

Yad Sarah (R.A.)

Financial Statements

As at December 31, 2018

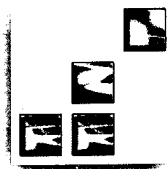
Yad Sarah (Registered Association)

Financial Statements

As at December 31, 2018

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אברהם היימן, רו"ח
יהודה פישר, רו"ח
גרשון איונמן, רו"ח (M.B.A.)
אלון היימן, רו"ח
אלדד בוד, רו"ח (M.B.A.)
שלומי בני, רו"ח

אברהם היימן ושות'
רואי חשבון

Auditors' Report to the Members of The Yad Sarah Association (Registered Association)

We have audited the accompanying balance sheets of "Yad Sarah" (R.A.) (hereinafter, "The Association") as at December 31, 2018 and 2017 and the Association's statements of operations and statement of changes in net assets for each of the years then ended. These financial statements are the responsibility of the Association's board of directors and management. Our responsibility is to express an opinion regarding these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed under the Auditors' Regulations (Auditor's Methods of performance) -1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the members of the Association's board of directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As mentioned below in Note 2, these financial statements were prepared in nominal values rather than in reported amounts, as required by Accounting Standard No. 12 of the Israeli Accounting Standards Board.

In our opinion, apart from the aforesaid, the aforementioned financial statements reflect fairly, in all material respects, the financial position of the Association as at December 31, 2018 and 2017, the results of its operations, changes in its net assets and its cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

July 18, 2019

A. Heyman & Co.
Certified Public Accountants

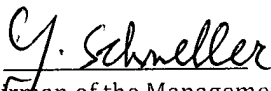
Yad Sarah (R.A.)

Balance Sheets

	Note	As at December 31	
		2018	2017
		NIS thousands	
<u>Assets</u>			
<u>Current assets</u>			
Cash and cash equivalents	3	553	1,971
NIS deposits in banks		-	5,740
Foreign currency deposits in banks		-	4,225
Receivables and checks receivable	4	20,403	18,327
		<u>20,956</u>	<u>30,263</u>
<u>Long-term deposits and investments</u>	5		
Weinberg Fund for maintenance of Yad Sarah House in Jerusalem		38,104	38,555
Maintenance Fund for service centers (Beersheva, Haifa, Rishon Le'zion, Modi'in and Netanya)		33,551	55,548
Gold Fund for establishment of an Israeli rehabilitation center		110,549	64,143
Funds for supporting needy families and training for people with disabilities		-	611
Bloomberg Fund for emergencies		2,825	3,003
Netanya Building Fund		-	1,199
Loan fund for Doers of Kindness		598	598
		<u>185,627</u>	<u>163,657</u>
Fixed assets, net – medical equipment, emergency alarm buzzers, wheelchair accessible vans, buildings, etc.	6	<u>198,352</u>	<u>199,774</u>
Total assets		<u>404,935</u>	<u>393,694</u>
<u>Liabilities and net assets</u>			
<u>Current liabilities</u>			
Suppliers and other accounts payables	7	7,430	7,214
Deposits for lending equipment, net	8	81	3,019
		<u>7,511</u>	<u>10,233</u>
<u>Long-term liabilities</u>			
Liability for severance pay, net	9	1,786	1,140
Liabilities for the losses of a subsidiary company	10	961	778
		<u>2,747</u>	<u>1,918</u>
		<u>10,258</u>	<u>12,151</u>
<u>Net assets in respect of which a restriction exists</u>			
Net assets in respect of which a restriction of a temporary nature exists		2,825	3,614
Net assets in respect of which a restriction of a permanent nature exists		38,104	38,555
		<u>40,929</u>	<u>42,169</u>
<u>Net assets in respect of which no restriction exists</u>			
Designated by the Association's institutions		144,707	121,488
For use in operations		10,688	18,112
Net assets used for fixed assets		198,353	199,774
		<u>353,748</u>	<u>339,374</u>
Total net assets		<u>394,677</u>	<u>381,543</u>
Total liabilities and net assets		<u>404,935</u>	<u>393,694</u>

The explanatory notes attached to the financial statements constitute an integral part thereof

