**THE SOCIETY FOR THE PROTECTION OF NATURE IN ISRAEL (REG. ASSOC.)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING ON**

**31 DECEMBER 2022**

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Financial Statements as of 31 December 2022**

**Table of Contents**

Page

Report of Auditors 2

Financial Status Report 3

Reports on Activities 5

Reports on Changes in Net Assets 6

Reports on Cash Flow 7

Comments on the Financial Statements 10



Somekh Chaikin

8 Hartom Street, Har Hotzvim

Post Office Box 212

Jerusalem 9100102

02 531 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF THE SOCIETY FOR THE PROTECTION OF NATURE IN ISRAEL (Reg. Assoc.)**

We have audited the attached statements on the financial condition of the Society for the Protection of Nature in Israel (Reg. Assoc.) (hereinafter – “Society”) for the dates ending on 31 December 2022 and 2021 and the consolidated statements on the financial position for the same dates, the reports on activities, the reports on net changes in assets and the reports on cash flow of the Society, and together for each of the years ending on those dates. These financial statements are the responsibility of the executive committee and administration of the Society. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of a limited partnership that was consolidated and whose assets included in the consolidation constitute about 5% and 4% of all the consolidated assets on the dates 31 December 2022 and 2021, respectively, and its revenues included in the consolidation constitute about 16% and 14% of all the consolidated revenues for the years ending on those dates, respectively. The financial statements of the limited partnership were audited by other accountants whose report was shown to us, and our opinion, to the extent that it refers to amounts included for that limited partnership, is based on the report of the other accountants.

We conducted our audit in accordance with accepted auditing standards in Israel, including the standards established in the Accountant Regulations (Way of Operating of an Accountant), 5733-1973. According to these regulations, we are required to plan and perform the audit with a view to obtaining a reasonable degree of assurance that there is no material misstatement in the financial statements. A comprehensive audit also includes an examination of the accounting rules that have been applied and of the significant estimates made by the executive committee and management of the Society, as well as an assessment of the adequacy of the presentation in the financial statements as a whole. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, on the basis of our audit and the report of other auditors, these financial statements accurately reflect, in all material respects, the financial condition of the Society, consolidated as of the dates 31 December 2022 and 2021, and the results of its activities, changes in net assets and cash flows of the Society, consolidated for each of the years ending on those dates in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Somekh Chaikin

Auditor

26 June 2023

KPMG Somekh Chaikin, Partnership registered in Israel and firm that is a member of the global KPMG Organization consisting of independent firms affiliated with KPMG International Limited, a private limited liability English company

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Balance Sheets as of 31 December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  | **Comment** | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

**Assets**

**Current Assets**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Cash and cash equivalents | 4 | **34,288** | 30,404 | **33,303** | 28,978 |
| Clients | 5 | **33,024** | 24,187 | **24,942** | 18,753 |
| Accounts receivable | 6 | **3,132** | 2,998 | **3,114** | 2,976 |
| Inventory |  | **247** | 255 | **247** | 255 |
|  |  |  |  |  |  |
| **Total Current Assets** |  | **70,691** | 57,844 | **61,606** | 50,962 |
|  |  |  |  |  |  |
| **Non-Current Assets** |  |  |  |  |  |
|  |  |  |  |  |  |
| **Long-Term Investments** |  |  |  |  |  |
| Negotiable securities |  | **46,919** | 43,984 | **46,919** | 43,984 |
| Long-term advance expenses | 16C | **1,229** | 1,327 | **1,229** | 1,327 |
|  |  |  |  |  |  |
|  |  | **48,148** | 45,311 | **48,148** | 45,311 |
|  |  |  |  |  |  |
| **Fixed Assets, Net** | 7 | **64,301** | 64,464 | **64,206** | 64,364 |
|  |  |  |  |  |  |
| **Total Non-Current Assets** |  | **112,449** | 109,775 | **112,354** | 109,675 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total Assets** |  | **183,140** | 167,619 | **173,960** | 160,637 |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Yosef Ben Artzi – Chairman Ran Pintzi – Member, Dan Alon – CEO

Executive Committee Finance Committee

Date of approval of the financial statements: 26 June 2023

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Balance Sheets as of 31 December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  | **Comment** | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

**Net Liabilities and Assets**

**Current Liabilities**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Short-term credit |  | | | | | **1,201** | 1,200 | **-** | - |
| Suppliers and service providers | | | | 8 | | **26,856** | 20,977 | **19,155** | 13,837 |
| Accounts payable | 9 | | | | | **15,026** | 11,349 | **13,731** | 10,646 |
|  |  | | | | |  |  |  |  |
| **Total Current Liabilities** |  | | | | | **43,083** | 33,526 | **32,886** | 24,483 |
|  |  | | | | |  |  |  |  |
| **Non-Current Liabilities** |  | | | | |  |  |  |  |
|  |  | | | | |  |  |  |  |
| Liabilities for termination of employer-employee relations, net | | | 10 | | | **5,250** | 4,306 | **5,143** | 4,300 |
| Investment in company and in subsidiary partnership | | | 11A | | | **-** | - | **1,124** | 2,067 |
| **Total Liabilities** |  | | | | | **48,333** | 37,832 | **39,153** | 30,850 |
|  |  | | | | |  |  |  |  |
| **Net Assets** |  | | | | |  |  |  |  |
|  |  | | | | |  |  |  |  |
| Net assets for which there is no restriction on use for activity: | | | |  | |  |  |  |  |
| Not earmarked by the Society | |  | | | | **7,511** | 4,252 | **7,511** | 4,252 |
| Earmarked by the Society | 12 | | | | | **43,922** | 43,922 | **43,922** | 43,922 |
| Invested in fixed assets |  | | | | | **64,206** | 64,364 | **64,206** | 64,364 |
|  |  | | | | |  |  |  |  |
| Total net assets for which there is no restriction |  | | | | | **115,639** | 112,538 | **115,639** | 112,538 |
|  |  | | | | |  |  |  |  |
| Net assets for which there is a restriction |  | | | | | **19,168** | 17,249 | **19,168** | 17,249 |
|  |  | | | | |  |  |  |  |
| **Total Net Assets** |  | | | | | **134,807** | 129,787 | **134,807** | 129,787 |
|  |  | | | | |  |  |  |  |
| **Total Net Liabilities and Assets** | | | | |  | **183,140** | 167,619 | **173,960** | 160,637 |

