

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

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THE AMOUNTS CONTAINED IN THE A/M FINANCIAL STATEMENTS ARE STATED IN THOUSANDS OF NIS.

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JUNE, 2019

AUDITOR'S REPORT

**TO THE MEMBERS OF ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH
DISABILITIES (A REGISTERED NON-PROFIT ORGANIZATION)**

At your request we have audited the accompanying statements of financial position of ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES (A REGISTERED NON-PROFIT ORGANIZATION)

as at December 31, 2018 and 2017 and the related statements of activities changes in the net assets and the statements of income and expenditure for each year then ended. (See note 1 B). These financial statements are within the responsibility of the 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 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, Assessing the accounting principles used and significant estimates made by the Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements referred to above are prepared in nominal value.

In our opinion, the aforementioned financial statements referred to above, present fairly, in all material respects, the financial position of the Sport center as at December 31st, 2018 and 2017, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles in Israel –Israeli Gaap.

Respectfully,

Hershkovitz, Ashkenazi, Kats and Co. CPA (ISR)

Certified Public Accountants (Isr.)


ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES


(A REGISTERED NON-PROFIT ORGANIZATION)


Balance Sheet
as at December 31

	Note	I L A N		Consolidated	
		2018 in NIS thou.	2017 in NIS thou.	2018 in NIS thou.	2017 in NIS thou.
<u>Assets</u>					
<u>Current Assets:</u>					
Cash and cash equivalents	3	18,693	27,323	19,728	28,040
Accounts receivable	4	10,917	10,226	11,849	11,090
Inventory		778	569	797	585
		<u>30,388</u>	<u>38,118</u>	<u>32,374</u>	<u>39,715</u>
<u>Investments and deposits for Restricted net assets</u>	3	42,263	41,150	42,263	41,150
<u>Investment in subsidiary – (Equity)</u>	10	974	919	-	-
<u>Fixed assets</u>	5	88,369	80,713	89,128	81,614
Total assets		<u>161,994</u>	<u>160,900</u>	<u>163,765</u>	<u>162,479</u>
<u>Liabilities</u>					
<u>Current Liabilities:</u>					
Creditors and credit balances	6	17,574	18,825	19,447	20,528
Severance pay reserve	7	2,833	2,998	2,731	2,874
<u>Contingent liabilities</u>	8				
<u>Net Assets</u>					
<u>unrestricted usable net assets</u>					
Used for activities		9,981	16,295	9,981	16,925
Used for fixed assets		89,343	81,632	89,343	81,632
Total unrestricted		<u>99,324</u>	<u>97,927</u>	<u>99,324</u>	<u>97,927</u>
<u>Restricted Net Assets</u>	9				
Temporarily Restricted		35,093	37,643	35,093	37,643
Permanently Restricted		7,170	3,507	7,170	3,507
Total Restricted Net Assets		<u>42,263</u>	<u>41,150</u>	<u>42,263</u>	<u>41,150</u>
Total net assets		<u>141,587</u>	<u>139,077</u>	<u>141,587</u>	<u>137,077</u>
Total liabilities and net assets		<u>161,994</u>	<u>160,900</u>	<u>163,765</u>	<u>162,479</u>

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


Mr. Boaz Herman,
General Manager


Mr. Yekutiel Gavish,
Finance Committee Chair
Honorary Treasurer


Mr. Ehud Rassabi, CPA
Chairman of the Board

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES
for the year ending Dec. 31

	Note	ILAN		Consolidated	
		2018	2017	2018	2017
		in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
<u>ACTIVITIES Turnover</u>					
Contributions and bequests		29,403	30,867	29,403	30,867
Volunteers and cash equivalent contributions	11	7,085	6,827	7,174	6,916
Income from operation of rehabilitation facilities	12	49,392	48,764	49,392	48,764
Proceeds from sales of products and services	13	10,525	9,768	12,952	12,371
Income from current operations		96,405	96,226	98,921	98,918
Net assets releases from restrictions		4,213	2,737	4,213	2,737
		100,618	98,963	103,134	101,655
<u>Operating Costs</u>					
Operation of rehabilitation facilities	14	78,404	77,057	80,858	79,515
Operation of branches	15	16,547	15,117	16,547	15,117
<u>Total operating costs</u>		94,951	92,174	97,405	94,632
<u>Net income from operations</u>		5,667	6,789	5,729	7,023
<u>Administrative and general expenses</u>	16	3,115	2,565	3,115	2,565
<u>Public relations and fund raising expenses</u>		6,851	6,983	6,851	6,983
<u>Excess of (expenses)/income before financing</u>		(4,299)	(2,759)	(4,237)	(2,525)
<u>Net financial (expenses)/income</u>		(350)	636	(357)	616
<u>Deficit from current Activities</u>		(4,649)	(2,123)	(4,594)	(1,909)
<u>Other (expenses) income</u>	17	3,258	(13)	3,258	(13)
<u>Company included on the equity basis</u>		55	214	-	-
<u>Deficit for the year</u>		(1,336)	(1,922)	(1,336)	(1,922)