July 18, 2019


Chairman of the Management
Yeshayahu Schneller

Statement of Operations

	Note	For the Year Ended December 31	
		2018	2017
		NIS thousands	
<u>Turnover from operations</u>			
Donations		45,309	47,842
Value of Donations		544	306
<u>Allocations and Support</u>			
Ministry of Welfare		210	114
Ministry of Economy		6	40
Ministry of Health		380	462
National Insurance Institute		1,749	1,172
Municipalities and local authorities		408	250
<u>Participation by service recipients</u>			
From the public at large		39,384	38,130
From institutions		3,122	3,176
Value of volunteers' work		30,121	28,088
<u>Amounts released from net assets</u>			
Amounts released from net assets restricted for operations		3,691	2,991
		<u>124,924</u>	<u>122,571</u>
<u>Cost of operations</u>	11		
Welfare and rehabilitation services		(32,944)	(29,122)
Equipment leasing services and maintenance of branches		(41,929)	(40,134)
Value of volunteers' work		(30,121)	(28,088)
		<u>(104,994)</u>	<u>(97,344)</u>
Net income from operations		19,930	25,227
Administrative and general expenses		(2,263)	(2,047)
Fundraising expenses		(2,836)	(2,576)
		<u>(5,099)</u>	<u>(4,623)</u>
Other income	12	1,031	1,146
Net income before financing		15,862	21,750
Financing income (Expenses), net		(1,308)	5,502
Net Income after financing		14,554	27,252
Association's share of the profits (losses) of a subsidiary company		(180)	193
Net income for the year		<u>14,374</u>	<u>27,445</u>

The explanatory notes attached to the financial statements constitute an integral part thereof

Statement of Net Changes in Assets

	In NIS thousands					
	In respect of which no restriction exists			In respect of which a restriction exists		
	For use in operations	Used for fixed assets	Designated by the Association's institutions	Of a permanent nature	Of a temporary nature	Total
Balance as at Dec. 31, 2016	7,563	189,132	115,234	42,423	4,418	358,770
Net income for the year	27,445			-	-	27,445
Amounts designated in the year by the Association's management institutions	(15,112)	-	15,112	-		-
Revaluation of funds	-		-	(1,185)	378	(807)
Amounts released from a restricted net assets	-	-	-	(2,683)	(1,182)	(3,865)
Transfer of amounts in respect of which no restriction exists that were used for fixed assets	(23,134)	31,992	(8,858)	-	-	-
Amounts transferred to cover depreciation expenses	21,350	(21,350)	-	-	-	-
Balance as at Dec. 31, 2017	18,112	199,774	121,488	38,555	3,614	381,543
Net income for the year	14,374	-	-	-	-	14,374
Amounts designated in the year by the Association's management institutions	(32,313)	-	32,313	-	-	-
Revaluation of funds	-	-	-	2,451	(13)	2,438
Amounts released from a restricted net assets	-		-	(2,902)	(776)	(3,678)
Transfer of amounts in respect of which no restriction exists that were used for fixed assets	(14,872)	23,966	(9,094)	-	-	-
Amounts transferred to cover depreciation expenses	25,387	(25,387)	-	-	-	-
Balance as at Dec. 31, 2018	10,688	198,353	144,707	38,104	2,825	394,677

Statement of Cash Flows

	For the Year Ended December 31	
	2018	2017
	NIS thousands	
<u>Cash flows from operating activities</u>		
Net income according to the statement of operations	14,374	27,445
Designated fund transferred to a separate endowment	-	(875)
Other designated income	(1,240)	(3,798)
<u>Adjustments required to present cash flows from current operations - Appendix A</u>		
Expenses not involving cash flows	27,282	25,595
Changes in assets and liabilities	(4,618)	(1,157)
Total adjustments required to present cash flows from current operations - Appendix A	22,664	24,438
Net cash generated by current operations	<u>35,798</u>	<u>47,210</u>
<u>Cash flows from investment activities</u>		
Construction and refurbishment of buildings	(11,519)	(23,658)
Purchase of medical devices for lending	(9,495)	(6,685)
Purchase of service vehicles and wheelchair-accessible vans	(3,122)	(3,463)
Purchase of computers	(158)	(560)
Purchase of emergency alarm buzzers	(36)	(1,721)
Purchase of equipment and furniture	(1,365)	(996)
proceeds from the sale of fixed assets	484	893
(Increase) Decrease in securities and deposits in banks	9,965	(8,531)
(Increase) Decrease in long-terms investments and deposits	(21,970)	(1,580)
Net cash used for investment activities	<u>(37,216)</u>	<u>(46,301)</u>
Increase (Decrease) in cash and cash equivalents	<u>(1,418)</u>	<u>909</u>
Cash and cash equivalents balance at the beginning of the year	<u>1,971</u>	<u>1,062</u>
Cash and cash equivalents balance at the end of the year	<u>553</u>	<u>1,971</u>