The comments to the Financial Statements constitute an integral part thereof.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Reports on Activities for the Year Ending on 31 December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  | **Comment** | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

**Activities Turnover**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Support | |  | | | | | **33,924** | 24,294 | **33,924** | 24,294 |
| Donations and participations | | | | | |  | **17,282** | 14,982 | **17,282** | 14,982 |
| Special Corona grant | | | | | |  | **-** | 1,500 | **-** | 1,500 |
| Amounts freed from restriction | | | | | |  | **4,286** | 3,629 | **4,286** | 3,629 |
|  | | | | | |  |  |  |  |  |
|  | |  | | | | |  |  |  |  |
|  | |  | | | | | **55,492** | 44,405 | **55,492** | 44,405 |
|  | |  | | | | |  |  |  |  |
| **Other Sources** | |  | | | | |  |  |  |  |
|  | |  | | | | |  |  |  |  |
| Membership fees | | | |  | | | **6,004** | 6,345 | **6,004** | 6,345 |
| Community and public activity | | | |  | | | **15,386** | 11,490 | **15,386** | 11,490 |
| Field school activity | | | |  | | | **81,573** | 55,901 | **55,166** | 38,614 |
| Travel product sales | | | |  | | | **1,112** | 1,570 | **1,112** | 1,570 |
| Training, consultation and supervision activity | | | |  | | | **13,829** | 11,405 | **13,829** | 11,405 |
|  | |  | | | | | **117,904** | 86,711 | **91,497** | 69,424 |
| **Total Activity Turnover** | |  | | | | | **173,396** | 131,116 | **146,989** | 113,829 |
|  | |  | | | | |  |  |  |  |
| **Cost of Activities** | |  | | | | |  |  |  |  |
|  | |  | | | | |  |  |  |  |
| Wages and employee benefits | | | | | |  | **55,600** | 45,557 | **51,911** | 43,306 |
| Educational and environmental activity | | |  | | | | **53,792** | 30,750 | **33,563** | 18,223 |
| Other current expenses | | 13 | | | | | **47,498** | 40,513 | **46,755** | 39,946 |
|  | |  | | | | |  |  |  |  |
|  | |  | | | | | **156,890** | 116,820 | **132,229** | 101,475 |
|  | |  | | | | |  |  |  |  |
| **Net Surplus from Activities** | |  | | | | | **16,506** | 14,296 | **14,760** | 12,354 |
|  | |  | | | | |  |  |  |  |
| Management and general expenses | 14 | | | | | | **10,458** | 9,651 | **9,435** | 8,939 |
|  |  | | | | | |  |  |  |  |
| **Surplus before Financing Revenues (Expenses), net** | | | | |  | | **6,048** | 4,645 | **5,325** | 3,415 |
|  |  | | | | | |  |  |  |  |
| Net financing revenues (expenses) | 15 | | | | | | **(3,291)** | 743 | **(2,892)** | 1,236 |
|  |  | | | | | |  |  |  |  |
| **Net Surplus after Financing** | | |  | | | | **2,757** | 5,388 | **2,433** | 4,651 |
| Other revenues | | |  | | | | **344** | - | **344** | - |
| Share of partnership profits held | | |  | | | | **-** | - | **324** | 737 |
|  | | |  | | | |  |  |  |  |
| **Net Surplus for Year** | | |  | | | | **3,101** | 5,388 | **3,101** | 5,388 |

The comments to the Financial Statements constitute an integral part thereof.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Reports on Changes in Net Assets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **For which there is no restriction on use for activities** | | | |  | |
|  | **Not earmarked by the Society** | **Invested in fixed assets** | **Earmarked by the Society** | **For which a restriction exists** | | **Total** |
|  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** | | **NIS thousand** |
| **Balance as of 1 January 2021** | 4,204 | 66,374 | 36,572 | 11,576 | | 118,726 |
| **Changes during the year** |  |  |  |  | |  |
| Net surplus for year | 5,388 | - | - | - | | 5,388 |
| Donations and participations | - | - | - | 9,302 | | 9,302 |
| Unrestricted amounts  For activities | - | - | - | (3,482) | | (3,482) |
| For purchase of fixed assets | - | - | - | (147) | | (147) |
| Amounts used for purchase of fixed assets | (4,167) | 4,167 | - | - | | - |
| Amounts transferred to cover depreciation expenses | 6,177 | (6,177) | - | - | | - |
| Earmark under management decisions (Comment 12) | (7,350) | - | 7,350 | - | | - |
| **Balance as of 31 December 2021** | 4,252 | 64,364 | 43,922 | 17,249 | | 129,787 |
| **Changes during the year** |  |  |  |  | |  |
| Net surplus for year | **3,101** | **-** | **-** | **-** | | **3,101** |
| Donations and participations |  |  |  | **6,205** | | **6,205`** |
| Unrestricted amounts  For activities | **-** | **-** | **-** | **(4,019)** | | **(4,019)** |
| For purchase of fixed assets | **-** | **-** | **-** | **(267)** | | **(267)** |
| Amounts used for purchase of fixed assets | **(5,802)** | **5,802** | **-** | **-** | | **-** |
| Amounts transferred to cover depreciations expenses | **5,960** | **(5,960)** | **-** | **-** | | **-** |
| Earmark under management decisions (Comment 12) |  |  |  |  | |  |
| **Balance as of 31 December 2022** | **7,511** | **64,206** | **43,922** | **19,168** | | **134,807** |

The comments to the Financial Statements constitute an integral part thereof.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Reports on Cash Flow for the Year Ending on 31 December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

