

Society for the Protection of Nature in Israel (RA)

Society for the Protection of Nature in Israel (RA)

Educate. Love. Protect.

**Society for the Protection of Nature in Israel (RA)**

**Financial Statements**

**For 31 December 2016**

Society for the Protection of Nature in Israel (RA)

**Society for the Protection of Nature in Israel (RA)**

**Financial Statements for the Year Ending  
31 December 2016**

**Financial Statements for 31 December 2016**

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**Independent Auditors Report to Shareholders of the Society for the Protection of Nature in Israel (R.A)**

We have audited the accompanying consolidated statements of financial position of the Society for the Protection of Nature in Israel (R.A.). (hereinafter – “the Amuta”) as of December 31, 2016 and 2015 and the consolidated balance sheets for said dates, the consolidated statements of activity of the Amuta, the statement of changes in net assets and the consolidated statements of cash flows of the Amuta, and particularly for each of the years, in the period ended on said dates. These financial statements are the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of the limited partnership that consolidated in a proportionate consolidation and whose assets included in the consolidation comprise approximately 1% and approximately 1% of all consolidated assets on 31 December 2016 and 2015 respectively, and whose income included in the proportionate consolidate comprises approximately 11% and approximately 11% of all consolidated income for the years ending on those dates. The financial statements of the limited partnership were reviewed by other auditors whose reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the said limited partnership, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) - 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and by Management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Amuta as of December 31, 2016 and 2015 and their results of operations, and consolidated, changes in net assets and cash flows and consolidated for each of the years ending on said dates in accordance with generally accepted accounting practices in Israel (Israeli GAAP).

Somekh Chakin  
Certified Public Accountants

13 June 2017

**Balance Sheet for 31 December**

	Note	Consolidated		Amuta	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
<b>Current Assets</b>					
Cash and cash equivalents	2	<b>30,386</b>	29,806	<b>30,386</b>	29,804
Trade receivables	3	<b>28,857</b>	27,538	<b>27,645</b>	25,791
Accounts receivable	4	<b>3,083</b>	2,893	<b>2,932</b>	2,865
Inventory		<b>277</b>	292	<b>277</b>	292
		<u><b>62,603</b></u>	<u>60,529</u>	<u><b>61,240</b></u>	<u>58,752</u>
<b>Long-term investments</b>					
Negotiable securities – designated by management for fixed assets		<b>33,520</b>	33,424	<b>33,520</b>	33,424
Long-term prepaid expenses	16b	<b>1,821</b>	1,919	<b>1,821</b>	1,919
Long-term investment	5	<b>261</b>	261	<b>261</b>	261
		<u><b>35,602</b></u>	<u>35,604</u>	<u><b>35,602</b></u>	<u>35,604</u>
<b>Fixed assets</b>		<u><b>53,710</b></u>	<u>48,037</u>	<u><b>53,540</b></u>	<u>47,840</u>
<b>Other assets</b>		<u>-</u>	<u>157</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>		<u><b>151,915</b></u>	<u>144,327</u>	<u><b>150,382</b></u>	<u>142,196</u>
		=====	=====	=====	=====

Signature	Signature	Signature
Haim Oron – Chair of the Executive Committee	Yigal Stav – Chairperson of the Finance Committee	Iris Han – General Director

Society for the Protection of Nature in Israel (RA)

	Note	Consolidated		Amuta	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
<b>Current Liabilities</b>					
Short-term credit		1,564	1,581	-	-
Suppliers and service providers	8	20,209	15,676	18,397	13,359
Accounts payable	9	14,328	14,545	11,377	11,666
		<u>35,921</u>	<u>31,802</u>	<u>29,774</u>	<u>25,025</u>
<b>Long-term liabilities</b>					
Long-term loans	10	1,500	1,500	-	-
Liability for termination of employer-employee relationship, net	11	2,940	2,613	2,950	2,628
		<u>4,440</u>	<u>4,113</u>	<u>2,950</u>	<u>2,628</u>
<b>Investment in the Company and in Investee Partnerships</b>	12	-	-	6,104	6,131
Total liabilities		<u>40,361</u>	<u>35,915</u>	<u>38,828</u>	<u>33,784</u>
<b>Net Assets</b>					
Unrestricted net assets by external parties					
Not earmarked by the Amuta		6,004	5,453	6,004	5,453
Earmarked by the Amuta	13	44,389	45,436	44,389	45,436
To be used for fixed assets		53,540	47,840	53,540	47,840
Total unrestricted net assets		<u>103,933</u>	<u>98,729</u>	<u>103,933</u>	<u>98,729</u>
Net assets that are temporarily restricted by external parties		7,621	9,683	7,621	9,684
<b>Total Net Assets</b>		<u>111,554</u>	<u>108,412</u>	<u>111,554</u>	<u>108,412</u>
<b>Total net assets and liabilities</b>		<u>151,915</u>	<u>144,327</u>	<u>150,382</u>	<u>142,196</u>

The notes are an integral part of these financial statements.