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

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

STATEMENT OF CHANGES IN NET ASSETS

for the year ending December 31, 2017

and

for the year ending December 31, 2018

	UnRestricted Net Assets		Restricted Net Assets		Total in NIS thou.
	Used for activities in NIS thou.	Used for fixed assets in NIS thou.	Temporarily Restricted in NIS thou.	Permanently Restricted In NIS thou.	
<u>Balance as at Dec. 31, 2016</u>	14,116	72,373	48,393	3,638	138,520
<u>Supplements during the year</u>					
Allocations and contributions		708	6,718	-	7,426
Financing			896	96	992
Assigned to net assets	(107)		107		-
Use of net assets					
Deficit for the year	(1,922)				(1,922)
<u>Deductions during the year:</u>					
Sums released from Restricted Net Assets:					
For current use			(5,712)	(227)	(5,939)
For acquisition of fixed assets	(270)	13,029	(12,759)		-
Sums transferred to cover depreciation expenses	4,679	(4,679)			-
Fixed asset deductions	13	(13)			-
Changes in investment account in subsidiary	(214)	214			-
<u>Balance as at Dec. 31, 2017</u>	16,295	81,632	37,643	3,507	139,077
<u>Supplements during the year</u>					
Allocations and contributions			4,960	3,284	8,244
Financing			(232)	47	(185)
Assigned to net assets	(8,533)	56	8,134	343	-
Deficit for the year	(1,336)				(1,336)
<u>Deductions during the year:</u>					
Sums released from Restricted Net Assets:					
For current use			(4,202)	(11)	(4,213)
For acquisition of fixed assets	(1,496)	12,706	(11,210)		-
Sums transferred to cover depreciation expenses	5,106	(5,106)			-
Changes in investment account in subsidiary	(55)	55			-
<u>Balance as at Dec. 31, 2018</u>	9,981	89,343	35,093	7,170	141,587

* See note 9

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

STATEMENT OF CASH FLOW

	For the year ending on Dec. 31	
	2018	2017
	<u>NIS thousand</u>	<u>NIS thousand</u>
<u>Cash flow from operating activities:</u>		
Deficit for the statement year	(1,336)	(1,922)
Adjustments required to present cash and cash equivalents from operating activities (Appendix A)	(3,536)	(1,858)
Net cash used for operating activities:	<u>(4,872)</u>	<u>(3,780)</u>
<u>Cash flow from investing activities:</u>		
Realization of short-term investments	19,009	10,881
Purchase of short-term investments	(20,122)	-
Purchase of fixed assets	(12,762)	(13,856)
Income from realigation of fixed assets	2,058	-
Net cash used by investing activities	<u>(11,817)</u>	<u>(2,856)</u>
<u>Cash flow from financial activities:</u>		
Permanently restricted contributions	3,284	-
Temporarily restricted contributions	4,960	7,426
Interest for maintaining real value of temporarily restricted net assets	(232)	896
Interest for maintaining real value of permanently restricted net assets	47	96
Net cash from financial operations	<u>8,059</u>	<u>8,418</u>
<u>Net Increase (decrease) in cash and cash equivalents</u>	<u>(8,630)</u>	<u>1,782</u>
<u>Cash and cash equivalents at beginning of year</u>	<u>27,323</u>	<u>25,541</u>
<u>Cash and cash equivalents at end of year</u>	<u>18,693</u>	<u>27,323</u>

