



**APPLICATION BY AMCHA FOR FUNDING FOR PSYCHO-SOCIAL AND PSYCHOTHERAPEUTIC SUPPORT  
FOR VICTIMS OF NAZI PERSECUTION IN ISRAEL FROM SWISS BANK CLAIMS**

HOLOCAUST VICTIMS ASSETS LITIGATION, NO. CV-96-4849 (ERK)(MDG)

**Executive Summary**

The long-term after-effects of Holocaust traumatization are far-reaching. More than half a century after the war, the Holocaust continues to make its presence felt on survivor families and others in a variety of ways. When retiring from work or experiencing deteriorating health, terrifying nightmares and flashbacks reappear in ageing survivors who over the years had kept themselves excessively busy in order to repress their painful memories. Survivors who were children during the war continue to struggle with their basic insecurities and prolonged mourning for parents they never knew.

AMCHA was founded in 1987 by Holocaust survivors in order to develop preventive and therapeutic services especially for this population in Israel, and to overcome the limitations of the prevailing services that lack specific expertise in this area.

The magnitude of the needs of the elderly Holocaust population living in Israel is at present very large and will remain significant even up to the year 2010. Consequently, their needs for long-term psychosocial services are extensive, and will remain so for many years to come.

We are looking for financial support of some \$24 million over the next 10 years to enable us to:

1. Provide psycho-social support to 800 homebound survivors;
2. Establish six new rehabilitation centers;
3. Expand nine existing social support facilities.

This support will enable AMCHA to continue to ensure that the fragile, vulnerable and traumatized Holocaust survivors receive the emotional support that they so badly need, before it is too late. The administrative costs of



these projects will be covered by AMCHA, so that all support from the Court will go directly to meet the growing needs of Holocaust survivors. These programs will not replace current services, but are in addition to these.

## Introduction

AMCHA was founded in 1987 by Holocaust survivors in order to develop preventive and therapeutic services especially for this population and to overcome the limitations of the prevailing services that lack specific expertise in this area. The goals of AMCHA are to provide a framework of prevention and therapy without the stigma that is characteristic of the post-traumatic person; to assist in the working through of memory and mourning, and to provide a sense of a protective home atmosphere; a place where Holocaust survivors and their families can feel that they want to belong.

The continuity of therapeutic process includes:

1. Psycho-social and psychotherapeutic support;
2. Social clubs that are based on the principles of a therapeutic community;
3. Deployment of community network with the help of supervised volunteers who visit isolated and homebound survivors in their homes.

*Post-traumatic Psychotherapy:* AMCHA has become a world-wide leader in the development of psychotherapy for Holocaust traumatization and its long-term influence and late-onset reactions. The vast clinical experience of the staff and the carefully supervised psychosocial treatment setting is accompanied by unique research on the mental health of Holocaust survivors. A general integrative approach takes into account the reciprocal relations between the social, mental, physical and financial needs of the survivor-client. This approach frequently combines social, psychological and gerontological therapy with documentation and processing of the traumatic experience within the family of the survivor.

Until the establishment of AMCHA, no other institution had dealt specifically with this subject or exclusively with these clients. Being aware of the survivors' distrust of clinical psychiatry, AMCHA provides non-material, psychosocial and



preventive support, as well as mental health treatments. The goal is to provide a framework for mutual aid, memory processing and grief resolution, as well as a place where Holocaust survivors and their families can feel understood and accepted as they are.

While there are no similar institutions in the world, many Jewish congregations and family and children's services around the globe have adopted parts of the treatment concepts of AMCHA. However, AMCHA is still the largest and most experienced of its kind and we are frequently asked to provide supervision and organize congresses to colleagues overseas. As a result of such professional training, AMCHA has been instrumental in developing unique services to Holocaust survivors in many locations outside Israel, mainly in the US, Europe, Australia and lately in some locations in Eastern Europe.