**Statements of Activity for the Year Ending on 31 December**

	Note	Consolidated		Amuta	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
<b>Activity Turnover</b>					
Support		25,021	21,878	25,021	21,878
Donations and participations		14,086	14,117	14,086	14,117
Release of restricted assets for activity		5,441	5,860	5,441	5,860
		<u>44,548</u>	<u>41,855</u>	<u>44,548</u>	<u>41,855</u>
<b>Other sources</b>					
Membership fees		8,274	8,128	8,274	8,128
Community and public activity		18,648	17,844	18,648	17,844
Field school activity		58,371	59,733	44,772	44,571
Sale of tourism products		1,622	1,728	1,622	1,728
Training, consulting and oversight activities		9,830	9,524	9,830	9,524
		<u>141,293</u>	<u>138,812</u>	<u>127,694</u>	<u>123,650</u>
<b>Cost of activities</b>					
Payroll and incidental		49,703	50,769	47,657	48,175
Educational and environmental activities		34,806	34,267	24,717	23,117
Purchase of products and printing		2,152	2,566	2,152	2,566
Other current expenses	14	42,393	40,687	42,020	40,117
		<u>129,054</u>	<u>128,289</u>	<u>116,546</u>	<u>113,975</u>
Net income from activities		<u>12,239</u>	<u>10,523</u>	<u>11,148</u>	<u>9,675</u>
<b>Administrative and general expenses</b>	15	<u>10,111</u>	<u>9,168</u>	<u>9,292</u>	<u>8,289</u>
Net surplus before financing income		<u>2,128</u>	<u>1,355</u>	<u>1,856</u>	<u>1,386</u>
<b>Financing income (expenses), net</b>		<u>(517)</u>	<u>(170)</u>	<u>(275)</u>	<u>55</u>
<b>Net surplus after financing</b>		<u>1,611</u>	<u>1,185</u>	<u>1,581</u>	<u>1,441</u>
Share in profits (losses) of investee partners		-	-	30	(256)
Net surplus from regular activities		<u>1,611</u>	<u>1,185</u>	<u>1,611</u>	<u>1,185</u>

The notes are an integral part of the financial statements.

### Statements of Changes in Net Assets

	Not earmarked by the Amuta NIS Thousands	Unrestricted by external parties Used for Fixed Assets NIS Thousands	Earmarked by the Amuta NIS Thousands	Temporarily Restricted by external party NIS Thousands	Total NIS Thousands
<b>Balance on 1 January 2015</b>					
<b>Changes during the year -</b>	4,759	45,538	45,871	10,578	106,746
Surplus expenses on income for the year – carried over from Statement of Activities	1,185	-	-	-	1,185
Support	-	-	-	1,376	1,376
Donations and Participations	-	-	-	4,965	4,965
Amounts released from restriction for activities	-	-	-	(5,860)	(5,860)
For purchase of fixed assets	(1,410)	2,786	-	(1,376)	-
Amounts carried over to cover depreciation expenses	5,484	(5,484)	-	-	-
Earmarked based on management decisions (Note 13)	(7,200)	-	7,200	-	-
Amounts earmarked by management and are to be exercised (Note 13)	2,635	5,000	(7,635)	-	-
<b>Balance on 31 December 2015</b>	<u>5,453</u>	<u>47,840</u>	<u>45,436</u>	<u>9,683</u>	<u>108,412</u>
<b>Changes during the year -</b>					
Surplus income on income for the year – carried over from Statement of Activities	1,611	-	-	-	1,611
Support	-	-	-	1,266	1,266
Donations and Participations	-	-	-	5,706	5,706
Amounts released from restriction for activities	-	-	-	(5,441)	(5,441)
For purchase of fixed assets	(3,783)	7,376	-	(3,593)	-
Amounts carried over to cover depreciation expenses	5,744	(5,744)	-	-	-
Earmarked based on management decisions (Note 13)	(5,400)	-	5,400	-	-
Amounts earmarked by management and are to be exercised (Note 13)	2,379	4,068	(6,447)	-	-
<b>Balance on 31 December 2016</b>	<u>6,004</u>	<u>53,540</u>	<u>44,389</u>	<u>7,621</u>	<u>111,554</u>

The notes are an integral part of the financial statements.