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

STATEMENT OF CASH FLOW

	For the year ending on Dec. 31	
	2018	2017
	NIS thousand	NIS thousand
Appendix A: Adjustments required to present cash flow from operating activities:		
Income/ Expenses not dependent on cash flow:		
Profit and loss of capital from realization of fixed assets	(3,258)	13
Depreciation	5,106	4,679
Profit / loss from realization of investments in subsidiaries	(55)	(214)
Assignment of income to restricted net assets	1,200	-
Sums released for activities from restricted net assets	(4,213)	(5,939)
Changes in sections covering property and liability:		
(Increase) decrease in receivables and debt balances	(691)	1,102
(Increase) / decrease in inventory	(209)	35
Increase / (decrease) in other creditors	(1,251)	(1,403)
Increase / (decrease) in the severance pay reserve	(165)	(131)
	<u>(3,536)</u>	<u>(1,858)</u>

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements **as at December 31, 2018**

Note No. 1 - General

A. The association's aims

ILAN is a registered non-profit organization aims to improve the condition and to rehabilitate children and adults with disabilities stemming from disorders of the muscular and nervous systems throughout Israel.

B. Legal status

The association registered according to the Non-Profit Association's Law of 1980 (non-profit organization no. 58-003624-2).

The association a non profit organization and a recognized "public institution" according to Section 9 (2) of the Income Tax Regulations.

C. Branches and facilities

The association consists of a center used as the association headquarters, branches throughout the country, and various other facilities. The association's headquarters, branches, and facilities have separate accounting systems and produce separate financial statements accordingly. The association's financial statement (ILAN) is an aggregate of the audited financial statements of ILAN headquarters, branches, and facilities.

The requisite adjustments were made during preparation of this statement so that reciprocal activities reflecting the internal operations of the association cancel each other out.

D. Related parties

- (1) The association one (wholly-owned) subsidiary established for the purpose of founding and operating a rehabilitative sports center. This company's statement of financial position has been consolidated with that of ILAN and forms the consolidated financial statement.

The subsidiary provided the association with rehabilitation services in the total amount of NIS 1,322 (in thousands).

The association an additional subsidiary that is inactive.

See note 10 – Investments in subsidiaries.

- (2) In accordance with demands of the Registrar of Non-Profit Organizations, details of transactions with related parties, other than the subsidiary, were specified in the written report, the volume of all transactions is less than NIS 200 (in thousands) cumulatively.

Note No. 2 - Accounting Principles

- A. The financial statements are presented in accordance with the regulations determined in Manifest 69 published by the Institute of Certified Public Accountants in Israel in respect of "Accounting and Reporting Regulations for Non-Profit Organizations," and in accordance with Accounting Standard No. 5 of the Professional Council of the Israel Accounting Standards Board, concerning corrections and clarifications to Manifest No. 69.

- B. The financial statements are presented in nominal values. No adjustments were made for changes in the purchasing power of the Israeli currency. The consumer price index rose by 0.4% during the period covered by the statement (last year it fell by 0.1 %).

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements as at December 31, 2018

Note No. 2 - Accounting Principles - Fixed Assets - continued

C. Fixed assets

1. Fixed assets acquired prior to December 31, 1996, were fully depreciated at the time of purchase and recorded at a symbolic value. Gain on fixed assets acquired since 1997 are represented according to cost minus depreciation at rates of 4%-33%.
2. The association's land rights – land rights obtained prior to January 1, 1997, are recorded in the books at a symbolic value.

D. Cash and cash equivalents

1. Foreign currency balances – are presented according to the representative rate of exchange prevailing on the day of the statement, that is: \$1 = NIS 3.748 and other currencies according to corresponding rates of exchange. (December 31, 2017 \$ 1 = NIS 3.467).
2. Investments – Investments in negotiable securities, index-linked deposits, and governmental loans are represented according to their market value on the day of the statement.

E. Reporting basis

1. Income from allocations by government institutions and others is included on a cumulative basis.
2. Expenses are registered on a cumulative basis.
3. The cost of activities presented as operation of rehabilitation facilities and operation of the branches are inclusive of all their expenses, except for public relations and nationwide fundraising expenses or activities of the entire association.

F. Establishment and management of facilities using restricted net assets

The association's investments in the founding and operation of various facilities using temporarily restricted net asset funds were deducted from these net assets. Temporarily net assets thus represent the balance of unused funds.

