

Ezer Mizion (Reg. Assoc.)

Financial Statements as of December 31, 2016

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Financial Statements as on December 31, 2016

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Report by Auditing Accountant for Members of Ezer Mizion (Reg. Assoc.)

I have audited the accompanying balance sheets relating to Ezer Mizion (Reg. Assoc.) (hereinafter: the "Association") as of December 31, 2015 and 2016, as well as the operational report, report on changes in net assets and the cash flow report for each of the years concluding on that date.

The said financial statements are the responsibility of the Association management. It is my responsibility to express a professional opinion of these financial statements based on my audit.

My audit was conducted in accordance with generally accepted auditing standards, including standards set forth by the Institute of Certified Public Accountants in Israel (CPA's Work Methods) 1973. The said standards require that I plan and perform the audit with the aim of obtaining reasonable assurance that the financial statements are free of substantial misrepresentation. An audit includes a random check of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessment of the accounting rules that were applied and significant estimates made by the Association committee and management, as well as evaluation of the propriety of the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As stated in Note 2A of the financial statements, the said statements were prepared in nominal and not reported figures as required by Accounting Standard 12 of the Israel Accounting Standards Board.

In my opinion, aside from non-application of Standard 12 of the Israel Accounting Standards Board, these financial reports properly reflect, from all substantial aspects, the financial situation of the Association as of December 31, 2015 and 2016, as well as its operational results, changes in equity and cash flow for each of the years concluding on those dates, in keeping with the generally accepted accounting principles (Israeli GAAP) for non-profit organizations.

Yehuda Keynan
Certified Public Accountant (ISR.)

Bnei Brak, 11 June 2017

Ezer Mizion (Req. Assoc.)

Balance Sheet

in New Israeli Shekels

		As of December 31	
	<u>Note</u>	<u>2016</u>	<u>2015</u>
Assets			
Current Assets			
Cash and cash equivalents	3	18,652,568	16,278,954
Deposits in designated funds	4	10,284,094	11,396,711
Checks receivable		1,072,134	1,162,364
Debtors and debit balances	5	<u>36,409,822</u>	<u>37,198,346</u>
		66,418,618	66,036,375
		-----	-----
Fixed Assets	6	89,413,326	82,463,534
		-----	-----
Total assets		<u>155,831,944</u>	<u>148,499,909</u>
Liabilities			
Current Liabilities			
Bank credit	7	6,154,217	6,061,396
Checks payable		4,195,329	6,654,685
Suppliers and service providers		14,341,838	12,451,794
Creditors and credit balances	8	<u>29,651,631</u>	<u>26,101,897</u>
		54,343,015	51,269,772
		-----	-----
Long-Term Liabilities			
Bank loans	9	4,841,128	3,606,010
Reserve for employee retirement fund	10	<u>13,700,000</u>	<u>13,564,000</u>
		18,541,128	17,170,010
		-----	-----
Total Liabilities		72,884,143	68,439,782
		-----	-----
Net Assets			
Unrestricted Net Assets			
Designated for activities		(18,290,749)	(16,021,231)
Used for fixed assets		<u>89,413,326</u>	<u>82,463,534</u>
		71,122,577	66,442,303
		-----	-----
Net Assets subject to temporary restriction	11	11,825,224	13,617,824
		-----	-----
Total Net Assets		82,947,801	80,060,127
		-----	-----
Total Liabilities and Net Assets		155,831,944	148,499,909

Chananya Chollak –Chairman

Natan Adler – Committee Member

Bnei Brak, 11 June 2017

Ezer Mizion (Reg. Assoc.)
Statement of Operations
in New Israeli Shekels

	<u>Note</u>	Year Ending December 31	2016	2015
Operating turnover	12		420,573,793	385,734,337
Cost of operations	13		<u>400,177,706</u>	<u>364,727,362</u>
Net revenues derived from operations			20,396,087	21,006,975
General & Administrative expenses	14		<u>25,558,748</u>	<u>25,171,992</u>
Net expenses before financing			(5,162,661)	(4,165,017)
Net financing expenses	15		<u>(1,221,241)</u>	<u>(1,112,657)</u>
Expenses, including financing expenses			(6,383,902)	(5,277,674)
Other net revenues	16		8,092,618	5,802,056
Expenses – Previous years			<u>-</u>	<u>(58,249)</u>
Surplus for the year			<u>1,708,716</u>	<u>466,133</u>