**Statements of Cash Flows for the Year Ended on 31 December**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
<b>Cash flows from current activities</b>				
Net income according to Statement of Activities	1,611	1,185	1,611	1,185
Cash from current activities – Appendix (A)	3,578	2,288	3,539	2,073
Net cash from current activities	<u>5,189</u>	<u>3,473</u>	<u>5,150</u>	<u>3,258</u>
<b>Cash flows from investing activities</b>				
Acquisition of fixed assets, net	(11,468)	(7,908)	(11,444)	(7,786)
Negotiable securities, net	(96)	(3)	(96)	(3)
Net cash used for investing activities	<u>(11,564)</u>	<u>(7,911)</u>	<u>(11,540)</u>	<u>(7,789)</u>
<b>Cash flows from financing activities</b>				
Income for net restricted net assets	6,972	6,341	6,972	6,341
Short-term credit, net	(17)	(91)	-	-
Net cash from financing activities	<u>6,955</u>	<u>6,250</u>	<u>6,972</u>	<u>6,341</u>
<b>Increase in cash and cash equivalents</b>	580	1,812	582	1,810
Balance of cash and cash equivalents at the start of year	28,806	27,994	29,804	27,994
<b>Balance of cash and cash equivalents at end of year</b>	<u>30,386</u>	<u>29,806</u>	<u>29,806</u>	<u>29,804</u>

The notes are an integral part of the financial statements.

## Appendix to the Statements of Cash Flows for the Year Ended 31 December

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
<b>Appendix (A) – Adjustments required to present cash flows from current activities</b>				
<b>Non-cash flow expenses (income)</b>				
Amounts released from restricted net assets	(5,441)	(5,860)	(5,441)	(5,860)
Depreciation	5,795	5,584	5,744	5,484
Increased liabilities due to termination of employer-employee relations, net	327	244	322	263
Part (gains) losses of investee partnership	-	-	(27)	256
Amortization of other assets	157	-	-	-
	<u>838</u>	<u>(32)</u>	<u>597</u>	<u>143</u>
<b>Changes in assets and liabilities items</b>				
(Increase) decrease in trade receivables	(1,319)	4,594	(1,854)	2,735
Increase in other accounts receivable	(190)	(633)	(67)	(705)
Decrease (increase) in inventory	15	(65)	15	(65)
Increase (decrease) in suppliers and service providers	4,353	(2,897)	5,038	(550)
(Decrease) increase in accounts payable	(217)	1,222	(289)	416
Decrease in long-term prepaid expenses	98	99	98	99
	<u>2,740</u>	<u>2,320</u>	<u>2,941</u>	<u>1,930</u>
	<u>3,578</u>	<u>2,288</u>	<u>3,539</u>	<u>2,073</u>

The notes are an integral part of the financial statements.

## Notes to the Financial Statement for 31 December 2016

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### Note 1 – Accounting reporting and policies

#### a. General

1. The Society for the Protection of Nature in Israel (Hereinafter The Amuta) was founded as an Ottoman association in October 1953, registered as an association in September 1983 and is recognized as a public institution as defined in Sections 9(2) and 46 of the Income Tax Ordinance.

The main goals and actions of the Amuta are focused on conservation and education of the values of nature and natural resources, fostering an affinity with Land of Israel. Love and familiarity with the country, promotion and distribution of nature and environmental protection, from the start of the country, research and compilation of information to promote these goals.

2. The financial statements are prepared in accordance with the format set forth in the consolidated version of Opinion No. 69 and Accounting Standard No. 5 regarding Financial Accounting and Reporting by NPOs and Accounting Standard No. 36.

#### b. Financial statements in reported values

1. In October 2001, the Israel Accounting Standards Board published Accounting Standard No. 12 regarding “Discontinuation of Adjustments of Financial Statements”. In accordance with this standard, and in accordance with Accounting Standard No. 17 published in December 2002, inflationary adjustments of financial statements were discontinued commencing on 1 January 2004. Until 31 December 2003, the Amuta continued to prepare adjusted statements in accordance with Opinion 36 of the Institute of Certified Public Accountants in Israel. The Amuta is implementing the provisions of the standard and as such ended, as specified, adjustments from 1 January 2004.
2. The Amuta prepared its financial statements in the past based on historical cost adjusted to the Consumer Price Index. The adjusted amounts, as specified, that were included in the financial statements from 31 December 2003 served as a starting point for nominal financial reporting from 1 January 2004. The increments that were carried out during the period were included in nominal values. Subsequently, the financial statements for the dates and periods of the report after 31 December 2003 are presented in reported amounts in accordance with the reporting standards of the Israel Accounting Standards Board.
3. The amounts of non-cash assets do not necessarily represent the latest disposal value or economic value but only the reported amounts for said assets.
4. In the financial statements, ‘cost’ is defined as the cost in the reported amount.

#### c. Reporting Policies

1. Balance sheets:
  - a. Non-cash items (primarily – fixed assets, inventory, investments presented at cost) are presented in reported amounts.
  - b. Cash items are presented in the balance sheet in nominal historical values on the balance sheet date.
2. Statements of Activities:
  - a. Income and expenses from non-cash items (such as depreciation and amortization, changes in inventory, etc.) or from provisions included in the balance sheet derived from movement between the reported amount in the opening balance and the reported amount in the closing balance.

