

**Ezer Mizion (Reg. Assoc.)**

**Financial Statements as on 31 December, 2015**

# **Ezer Mizion (Reg. Assoc.)**

## **Financial Statements as on 31 December, 2015**

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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 31 December 2015 and 2014, as well as the operational report, report on changes in net assets and the cash flow report for each of the years then ended.

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

The audit was conducted in accordance with Generally Accepted Auditing Standards, including standards set forth by the Institute of Certified Public Accountants in Israel (Auditor's Mode of Performance) 5733-1973. 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 material misstatement. An audit includes examining, on a trial basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the principles used and significant estimates made by the Association committee and management, as well as evaluating 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, beyond non-application of Standard 12 of the Israel Accounting Standards Board, these financial reports properly reflect, as per Generally Accepted Accounting Principles, for all substantial aspects, the financial situation of the Association as on 31 December 2015 and 2014, as well as its operational results, changes in equity and cash flows for each of the years then ended and pursuant to Israeli GAAP for non-profit organizations.

**Yehuda Keynan**  
**Certified Public Accountant (ISR.)**

Bnei Brak, 14 Sivan, 5775  
20 June 2016

# Ezer Mizion (Reg. Assoc.)

## Balance Sheet New Israeli Shekels

	<u>Note</u>	<u>As of 31 December</u>	
		<u>2015</u>	<u>2014</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	16,278,954	21,716,322
Deposits in designated funds	4	11,396,711	8,809,372
Checks receivable		1,162,364	1,132,407
Debtors and debit balances	5	<u>37,198,346</u>	<u>31,008,426</u>
		66,036,375	62,666,527
		-----	-----
<b>Fixed Assets</b>	6	82,463,534	80,166,595
		-----	-----
<b>Total assets</b>		<u>148,499,909</u>	<u>142,833,122</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank credit	7	6,061,396	7,029,261
Checks payable		6,654,685	7,527,873
Suppliers and service providers		12,451,794	11,547,144
Creditors and credit balances	8	<u>26,101,897</u>	<u>27,117,904</u>
		51,269,772	53,222,182
		-----	-----
<b>Long-Term Liabilities</b>			
Bank loans	9	3,606,010	3,353,885
Reserve for employee retirement fund	10	<u>13,564,000</u>	<u>10,335,000</u>
		17,170,010	13,688,885
		-----	-----
<b>Total Liabilities</b>		68,439,782	66,911,067
		-----	-----
<b>Net Assets</b>			
<b>Unrestricted Net Assets</b>			
Designated for activities		(16,021,231)	(16,365,141)
Used for fixed assets		<u>82,463,534</u>	<u>80,166,595</u>
		66,442,303	63,801,454
		-----	-----
<b>Net Assets subject to temporary restriction</b>	11	13,617,824	12,120,601
		-----	-----
<b>Total Net Assets</b>		<u>80,060,127</u>	<u>75,922,055</u>
		-----	-----
<b>Total Liabilities and Net Assets</b>		<u>148,499,909</u>	<u>142,833,122</u>

Chananya Chollak –Chairman

Natan Adler – Committee Member

Bnei Brak, 14 Sivan, 5775  
20 June 2016

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

	<u>Note</u>	<b>Year Ended on 31 December</b>	
		<u>2015</u>	<u>2014</u>
Operating turnover	<b>12</b>	385,734,337	332,234,480
Cost of operations	<b>13</b>	<u>364,727,362</u>	<u>314,404,039*</u>
<b>Net revenues derived from operations</b>		21,006,975	17,830,441
General & Administrative expenses	<b>14</b>	<u>25,171,992</u>	<u>21,471,276*</u>
<b>Net expenses before financing</b>		(4,165,017)	(3,640,835)
Net financing revenues (expenses)	<b>15</b>	<u>(1,112,657)</u>	<u>413,468</u>
<b>Expenses, including financing expenses</b>		(5,277,674)	(3,227,367)
Other revenues	<b>16</b>	5,802,056	5,534,081
Expenses – Previous years		<u>(58,249)</u>	<u>-</u>
<b>Excess for the year</b>		<u>466,133</u>	<u>2,306,714</u>