Ezer Mizion (Reg. Assoc.)
Statement of Changes in Net Assets (Deficit)
For the year ending December 31, 2016
in New Israeli Shekels

	Unrestricted Designated for Activities	Used for Fixed Assets	Restricted Subject to Temporary Restriction	Total
Balance as of Jan. 1, 2015	(16,365,141)	80,166,595	12,120,601	75,922,055
Additions (decreases) during the year				
Surplus	466,133			466,133
Donations and others			3,752,733	3,752,733
Net amounts released to fixed assets	(7,831,082)	9,982,625	(2,151,543)	-
Assets sold	197,336	(197,336)		-
Amounts released from restriction	23,173		(103,967)	(80,794)
Transfer to restricted net assets				
Amounts transferred to cover depreciation	<u>7,488,350</u>	<u>(7,488,350)</u>	<u>-</u>	<u>-</u>
Balance as of Dec. 31, 2015	(16,021,231)	82,463,534	13,617,824	80,060,127
Additions (decreases) during the year				
Surplus	1,708,716			1,708,716
Donations and others			1,358,626	1,358,626
Net amounts released to fixed assets	(12,027,143)	14,965,107	(2,937,964)	-
Assets sold	66,663	(66,663)		
Amounts released from restriction	33,594		(213,262)	(179,668)
Transfer to restricted net assets				
Amounts transferred to cover depreciation	<u>7,948,652</u>	<u>(7,948,652)</u>	<u>-</u>	<u>-</u>
Balance as of December 31, 2016	<u>(18,290,749)</u>	<u>89,413,326</u>	<u>11,825,224</u>	<u>82,947,801</u>

Ezer Mizion (Req. Assoc.)

Statement of Cash Flow

in New Israeli Shekels

	<u>Year Ending Dec.</u> <u>31, 2016</u>	<u>Year Ending</u> <u>Dec. 31,</u> <u>2015</u>
Surplus	1,708,716	466,133
Adjustment required for accounting the cash from ongoing activities	<u>12,842,108</u>	<u>951,692</u>
	<u>14,550,824</u>	<u>1,417,825</u>
	-----	-----
Cash flow from investment activity		
Investment in fixed assets	(14,965,107)	(9,982,625)
Net consideration from the realization of fixed assets	<u>281,000</u>	<u>171,233</u>
	<u>(14,684,107)</u>	<u>(9,811,392)</u>
	-----	-----
Cash flow for financing activity		
Increase in long-term loans	1,235,118	252,125
Increase (decline) in short-term bank credit	92,821	(967,865)
Net donation revenues subject to use restriction	<u>1,178,958</u>	<u>3,671,939</u>
	<u>2,506,897</u>	<u>2,956,199</u>
	-----	-----
Increase (decline) in cash and cash equivalents	2,373,614	(5,437,368)
Cash and cash equivalents – Opening balance	<u>16,278,954</u>	<u>21,716,322</u>
Cash and cash equivalents – Closing balance	<u>18,652,568</u>	<u>16,278,954</u>
	-----	-----
<u>Adjustment required for accounting the cash from ongoing activities</u>		
Expenses unrelated to cash flow		
Depreciation	7,948,652	7,488,350
Capital loss (profit)	(214,337)	26,103
Increase in reserve for employee retirement fund	<u>136,000</u>	<u>3,229,000</u>
	<u>7,870,315</u>	<u>10,743,453</u>
	-----	-----
Changes in Assets and Liabilities		
Decrease (Increase) in deposits	1,112,617	(2,587,339)
Decrease (Increase) in checks receivable	90,230	(29,957)
Decrease (Increase) in debtors and debit balances	788,524	(6,189,920)
Increase (decrease) in checks payable	(2,459,356)	(873,188)
Increase in suppliers and service providers	1,890,044	904,650
Increase (decrease) in creditors and credit balances	<u>3,549,734</u>	<u>(1,016,007)</u>
	<u>4,971,793</u>	<u>(9,791,761)</u>
	-----	-----
	<u>12,842,108</u>	<u>951,692</u>

Ezer Mizion (Reg. Assoc.)