- b. The other items of the Statement of Income (such as sales, purchases, current production costs, etc.) are presented in nominal values.

## Notes to the Financial Statements for 31 December 2016

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### Note 1 – Accounting Reporting and Policies

#### d. Use of estimates

Preparation of financial statements in accordance with GAAP requires management use estimates and assessments that affect the reported amounts of assets and liabilities, and the disclosure pertaining to contingent assets and liabilities as well as amounts of income and expenses during the reporting period. It is hereby clarified that the actual results might differ from these estimates.

#### e. Consolidated financial statements

1. The consolidated financial statements include the financial statements of the Amuta and the jointly controlled partnership that is consolidated in the financial statements according to the proportional consolidation method.
2. The consolidated financial statements include the proportionate share of assets, liabilities, expenses and income of the consolidated partnership in proportional consolidation based on the percentages of holdings therein.
3. The financial statements of the subsidiary Roim Olam – Society for the Protection of Nature Ltd. in which the Amuta has no actual effective control are not included in the consolidated statements.

#### f. Restricted net assets

1. Net assets are divided into two groups based on the restriction on their use. The first group – refers to net assets that are subject to a temporary restriction imposed by external parties (particularly donors) and the second group, which contains net assets not earmarked for use by external parties. In the second group, there is distinction between net assets not earmarked for use for specific purposes and those that for years were earmarked for special purposes by management.

##### Temporarily restricted net assets

Includes assets that can be used for their earmarked purpose.

This involves allocation and donor funds subject to stipulations of external parties with regards to use of the amount received.

##### Net assets earmarked by the Amuta

Includes unrestricted net assets by external parties, but are earmarked by Amuta management for special purposes.

2. The advantages of net assets that have not yet been used for their earmarked purpose, are invested in monetary assets (cash, securities and deposits) that are jointly held and managed.

#### g. Cash and cash equivalents

Includes bank deposits whose period until the due date, at the time of their investment, does not exceed three months.

#### h. Negotiable securities

Bonds, shares and mutual funds are presented according to their market value on the balance sheet date.

The receipts from realization of negotiable securities earmarked by management to finance investment in fixed assets and as such, the investments are presented as long-term investments.

#### i. Inventory

Inventory is measured as the lesser of the cost and net realization value. The cost of inventory is calculated according to the PIP method and it includes costs of purchasing inventory and transporting it to its site and existing position. The net realization value is the estimate of the sales price during the course of normal business, less the estimated cost of supplementing and estimated costs required to execute the sale.

#### j. Investment in a subsidiary and partnership

Investment includes investment in share capital and payments at the expense of capital, less provisions for losses.

## Notes to the Financial Statements for 31 December 2016

### Note 1 – Accounting Reporting and Policies (Continued)

#### k. Fixed assets

1. The fixed assets of the Amuta includes buildings, vehicles, equipment and furniture.
2. Fixed assets are measured according to cost less accrued depreciation and impairment.
3. Profit or loss from removal of a fixed asset item is calculated by comparing the consideration from removal of the asset for impairment, and the net sale of the other assets item in the Statement of Activities.
4. Depreciation is credited to the Statement of Activities according to the straight line method over the estimated useful life of each part of fixed assets items. Land is not depreciated.

Depreciation rates are as follows:

	%
Equipment and furniture	6-33
Buildings and facilities	4-10
Vehicles	15

#### l. Other assets

1. Other assets includes the right to use a commercial name, list of customers, non-competition undertaking.
2. Amortization is the systematic allocation of a depreciable amount of the other asset over the useful life of the asset. A depreciable amount is the cost of the asset less its share value.
3. The estimated useful life of an other asset is 5 years.

#### m. Balance of linkages to foreign currency or index

1. Foreign-currency linked or index-linked bank deposits are presented in the balance sheet according to the representative currency rates on the balance sheet date. Index-linked bank deposits are presented according to the index for December or based on the known index on the balance sheet date, in accordance with the terms of the deposit.
2. Details on representative exchange rates and Consumer Price Index –

	31 2016	December 31 2016	Percentage of change 2016	Percentage of change 2015
Dollar-NIS exchange rate	<b>3.845</b>	3.902	<b>(1.5)</b>	0.3
Consumer Price Index (December Index) in points	<b>100.88</b>	101.08	<b>(0.2)</b>	(1)

#### n. Impairment of Assets

The Amuta implements Accounting Standard No. 15 – Impairment of Assets (Hereinafter: The Standard). The Standard establishes procedures that the Amuta must implement to ensure that its assets in the consolidated balance sheet (subject to the Standard), will not be presented in an amount that exceeds the recoverable amount, which is the higher of the net sales price and the usage value (the current value of the future cash flows expected to be generated from use and realization of the asset).