**Cash Flow from Current Activity**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net surplus before report on activity | | | |  | | | 5,388 | **3,101** | 5,388 |
| Cash from current activity – Appendix (A) | | | | | |  | 15,184 |  | 12,702 |
|  | | |  | **-** | | | 1,500 | **-** | 1,500 |
| Net cash resulting from current activity | | |  |  | | | 20,572 |  | 18,090 |
|  |  | | |  | | |  |  |  |
|  |  | | |  | | |  |  |  |
| **Cash Flow from Investment Activity** | | | |  | | |  |  |  |
|  |  | | |  | | |  |  |  |
| Transfer to full control in subsidiary partnership | | | | |  | | - |  | - |
| Purchase of fixed assets | |  | |  | | | (4,182) |  | (4,167) |
| Net investment in negotiable securities | |  | |  | | | (5,658) |  | (5,658) |
| Net cash used for investment activity | | | |  | | | (9,840) |  | (9,825) |
|  | |  | |  | | |  |  |  |
| **Cash Flow from Financing Activity** | | | |  | | |  |  |  |
| Short-term credit, net | |  | |  | | | (1,042) |  | - |
| Net cash resulting from financing activity | | | |  | | | (1,042) |  | - |
|  | | | |  | | |  |  |  |
| **Increase in Cash and Cash Equivalents** | | | |  | | | 9,690 |  | 8,265 |
| Balance of cash and cash equivalents to start of year | | | |  | | | 20,714 |  | 20,713 |
| **Balance of Cash and Cash Equivalents to End of Year** | | | |  | | | 30,404 |  | 28,978 |
|  | | | |  | | |  |  |  |

The comments to the Financial Statements constitute an integral part thereof.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

**Appendix (A) – Adjustments Required in Order**

**to Present the Cash Flow from Current Activity**

**Expenses (Revenues) not Included in Cash Flow**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Net supplement to restricted assets less unrestricted amounts freed for activity | | | | | | 5,673 |  | 5,673 |
| Depreciation | | | | |  | 6,216 |  | 6,177 |
| Increase in liabilities for termination of employer-employee relations, net | | | | |  | 391 |  | 419 |
| Share in losses (profits) of subsidiary partnership | | | | | | - |  | (737) |
| Financing expenses (revenues) | | |  |  | | - |  | (79) |
| Loss (profit) from securities | | |  |  | | (1,754) |  | (1,754) |
| Provision for loss of investment value | | | |  | | - |  | - |
|  |  | | |  | | 10,526 |  | 9,699 |
| **Changes in Asset and Liability Items** | | | |  | |  |  |  |
| Decrease (increase) in clients |  | | |  | | (4,849) |  | 335 |
| Decrease (increase) in accounts receivable | | | | | | (346) |  | (753) |
| Decrease (increase) in inventory | |  | |  | | 77 |  | 77 |
| Increase (decrease) in suppliers and service providers | |  | |  | | 8,583 |  | 2,492 |
| Increase (decrease) in accounts payable | | | |  | | 1,094 |  | 753 |
| Decrease in long-term advance expenses | | | |  | | 99 |  | 99 |
|  | | | |  | | 4,658 |  | 3,003 |
|  | | | |  | | 15,184 |  | 12,702 |

**Appendix (B) – Noncash Activity**

In 2020, long-term loans and intercompany balances were transferred to the Society in the framework of the transfer of control in subsidiary partnerships as set forth in Comment 11A (2).

The comments to the Financial Statements constitute an integral part thereof.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Comments to the Financial Statements as of 31 December 2022**

**Comment 1 – General**

1. **General**

The Society for the Protection of Nature in Israel (hereinafter – “Society”) was established as a voluntary association in October 1953 and registered as a society in September 1983. The address of the Society is 2 Hanegev Street, Tel Aviv.

The principal goals and activities of the Society are protection and education for protecting the values of nature and scenic treasures, nurturing of the connection to the Land of Israel, the love of it and familiarity with it, the promotion and distribution of the idea of nature and environmental quality, from the beginning of the settlement of the land, and research and collection of information for the promotion of these goals.

1. The Society is registered as a society under the Law of Societies (5740-1980), and the provisions of Clause 9(2) of the Income Tax Order. In addition, the Society is recognized as a non-profit institution under the Value Added Tax Law, 5726-1975 and as a public institution pursuant to Clause 46 of the Income Tax Order. The approval is valid until 31 December 2023. In addition, the Society has a confirmation of proper management from the Corporation Authority valid until 31 December 2022.
2. **Definitions**

In these financial statements:

(1) The Society for the Protection of Nature in Israel (Reg. Soc.) hereinafter: “Society.”

(2) Related parties – as defined in Accounting Standard Number 41 of the Israel Accounting Standards Board.

1. **Significant Events During the Report Period**

During March 2020, following the outbreak of the COVID-19 pandemic throughout the world, there was a decline in the scope of economic activity in many areas in the world, including Israel. The spread of the pandemic, among other things, caused restrictions in movement and employment declared by the government of Israel as well as by other governments in the world, as well as restrictions in movement between countries throughout the world.

The crisis led to a significant decline in the scope of activity in the field of educational tourism starting in March 2020, which was manifested in a complete cessation of educational tourism activity. As a result, the revenues of the Society from activities declined significantly compared to 2019. In order to cope with this decline, the Society made adjustments to its activities, which included a reduction in operational expenses, including through workforce reductions, salary reductions, and employee unpaid furloughs.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

In addition, three field schools were used as Corona hostels.

During the report year, and as of the date of approval of the financial statements, there have been renewed outbreaks of the pandemic.

The Society has been adjusting its activities to circumstances and during the report year returned to the routine of its operations in the community in the areas of tourism. The management of the Society is following the instructions of the government and is acting to adapt its activities in a way that will allow the association to continue its operations in properly and optimally.

1. **Subsidiary Partnership – “The Society for the Protection of Nature – Megalim Eretz (Discovering a Country),” Limited Partnership**

In 2020, the Kavim LeNofesh Company Ltd. informed the Society of its intention to withdraw from the partnership. Starting from 1 July 2020, all the holdings in the partnership were held by the Society; see Comment 11.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Comment 2 – Basis for the Preparation of the Financial Statements**

1. **Activity Currency and Presentation Currency**

The Financial Statements are presented in NIS, which is the currency of the activities of the Society and have been rounded to the nearest thousand, unless otherwise indicated. The New Israeli Shekel is the currency representing the main economic environment in which the Society operates.

1. **Use of Estimates and Judgment**

In the writing of the Financial Statements in accordance with the Israeli standards, the management of the Society required judgment, assessments, estimates, and assumptions that influence the implementation of the accounting policy and the amounts of assets and liabilities, revenues, and expenses. It should be clarified that the actual results may differ from these estimates.