Statement of Cash Flows

Adjustments required to present cash flows from operating activities – Appendix A

	For the Year Ended December 31	
	2018	2017
	NIS thousands	
<u>Expenses (income) not involving cash flows</u>		
Depreciation and amortizations	26,794	26,008
Increase in liability for vacation leave and severance pay – net	646	48
Capital gains	(158)	(461)
	<u>27,282</u>	<u>25,595</u>
<u>Changes in assets and liabilities</u>		
Increase in receivables and debt balances	(2,076)	(5,120)
Increase in suppliers and checks payable	216	1,176
Increase (Decrease) in payables and credit balances	(2,758)	2,787
	<u>(4,618)</u>	<u>(1,157)</u>
Total adjustments required to present cash flows from operating activities	<u>22,664</u>	<u>24,438</u>

Explanatory Notes to the Financial Statements

Note 1 - General

- A. The Yad Sarah Association (hereinafter, "the Association") is registered under the Associations Law-1980.
- B. The Association's array of services is intended to provide a response to the varying needs of people at many stages of their lives who have disabilities, are suffering from illnesses and who have special needs, with the objective of reducing the impacts of their disabilities, illnesses and special needs on their functioning and independence.

Yad Sarah, as a voluntary organization, is founded on a commitment to a mutual, social responsibility, to which volunteers and donors from the whole range of the social spectrum are committed.

- C. The Association's main fields of activity are:
- Equipment lending – In branches spread across the country, Yad Sarah volunteers lend thousands of medical – rehabilitation items each year. The equipment is lent for a deposit, which is returned to the borrower after the equipment is returned.
 - Emergency alarm response center – This is a unique service that affords peace and mental security for subscribers and their families, who know that whenever necessary, it is possible to turn to the center and speak to someone who listens and to obtain human, professional assistance. Yad Sarah's response center operates 24 hours a day 365 days a year (including the Sabbath and festivals).
 - Transport services for people with limited mobility– The wheelchair-accessible van service is a transportation service for people who are wheelchair bound. Yad Sarah's wheelchair-accessible vans have lifts installed that can raise and lower someone who uses a wheelchair as well as additional accessories that enable people to travel safely and comfortably.
 - Frankel Emergency Medical Center – In order to relieve the load on emergency rooms and minimize the risk of being exposed to infection in hospitals, Yad Sarah established the Frankel Community Emergency Medical Center. This service provides professional and caring urgent medical services quickly and with maximum efficiency, in three spheres simultaneously: Geriatrics, obstetrics and gynecology and pediatrics.

This service is provided by medical specialists, nurses, x-ray and ultra-sound technicians and has a modern laboratory which can provide urgent tests and treatments. This service completes the full circle of the association's services, to allow the patient to convalesce in his home and natural environment while preventing hospitalization.
 - Exhibition and consulting centers – Yad Sarah's exhibition and consultancy centers are intended for people with disabilities and people undergoing rehabilitation, who encounter technical problems in their daily lives as a result of reduced functioning and their ability to perform various tasks, as well as for members of their families who are looking for possibilities for helping their loved ones.

