses is recognized on an accrual basis.

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Notes to Financial Statements

Note 2 - Significant Accounting Policies (Cont.)

2.7 Contributions in Cash Equivalents

Products and services to the Amuta and personal advisors for students maintained by volunteers are given without consideration (excluding national service employees) are recorded as contributions and expenses at market value of the received products and services.

2.8 Expense Recognition

Expense is recognized when incurred upon the accrual basis.

2.9 Exchange Rate and Linkage Basis

2.9.1 Balances in, or linked to, foreign currency are presented in the financial statements according to the representative exchange rate as of the balance sheet date.

2.9.2 Data as to representative exchange rates, the Consumer Price Index (CPI) and the changes there to during the reported period are as follows:

	Index in points		Rate of change	
	As of		For the year ended	
	December 31,		December 31,	
	2 0 2 0	2 0 1 9	2 0 2 0	2 0 1 9
	Points	Points	%	%
Index "in respect of"	102	102.7	(0.7)	0.6
"Known" Index	102.1	102.7	(0.6)	0.3

2.9.3 Exchange rates:

	Representative rate of exchange		Rate of change	
	As of		For the year ended	
	December 31,		December 31,	
	2 0 2 0	2 0 1 9	2 0 2 0	2 0 1 9
	NIS	NIS	%	%
Dollar	3.215	3.456	(7)	(7.8)
Euro	3.94	3.88	1.7	(9.6)

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Notes to Financial Statements

Note 3 - Cash and cash equivalents

	As of December 31	
	2020	2019
	NIS	NIS
In NIS	736,142	769,714
In foreign currency	538,110	34,178
Deposit in NIS	547,004	502,391
	1,821,256	1,306,283

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Notes to Financial Statements

Note 4 - Fixed Assets

	<u>Meirav Center</u>	<u>Website</u>	<u>Leashold Improvment</u>	<u>Online Training Platform</u>	<u>Equipment and furniture</u>	<u>Computers</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<u>Cost</u>							
Balance - beginning of year	92,293	18,328	268,106	101,584	334,562	163,355	978,228
Investments during the year	-	-	12,519	73,551	15,275	22,751	124,096
	<u>92,293</u>	<u>18,328</u>	<u>280,625</u>	<u>175,135</u>	<u>349,837</u>	<u>186,106</u>	<u>1,102,324</u>
<u>Accumulated Depreciation</u>							
Balance - beginning of year	-	18,328	38,161	-	298,641	152,670	507,800
Depreciation	8,706	-	27,553	38,515	8,402	13,762	96,938
	<u>8,706</u>	<u>18,328</u>	<u>65,714</u>	<u>38,515</u>	<u>307,043</u>	<u>166,432</u>	<u>604,738</u>
Net book value as of December 31, 2020	<u>83,587</u>	<u>-</u>	<u>214,911</u>	<u>136,620</u>	<u>42,794</u>	<u>19,674</u>	<u>497,586</u>

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Notes to Financial Statements

Note 5 - Other accounts payable

	As of December 31	
	2020	2019
	NIS	NIS
Employees and institutions relating to salaries	358,257	367,767
Accrued expenses	23,400	23,400
	<u>381,657</u>	<u>391,167</u>

Note 6 - Liability for employee termination benefits

The Amuta liability for severance pay is calculated pursuant to Israeli severance pay law based on the most recent salary of the employees multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment or a portion thereof.

The Amuta liability for severance pay to their employees is covered by regular deposits with recognized severance pay funds in the employees' names to the insurance companies and the balance of the liability which is not deposited.

The amounts funded in the employees' names to the insurance companies and the severance liabilities which they cover are not reflected in these financial statements since they are not under the control and management of the Amuta.

During 2016, the Amuta's management decided to apply Sec. 14 of Israeli severance pay law, and deposit into the employees funds her entire liability for employee termination benefits.

Note 7 - Donations

	Year ended December 31	
	2020	2019
	NIS	NIS
7.1 <u>Composition:</u>		
Donations from Israel	4,297,450	5,824,393
Donations from Abroad	731,453	704,254
Cash equivalents income	1,664,735	3,546,155
	<u>6,693,638</u>	<u>10,074,802</u>

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Registered Amuta

Notes to Financial Statements

Note 7 - Donations (Cont.)

7.2 Cash equivalents income

	Year ended December 31	
	2020	2019
	NIS	NIS
Services and products	435,200	755,045
Volunteers	1,229,535	2,791,110
	<u>1,664,735</u>	<u>3,546,155</u>

7.3 During the year, a \$ 50,000 donation was received from the Arison Foundation.

Note 8 - Allocations

Local Municipalities	30,205	21,529
Health Ministry	3,000	68,000
Welfare and Social Services Ministry	1,062,115	1,087,653
	<u>1,095,320</u>	<u>1,177,182</u>

SIMCHA LAYELED

Registered Amuta

Notes to Financial Statements

Note 9 - Cost of Operations

	Year ended	
	December 31	
	2020	2019
	NIS	NIS
9.1 <u>Composition-</u>		
Wages and related expenses	2,642,548	3,201,001
Personal mentoring (*)	710,476	1,535,914
Camps (**)	1,156,444	2,760,946
Branch activities (hospitals, families and trips) (***)	541,035	1,022,716
Rent and utilities	465,554	332,734
Office maintenance	96,223	102,515
Communications	26,856	38,541
Vehicle maintenance	193,081	296,057
Insurance	60,268	46,878
National Service employees	187,671	124,974
Family Center Beit Merav	119,859	9,823
General activities	41,231	114,744
Financial support for students	501,317	309,803
Depreciation	67,857	30,060
	<u>6,810,420</u>	<u>9,926,706</u>

(*) In 2020, including cash equivalents income in the sum of 557,195 NIS. (1,238,368 NIS in 2019)

(**) In 2020, including cash equivalents income in the sum of 704,701 NIS. (1,659,415 NIS in 2019)

(***) In 2020, including cash equivalents income in the sum of 402,839 NIS. (648,372 NIS in 2019)

9.2 The Amuta used the Donation of the Arison Foundation for activities, trips, training and salaries in the total amount of 269,024 NIS.

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Registered Amuta

Notes to Financial Statements

Note 10 - General and Administrative Expenses

	Year ended	
	December 31	
	2020	2019
	NIS	NIS
Wages and related expenses	716,492	674,376
Professional services	113,088	78,979
Communications	4,079	6,992
Office maintenance	11,536	39,068
Rental fees	83,247	78,982
Vehicle maintenance	116,531	96,597
Taxes and fees	1,137	244
Gifts and Refreshments	18,252	36,978
Depreciation	29,081	12,883
	<u>1,093,443</u>	<u>1,025,099</u>

Note 11 - Fundraising Expenses

Wages and related expenses	341,029	379,063
Publicity	282,741	493,008
	<u>623,770</u>	<u>872,071</u>