While establishing the accounting estimates used in the preparation of the Financial Statements, the management of the Society needed to make assumptions regarding circumstances and events involving significant uncertainty. In its judgment in determining the estimates, the management of the Society relies on past experience, different facts, external factors, and reasonable assumptions according to the circumstances that are suitable to each estimate.

The estimates and assumptions at their foundation are reviewed continuously. Changes in accounting estimates are recognized in the period when the estimates were corrected and in any affected future period.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy**

1. **Accounting for a Nonprofit Institution**

Starting from 1 January 2021, the Financial Statements have been drawn up according to the format established in Accounting Standard Number 40, Rules of Accounting and Financial Reporting by Nonprofits.

In accordance with the provisions of this Standard:

**Contingent Donation**

A donation that includes a condition imposed by the donor. The condition presents a barrier that must be overcome before the receiving nonprofit is entitled to assets that have been transferred or promised. A failure to overcome the barrier gives the donor the right to have the assets that were transferred returned or gives the promising individual the right of release from their obligation.

**Pledge**

A documented agreement to donate cash or other assets to a nonprofit that is enforceable.

**Limitations imposed by donors on use of net assets**

A condition of a donor or external body regarding the use of assets received from them as a donation that are more specific than the nature of the activity of the nonprofit, the environment in which it operates and the purposes stated in the articles of association of the nonprofit.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

1. **Accounting for a Nonprofit Institution (continued)**

**Unrestricted net assets not subject to restrictions**

That portion of net assets on which no restrictions fixed by donors have been imposed.

In the framework of net assets on which there is norestriction, it is possible to distinguish between the following groups:

1. Net assets for use for activities – earmarked by the nonprofit institutions.
2. Net assets for use for activities – not earmarked by the nonprofit institutions.
3. Net assets invested in fixed assets.

Transfers between the above-mentioned groups will be shown in the report in the changes to net assets, and not in the report on activities.

**Net assets subject to restrictions**

Said donations for which restrictions have been imposed on their use will be shown as an addition to net assets regarding which there is a restriction.

On the date of removal of the restriction by carrying out the purposes for which they were earmarked, the amounts will be transferred from net assets subject to restrictions and will be presented in the framework of amounts released from activity restrictions as revenues in the report on activities.

**Donations of fixed assets and donations of cash for investment in fixed assets**

These will be recognized as revenues in the report on activities where the asset is ready for the use it was earmarked or during the period of the restriction determined by the donor. On this date, the nonprofit may choose to show them as a transfer from net assets regarding which there is no restriction – to use for activities, to net assets regarding which there is no restriction – that have been invested in fixed assets, amounts that match the revenues recognized in the report on activities as amounts released from a restriction as well as amounts equal to depreciation expenses.

**Categorization of limited donations in the Cash Flow Report**

The cash flow from financing activities will include receipts from donations regarding which there is a restriction, other than donations regarding which the donor has limited their use for long-term use.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

1. **Consolidation of the Financial Statements**

The consolidated financial statements contain the Financial Statements of the Society as well as the financial statements of the subsidiary partnership in which the Society holds control. For the purpose of the consolidation, amounts included in the financial statements of the partnership that was consolidated have been taken into account, after adjustments required by the implementation of the Consolidated Accounting Principles taken in the reports of the Society.

The financial statements of the subsidiary Roim Olam Company (Seeing the World) – the Society for the Protection of Nature in Israel Ltd., in which the Society has no actual effective control, are not included in the consolidated financial statements due to their immateriality.

1. **Cash and Cash Equivalents**

Cash and cash equivalents include short-term deposits in banks and negotiable government loans the period of which until their date of redemption, on the date of investment in them, does not exceed three months.

1. **Investments in Securities**

**Tradable Securities**

Tradable securities that constitute a current investment are shown on the basis of the market value on the stock exchange on the date of the Financial Statements less the expenses involved in their realization. The changes in the value of the securities are reflected in the Profit and Loss Report in full.

1. **Provision for Doubtful Debts**

The Financial Statements include specific provisions for doubtful debts that, according to the assessment of the management, properly reflect the latent loss in debts that are doubtful. In properly determining the provision, among other things, the management based itself on an assessment of the risk on the basis of information in its possession regarding the financial condition of the debtors, the scope of their activity, and an estimate of the securities received from them. Doubtful debts which, in the opinion of the management of the Society, are uncollectable are stricken from the books of the   
Society according to a decision of the management.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

1. **Inventory**

Inventory is measured as the lower of the cost or the net realization value. The cost of the inventory is determined according to the FIFO Method, and it includes the costs of the purchase of the inventory and bringing it to its existing location and condition. The net realization value is an estimate of the sale price during ordinary business, less the estimated cost of completion and estimated costs required for executing the sale.

1. **Fixed Assets**

**Recognition and Measurement**

The Society implements Standard 27 regarding fixed assets, which determines rules for recognition, measurement of items of fixed assets, and the disclosure required for fixed assets. The fixed asset items are measured according to cost less accumulated depreciation and accumulated losses from a decline in value. Profit or loss from the disposal of a fixed asset item is determined according to a comparison of the net consideration from disposal of the asset and its value in the books and are recognized net in the “other revenues” or “other expenses” item, as appropriate, in the report on activities.

**Cash Earmarked for Fixed Assets**

Cash that the donor has limited to investment in fixed assets will not be included in the framework of “cash and cash equivalents,” but rather in the framework of a separate item in the fixed assets or in intangible assets, called “cash and other limited investments for investing in fixed assets/intangible assets.”

**Depreciation**

Depreciation is credited to the report on activities according to the direct line method over an estimate of the useful life of each portion of the fixed asset items, since this method reflects the anticipated form of consumption of the future economic benefits inherent in the asset in the best possible way. Leased items in financial leases, including land, are depreciated over whatever is shorter, the leasing period or the useful life of the assets, unless it is reasonably anticipated that the nonprofit will receive ownership of the asset at the end of the leasing period.

The estimated length of the useful life for the current period and for comparative periods are as follows:

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

%

Furniture and equipment 6–15

Computer equipment 15–33

Buildings 2

Improvements in rental property The shorter of the leasing period

and the length of the useful life

The estimates regarding the depreciation method, the useful life and the residual value are reexamined at least at the end of each reporting year and adjusted when necessary.