Explanatory Notes to the Financial Statements

Note 1 - General (continued)

- Da'at – Medical information service – Yad Sarah's Da'at Center provides professional, reliable, and up-to-date information on all health issues. This service enables patients and members of their families to know more about their state of health and to be familiar with the treatment options, from a belief that knowledge contributes to coping and assists the treatment process.
- Home and community services – The home and community services department is for people with special needs, such as senior citizens and the homebound. The basket of services includes activities to enrich the daily routine and uncover hidden talents by means of social home visits, training in handicrafts, operating computers and documenting life stories.
- Shikumon – day rehabilitation centers – Yad Sarah's Shikumon forms a day rehabilitation framework that is intended to provide a rehabilitative response for adults and young people who have experienced a traumatic event or who are suffering from a neurological disease, event or illness that has left them with physical or cognitive limitations, and who have not yet recovered their prior level of functioning.
- Games library – The games library is a unique service operated by Yad Sarah. It affords an opportunity for enjoyable and nurturing play for children with special needs, by offering professional guidance for parents and lending games and books.
- Community Pharmacy- This service assists elderly and needy patients, who are unable to cover the regular costs of medicines needed for their chronic diseases or which are not included in the medicines provided by the Ministry of Health ,to purchase these medicines. The medical prescription is given to the department checked by a qualified individual, Okayed by a pharmacist, at the conclusion of this process either the patient is provided with the medicine or the payment is transferred to the pharmacy.
- Yad LaTomech - This department provides support and assistance to individuals who are serving as caretakers, whether children who are caring for their elderly or sickly parents, or parents caring for sick children. The service provides both advice and instruction and other arrangements which are necessary.
- Prevention of falling and "the Instruction Squad" – It is well known that falls of the elderly in their homes is a common occurrence, causing severe and often fatal injuries. Accordingly the association has setup this service specializing in preventing these falls, both by providing instruction in the homes of the elderly and in recommending accessories to prevent these falls. These accessories are set up by the Yad Sarah repair squad. The squad's volunteers set up handles and other accessories in the home in order to help prevent the elderly from falling.

- D. The Association has been recognized as a "Public Institution" by the Income Tax Commission under Section 9(2) of the Income Tax Ordinance and as a Public Institution for the Purpose of Donations under Section 46(A) of the Ordinance.
- E. The Association has total control (100%) in the company Yasam Medical and Rehabilitation Equipment Ltd., which is engaged in the marketing of medical equipment.
- F. In the years 2018 and 2017, the Association did not receive donations from a "foreign state entity," within the definition of that term in the Associations Law.

Explanatory Notes to the Financial Statements

Note 2 - Principal accounting policies

Principal accounting policies that have been implemented consistently in the preparation of the financial statements, are as follows:

A. Definitions:

<u>The Association</u>	- Yad Sarah (R.A.)
<u>Subsidiary company</u>	- Yasam Medical and Rehabilitation Equipment Ltd.
<u>Net assets</u>	- The difference between the Association's assets and its liabilities.
<u>Net assets in respect of which no restriction exists</u>	- That part of the net assets on whose use no permanent or temporary restriction has been placed by donors.
<u>Net assets in respect of which a restriction exists</u>	- That part of the net assets, which derives from donations, which have been received or from any other internal flow of assets, on whose use by the Association there is a restriction set by donors.
<u>Restriction of a temporary nature</u>	- Directives that expire, on the occurrence of a particular event, or with the passage of time or where it can be complied with or removed by means of the performance of particular acts, in accordance with those directives.
<u>Restriction of a permanent nature</u>	- Restrictions by donors that do not expire with the passage of time. This restriction enables the use of the income from the donation alone.

B. Classification of net assets and the manner of their presentation:

1. The Association prepares its financial statements in accordance with the comprehensive approach, which is adopted in the combined version of Statement of Opinion 69 and Accounting Standard 5 of the Israeli Accounting Standards Board. In accordance with the comprehensive approach, all assets, liabilities and net assets are to be recorded in one balance sheet, and this is where restrictions are placed on the use of the various sources of financing that have been received, or in the absence of restrictions, are expressed in the distinctions made within the net assets group alone.
2. Classification of the Association's net assets in the statement of changes in net assets is made with a distinction between:
 - Net assets in respect of which no restriction exists.
 - Net assets in respect of which a restriction of a temporary nature exists.
 - Net assets in respect of which a restriction of a permanent nature exists.

Note 2 - Principal accounting policies (continued)

Within the framework of net assets in respect of which a restriction exists, the Association makes a distinction between:

- Net assets for use in operations – which have not been designated by the Association's institutions.
- Net assets for use in operations – which have been designated by the Association's institutions.
- Net assets used for fixed assets.