The Standard applies to all assets in the consolidated balance sheet, with the exception of monetary assets (other than monetary assets that are investments in investee companies that are not subsidiaries). The Standard sets forth the rules for presentation and disclosure of assets that have suffered impairment. Where the value of the asset in the consolidated balance sheet exceeds its recoverable amount, the Amuta recognizes the loss from impairment in the amount of the gap between the book value of the asset and its recoverable amount. The recognized loss as specified will only be cancelled if changes occur in the

## Society for the Protection of Nature in Israel (RA)

estimates used to establish the recoverable amount of the asset on the date on which the last loss from impairment was recognized.

The Amuta examines every year the signs of impairment of assets and provides provisions for impairment if necessary.

## Notes to the Financial Statements for 31 December 2016

**Note 1 – Accounting Reporting and Policies (Continued)****o. Recognition of income**1. Sale of products

Income from the sale of products is recorded at the time of the sale or shipment to the customer with a carryover of the main risks and contributions involved in ownership of the sold products.

2. Revenue from service

Income from the activity of the Amuta's departments and the provision of services are relatively credited over the term of the Agreement or with the provision of service if the likelihood of the flow of economic benefits attributed to the provision of service is definite.

**p. Provision for doubtful debt**

The financial statements include specific provisions for doubtful debts that adequately reflect, according to management estimate, the loss grossed up in debts, the collection of which are doubtful. In establishing the adequacy of the provisions, management relied, inter alia, on the assessed risk based on information in its possession regarding the financial position of the debtors, the scope of their activity and the assessment of securities received from them.

Doubtful debts, for which company management believes there is no chance of collecting, are deleted from the Amuta's ledgers in accordance with management decision.

**q. Reclassification**

Certain comparison numbers were reclassified to adjust them to the current year's numbers.

**Note 2 – Cash and cash equivalents**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Israeli currency	21,173	23,705	21,173	23,703
Foreign currency	9,123	6,101	9,213	6,101
	<u>30,386</u>	<u>29,806</u>	<u>30,386</u>	<u>29,804</u>
	=====	=====	=====	=====
Cash earmarking:	10,869	12,012	10,869	12,012
Cash earmarked by management	19,517	17,794	19,517	17,792
	<u>30,386</u>	<u>29,806</u>	<u>30,386</u>	<u>29,804</u>
	=====	=====	=====	=====

## Notes to the Financial Statements for 31 December 2016

**Note 3 – Trade receivables**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Open debts	24,437	23,798	21,441	19,411
Credit companies	4,022	3,524	4,022	3,524
Checks payable	385	641	352	564
Related parties	1,375	2,335	2,739	4,573
	<u>30,219</u>	<u>30,298</u>	<u>28,554</u>	<u>28,072</u>
Less provision for doubtful debts	(1,362)	(2,760)	(909)	(2,281)
	<u>28,857</u>	<u>27,538</u>	<u>27,645</u>	<u>25,791</u>
	=====	=====	=====	=====

**Note 4 – Accounts Receivable**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Income receivable	967	818	967	818
Prepaid expenses	1,522	1,804	1,499	1,780
Deposits car rental	250	140	250	140
Employees	216	127	216	127
Other receivables	128	4	-	-
	<u>3,083</u>	<u>2,893</u>	<u>2,932</u>	<u>2,865</u>
	=====	=====	=====	=====

**Note 5 – Long-term Investments**

	Consolidated	
	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Contingent investment	1,141	1,141
Less provision for impairment of investment	(880)	(880)
	<u>261</u>	<u>261</u>
	=====	=====

In 2000, the Amuta engaged in a memorandum of understanding with Yad LaShiryon Association (Hereinafter: Yad LaShiryon) whose validity was extended by the parties from time to time, according to which it provided \$300,000 to be used by Yad Lashiryon to set up the education campus in Latrun. It was agreed that if the parties do not sign a detailed agreement that arranges the cooperation with regards to the education campus, and establishment of a composite of birdwatching, the dollar-linked amount will be returned without interest within one year. Cooperation to operate the education campus ended in 2006. According to the Amuta's management, this amount will not be returned and will be used as payment for land the Amuta will receive at the Yad Hashriyon site. Due to significant reduction in the area the Amuta was supposed to receive approximately 8 dunam instead of 25 dunam, a provision for impairment was recorded accordingly.

With regards to the memorandum of understanding between the Amuta and Yad Lashiryon, see note 16(d).