In order for the operating statement to also express activities by the association stemming from funds originating in temporarily restricted net assets the relevant sums appear in the income section under "Net Assets release from restricted," and in the costs section under "Operating Costs."

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
as at December 31, 2018

Note No. 3 – Cash and Cash Equivalents

	<u>I L A N</u>		<u>Consolidated</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>in NIS thou.</u>	<u>in NIS thou.</u>	<u>in NIS thou.</u>	<u>in NIS thou.</u>
Cash	17,681	13,106	18,637	13,751
Short-term deposits	9,548	8,524	9,548	8,524
Foreign currency	1,935	4,060	2,014	4,132
Negotiable securities	31,792	42,783	31,792	42,783
Total cash and cash equivalents	60,956	68,473	61,991	69,190
After deduction of cash and cash equivalents designated for net assets				
Restricted net assets	42,263	41,150	42,263	41,150
Cash and cash equivalents for current operations	18,693	27,323	19,728	28,040

Note No. 4 – Receivables and Debt Balances

	<u>I L A N</u>		<u>Consolidated</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>in NIS thou.</u>	<u>in NIS thou.</u>	<u>in NIS thou.</u>	<u>in NIS thou.</u>
Trade accounts receivable	1,688	1,690	1,839	1,788
Accrued income	5,714	4,814	5,720	4,814
Institutions	-	-	28	27
Checks receivable and credit cards	2,748	3,006	3,495	3,744
Pre-paid expenses	748	706	748	706
Other receivables	19	10	19	11
	10,917	10,226	11,849	10,090

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
as at December 31, 2018

Note No. 5 – Fixed Assets

As from January 1, 1997, fixed assets are presented according to cost minus depreciation ranging from 4% to 33%.

A. **ILAN – The association (in thousand NIS)**

	<u>Furniture and office equipment</u>	<u>Vehicles</u>	<u>Assets and rehab. equipment</u>	<u>Buildings</u>	<u>Improve- ments on rented premises</u>	<u>Total</u>
<u>Costs</u>						
Balance as at January 1, 2018	10,259	2,481	26,193	108,119	181	147,233
Change for the year	<u>265</u>	<u>(166)</u>	<u>1,428</u>	<u>10,580</u>	<u>-</u>	<u>12,107</u>
Balance as at December 31, 2018	<u>10,524</u>	<u>2,315</u>	<u>27,621</u>	<u>118,699</u>	<u>181</u>	<u>159,340</u>
<u>Accumulated Depreciation</u>						
Balance as at January 1, 2018	8,481	1,745	17,727	38,521	46	66,520
Change for the year	<u>411</u>	<u>(417)</u>	<u>1,193</u>	<u>3,260</u>	<u>4</u>	<u>4,451</u>
Balance as at December 31, 2018	<u>8,892</u>	<u>1,328</u>	<u>18,920</u>	<u>41,781</u>	<u>50</u>	<u>70,971</u>
Depreciated cost as at December 31, 2018	<u>1,632</u>	<u>987</u>	<u>8,710</u>	<u>76,918</u>	<u>131</u>	<u>88,369</u>
Depreciated cost as at December 31, 2017	<u>1,694</u>	<u>736</u>	<u>8,446</u>	<u>69,702</u>	<u>135</u>	<u>80,713</u>

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
as at December 31, 2018

Note No. 5 – Fixed Assets - continued

B. In the consolidated financial statements (in thousand NIS)

	Furniture and office equipment	Vehicles	Assets and rehab. equipment	Buildings	Improve- ments on rented premises	Total
<u>Costs</u>						
Balance as at Jan. 1, 2018	10,665	2,597	29,123	118,015	181	160,581
Change for the year	<u>276</u>	<u>(166)</u>	<u>1,441</u>	<u>10,580</u>	<u>-</u>	<u>12,131</u>
Balance as at Dec. 31, 2018	<u>10,941</u>	<u>2,431</u>	<u>30,564</u>	<u>128,595</u>	<u>181</u>	<u>172,712</u>
<u>Accumulated Depreciation</u>						
Balance as at Jan. 1, 2018	8,874	1,860	19,770	48,418	46	78,968
Change for the year	<u>413</u>	<u>(417)</u>	<u>1,356</u>	<u>3,260</u>	<u>4</u>	<u>4,616</u>
Balance as at Dec. 31, 2018	<u>9,287</u>	<u>1,443</u>	<u>21,126</u>	<u>51,678</u>	<u>50</u>	<u>83,584</u>
Depreciated cost as at December 31, 2018	<u>1,654</u>	<u>988</u>	<u>9,438</u>	<u>76,917</u>	<u>131</u>	<u>89,128</u>
Depreciated cost as at December 31, 2017	<u>1,709</u>	<u>736</u>	<u>9,334</u>	<u>69,700</u>	<u>135</u>	<u>81,614</u>