C. Restricted support and the release thereof from a restriction:

The Association reports on donations in cash or in assets as restricted support where they are received with directives that restrict the use of the asset that has been donated. When the restrictions that were given in the donor's directives expire, the net asset in respect of which there was a restriction of a temporary nature is transferred and reported as a net asset in respect of which no restriction exists, and is reported in the statement of operations as an asset that has been released from a restriction. The Association reports on land, buildings and equipment that have been received as a donation as support without restriction, except in cases in which the donor has given directives regarding the required use of the assets.

D. Data on changes in the Consumer Price Index and in the exchange rate of the shekel against the dollar

	<u>31 Dec. 2018</u>	<u>31 Dec. 2017</u>
Exchange rate of the US dollar	3.748	3.467
Consumer Price Index (average for 2016)	101.5	100.3
Rate of increase (decrease) in the dollar in the year	8.1%	(9.8%)
Rate of the increase in the CPI in the year	1.2%	0.4%

E. Exchange rate:

Balances that are denoted in foreign currency or linked to foreign currency are recorded on the basis of the exchange rate in force as of the date of the financial statements.

F. Investments:

Negotiable securities are presented in accordance with their market value as of the Balance Sheet date.

Explanatory Notes to the Financial Statements

Note 2 – Principal accounting policies (continued)**G. Fixed assets:**

Fixed assets are presented at cost less accumulated depreciation in accordance with the useful lifetimes of the assets. The cost of assets that are received as a gift is taken at their fair value at the time of receipt.

Fixed assets are depreciated at the following rates:

Medical devices for lending	15% - 25%
Emergency buzzers and computers	20% - 33%
Motor vehicles	15% - 20%
Equipment and furniture	6% - 15%
Buildings and renovations	4% - 10%

H. Basis for measuring and reporting of the financial statements:

The financial statements are prepared in nominal values in accordance with the historic cost convention, rather than in reported amounts as required by Accounting Standard 12 of the Israel Accounting Standards Board. The measured amount is the nominal sum that was adjusted for changes in the Consumer Price Index up to the index in respect of December 2003, plus nominal amounts that were added after the transition date (December 31, 2003), less sums that were subtracted after this date.

I. Investment in a subsidiary company:

Investment in a subsidiary company is presented using the equity method.

Note 3 – Cash and cash equivalents

	As at December 31	
	2018	2017
	NIS thousands	
Cash in banks	167	1,516
Cash and checks on hand	60	80
Petty cash, including branches	326	375
	<u>553</u>	<u>1,971</u>

Explanatory Notes to the Financial Statements

Note 4 – Receivables and checks receivable

	As at December 31	
	2018	2017
	NIS thousands	
Receivables for participation in services	2,717	2,248
Subsidiary – Yasam Medical and Rehabilitation Equipment	3,536	1,616
Advance payments to suppliers overseas	3,758	4,188
Credit companies and checks receivable	9,164	9,366
Prepaid expenses	935	668
Current accounts with branches	25	12
Income receivable	219	183
Hanuton shop inventory	49	46
	<u>20,403</u>	<u>18,327</u>

Note 5 – Long-term deposits and investmentsA. Distribution of long-term deposits and investments according to funds:

	As at December 31	
	2018	2017
	NIS thousands	
Weinberg Fund for the maintenance of Yad Sarah House in Jerusalem	38,104	38,555
Maintenance Fund for service centers (Beersheva, Haifa, Rishon Le'zion, Modi'in and Netanya)	33,551	55,548
"Gold" Fund to establish an Israeli rehabilitation center	110,549	64,143
Netanya Building Fund	-	1,199
Bloomberg Fund for emergencies	2,825	3,003
Froehlich Fund for training people with disabilities	-	611
Loan fund for Doers of Kindness	598	598
	<u>185,627</u>	<u>163,657</u>

1. **Weinberg Maintenance Fund:** In accordance with the requirements of the Weinberg Fund from the United States (the founder of the building in Jerusalem), the donations have been invested in banks in deposits that are linked to the dollar for the long-term, and in marketable securities, the income from which, up to 5% of the value of the fund, is designated for the maintenance of Kiryat Weinberg – Yad Sarah House.
2. **Maintenance fund for service centers (Beersheva, Haifa, Rishon Le'zion, Modi'in and Netanya):** In accordance with a decision by the Association's institutions, the monies have been invested, the income from which is designated for maintenance of the association's branches.