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\* Reclassified

## Ezer MiZion (Reg. Assoc.)

### Statement of Changes in Net Assets (Deficit)

For the year ended on 31 December

New Israeli Shekels

	Unrestricted			Total
	Designated for Activities	Used for Fixed Assets	Subject to Temporary Restriction	
Balance as of 1 Jan., 2014	(19,109,298)	71,827,693	15,831,481	68,549,876
Changes during the year				
Excess	2,306,714			2,306,714
Donations and others			5,166,091	5,166,091
Net amounts released to fixed assets	(5,810,447)	15,859,170	(10,048,723)	-
Assets sold	237,760	(237,760)		-
Amounts released from restriction	27,622		(128,248)	(100,626)
Transfer to restricted net assets	(1,300,000)		1,300,000	
Amounts transferred to cover depreciation	<u>7,282,508</u>	<u>(7,282,508)</u>	<u>-</u>	<u>-</u>
Balance as of 1 Jan., 2014	(16,365,141)	80,166,595	12,120,601	75,922,055
Changes during the year				
Excess	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 on 31 December 2015	<u>(16,021,231)</u>	<u>82,463,534</u>	<u>13,617,824</u>	<u>80,060,127</u>

# Ezer MiZion (Reg. Assoc.)

## Statement of Cash Flows New Israeli Shekels

	<u>Year Ended on 31</u> <u>Dec., 2015</u>	<u>Year Ended on 31</u> <u>Dec., 2014</u>
Excess	466,133	2,306,714
Adjustment required for accounting the cash from ongoing activities	<u>951,692</u>	<u>6,500,467</u>
	1,417,825	8,807,181
	-----	-----
<b>Cash flows from investment activities</b>		
Investment in fixed assets	(9,982,625)	(15,859,170)
Net consideration from the realization of fixed assets	<u>171,233</u>	<u>275,739</u>
	(9,811,392)	(15,583,431)
	-----	-----
<b>Cash flows for financing activities</b>		
Increase (decline) in long-term loans	252,125	(785,870)
Increase (decline) in short-term bank credit	(967,865)	459,749
Net donation revenues subject to restriction	<u>3,671,939</u>	<u>5,065,465</u>
	2,956,199	4,739,344
	-----	-----
Decline in cash and cash equivalents	(5,437,368)	(2,036,906)
Cash and cash equivalents – Opening balance	<u>21,716,322</u>	<u>23,753,228</u>
Cash and cash equivalents – Closing balance	<u>16,278,954</u>	<u>21,716,322</u>
	-----	-----
<b><u>Adjustment required for accounting the cash from ongoing activities</u></b>		
Expenses unrelated to cash flow		
Depreciation	7,488,350	7,282,508
Capital loss (profit)	26,103	(37,979)
Increase (decline) in reserve for employee retirement fund	<u>3,229,000</u>	<u>(1,293,000)</u>
	10,743,453	5,951,529
	-----	-----
<b>Changes in Assets and Liabilities</b>		
Decrease (Increase) in deposits	(2,587,339)	1,843,870
Decrease (Increase) in checks receivable	(29,957)	288,627
Decrease (Increase) in debtors and debit balances	(6,189,920)	(3,733,844)
Decrease in checks payable	(873,188)	(6,358,389)
Increase in suppliers and service providers	904,650	6,531,487
Increase (decrease) in creditors and credit balances	<u>(1,016,007)</u>	<u>1,977,187</u>
	(9,791,761)	548,938
	-----	-----
	<u>951,692</u>	<u>6,500,467</u>

## Ezer MiZion (Reg. Assoc.)

### **Notes to the Financial Statements as of 31 December, 2015 New Israeli Shekels**

#### **Note 1    The Association**

- A. On 8 May, 1985, the Association was registered with the Registrar of Associations under number 580079978 and called "Ezer MiZion" – Aid and Support for the Sick and Needy. On 1 June, 1995, the Association changed its name to "Ezer MiZion".
- B. Association objectives and activities:
1. Ambulance and nursing services, 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 Kamha dePascha distribution.
  3. Blood and bone marrow bank.
  4. Special needs assistance, consulting, treatment and rehabilitation for all handicaps, including sensory handicaps, such as hearing, speech and sight impairments.
  5. Oranit" convalescent home for children with cancer.
  6. Loaning medical and developmental equipment.
  7. Support and charity funds.
  8. Accompanying and transporting patients abroad.
  9. Updated medical consulting.
  10. Educational programs for providing aid and charity in the community.
  11. Rehabilitation and occupational programs for the handicapped.
  12. Aiding, rehabilitation and welfare services for the sick and others in need.
  13. Operating educational and therapeutic programs.
  14. Assistance for mental health patients, Holocaust survivors, cancer patients, senior citizens and people with special needs.
  15. Conducting leisure activities for people with special needs and patients, including vacations and summer camps.
  16. Granting scholarships and conducting a scholarship program for the promotion of Association objectives, based on criteria set by the general assembly.