1. **Decline in the Value of Assets**

The Society implements updated Accounting Standard Number 15 regarding a decline in the value of assets (hereinafter – “Standard”). The Standard determines procedures to be implemented by the nonprofit in order to ensure that its assets in the balance sheet, to which the Standard applies, are not shown at an amount in excess of their refundable amount, which the higher of the net sale price or the usage value (the present value of the estimated future cash flows expected to result from the use of the asset and its realization). Moreover, the Standard establishes the rules for presentation and disclosure regarding assets that have decreased in value. When the value of an asset in the statement on the financial condition exceeds its refundable amount, the nonprofit recognizes the loss from the decline in the value as whichever is higher, the gap between the value of the asset in the books or its refundable value. A loss recognized as stated will be cancelled only if changes have occurred in the estimates used in determining the refund value of the asset from the date on which the last loss was recognized from the decline in value.

1. **Provision for Claims**

A provision for claims is recognized when the society has a legal obligation in the present or an implied obligation as the result of an incident that occurred in the past, and the Society is expected to be required to pay amounts to the other party. The amount of the recognized provision is an estimate of the amount that entity will be required to pay.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

1. **Recognition of Revenues**
2. Recognition of donations and promises

Received donations are recognized as revenues or as additions to net assets regarding which there is a restriction during the period in which they were received.

A contingent donation is not recognized until it becomes non-contingent. A transfer of assets that is a contingent donation is treated as a returnable advance (in the framework of the obligations of the nonprofit). When the conditions are met and the contingency is removed, the consideration is recognized in the financial statement according to its purpose as revenues or in the framework of net assets regarding which there is a restriction.

A non-contingent promise is recognized as revenue or as an addition to net assets with a restriction during the period in which the promise was received, on condition that there is sufficient evidence that a promise has been given and that the promise is legally enforceable.

Non-contingent promises with payment dates during future periods will be recognized as an addition to net assets regarding which there is a restriction and will be recognized as revenues during those future periods, unless explicit conditions of the donor or the circumstances of the receipt of the promise make clear that the donor intends that the donations be used for the support of activities of the current period.

1. Sale of goods

Revenues from the sale of goods are recorded at the time of the sale or the delivery to the client with the transfer of the main risks and rewards associated with the ownership of the sold goods.

1. Revenues from services

The revenues from services are credited proportionally over the period of the agreement or upon the provision of the services if the likelihood of the flow of economic benefits attributed to the provision of the services is certain.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

**J. Recognition of Revenues (continued)**

1. Revenues from financing

Financing revenues (or expenses) are shown in the report on activities less the amounts credited to net assets regarding which there is a restriction in order to maintain the value of the net assets with restrictions in accordance with the guidelines of the donor or the provisions of law.

1. Services received without a consideration

Goods and services received without a consideration receive a financial expression when the following conditions exist:

1. These services have a significant monetary value on a total basis compared to the scope of activity of the nonprofit.
2. It is possible to estimate the fair value of those services in a reliable manner.
3. The services are of the sort which requires professional skill and expertise, or alternatively, are vital to the activity of the nonprofit.
4. Assets received without a consideration

Fixed assets, real estate for investment, an intangible asset, inventory, and assets earmarked for current needs that are received without a consideration will be included in the financial statement according to the fair value at the time of their receipt, if they have a significant monetary value in relation to the scope of the activity of the nonprofit, and it is possible to reliably estimate their fair value. From that date, their fair value will be calculated as the cost of the asset.

1. **Employee Benefits**

**Benefits after Termination of Employment – Defined Deposit Plan**

A defined deposit plan is a plan following the termination of employment according to which the nonprofit makes fixed payments for separate implementation without it having a legal or implied obligation to make additional payments. The obligations of the nonprofit to deposit in a defined deposit plan are debited as an expense to profit and loss during the periods in which the employees provided related services. The current deposits of the nonprofit in pension funds and insurance policies for compensation, to which Clause 14 of the Compensation Law applies, free it from any additional obligation to employees for the amounts deposited as stated above. Therefore, these deposits constitute a defined deposit plan and are recognized as an expense at the time of the deposit to the plan, parallel to receiving work services from the employee.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 3 – Principles of Accounting Policy (continued)**

**K. Employee Benefits (continued)**

**Defined Benefit Plan – Benefits for Retirement Compensation**

Benefits for retirement compensation are benefits after termination of employment pursuant to the Compensation Law or a compensation agreement, created during the period of service of the employee and are based on the salary of the employee or on a defined amount.

The nonprofit has chosen to handle benefits for retirement compensation in accordance with the closing model. Accordingly, the net obligation for retirement compensation is measured in the net amount of the obligation of the nonprofit to pay benefits for retirement compensation, on the assumption that on the date of the report, all the employees will retire under conditions that will entitle them to compensation less the values of the redemption of the assets of the plan from which the obligation must be deducted directly.

In cases where the values of the redemption of the plan assets exceed the obligation of the nonprofit, the nonprofit shows assets in the report on the financial condition only to the extent that the advance payment will lead to a reduction in future payments or to a monetary refund. A net change in obligation, other than a change that can be attributed to benefits paid to employees during the period or to deposits of the nonprofit, will be recognized in full in the report on activities, unless another standard requires that the cost be recognized as a part of the cost of an asset such as inventory or fixed assets.