Notes to the Financial Statements as of December 31, 2016 in New Israeli Shekels

Note 1 The Association

A. On 8 May, 1985, the Association was registered with the Registrar of Associations under number 580079978

B. Association objectives and activities:

1. Ambulance service, home attendants, domestic and hospital volunteers.
2. Provision of hot meals and food packages as part of a nourishment program for the sick and needy, including pre-holiday and Kimcha D'Pischa distributions.
3. Blood bank and bone marrow registry.
4. Assistance, counseling, therapy and rehabilitation for people with special needs, for all types of disabilities, including sensory disabilities, such as hearing, speech and sight impairments.
5. Oranit" convalescent home for children with cancer.
6. Loan of medical and developmental equipment.
7. Support and charity funds.
8. Accompanying and transporting patients to medical care abroad.
9. Up-to-date medical counsel.
10. Educational programs promoting mutual assistance and *chessed* in the community.
11. Rehabilitation and occupational programs for the disabled.
12. Support, rehabilitation, and social services for the ill and others in need.
13. Operation of educational and therapy programs.
14. Assistance for mental health patients, Holocaust survivors, cancer patients, senior citizens and people with special needs.
15. Providing leisure-time activities for people with special needs and patients, including summer retreats and day camps.
16. Granting stipends and conducting a stipend program for the promotion of Association objectives, in keeping with criteria set by the general assembly.

Note 2 Principles of Accounting Policy

A. The financial statements were presented as per Statement 69 of the Institute of Certified Public Accountants in Israel and in keeping with Accounting Standard 5 of the Israel Accounting Standards Board, based on the historical cost and without addressing the decline in the NIS purchasing power.

B. Foreign currency deposits and liabilities were accounted under the representative exchange rate for the NIS upon the reporting date.

The primary representative rate on the reporting date is NIS 3.845 per 1 USD.
(31 December, 2015 – NIS 3.902 /1 USD)

C. 1. The fixed assets in the financial reports (excluding the residential apartments) are accounted at cost less cumulative depreciation, and include only the assets acquired from 1997 and on. In the preceding years, they were included in the Statement of Operations.

2. Depreciation was accounted according to the annual measures method, equivalent to the following shares of the cost of the assets:

Structures – 2-12.5%, Renovations – 12.5%, Vehicles – 15-20%, Equipment, furniture and others – 6-33%, Residential apartments – 6.7-10%.

Note 3 Cash and Cash Equivalents

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
In Israeli Currency:		
Deposits	1,015,078	582,079
Current Accounts	<u>4,843,785</u>	5,436,341
	<u>5,858,863</u>	6,018,420
In foreign Currency:		
Deposits	8,641,893	10,107,786
Current Accounts	<u>4,151,812</u>	<u>152,748</u>
	<u>12,793,705</u>	<u>10,260,534</u>
	<u>18,652,568</u>	<u>16,278,954</u>

Note 4 Deposits in Designated Funds

	<u>Dec. 31, 2016</u>			<u>Dec. 31, 2015</u>	
	<u>Charity Fund</u>	<u>Building Fund</u>	<u>Bone Marrow Registry Structure</u>	<u>Total</u>	<u>Total</u>
In Israeli Currency	14,143	-	2,289,163	2,303,306	2,529,767
In foreign Currency	-	<u>7,980,788</u>	-	<u>7,980,788</u>	<u>8,866,944</u>
	<u>14,143</u>	<u>7,980,788</u>	<u>2,289,163</u>	<u>10,284,094</u>	<u>11,396,711</u>

- A. The amounts deposited in the Building Fund are derived of donations and allocations intended to build and maintain the "Ezer Mizion Center" building.
- B. The amounts deposited in the charity fund are derived of donations intended to fund support for the needy.
- C. The amounts deposited in the Bone Marrow Registry Structure Fund are derived of donations and allocations intended to fund building and maintaining the building.

Note 5 **Debtors and Debit Balances**

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Accounts receivable	15,815,175	16,747,793
Prepaid expenses	1,610,416	1,011,902
Others	<u>18,984,231</u>	<u>19,438,651</u>
	<u><u>36,409,822</u></u>	<u><u>37,198,346</u></u>