## **Note 2 Principles of Accounting Policy**

- A. The financial statements were presented according to Opinion 69 of the Institute of Certified Public Accountants in Israel and pursuant to 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 NIS representative rate upon the reporting date.

The major representative rate on the reporting date is 3.902 NIS per 1 USD.

(31 December, 2014 – 3.889 NIS/1 USD)

- C. 1. The fixed assets (excluding the residential apartments) are accounted at cost less cumulative depreciation, and it includes only the assets acquired since 1997 and forward, where the preceding years were included in the Statements of Activities.
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>31 Dec., 2015</u>	<u>31 Dec., 2014</u>
Israeli Currency:		
Deposits	582,079	2,365,356
Current Accounts	<u>5,436,341</u>	<u>3,785,114</u>
	<u>6,018,420</u>	<u>6,150,470</u>
Foreign Currency:		
Deposits	10,107,786	13,906,935
Current Accounts	<u>152,748</u>	<u>1,658,917</u>
	<u>10,260,534</u>	<u>15,565,852</u>
	<u>16,278,954</u>	<u>21,716,322</u>

## **Note 4 Deposits in Designated Funds**

	<u>31 Dec., 2015</u>			<u>31 Dec., 2014</u>	
	<u>Structure</u>	<u>Charity</u>	<u>Bone Marrow</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Registry</u>		
			<u>Structure</u>		
Israeli Currency	14,142	-	2,515,625	2,529,767	348,252
Foreign Currency	-	<u>8,099,100</u>	<u>767,844</u>	<u>8,866,944</u>	<u>8,461,120</u>
	<u>14,142</u>	<u>8,099,100</u>	<u>3,283,469</u>	<u>11,396,711</u>	<u>8,809,372</u>

- A. The amounts deposited in the structure fund are derived of donations and allocations intended to build and maintain the "Beit Ami" building.
- B. The amounts deposited in the charity fund are derived of donations intended to support the needy.
- C. The amounts deposited in the Bone Marrow Registry Structure Fund are derived of donations and allocations intended to build and maintain the building.

**Note 5**      **Debtors and Debit Balances**

	<u>31 Dec., 201</u>	<u>31 Dec., 2014</u>
Accounts receivable	16,747,793	10,878,158
Prepaid expenses	1,011,902	2,210,062
Others	<u>19,438,651</u>	<u>17,920,206</u>
	<u>37,198,346</u>	<u>31,008,426</u>

**Note 6**      **Fixed Assets**

**A. Composition**

	<u>Structures</u>	<u>Residential Apartments</u>	<u>Leasehold Improvements</u>	<u>Vehicles</u>	<u>Equipment, Furnishings and Others</u>	<u>Total</u>
Opening balance	54,414,062	6,870,000	5,830,511	10,897,973	47,612,162	125,624,708
Additions during the year	1,559,623	-	753,176	2,547,962	5,121,864	9,982,625
Deductions during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,076,613)</u>	<u>-</u>	<u>(1,076,613)</u>
Year end cost	<u>55,973,685</u>	<u>6,870,000</u>	<u>6,583,687</u>	<u>12,369,322</u>	<u>52,734,026</u>	<u>134,530,720</u>
Cumulative depreciation – Opening balance	6,928,259*	441,960	2,077,030*	5,831,200	30,179,644*	45,458,113
Depreciation for the year	855,776	187,591	619,762	1,767,986	4,057,235	7,488,350
Depreciation for deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>(879,277)</u>	<u>-</u>	<u>(879,277)</u>
Cumulative depreciation –	<u>7,784,776</u>	<u>629,551</u>	<u>2,696,792</u>	<u>6,719,909</u>	<u>34,236,899</u>	<u>52,067,186</u>
Year end depreciated cost	<u>48,189,650</u>	<u>6,240,449</u>	<u>3,886,895</u>	<u>5,649,413</u>	<u>18,497,127</u>	<u>82,463,534</u>

\*Reclassified

- B. Pursuant to a leasing agreement signed with the Petach Tikva Municipality on 11 September, 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 activity costs.

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

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

The Association built "Beit Ami" 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 6,870,000 NIS regarding the 7 residential apartments owned by the Association and which, until 31 December 2011, were not expressed in Association books. The Association recorded the apartment value in its books pursuant to the assessments received and the depreciation in their regard was recorded according to the expected lifetime of the assets (excluding the land). The profit derived of apartment valuation was reflected in the Report on Net Changes (Deficit) in Assets for the 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 ~4,200,000.