**Comment 4 – Cash and Cash Equivalents**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Israeli currency | **27,997** | 20,490 | **27,012** | 19,064 |
| Foreign currency | **6,291** | 9,914 | **6,291** | 9,914 |
|  | **34,288** | 30,404 | **33,303** | 28,978 |
| Earmarking of cash: |  |  |  |  |
| Cash earmarked by the management | **2,214** | 6,108 | **2,124** | 6,108 |
| Cash earmarked for net assets |  |  |  |  |
| With a restriction | **5,122** | 6,070 | **5,122** | 6,070 |
| Unearmarked cash | **26,952** | 18,226 | **26,057** | 16,800 |
|  | **34,288** | 30,404 | **33,303** | 28,978 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 5 – Clients**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Open debts | **30,977** | 21,729 | **22,513** | 15,669 |
| Ministry of Education | **612** | 2,242 | **612** | 2,242 |
| Credit companies | **3,224** | 3,120 | **3,224** | 3,120 |
| Checks for collection | **581** | 528 | **356** | 511 |
|  | **35,394** | 27,619 | **26,705** | 21,542 |
| Less – provision for doubtful debts | **(2,370)** | (3,432) | **(1,763)** | (2,789) |
|  |  |  |  |  |
|  | **33,024** | 24,187 | **24,942** | 18,753 |

**Comment 6 – Other Liabilities and Obligations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Advance expenses | **1,648** | 1,828 | **1,631** | 1,813 |
| Advances to suppliers | **64** | 481 | **62** | 474 |
| Revenues to be received | **600** | 155 | **600** | 155 |
| Car rental deposits | **659** | 448 | **659** | 448 |
| Employees | **161** | 86 | **162** | 86 |
|  | **3,132** | 2,998 | **3,114** | 2,976 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 7 – Fixed Assets, Net**

**Consolidated**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Buildings and Installations** | **Equipment and Furniture** | **Vehicles** | **Total** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cost** |  |  |  |  |
| Balance as of 1 January 2022 | 246,891 | 59,558 | 1,449 | 307,898 |
| Additions | **3,173** | **2,657** | **-** | **5,830** |
| Balance as of 31 December 2022 | **250,064** | **62,215** | **1,449** | **313,728** |
| **Accumulated Depreciation** |  |  |  |  |
| Balance as of 1 January 2022 | 203,557 | 38,618 | 1,259 | 243,434 |
| Depreciation for the year | **3,273** | **2,673** | **47** | **5,993** |
| Balance as of 31 December 2022 | **206,830** | **41,291** | **1,306** | **249,427** |
| **Depreciated Cost as of 31 December 2022** | **43,234** | **20,924** | **143** | **64,301** |
| Depreciated cost as of 31 December 2021 | 43,334 | 20,940 | 190 | 64,464 |

**Society**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Buildings and Installations** | **Equipment and Furniture** | **Vehicles** | **Total** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Cost** |  |  |  |  |
| Balance as of 1 January 2022 | 246,631 | 58,634 | 1,449 | 306,714 |
| Additions | **3,170** | **2,632** | **-** | **5,802** |
| Balance as of 31 December 2022 | **249,801** | **61,266** | **1,449** | **312,516** |
| **Accumulated Depreciation** |  |  |  |  |
| Balance as of 1 January 2022 | 203,355 | 37,747 | 1,248 | 242,350 |
| Depreciation for the year | **3,256** | **2,657** | **47** | **5,960** |
| Balance as of 31 December 2022 | **206,611** | **40,404** | **1,295** | **248,310** |
| **Depreciated Cost as of 31 December 2022** | **43,190** | **20,862** | **154** | **64,206** |
| Depreciated cost as of 31 December 2021 | 43,276 | 20,887 | 201 | 64,364 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 8 – Suppliers and Service Providers**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Open commitments | **26,207** | 20,018 | **18,563** | 13,067 |
| Checks payable | **649** | 959 | **592** | 770 |
|  | **26,856** | 20,997 | **19,155** | 13,837 |

**Comment 9 – Other Receivables and Credit Balances**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Employees | **1,310** | 1,147 | **1,169** | 1,067 |
| Institutions for salary and deductions | **1,444** | 1,436 | **1,444** | 1,436 |
| Provision for vacation and health | **862** | 472 | **820** | 440 |
| Provision for claims | **4,400** | 4,602 | **4,400** | 4,602 |
| Expenses to be paid and other | **3,083** | 2,266 | **2,090** | 1,690 |
| Advance revenues | **3,927** | 1,426 | **3,808** | 1,411 |
|  | **15,026** | 11,349 | **13,731** | 10,646 |

**Comment 10 – Commitments for Termination of Employer-Employee Relations,**

**Net**

**Composition**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **2022** | **2021** | **2022** | **2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Commitment for retirement, severance pay,  and dedicated deductions | **7,289** | 6,538 | **6,961** | 6,287 |
|  | **(2,039)** | (2,232) | **(1,818)** | (1,987) |
|  | **5,250** | 4,306 | **5,143** | 4,300 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 10 – Commitments for Termination of Employer-Employee Relations,**

**Net (continued)**

**B.** The obligation of the Society for the payment of severance pay to its employees is mostly covered by current deposits in the name of the employees in recognized compensation funds and/or by means of the purchase of policies in insurance companies under Clause 14 of the Severance Pay Law, 5723-1963. The amounts deposited as stated are not under the control and management of the Society, and therefore no expression for them or for the commitments for which they have been deposited have been expressed in the balance sheet.

The commitment for the termination of employer-employee relations included in the balance sheet shows the balance of the commitment that is not covered by deposits and/or insurance policies as stated above. For this part of the obligation, there exists a designated deposit in the name of the association in a recognized compensation fund. The earmark in the compensation fund includes linkage differentials and interest accumulated and deposited in the insurance companies. The withdrawal of the earmark money is stipulated on compliance with explicit provisions in the Severance Pay Law.

In addition, the employees are granted rights to receive an adaptation grant upon retirement; the commitment in the balance sheet covers the entire commitment of the Society for the payment of adaptation grants.

**Comment 11 – Investment in a Subsidiary and in a Subsidiary Partnership**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Society** | |  |
|  |  |  |  | **For the year ending on 31 December** | | |
|  |  |  |  | **31 Dec. 2022** | **31 Dec. 2021** | |
|  |  |  |  | **NIS thousand** | **NIS thousand** | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **A. Composition** |  |  |  | |  |
| **Roim Olam – Society for the Protection of Nature**  **Ltd. (1)** | |  | |  |  |
| Investment in shares (86% of the issued and paid-up  share capital) | |  | **1** | | 1 |
| Share of the Society in the profits accumulated  from the date of purchase | |  | **-** | | - |
|  | |  | **1** | | 1 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 11 – Investment in a Subsidiary and in a Subsidiary Partnership (continued)**

|  |  |  |
| --- | --- | --- |
| **Society for the Protection of Nature in Israel – Megalim Eretz, Limited Partnership (2)** |  |  |
| Investment (100%) | **2** | 2 |
| Share of the Society in losses accumulated from the date of purchase | **(12,726)** | (13,049) |
|  | **(12,724)** | (13,047) |
| Less long-term loans (see Comment 11B) | **3,370** | 3,290 |
| Less intercompany balance | **8,229** | 7,689 |
|  | **(1,125)** | (2,068) |
|  | **(1,124)** | (2,067) |

1. Roim Olam – Society for the Protection of Nature in Israel Ltd. was established in 2002 and deals in the marketing, organization, and provision of travel services in the area of tourism abroad. The Society holds 86% of the share capital.