Note 6 **Fixed Assets**

A. Composition of balance

	<u>Buildings</u>	<u>Residential Apartments</u>	<u>Rental Improvements</u>	<u>Vehicles</u>	<u>Equipment, Furnishings and Others</u>	<u>Total</u>
Opening balance	55,973,685	6,870,000	6,583,687	12,369,322	52,734,026	134,530,720
Additions over the year	5,745,609	-	612,976	1,492,069	7,114,453	14,965,107
Deductions during the year	-	-	-	(817,533)	-	(817,533)
Year-end cost	<u>61,719,294</u>	<u>6,870,000</u>	<u>7,196,663</u>	<u>13,043,858</u>	<u>59,848,479</u>	<u>148,678,294</u>
Cumulative depreciation at beginning of year	7,784,035	629,551	2,696,792	6,719,909	34,236,899	52,067,186
Depreciation for the year	889,914	187,591	680,999	1,772,414	4,417,734	7,948,652
Depreciation due to decreases	-	-	-	(750,870)	-	(750,870)
Year-end cumulative depreciation	8,673,949	817,142	3,377,791	7,741,453	38,654,633	59,264,968
Year-end depreciated cost	<u>53,045,345</u>	<u>6,052,858</u>	<u>3,818,872</u>	<u>5,302,405</u>	<u>21,193,846</u>	<u>89,413,326</u>

- B. Pursuant to a leasing agreement signed with the Petach Tikvah Municipality on September 11, 2004, a lot was leased to the Association for 25 years, with the option of extending the leasing period by an additional 25 years.

In previous years, the Association built the "Oranit" hostel on the lot, intended for children with cancer, and the cost of its construction was accounted for in the statements of operational costs.

- C. Pursuant to an agreement signed with the Bnei Brak Municipality (hereinafter: "the Municipality") on February 7, 2000, the Municipality granted the Association permission to build a structure on a site belonging to the Municipality, for purposes of public aid and charity activities, in keeping with the plan relating to the land and subject to the obtained building permit.

The permission was given for an unlimited period, so long as the Association utilizes the site for purposes of public aid and charity.

The Association built the "Ezer Mizion Center" on the site, serving the Association in its activities.

- D. Throughout 2012, 3 property assessors submitted assessments according to the value of a voluntary buyer to a voluntary seller, amounting to NIS 6,870,000 for the 7 residential apartments owned by the Association and which, until December 31, 2011, were not expressed in Association books. The assessments included differentiation between the value of the land and the value of the structure, mentioning the apartments' estimated life expectancy. The Association recorded the apartment value, based on these assessments, in its books, as well as the depreciation, according to the expected lifetime of the assets (excluding the land). The profit derived of the apartment valuation was reflected in the Report on Net Changes (Deficit) in Assets for that year.

- E. 1. The Association owns 3 additional residential apartments, received in 2014 from estates of deceased who donated them to the Association.

2. According to Association Management, these apartments are valued at about NIS 4,200,000.

3. Two of the said apartments, valued at about NIS 3,100,000, were registered as a charitable trust and, according to the legator's will, they will be sold at some point and the consideration thereof will be applied to the acquisition of medical equipment and ambulances.

- F. In 2016, the Association received a residential apartment from an estate, which Management estimates at approximately NIS 2.3M in value, as well as a lot in Holon, which Management estimates as about NIS 500,000 in value.

Note 7 **Bank Credit**

Composition

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Short-term credit	4,565,876	4,406,877
Current maturity of long-term loans	<u>1,588,341</u>	<u>1,654,519</u>
	<u>6,154,217</u>	<u>6,061,396</u>

Note 8 **Creditors and Credit Balances**

Composition:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Provision for vacation	13,193,000	10,753,000
Employees	12,064,321	11,291,160
Accounts payable	512,294	101,152
Institutions	2,531,219	2,172,749
Others	<u>1,350,797</u>	<u>1,783,836</u>
	<u>29,651,631</u>	<u>26,101,897</u>

Note 9 **Bank Loans**

A. Composition

	<u>Interest Rates</u> (Variable Interest)	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Loans from Bank PAGI Ltd.	1.6%-2.1%	6,289,079	5,024,567
Loan from Bank Hapoalim	1.6%	<u>140,390</u>	<u>235,962</u>
		6,429,469	5,260,529
Less current maturities		<u>(1,588,341)</u>	<u>(1,654,519)</u>
		<u>4,841,128</u>	<u>3,606,010</u>
B. Repayment dates			
Second year		1,523,775	1,565,743
Third year		1,098,331	1,064,298
Fourth year and onward		<u>2,219,022</u>	<u>975,969</u>
		<u>4,841,128</u>	<u>3,606,010</u>

Note 10 **Reserve for employee retirement fund**

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Reserve for severance pay	64,276,000	56,971,000
Deposits for severance pay	<u>(50,576,000)</u>	<u>(43,407,000)</u>
	<u>13,700,000</u>	<u>13,564,000</u>

The reserve for severance pay covers full Association liability for the payment of severance pay to its employees.