## Notes to the Financial Statements for 31 December 2016

## Note 6 – Fixed Assets

## Consolidated

	<u>Building and Facilities</u> NIS Thousands	<u>Equipment and Furniture</u> NIS Thousands	<u>Vehicle</u> NIS Thousands	<u>Total</u> NIS Thousands
<b>Cost</b>				
Balance on 1 January 2016	219,783	35,336	1,155	256,274
Increment	7,960	3,508	-	11,468
Balance on 31 December 2016	<u>227,743</u>	<u>38,844</u>	<u>1,155</u>	<u>267,742</u>
<b>Accrued depreciation</b>				
Balance on 1 January 2016	180,098	27,095	1,044	208,237
Increments	4,277	1,474	44	5,795
Balance on 31 December 2016	<u>184,375</u>	<u>28,569</u>	<u>1,088</u>	<u>214,032</u>
<b>Depreciated cost on 31 December 2016</b>	<u>43,368</u>	<u>10,275</u>	<u>67</u>	<u>53,710</u>
Depreciated cost on 31 December 2015	<u>39,685</u>	<u>8,241</u>	<u>111</u>	<u>48,037</u>

## Amuta

	<u>Building and Facilities</u> NIS Thousands	<u>Equipment and Furniture</u> NIS Thousands	<u>Vehicle</u> NIS Thousands	<u>Total</u> NIS Thousands
<b>Cost</b>				
Balance on 1 January 2016	219,652	34,927	1,155	255,734
Increment	7,959	3,485	-	11,444
Balance on 31 December 2016	<u>227,611</u>	<u>38,412</u>	<u>1,155</u>	<u>267,178</u>
<b>Accrued depreciation</b>				
Balance on 1 January 2016	180,061	26,789	1,044	207,894
Increments	4,265	1,435	44	5,744
Balance on 31 December 2016	<u>184,326</u>	<u>28,224</u>	<u>1,088</u>	<u>213,638</u>
<b>Depreciated cost on 31 December 2016</b>	<u>43,285</u>	<u>10,188</u>	<u>67</u>	<u>53,540</u>
Depreciated cost on 31 December 2015	<u>39,591</u>	<u>8,138</u>	<u>111</u>	<u>47,840</u>

## Notes to the Financial Statements for 31 December 2016

**Note 7 – Other Assets**

Other assets includes the right to use the commercial name of the company Simaney Derech Ltd., whose activities were acquired by the investee partnership in September 2013, a list of customers and a non-competition agreement in any manner for a period of five years. Based on the assessment of the Partnership's management, the assets that were acquired depreciated over a period of 5 years, that in accordance with the assessment of the Partnership's management, represents the economic life span of the assets.

During 2016, following a review of the recoverable amount for the asset, the Partnership lowered the balance of the asset in its financial statements.

**Note 8 – Suppliers and Service Providers**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Open liabilities	19,162	14,671	17,797	12,967
Checks payable	867	1,005	600	392
	<u>20,029</u>	<u>15,676</u>	<u>18,397</u>	<u>13,359</u>
	=====	=====	=====	=====

**Note 9 – Other accounts payable**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Employees	1,262	1,263	1,238	1,186
Institutions for payroll and deductions	1,830	1,520	1,830	1,491
Provision for vacation and health	578	683	568	675
Provision for claims	3,630	3,496	3,630	3,496
Expenses and other payable	3,513	3,995	3,059	3,213
Prepaid income	1,127	1,600	1,031	1,598
Related company	2,367	1,981	-	-
Other	21	7	21	7
	<u>14,328</u>	<u>14,545</u>	<u>11,377</u>	<u>11,666</u>
	=====	=====	=====	=====

**Note 10 – Long-term Loans**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Shareholder loans (1)	1,500	1,500	-	-
	=====	=====	=====	=====

- (1) The loans received in the Society for the Protection of Nature Partnership – Megalim Eretz Limited Partnership. The loans are unlinked and bear an annual interest in 4%.

## Notes to the Financial Statements for 31 December 2016

**Note 11 – Liability for Termination of Employer-Employee Relations, Net****a. Vehicle**

	Consolidated		Amuta	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>	<u>NIS Thousands</u>
Liability for severance pay and retirement	5,683	5,380	5,602	5,308
Less earmarking	(2,743)	(2,767)	(2,652)	(2,680)
	<u>2,940</u>	<u>2,613</u>	<u>2,950</u>	<u>2,628</u>
	=====	=====	=====	=====

- b. The Amuta's liability to pay severance pay to its employees is largely covered by the current deposits under the employees' names in recognized compensation funds and/or by way of purchasing policies in insurance companies by virtue of Section 14 of the Severance Pay Law, 5723-1963. The amounts deposited as specified are not controlled or managed by the Amuta, and as such, they and the undertakings that were given therein were not reflected in the balance sheet.

The liability for termination of the employer-employee relationship included in the balance sheet represents the balance of liabilities not covered by the deposits and/or insurance policies as specified above. For this part of the liability, there is a provision deposited under the name of the company in a recognized compensation fund. The earmark for the compensation funds includes linkage and interest differences that accrued and that were deposited in the insurance companies. Withdrawal of the earmarked funds is contingent on compliance with the detailed provisions of the Severance Pay Law.