The financial statements of the company are not consolidated in the framework of these Financial Statements. See Comment 3B.

Since the outbreak of the Corona crisis, the activity of the company has ceased, and all its employees have been sent for unpaid furlough. Just before the end of the reporting year, a decision was reached to close the company.

1. The Society for the Protection of Nature in Israel – Magalat Eretz Limited Partnership (hereinafter: Magalat Eretz or Partnership) was established in 2005 and deals in the marketing, organization, and provision of services in the field of educational tourism, mainly for the education system.

As appears from the Financial Statements, the Partnership concluded its activity year with a profit of about NIS 323 thousand (in 2021, a loss of NIS 737,000). The Partnership has an equity deficit as of 31 December 2022 amounting to about NIS 12.7 million and a deficit in working capital totaling about NIS 9.3 million. The management of the Society undertook to continue to support the Partnership and to make financing available to it as needed, including giving guarantees to banks. In light of this commitment, the management of the Partnership believes that the Partnership can continue to operate as a “going concern.”

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 11 – Investment in a Subsidiary and in a Subsidiary Partnership (continued)**

**B. Long-Term Loans**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Society** | | | |  |
|  |  |  |  | **For the year ending on 31 December** | | | | |
|  |  |  |  | **31 Dec. 2022** | | **31 Dec. 2021** | | |
|  |  |  |  | **NIS thousand** | | **NIS thousand** | | |
| Loan | | | | | **3,370** | | 3,290 | | |
|  | | | | | **3,370** | | 3,290 | | |

The loan bears annual interest pursuant to the provisions of Clause 3(J) of the Income Tax Regulation (2.42% in 2022).

**Comment 12 – Net Assets Earmarked by the Society**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Society and Consolidated** | | | | |
|  |  |  |  | **For the year ending on 31 December** | | | | |
|  |  |  |  | **31 Dec. 2022** | | | **31 Dec. 2021** | |
|  |  |  |  | **NIS thousand** | | | **NIS thousand** | |
| Assets earmarked for the implementation of a strategic plan to expand the activity of the Society | | | | |  | 8,900 | |
| Activity of the Society | | | | |  | 3,000 | |
| Assets earmarked for upgrading the information system of the Society | | | | |  | 4,000 | |
| Assets earmarked for renovation of field schools and fixed assets | | | | |  | 28,002 | |
|  | | | | | **43,922** | 43,922 | |
| Earmarked securities and cash | | | | |  |  | |
| Cash | | | | |  | 6,108 | |
| Short-term negotiable securities | | | | |  | 37,814 | |
|  | | | | | **43,922** | 43,922 | |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 13 – Other Current Expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **For year ending on 31 Dec.** | | **For year ending on 31 Dec.** | |
|  |  | **31 Dec. 2022** | **31 Dec. 2021** | **31 Dec. 2022** | **31 Dec. 2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Vehicle maintenance | **5,178** | 4,594 | **4,925** | 4,366 |
| Office, communications, and computers | **5,688** | 4,658 | **5,688** | 4,658 |
| Taxes, rental, and insurance | **5,924** | 5,703 | **5,696** | 5,623 |
| Maintenance and equipping | **8,464** | 5,626 | **8,464** | 5,626 |
| Electricity, water, and energy | **3,710** | 3,417 | **3,710** | 3,417 |
| Guarding, security, and cleaning | **3,427** | 2,551 | **3,427** | 2,551 |
| Staff maintenance | **1,627** | 1,442 | **1,627** | 1,442 |
| Professional services | **4,755** | 3,864 | **4,755** | 3,864 |
| Advertising, marketing, and publicity | **2,593** | 1,680 | **2,295** | 1,417 |
| Lost, doubtful debts | **219** | 843 | **255** | 847 |
| Depreciation and reductions | **5,913** | 6,135 | **5,913** | 6,135 |
|  | **47,498** | 40,513 | **46,755** | 39,946 |

**Comment 14 – Administrative and General Expenses**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **For year ending on 31 Dec.** | | **For year ending on 31 Dec.** | |
|  |  | **31 Dec. 2022** | **31 Dec. 2021** | **31 Dec. 2022** | **31 Dec. 2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Salary and fringe benefits | **7,256** | 6,611 | **6,490** | 6,192 |
| Professional services | **1,144** | 1,094 | **1,113** | 1,032 |
| Office and communications | **817** | 808 | **706** | 709 |
| Taxes and rental | **552** | 512 | **552** | 512 |
| Vehicle maintenance | **268** | 247 | **186** | 154 |
| Maintenance, electricity, and cleaning | **341** | 298 | **341** | 298 |
| Depreciation and reductions | **80** | 81 | **47** | 42 |
|  | **10,458** | 9,651 | **9,435** | 8,939 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 15 – Financing Revenues (Expenses), net**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Consolidated** |  | **Society** |  |
|  |  | **For year ending on 31 Dec.** | | **For year ending on 31 Dec.** | |
|  |  | **31 Dec. 2022** | **31 Dec. 2021** | **31 Dec. 2022** | **31 Dec. 2021** |
|  |  | **NIS thousand** | **NIS thousand** | **NIS thousand** | **NIS thousand** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Exchange rate differentials and revaluation | **974** | (160) | **974** | (160) |
| Profit (loss) from securities | **(3,582)** | 1,754 | **(3,582)** | 1,754 |
| Bank credit card fees | **(912)** | (1,004) | **(592)** | (590) |
| Interest revenues | **229** | 153 | **308** | 232 |
|  | **(3,291)** | 743 | **(2,892)** | 1,236 |

**Comment 16 – Legal Claims, Pending Liabilities, and Contracts**

1. Various claims were filed by tourists against the Society for bodily and other harm. The maximum amount of exposure of the Society for these claims is at the rate of the deductible amount.
2. Har Gilo Field School is located partly on land belonging to the Russian Church and partly on land belonging to the Greek Church. In January 2014, an agreement was signed between the Society and the Greek Church setting the charge for the years 2010 through 2027 for a consideration of NIS 6.78 million. Out of this amount, a total of about NIS 6.2 million has been paid to date. Out of this amount, a total of about NIS 1.3 million was included in these Financial Statements in the “long-term receivables” item.