C. Land use rights

Around 25 of ILAN's branches or facilities conduct their activities in a building or on land belonging to the local government at their location that were allocated to the branch for their use only. The list of branches with usage rights is detailed in the association's written report.

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements **as at December 31, 2018**

Note No. 6 – Creditors

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Employees and institutions	4,017	3,838	4,238	4,032
Suppliers and outstanding checks	6,727	8,227	6,476	7,928
Reserves for payment of unutilized vacation days	2,468	2,376	2,570	2,467
Reserves for redemption of unutilized sick days	439	623	439	623
Deferred income	1,850	1,703	2,523	2,278
Accrued Expenses	1,554	1,602	2,682	2,744
Creditors from Aid Committees	492	402	492	402
Other Creditors	27	54	27	54
	<u>17,574</u>	<u>18,825</u>	<u>19,447</u>	<u>20,528</u>

Note No. 7 Severance pay reserve

The severance pay liability of the association provided by current deposits in severance pay funds and pension funds, as well as by appropriate allocations to a severance pay reserve.

Note No. 8 Contingent Liabilities

A number of lawsuits stemming from normal operations have been filed against the foundation. In the opinion of its legal advisors, the total exposure of the association these lawsuits is around NIS 415 (in thousands) for which a provision was made representing the exposure of the association accordance with the chances of the lawsuit.

In addition, there is a demand from a local municipality for payment of municipal taxes in the amount of NIS 4.3 million and from the Water Corporation in the amount of about NIS 1 million.

The management of the association holding discussions with the local government and the debt is frozen while these discussions continue. An appeal was filed with the court by the legal advisors regarding the water and sewage debt. In the opinion of the foundation's legal advisors, there is a reasonable chance the association will win the appeal.

Although the association disagrees with these charges, in keeping with the principle of conservatism, in previous years an accounting provision was made in the foundation's books for the payment of municipal taxes in the amount of NIS 1.1 million.

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES
(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
as at December 31, 2018

Note No. 9 – Restricted Net Assets

- A. These balances constitute designated funds the usage of which is restricted solely to the specific purpose dictated by the individual donors as well as by the Board.
The transactions in restricted net assets are presented in the Statement of Changes in Net Assets (page 5) and are divided into temporarily restricted net assets and permanently restricted net assets.

For permanently restricted net assets, usage is limited to only the interest received on the principal. For temporality restricted net assets, usage is limited to the dictate of the individual donors as well as the Board, and the association has the right to use both the principal and the interest for its purposes.

- B. The use of restricted net asset funds during the statement year:
The relevant sums regarding restricted net asset funds that may be used only for operations and not for purchasing fixed assets are represented in the current operations of the association as both income and expenses.
- C. Temporarily restricted net asset limitations include conditional grants to the Kassler Hostel in the amount of NIS 1,295 (in thousands). This constitutes conditional grants by the Ministry of Housing to the tenants.
After a period of 15 years, the conditional grants become permanent. In case a tenant leaves before the 15 years have elapsed, ILAN will refund a proportional part of the conditional grant.
- D. Regarding temporarily restricted net assets, some net assets have been limited by the board of the association, in the amount of NIS 27,095 (in thousands). The board has earmarked the funds for the establishment of day centers, among them the Tel Aviv Center and in Jerusalem, for sports activities in the sports center and as well as for aid to the disabled in the framework of the Individual Aid Committees.

Note No. 10 – Investments in Subsidiary Companies

- A. See Note No. 1, C (2).
- B. The Company for the Establishment of Rehabilitation and Employment Centers for the Handicapped Ltd., Jerusalem:

The Company is an inactive holding company that founded the hostel for the handicapped in Gilo, Jerusalem.

The hostel is operated by ILAN. The hostel's financial statements are aggregated in these financial statements.