Explanatory Notes to the Financial Statements

Note 5 – Long-term deposits and investments (continued)

3. **Gold Fund for the establishment of an Israeli rehabilitation center:** In accordance with a decision by the Association's institutions, the monies have been deposited in long-term deposits, the income from which is designated for establishment of a rehabilitation center.
4. **Netanya Building Fund:** In accordance with a decision by the Association's institutions, the monies have been designated for renovation of the service center in Netanya.
5. **Bloomberg Fund for emergencies:** The fund is designated for the purchase of medical equipment immediately for emergencies and the income from the fund can be used for the Association's operating activities.
6. **Loan fund for Doers of Kindness:** This fund is designated for providing interest-free, non-indexed loans to volunteers.

B. **Composition of deposits and investments under net assets (**):**

	As at December 31	
	2018	2017
	NIS thousands	
Marketable securities	131,894	139,642
Dollar deposits	30,087	19,831
NIS accounts and deposits	23,646	4,184
Total	185,627	163,657

- (**) In accordance with a decision by the Association's management, some of the funds have been classified as long-term investments in parallel to net assets. The investments are presented in accordance with the Investment Committee's policy.

Explanatory Notes to the Financial Statements

Note 6 – Fixed assets

Cost	Medical devices for lending(*)	Emergency buzzers	Computers	Motor vehicles & wheelchair accessible vans	Furniture and equipment	Land and buildings (**)	Total
Balance as at January 1, 2018	188,205	17,993	14,402	16,814	17,673	304,492	559,579
Additions in the year	9,495	36	158	3,122	1,365	11,519	25,695
Subtractions in the year	-	-	-	(1,611)	-	(118)	(1,729)
Balance as at December 31, 2018	197,700	18,029	14,560	18,325	19,038	315,893	583,545
Accrued depreciation							
Balance as at January 1, 2017	(166,605)	(16,164)	(13,616)	(8,471)	(10,020)	(144,931)	(359,807)
Additions in the year	(7,573)	(469)	(410)	(2,873)	(1,098)	(14,371)	(26,794)
Subtractions in the year	-	-	-	1408	-	-	1,408
Balance as at December 31, 2017	(174,178)	(16,633)	(14,026)	(9,936)	(11,118)	(159,302)	(385,193)
Amortized cost as at Dec, 31, 2017	23,522	1,396	534	8,389	7,920	156,591	198,352
Amortized cost as at Dec, 31, 2016	21,600	1,829	786	8,345	7,653	159,561	199,774

(*) The income from the sale of an apartment at bloc 6630, parcel 759, subparcel 10 have been earmarked for medical equipment and accessories for the needy.

(**) The income from the sale of an apartment in bloc 11581, parcel 94, subparcel 8, amounting to 810,000 NIS has been earmarked for partial financing of the Israeli Rehabilitation Center in Jerusalem.

((**)) Some of the Association's assets have not yet been registered in the Association's name in the records held by the Land Registrar.

(**) There is an undertaking to register a mortgage for a building by the Netanya branch in favor of The Claims Commission in respect of allocations to that branch.

Explanatory Notes to the Financial Statements

Note 7 – Suppliers and other accounts payables

	As at December 31	
	2018	2017
	NIS thousands	
Suppliers and service providers	3,665	2,444
Checks payable	106	114
Institutions	1,151	712
Employees	1,363	1,568
Advances in respect of participation in services	1,145	2,376
	<u>7,430</u>	<u>7,214</u>

Note 8 – Deposits for lending equipment, net

	As at December 31	
	2018	2017
	NIS thousands	
Deposits for lending of equipment	38,204	33,912
Accounts as collateral for the return of the deposits	(38,123)	(30,893)
	<u>81</u>	<u>3,019</u>

Note 9 – Liability for severance pay, net

	As at December 31	
	2018	2017
	NIS thousands	
Reserve for severance pay	1,192	567
Reserve for vacation pay	594	573
	<u>1,786</u>	<u>1,140</u>

The Association's liabilities for the payment of severance pay to most of its employees are secured by deposits in insurance companies and pension funds. The reserve that is presented in the balance sheet expresses the liability to the rest of the employees.