3. 2 of the said apartments, valued at ~3,100,000 NIS 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. Management estimates its value at ~2.3M NIS.

**Note 7**      **Bank Credit**

Composition

	<u>31 Dec., 2015</u>	<u>31 Dec., 2014</u>
Short term credit	4,406,877	5,232,837
Current maturity of long-term loans	<u>1,654,519</u>	<u>1,796,424</u>
	<u>6,061,396</u>	<u>7,029,261</u>

**Note 8**      **Creditors and Credit Balances**

Composition:

	<u>31 Dec., 2015</u>	<u>31 Dec., 2014</u>
Provision to vacation	10,753,000	8,959,000
Employees	11,291,160	10,494,047
Accounts payable	101,152	2,937,435
Institutions	2,172,749	2,053,527
Others	1,783,836	2,287,317
Advanced receivables	-	<u>386,578</u>
	<u>26,101,897</u>	<u>27,117,904</u>

**Note 9**      **Bank Loans**

A. Composition

	<u>Interest Rates</u> (Variable Interest)	<u>31 Dec., 2015</u>	<u>31 Dec., 2014</u>
Loans from Mizrachi Tefachot Ltd.			718,525
Loans from PAGI Ltd.	1.6%	5,024,567	4,103,072
Loan from Bank HaPoalim	1.6%	<u>235,962</u>	<u>328,712</u>
		5,260,529	5,150,309
Less current maturities		<u>(1,654,519)</u>	<u>(1,796,424)</u>
		<u>3,606,010</u>	<u>3,353,885</u>
B. Repayment dates			
Second year		1,565,743	1,438,318
Third year		1,064,298	1,124,198
Fourth year and onward		<u>975,969</u>	<u>791,369</u>
		<u>3,606,010</u>	<u>3,353,885</u>

**Note 10**    **Reserve for employee retirement fund**

	<b><u>31 Dec., 2015</u></b>	<b><u>31 Dec., 2014</u></b>
Reserve for severance pay	56,971,000	50,900,000
Deposits for severance pay	<u>(43,407,000)</u>	<u>(40,565,000)</u>
	<u>13,564,000</u>	<u>10,335,000</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:**

	<b><u>31 Dec., 2015</u></b>	<b><u>31 Dec., 2014</u></b>
Charity fund	13,563	14,787
Structure fund	8,241,333	8,214,472
Property and development fund	2,141,223	3,141,223
Bone marrow reg. building fund	<u>3,221,705</u>	<u>750,119</u>
	<u>13,617,824</u>	<u>12,120,601</u>

**Note 12 Operating Turnover**

## A. Revenue composition

	<b><u>2015</u></b>	<b><u>2014</u></b>
Donations in Israel	58,210,579	52,991,260
Donations received in foreign currency	4,539,465	8,161,742
Government allocations (B)	4,071,487	3,176,692
Local authority allocations	362,084	109,066
Public organization allocations	3,024,640	1,478,296
Cash equivalent deposits (C)	128,886,744	92,964,952
Nursing services	104,863,441	98,781,659
Special child division	26,672,127	22,354,221*
Patient activities	2,746,273	2,372,370*
Cancer division	36,535,934	34,471,570*
Mental health	8,562,305	7,549,220
Rehabilitative swimming pool	2,810,996	2,938,994
Medical product sales	3,815,012	3,702,719*
Service revenues	57,141	170,816
Other revenues	<u>576,109</u>	<u>1,010,903</u>
	<b><u>385,734,337</u></b>	<b><u>332,234,480</u></b>

## B. Composition of Government Allocations

Ministry of Health	2,966,725	2,916,000
Ministry of Labor and Welfare	<u>1,104,762</u>	<u>260,692</u>
	<b><u>4,071,487</u></b>	<b><u>3,176,692</u></b>

## C. Contribution of donations in kind

Products and services received for no charge	61,183,539	37,962,195
Monetary equivalent of volunteer hours	<u>67,703,205</u>	<u>55,002,757</u>
	<b><u>128,886,744</u></b>	<b><u>92,964,952</u></b>

The donations in kind, derived of the value of volunteer hours, for no charge, were calculated as follows: 24.53 NIS/hr. (min. wage) \* 2,760,016 volunteer work hours = 703,205 NIS.