Note 11 **Net assets subject to temporary restriction**

Composition:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Charity fund	13,563	13,563
Building fund	8,123,025	8,241,333
Property and development fund	2,141,223	2,141,223
Bone Marrow Registry building fund	<u>1,547,413</u>	<u>3,221,705</u>
	<u>11,825,224</u>	<u>13,617,824</u>

Note 12 Operating Turnover**A. Revenue composition**

	<u>2016</u>	<u>2015</u>
Donations in Israel	61,866,264	58,210,579
Donations received in foreign currency	11,702,418	4,539,465
Government allocations (B)	2,044,950	4,071,487
Local authority allocations	301,631	362,084
Public organization allocations	3,261,588	3,024,640
Cash equivalent deposits (C)	143,308,482	128,886,744
Home attendant services	107,217,045	104,863,441
Special child division	32,779,994	26,672,127
Beneficiary activities	2,655,828	2,746,273
Cancer division	38,572,577	36,535,934
Mental health	8,927,859	8,562,305
Rehabilitative swimming pool	3,665,048	2,810,996
Medical product sales	3,690,481	3,815,012
Service revenues	47,500	57,141
Other revenues	<u>532,127</u>	<u>576,109</u>
	<u><u>420,573,792</u></u>	<u><u>385,734,337</u></u>

B. Composition of Government Allocations

Ministry of Health	1,805,562	2,966,725
Ministry of Social Services	<u>239,388</u>	<u>1,104,762</u>
	<u><u>2,044,950</u></u>	<u><u>4,071,487</u></u>

C. Contribution of donations in cash equivalent

Products and services received at no charge	66,020,878	61,183,539
Monetary equivalent of volunteer work	<u>77,287,604</u>	<u>67,703,205</u>
	<u><u>143,308,482</u></u>	<u><u>128,886,744</u></u>

The donations in cash equivalent, derived of the value of volunteer work hours, at no charge, were calculated as follows: 25.47 NIS/hr. (min. wage annual average) * 3,034,456 volunteer work hours = NIS 77,287,604.

Note 13 Cost of Activities

	<u>2016</u>	<u>2015</u>
Salaries and related expenses	104,826,545	100,684,833
Monetary equivalent of volunteer work and products	143,308,483	128,886,742
Mental health	10,763,347	9,650,811
Office maintenance and communications	4,925,798	4,510,809
Activities for the ill and needy	12,593,010	12,169,251
Ambulance division, car maintenance, transportation	10,231,241	10,252,686
Special child division	41,995,600	34,300,601
Cancer division	46,703,809	41,354,473
Home attendant services	2,987,236	2,694,080
Rehabilitative swimming pool	2,709,890	2,650,320
Volunteer coordination	<u>1,897,600</u>	<u>718,075</u>
	<u>382,942,559</u>	<u>347,872,681</u>
Jerusalem Branch	8,949,891	8,902,529
Tel Aviv Branch	975,665	1,106,184
Petach Tikvah Branch	1,334,130	1,308,315
Holon Bat Yam Branch	692,091	735,631
Ra'anana Branch	73,917	100,358
Rehovot Branch	414,658	394,137
Ganei Tikvah Branch	73,853	78,560
Or Yehuda Branch	449,367	429,061
Kiryat Sefer Branch	1,537,427	1,709,768
Bayit Cham	373,816	348,040
Kfar Saba Branch	335,281	329,810
Netivot Branch	584,088	395,225
Elad Branch	610,610	430,938
Haifa Branch	94,404	-
Other Branches	<u>735,949</u>	<u>586,125</u>
	17,235,147	16,854,681
	<u>400,177,706</u>	<u>364,727,362</u>

Note 14 General & Administrative Expenses

	<u>2016</u>	<u>2015</u>
Salary and related expenses	12,596,868	11,979,257
Office and printing	582,535	538,432
Communications, telephone and postage	266,654	164,908
Maintenance	141,069	140,551
Electricity and water	113,219	130,567
Professional retainer	589,469	588,019
Public relations	4,009,003	3,641,823
Fundraising	5,859,271	6,640,332
Travel abroad	626,526	699,924
Depreciation of equipment, furnishings and other movable property	619,523	507,578
Advertising	16,421	19,693
Miscellaneous	<u>138,190</u>	<u>120,908</u>
	<u>25,558,748</u>	<u>25,171,992</u>