Note 10 – Liabilities in respect of losses of a subsidiary company

	As at December 31	
	2018	2017
	NIS thousands	
The Association's share in the accrued losses of a subsidiary company	961	778
1. The investment is presented under the equity method.		
2. Mutual transactions between the Association and the subsidiary company were as follows:		
Sales and services – NIS 8 thousand (previous year – NIS 208 thousand).		
Purchases – NIS 2,114 thousand (previous year – NIS 2 thousand).		
3. In 2017 the Association recorded income in respect of usage fees (electricity, water, cleaning, security, municipal taxes, maintenance and the like) for the Association's facilities by Yasam Medical and Rehabilitation Equipment, Ltd, which is a 100%-owned subsidiary company of the Association. This income was recorded in 2017 for usage fees for the years 2014 to 2017, detailed as follows: For 2014: NIS 290,055; for 2015: NIS 256,028; for 2016: NIS 262,829; and for 2017: NIS 356,269. This income was deducted in the financial statements from the total maintenance costs for the branches.		

Explanatory Notes to the Financial Statements

Note 11 – Cost of operations

	Welfare and rehabilitation	Lending and maintenance in branches	Total services	Administrative and general expenses	Total 2018	Total 2017
NIS thousands						
Lending and maintenance in branches (*)		29,456	29,456		29,456	27,088
Exhibition center for rehabilitation and mobility equipment						15
Oxygen and special equipment		538	538		538	564
Transportation for mobility impaired - "wheelchair accessible vans"	8,160		8,160		8,160	8,372
Emergency buzzers	2,423		2,423		2,423	2,369
Day center for disabled and the elderly – Shikumon	2,419		2,419		2,419	2,317
Home activities, visiting the sick, life stories	978		978		978	1,153
Legal assistance and advice for the elderly						4
Meals for the needy less participation fee	373		373		373	250
Games library for children with special needs	265		265		265	358
Geriatric and mobile dental care	3,205		3,205		3,205	2,298
Repairs for external entities						17
Family center (dealing with domestic violence)	1,381		1,381		1,381	1,059
Grants for medical treatment						30
Da'at – National Health Information Center						4
Center for health activity	55		55		55	64
Research and development	587		587		587	655
Health and Jewish Law Institute			-		-	60
Computers	630	802	1,432		1,432	2,368
Administration, professional services, legal fees, etc.	-	-	-	858	858	1,052
Finance Department	278	650	928	382	1,310	1,459
Personnel and volunteers	481	722	1,203	-	1,203	850
Publicity and public relations	535	803	1,338	360	1,699	1,720
Fundraising	-	-	-	2,836	2,836	2,576
Insurance	153	459	612	-	612	630
Depreciation of buildings	5,210	8,500	13,710	662	14,372	14,093
Volunteers' experience	673		673		673	399
Employment assistance	185		185		185	459
Emergency Medical Care Center	4,952		4,952		4,952	1,596
Total (excluding value of volunteers' work)	32,944	41,929	74,873	5,099	79,972	73,879

(*) See Note 10(3).

The consideration from the sale of an apartment from an estate in Block 7170, Parcel 125, Sub-parcel 6 in an amount of NIS 115,000, is designated for the operation of the emergency buzzer call center

Explanatory Notes to the Financial Statements

Note 12 - Other income (expenses)

	For the year ended	
	December 31	
	2018	2017
	NIS thousands	
Capital gains from the sale of land and motor vehicles	158	487
Rental fees	873	659
	<u>1,031</u>	<u>1,146</u>

Note 13- Subsequent Events

In accordance with an agreement from MAY 20, 2019 a business company (I.S.MARGOA- below "the company") totally owned by the association was established. The company was established to provide rehabilitation and convalescence on land owned by the association. The center will provide immediate solutions for hosting handicapped individuals. According to the agreement, 20 years after the operation of the center by the company the building will revert to the association.