In addition, employees are granted the right to receive an adjustment grant upon retirement: the liability in the balance sheet covers the full liability of the Amuta for payment of the adjustment grants.

**Note 12 – Investment in a Subsidiary and Investee Companies**

	Amuta	
	For the year ended 31 December	
	<u>2016</u>	<u>2015</u>
	<u>NIS Thousands</u>	<u>NIS Thousands</u>

**a. Breakdown****Roim Olam – Society for the Protection of Nature Ltd. (1)**

Investment in shares (86% of the issued and paid-up share capital)  
The company's share in profits accrued since the acquisition date

1	1
-	-

**Society for the Protection of Nature – Megalim Eretz Limited Partnership (2)**

Investment (50%)  
The company's share in losses accrued since the acquisition date

1	1
(6,106)	(6,133)

<u>(6,105)</u>	<u>(6,132)</u>
----------------	----------------

<u>(6,104)</u>	<u>(6,131)</u>
=====	=====

1. Roim Olam – Society for Protection of Nature Ltd. was founded in 2002 and engages in the marketing of the organization and provision of travel services for foreign trips. The Amuta holds 86% of the share capital.

The Company's financial statements are not consolidated in these financial statements. See Note 1e(3)

2. The Society for the Protection of Nature – Megalim Eretz Limited Partnership was founded in 2005 and engages in the marketing of the organization and provision of educational tour service primarily for the education system. The Amuta holds 50% of the partnership capital.

The financial statements reveal that the Partnership ended its year of activity with a profit of NIS 60 thousand and as a result of losses from previous years, the Partnership has a deficit in equity on 31 December 2016 in the amount of NIS 12.2 million and a deficit in working capital in the amount of NIS 9.5 million. The Partnership's management believes that in light of the partners announcement of support of the Partnership, primarily by way of termination of the management fee charges and a reduction in participation in costs commencing in 2009, the provision of shareholder loans in 2010 and 2012 as well as providing shareholder guarantees to banks, the Partnership could continue to operate as a 'going concern'.

Society for the Protection of Nature in Israel (RA)

Another company, Kavim Le Teva Ltd., was founded in 2005 and serves as a General Partner that manages the Society for the Protection of Nature – Megalim Eretz Limited Partnership. The Amuta holds 50% of the share capital and right to 4 directors.

Notes to the Financial Statements for 31 December 2016

Note 13 – Net Assets Earmarked by the Amuta

	<b>Amuta and Consolidated</b>	
	<b><u>31 December 2016</u></b>	<b><u>31 December 2015</u></b>
	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>
Assets earmarked for implementation of the strategic plan to expand Amuta activity	9,136	11,115
Assets earmarked for upgrading the information systems in the Amuta	2,188	2,415
Assets earmarked for renovating the field school and fixed assets	33,065	31,906
	<u>44,389</u>	<u>45,436</u>
	=====	=====

Note 14 – Other current expenses

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>For the Year Ended 31 December</u></b>		<b><u>For the Year Ended 31 December</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>
Vehicle maintenance	5,206	4,979	5,027	4,979
Office, communication and computer	4,341	4,098	4,341	4,098
Taxes, rent and insurance	5,844	4,896	5,819	4,870
Maintenance and equipment	8,041	6,383	8,014	6,384
Electricity, water and energy	3,567	3,802	3,567	3,802
Guards, security and cleaning	2,654	2,562	2,654	2,562
Team maintenance	2,115	2,131	2,115	2,131
Professional services	3,351	3,237	3,351	3,237
Advertisement, marketing and information	2,814	3,071	2,618	2,564
Bad, doubtful debts	(1,213)	93	(1,186)	55
Depreciation and amortization	5,700	5,435	5,700	5,435
	<u>43,393</u>	<u>40,687</u>	<u>42,020</u>	<u>40,117</u>
	=====	=====	=====	=====

Note 15 – Administrative and general expenses

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>For the Year Ended 31 December</u></b>		<b><u>For the Year Ended 31 December</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>
Payroll and incidental	6,830	6,061	6,463	5,542
Professional services	929	858	818	792
Office and communication	959	962	849	841
Taxes and rent	585	608	585	608
Vehicle maintenance	284	291	260	219
Maintenance, electricity and cleaning	273	239	273	239
Depreciation and amortization	251	149	44	48
	<u>10,111</u>	<u>9,168</u>	<u>9,292</u>	<u>8,289</u>
	=====	=====	=====	=====