Note 15 **Financing expenses, net**

	<u>2016</u>	<u>2015</u>
Interest, commissions, and bank expenses	(983,600)	(987,400)
Exchange rate differentials	(283,437)	(145,128)
Interest and rate differentials received	45,796	19,871
	<u>(1,221,241)</u>	<u>(1,112,657)</u>

Note 16 **Other revenues net**

	<u>2016</u>	<u>2015</u>
Other revenues, net	7,948,281	5,788,478
Expenses pursuant to estate	(70,000)	-
Net profit (loss) from realizing fixed assets	214,337	(26,103)
Compensation for "Operation Protective Edge" damages	-	39,681
	<u>8,092,618</u>	<u>5,802,056</u>

Note 17 **Related Parties**

During the reporting year, the Association paid the Committee Chairman a total of NIS 97,053 plus VAT of NIS 16,499 as a fixed annual consideration, in return for his operation as the Committee Chairman.

Note 18 **Pending Liabilities**

1. There are three separate claims filed against the Association by employees for physical damages, for which legal representation and handling are the responsibility of the Ayalon Insurance Co.'s attorneys, and for which the Association's risk is no more than the cost of insured's participation – NIS 9,000 for each claim.
2. There is a claim filed by a foreign worker in the regional Labor Court in Tel Aviv against the Association to the amount of about NIS 42,000. The worker was not employed directly by the Association, but rather via a contractor. According to the opinion of the Association's legal advisor, since all the components of the claim are components related to labor relations, there does not appear to be any financial risk at all to the Association.
3. A claim for monetary relief of 6,921,940 NIS was filed against the Association and 9 other respondents in the Jerusalem District Court.

On July 5, 2016, a ruling was issued ordering the claim to be dropped due to the claimants' inactivity.

On Nov. 3, 2016, the claimants' petition to retract the ruling in which the claim was dropped was rejected.

According to the company's legal advisor, Yaakov Weinroth and Associates, the claimants still have a theoretical possibility to re-file the claim. As of now, they have not done so. Even if the claim is re-filed, the chances of success appear to be minimal.

4. On Sept. 28, 2016, an Association employee filed a request to the Regional Labor Court in Tel Aviv for approval of a class action suit. A claim was attached to the action writ to the amount of NIS 262,500 due to illegal deductions from employees' salaries.

The amounts were returned to the employees and on June 1, 2017, an itemization of the amounts returned to the employees was delivered to the Court by their request.

According to the opinion of the Association's legal advisors, Yigal Arnon and Associates, they are now at too early a stage to assess the Association's risk in the case. They believe that the existing risk amounts to about NIS 28,000. In addition, the Association may be required to pay legal expenses and recompense to the class action filer, in the event that it will be determined that presentation of the claim is what led to discontinuation of the deduction from the employees' salaries.

5. On Feb. 28, 2016, a claim was filed to the amount of NIS 63,000 against the Association and an additional respondent by a candidate for employment who was not accepted for the job. In the opinion of the Association's legal advisors, Peron and Associates, at this stage, the estimated risk in the case is to the amount of NIS 25,000.
6. On Sept. 7, 2015, a claim was filed to the Regional Labor Court in Tel Aviv to the amount of NIS 142,000, as compensation for dismissal not legally justified. In the opinion of the Association's legal advisors, Peron and Associates, at this stage, the estimated risk in the case is to the amount of NIS 40,000.

Note 19 **Liens**

1. Some of the Association vehicles are subject to liens in favor of the First International Bank Ltd., PAGI Bank Ltd. and Bank Hapoalim Ltd..
2. There are liens in favor of the First International Bank Ltd. and PAGI Bank Ltd. for allowances from the Ministry of Labor and Social Services and from Maccabi Health Services, as they occur from time to time, for Association rights to funds from deposits deposited in favor of the Association in specific accounts in the First International Bank in Israel through PAGI Israel Ltd., which shall be renewed, altered, merged, split and or converted to another currency from time to time, including all of the yields and revenues added or to be added to the said deposits, for the rights of the Association under the supplier agreements with the various credit card companies, including the right to receiving money from them.

Note 20 **Income Tax**

The Association was recognized as a public institution for the purpose of exempt revenue pursuant to Article 9(2) of the Income Tax Order and Association donors enjoy an income tax credit pursuant to Article 46(A) of the said Order.