**Note 13****Cost of Activities**

	<u>2015</u>	<u>2014</u>
Salaries and related amounts	100,684,833	92,654,849
Monetary equivalent of volunteer work and products	128,886,742	92,964,953
Mental health	9,650,811	8,231,177
Office maintenance and communications	4,510,809	4,014,708*
Activities for the ill and needy	12,169,251	12,036,467*
Ambulance, car maintenance and transportation	10,252,686	10,725,386
Special child division	34,300,601	29,754,211*
Cancr division	41,354,473	43,588,070*
Geriatric nursing	2,694,080	2,731,687
Rehabilitative swimming pool	2,650,320	2,624,658
Volunteer coordination	<u>718,075</u>	<u>286,024*</u>
	347,872,681	299,612,190
		-----
Jerusalem Branch	8,902,529	7,569,834
Tel Aviv Branch	1,106,184	1,086,998
Petach Tikva Branch	1,308,315	1,336,979
Holon Bat Yam Branch	735,631	674,105
Ra'anana Branch	100,358	119,049
Rehovot Branch	394,137	377,794
Ganei Tikva Branch	78,560	86,013
Or Yehuda Branch	429,061	507,146
Kiryat Seffer Branch	1,709,768	1,414,941
Bait Cham	348,040	382,280
Kfar Saba Branch	329,810	303,712
Netivot Branch	395,225	324,761
Elad Branch	430,938	
Other Branches	<u>586,125</u>	<u>608,237</u>
	16,854,681	14,791,849
		-----
	<u>364,727,362</u>	<u>314,404,039</u>

\*Reclassified



**Note 14** General & Administrative Expenses

	<u>2015</u>	<u>2014</u>
Salary and related expenses	11,979,257	11,049,342*
Office and printing	538,432	663,660*
Communications, telephone and postage	164,908	342,819*
Maintenance	140,551	137,987
Electricity and water	130,567	136,726
Professional retainer	588,019	722,700
Public relations	3,641,823	3,290,321
Standing orders	6,640,332	3,942,090*
Foreign travel	699,924	548,958
Equipment, furnishing and other depreciation	507,578	450,615
Advertising	19,693	41,195
Miscellaneous	<u>120,908</u>	<u>144,863</u>
	<u>25,171,992</u>	<u>21,471,276</u>

\*Reclassified

**Note 15** Financing expenses, net

	<u>2015</u>	<u>2014</u>
Interest, commissions and bank expenses	(987,400)	(1,048,510)
Rate differentials	(145,128)	-
Interest and rate differentials received	<u>19,871</u>	<u>1,461,978</u>
	<u>(1,112,657)</u>	<u>413,468</u>

**Note 16** Other revenues net

Net revenues from Chinese lottery	5,788,478	5,496,102
Net profit (loss) from realizing fixed assets	(26,103)	37,979
Compensation for "Operation Protective Edge" damages	<u>39,681</u>	<u>-</u>
	<u>5,802,056</u>	<u>5,534,081</u>

**Note 17** Related Parties

During the reporting year, the Association paid the Committee Chairman a total of 97,753 NIS plus VAT of 16,618 NIS as a fixed annual consideration, in return for his operation as the Committee Chairman.

**Note 18** Pending Liabilities

1. There is a claim of 2,356,628 NIS (as of 9 November 2009) pending against the Association and a long line of respondents in the Tel Aviv Magistrates Court relating to physical damages to a foreign worker.
2. There are two separate claims, totaling 706,800 NIS, filed against the Association by two employees for physical damages.
3. The Association's legal advisor believes that the Association has insurance coverage for the said claims and that the exposure does not

exceed the deductible of 9,000 NIS per each claim.

4. There are two separate claims, totaling 205,000 NIS, filed by a former Association employee and a job applicant.

According to the Association's external legal advisors, the exposure for these two claims equals 85,000 NIS.

5. A claim for monetary relief of 6,921,940 NIS was filed against the Association and 9 other respondents in the Jerusalem District Court.

According to the company's legal advisor, Yacov Weinroth and Associates, while evaluating the case and based on the claims set forth by the plaintiffs and the Association one can assume that the arguments raised against the Association are problematic for the plaintiffs, both on the factual-evidentiary level and on the legal level, and the chances for success are low

## **Note 19**    **Liens**

1. Some of the Association vehicles are subject to liens in favor of Bank Mizrachi Tefachot Ltd., the First International Bank Ltd., PAGI Bank Ltd. and Bank HaPoalim.
2. There are liens in favor of the First International Bank Ltd. and PAGI Bank Ltd. for all rights of the Association to allowances from the Institute of National Insurance, as they exist from time to time, for allowances from the Ministry of Labor and Welfare 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.
3. There are liens in favor of Bank Mizrachi Tefahot Ltd. for specific accounts in the bank and mortgages for Association assets in Plot 6372 lot 27 and Plot 6189 Lot 700.

## **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.