**Note 16 – Lawsuits, Contingent Liabilities and Contractual Arrangements – Update**

- a. Various claims were filed by tourists against the Amuta for physical injury and other damages. The maximum amount of exposure of the Amuta for these claims is the amount of the deductible, in the amount of NIS 3.6 million (previous year NIS 3.5 million).
- b. The Har Gilo field school is partially located on area of the Russian Church and partially on area of the Greek Church. In the past several years, negotiations have been conducted as has a legal proceeding with these entities regarding settlement of the Amuta's status and undertakings for use of the area. In an advanced process ahead of understandings between the government and the Russian Church, it was ruled that the government would pay NIS 2.7 million and the Amuta would pay the government annual usage fees in an amount that has not yet been determined. In January 2014, an agreement was signed between the Amuta and the Greek Church settling the charge for 2010-2027 in consideration of NIS 6.78 million. Of this amount, NIS 4.8 million has been paid to date. Of this amount, NIS 1.8 million is included in these financial statements in the Long-term Liabilities Item.
- c. In 2011, the Amuta received money from the estate of the late Yehudit Schlesinger. Following a district court ruling, the Amuta recorded a public dedication regarding the funds it received from the estate. The court also ordered that the funds not be used until the position of the dedications registrar is received regarding the plan submitted to it by the Amuta to dispose of the funds in accordance with the will. At the same time, the Amuta filed an appeal with the High Court of Justice with regards to its status with regards to the estate funds. In the appeal, the parties agreed that the Dedications Registrar would approve the dedication outline in the Har Meron Field School proposed by the Amuta and whereas implementation of the outline that was approved will take place within a legal confine of the dedication, in a manner that imposes on the Amuta (primarily) a requirement to submit an annual progress report until its completion. In light of the consent, the Society for the Protection of Nature withdrew its appeal.

In 2016, with the consent of the executor of the estate, the Dedications Registrar and the Amuta, and in a move approved by the court, transferred the funds of the estate and were used to dedicate Beit Levi Eshkol.

- d. On 1 December 2010, an agreement was signed between the Amuta and Yad Lashiryon in Latrun regarding construction of an international bird migration research center. According to the document, the center would be built on an area allocated for this purpose on the Yad Lashiryon site. Construction and operation will be the responsibility of Yad Lashiryon. The Amuta will handle training and content at the center.

The Amuta should have transferred the donation funds it received in the past for this purpose and that was included in these financial statements within the confines in the net temporarily restricted assets by external parties.

As of the date of the signing of these financial statements, there is doubt regarding construction of the birding museum in Latrun and the Amuta is re-examining the operating / construction outline and the future use of the donated funds it received.

- e. Within the confines of the agreement signed in June 2014 with the Levi Eshkol Amuta, the Amuta would receive the right to use part of the Beit Levi Eshkol building as the site for the Amuta's activities in Jerusalem.

Up to 31 December 2016, the Amuta invested NIS 6 million for modifying the building to its activities.

- f. The Amuta is bound in several rental agreements for sites and field schools in which the Amuta operates as well as by several operating leasing agreements for 70 vehicles in its use. These agreements are periodically renewed.

**Note 17 – Liens and Guarantees**

**a. Below is a list of registered liens on Amuta assets**

1. Lien and assignment of right to Israel Discount Bank Ltd. for NIS deposits and foreign currency deposits, and funds and rights to funds owed to the Amuta by Cartisei Ashrei le Israel (CAL) in accordance with the agreement signed in 1985 between the Amuta and CAL.
2. Fixed lien and assignment by way of lien on behalf of Bank Hapoalim Ltd. for all money, rights and payments owed to the Amuta by Isracard Ltd.
3. Fixed first class lien with no limit on amount on behalf of Bank Hapoalim Ltd. on foreign currency deposits in the Amuta's account in the bank's main branch.
4. Lien and first class assignment on behalf of Israel Discount Bank Ltd. on funds and deposits in the Amuta's account in the bank's Hagara branch and/or in any related account.
5. Liens on behalf of Bezeq Kol Tikshoret Ltd. for telephone switchboards.

## Notes to the Financial Statements for 31 December 2016

**Note 17 – Liens and Guarantees (continued)****b. Below is a list of guarantees provided by the Amuta**

1. Bank guarantees on behalf of various entities in the amount of NIS 1,362 thousand.
2. The Amuta signed a letter of limited guarantee in the amount of NIS 1,250 thousand on behalf of Israel Discount Bank Ltd., according to which the Amuta's guaranteed to the bank account of the Society for the Protection of Nature – Megalim Eretz Limited Partnership. The balance of the Partnership's liabilities to the bank on the date of the financial statement amounts to NIS 3,127 thousand.

**Note 18 – Income from government ministries**

Income from government ministries is received as support of allowances and participations and were included in the Statement of Activities and the Statement of Changes in Net Assets based on their purpose.

	<b>For the Year ended 31 December</b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>NIS Thousands</u></b>	<b><u>NIS Thousands</u></b>
Ministry of Education	33,253	30,554
Ministry of Defense and Public Security	6,237	8,303
Ministry of the Environment	342	804
Other ministries	2,576	407
Total	<u>42,408</u>	<u>40,068</u>
	=====	=====