- C. ILAN Rehabilitation and Sports Center Haifa Ltd.:
The company was registered in 1983. The company operates a sports center for the handicapped in Kiriath-Haim.

ILAN's investments in the company consist of:

	<u>2018</u>	<u>2017</u>
	<u>NIS thousand</u>	<u>NIS thousand</u>
Investments in share capital	31	31
Investments in capital notes	10,777	10,777
Payments on account of shares	2,052	2,052
	<u>12,860</u>	<u>12,860</u>
Loss	(11,886)	(11,941)
Total	<u>974</u>	<u>919</u>

The company's financial statement are consolidated in these financial statement.

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements **as at December 31, 2018**

Note No. 11 – Volunteers and Cash Equivalent Contributions

In keeping with the decision of the board of the foundation, the financial reports include the value of the activity of volunteers as income and expenses.

The value of the volunteers is based on the estimation of the board and calculated according to the average weekly volunteer hours multiplied by the minimum wage.

Composition of this clause:

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Value of volunteers in rehabilitation facilities	5,716	5,768	5,805	5,857
Value of volunteers working in branches	777	734	777	734
Cash-equivalent contributions	592	325	592	325
	7,085	6,827	7,174	6,916

Note No. 12 – Income from Operation of Rehabilitation Facilities

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Ministry of Social Affairs and Social Welfare for operation of rehabilitation facilities	45,334	44,783	45,334	44,783
Ministry of Social Affairs and Social Welfare – subsidies	492	514	492	514
The National Insurance Institute	121	163	121	163
Other governmental agencies	961	1,438	961	1,438
Municipalities	543	505	543	505
Payments by parents, tenants, and others	1,941	1,257	1,941	1,257
	49,392	48,764	49,392	48,764

Note No. 13 – Proceeds from sales of products and services

The Center for Training and Rehabilitation (Beit Melichson) trains and employs handicapped individuals for various manufacturing jobs. The center constitutes an integral part of ILAN and is classified as a Authorized Business for purposes of VAT. This section includes proceeds from sales of these products as well as proceeds from user fees for sport facilities and assets.

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
as at December 31, 2018

Note No. 14 - Operation of Rehabilitation Facilities

A. According to expenditures

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Salaries	42,716	41,887	44,097	42,998
Value of volunteers	5,716	5,768	5,805	5,857
Activities operating expenses	25,113	25,019	26,006	26,181
Depreciation	4,859	4,383	4,950	4,479
	78,404	77,057	80,858	79,515

B. According to activities

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Hostels	36,359	35,912	36,359	35,912
Sport Centers	14,039	13,956	16,493	16,414
Center for Training and Rehabilitation	6,019	6,016	6,019	6,016
Social circles and day centers	21,987	21,173	21,987	21,173
	78,404	77,057	80,858	79,515

ILAN - ISRAEL ASSOCIATION FOR CHILDREN WITH DISABILITIES

(A REGISTERED NON-PROFIT ORGANIZATION)

Notes to the Financial Statements
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Note No. 15 – Branch Operations

	I L A N		Consolidated	
	2018	2017	2018	2017
	in NIS thou.	in NIS thou.	in NIS thou.	in NIS thou.
Salaries	3,568	3,111	3,568	3,111
Value of volunteers	777	734	777	734
Value of donations	592	325	592	325
Operating expenditures	11,610	10,947	11,610	10,947
	16,547	15,117	16,547	15,117

*recategorized

Note No. 16 – Administrative and General Expenses

	2018	2017
	NIS thousand	NIS thousand
Salaries and attendant expenses	2,148	1,859
Rent, office maintenance, taxes, and insurance	294	150
Computer support and consultancy	93	48
Professional literature and continuing education	82	49
Vehicle maintenance and trips	63	40
Office necessities and printing	99	90
Mail and telephone	55	57
Professional fees (audit, internal audit, legal advice)	178	192
Conferences, conventions, and association membership fees	35	19
Refreshments and gifts	33	31
Depreciation and deductions	33	32
Miscellaneous	2	(2)
Total management and general expenditures	3,115	2,565

Note No. 17 – Other Income / (Expenditures)

	2018	2017
	NIS thousand	NIS thousand
Capital gain / (loss)	3,528	(13)
Total other income	3,528	(13)

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