Several years ago, an agreement was reached between the State and the Russian Church; the State paid a total of NIS 2.7 million to settle the legal claim of the Russian Church.

1. In 2000, the Society signed a letter of understanding with the Yad Leshiryon Society (hereinafter: “Yad Leshiryon”), the period of validity of which was extended by the parties from time to time, according to which the sum of $300,000 was made available to be used by Yad Leshiryon for the construction of a campus at Latrun. It was agreed that if no explicit agreement was signed between the parties that arranges the cooperation regarding the campus and construction of an ornithology center, the amount would be repaid linked to the dollar exchange rate, without interest, within one year.

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 16 – Legal Claims, Pending Liabilities and Contracts (continued)**

In the estimation of the management of the Society, this amount will not be returned and will be used as a payment for the land that the Society is to receive at the Yad Leshiryon site.

On 1 December 2010, a letter of agreement was signed between the Society and Yad Leshiryon in Latrun regarding the construction of the International Center for the Study of Bird Migration. According to the document, the center will be built on land allocated for this purpose within the Yad Leshiryon site, and the construction of the center and ongoing operation and maintenance will be under the responsibility of Yad Leshiryon. The Society will handle the subject of training and content in the center.

Following the continuous difficulty over the years in promoting the construction of the ornithology complex in Latrun, the balance of the investment was stricken out in 2020.

In light of the delay in execution of the project, the money from donations that was received for this purpose and which is included in these Financial Statements in the framework of net assets for which a restriction exists is being used for the activity of the Society with the approval of the donors.

1. The Society has signed a number of rental agreements for sites and field schools in which the Society operates as well as a number of operational leasing agreements for about 70 vehicles it is using. These agreements are renewed from time to time The annual rental fees come to about NIS 3 million.

**Comment 17 – Encumbrances and Guarantees**

**A. Below are details of encumbrances registered on Society assets:**

1. An encumbrance and assignment of rights in favor of Bank Discount Le’Yisrael Ltd. on deposits in Israeli currency and foreign currency and on money and rights to money owed to the Society by Israel Credit Cards Ltd. (Cal) under an agreement signed in 1985 between the Society and Cal.
2. A fixed encumbrance and assignment by way of an encumbrance in favor of Bank Hapoalim Ltd. on all the money, rights, and payments owed to the Society by Isracard Ltd.
3. A permanent first encumbrance unlimited in amount in favor of Bank Hapoalim Ltd. on monetary deposits in foreign currency existing in the account of the Society in the central branch of the bank.
4. An encumbrance and first level assignment in favor of Bank Discount Le’Yisrael Ltd. on the money and deposits in the account of the Society in the Hagara Branch of the bank and/or any connected account.
5. Encumbrances in favor of Bezeq Call Telecom Ltd. on telephone exchanges.

**B. Below are details of guarantees given by the Society:**

1. Bank guarantees in favor of various bodies totaling NIS 1,422 thousand.
2. The Society signed a letter of guarantee limited to the amount of NIS 1,250 thousand in favor of Bank Discount Le’Yisrael Ltd., under which the Society guaranteed the account of the Society for the Protection of Nature in Israel – Roim Olam Limited Partnership. The balance of the liability of the partnership to the bank on the date of the financial statement comes to the sum of NIS 1,200 thousand.

**Comment 18 – Revenues from Government Ministries**

The revenues from government ministries are received as support and participation as well as a portion of the revenues for activities executed in the framework of agreements with government ministries and are included in the framework of the report on activities and the report on changes in net assets according to their purpose.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | | **For the year ending on 31 Dec.** | |
|  |  |  |  | **2022** | **2021** |
|  |  |  |  | **NIS thousand** | **NIS thousand** |

|  |  |  |  |
| --- | --- | --- | --- |
| Ministry of Education |  | **42,238** | 31,610 |
| Ministry of Defense and Internal Security | **5,857** | 8,058 |
| Ministry of Settlement | **1,806** | 1,674 |
| Ministry of Finance | **-** | 1,500 |
| Ministry of the Environment | **305** | 235 |
| Other Ministries | **1,201** | 1,154 |
|  | **51,407** | 44,231 |

Society for the Protection of Nature in Israel (Reg. Assoc.)

**Appendix to the Cash Flow Reports for the Year Ending on 31 December**

**Comment 19 – Connected Parties**

**A. Transactions with Connected Parties**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | | **For year ending on 31 Dec.** | |
|  |  |  |  | **2022** | **2021** |
|  |  |  |  | **NIS thousand** | **NIS thousand** |

|  |  |  |  |
| --- | --- | --- | --- |
| Society for the Protection of Nature in Israel Magalat Eretz |  |  | 726 |

**B. Balances with Connected Parties**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **31 Dec. 2022** | **31 Dec. 2021** |
|  |  |  |  | **NIS thousand** | **NIS thousand** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Receivables** |  |  |  |
| Society for the Protection of Nature in Magalat Eretz |  |  |
| Current account | **8,230** | 7,686 |
| Loans | **3,370** | 3,290 |
|  | **11,600** | 10,976 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | | **For the year ending on 31 Dec.** | |
|  |  |  |  | **2022** | **2021** |
|  |  |  |  | **NIS thousand** | **NIS thousand** |

|  |  |  |  |
| --- | --- | --- | --- |
| **C. Remuneration of key management personnel**  Expenses for salary and employee benefits |  |  | 1,726 |
|  |  |  |  |

Document Management System

Accompanying Form to Document Number:

Doc. No: 7901759

**Author: Leora**

**Document Name: Society for the Protection of Nature in Israel Ltd. – Financial Statements for 2022**

**Company number 132269**

**Document type: WORD 2007**

**Client: Society for the Protection of Nature in Israel - 132269**