During its 16 years of existence, AMCHA has become a pioneer in the field of lifelong consequences of post-traumatic stress. Much of its experience and research on the mental health of Holocaust survivors is unique. From this experience, the following rich selection of services have been developed which are regularly provided by AMCHA:

- Individual counseling (supportive and explorative, long/short term psychotherapy),
- Group psychotherapy (various verbal and nonverbal approaches),
- Open lecture and discussion sessions and study days,
- Referral to and information about other services in the community,
- Psychiatric (or psycho-geriatric) consultations (for clients in therapy),
- Social home care services by social case workers,
- Home-visits by friendly volunteers,
- Documentation through video-recordings of personal and family history,
- Psycho-social senior citizen support clubs,
- Counseling for "non-survivor" spouses,
- Groups for the actualization of memories, self-help activity groups,
- Study days and guidance for mental health and social service professionals,



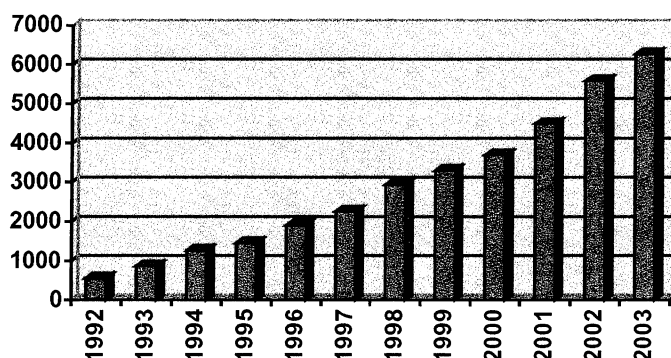
**AMCHA (R.A.) – National Israeli Center for Psychosocial Support of Survivors of the Holocaust and the Second Generation**

- Research in the epidemiology and treatment of Holocaust-related mental distress,
- Holocaust Memorial Day activities, and
- Education to society at large about the long-term effects of the Holocaust.

All these services are presently provided by about 150 highly motivated and professionally trained staff from the mental health fields as well as by over 500 volunteers.

AMCHA currently provides services to more than six thousand clients in many locations in Israel, such as in Jerusalem, Rehovot, Tel Aviv, Ramat Gan, Haifa, Kiryat Motzkin, Ashkelon and Beersheba and we are due to open a new center in Netanya this year. 90% of AMCHA’s clients are either elderly Holocaust survivors (75+) or child survivors (60+) and only a very small part (10%) are children and spouses of survivors. We have seen a dramatic increase in the number of survivors who turn to AMCHA for psychosocial support during all its years of existence (Table 1):

**TABLE 1  
Increase in Client Population**



**Research**

A number of studies have been published on the effectiveness of AMCHA’s services. A summary of some of these were published by AMCHA in an anthology in 1995 and others have been published in the Israel Journal of Psychiatry (e.g. 2001) and elsewhere. A recent, as yet unpublished, controlled study of survivors who received

---

**AMCHA** (R.A.) – National Israeli Center for Psychosocial Support  
of Survivors of the Holocaust and the Second Generation



psychotherapy in AMCHA showed that Post-Traumatic Stress Disorder (PTSD) symptoms remained significantly improved in the clients even a year after the end of treatment (Brom & Durst, 2004). As a result of its outstanding services to the community, AMCHA received a citation in 1998 from the President of Israel for its voluntary work with homebound Holocaust survivors.



## Finances

The 2004 budget of AMCHA is approximately \$4,500,000 (a figure that represents a 2% growth from 2003).

AMCHA's income in 2003 was based on:

- 44% – fees for service (44%), some paid by the individuals, but most by the Department for Rehabilitation of Israel's Finance Ministry,
- 28% – friends organizations and donations from abroad,
- 19% – Conference on Material Claims against Germany,
- 5% – UJA-Federations in the USA,
- 2% – Ministry of Health,
- 2% – others.

We still have no audited financial statement for 2003.

## PROBLEM STATEMENT

### Demographics

46,8% (511,000) of all Holocaust survivors live in Israel, according to Prof. S .DellaPergola (2003). These survivors constitute a large majority of the senior citizens living in Israel today. Because of a lack of specific data on *longevity* of Holocaust survivors, the estimates of Brodsky, Be'er & Schoor, (JDC-Brookdale Institute, October 2003), regarding the future number of Holocaust survivors living in Israel until the year 2020 was based on the mortality rates of the general European & US-born population. According to this estimation model, but based on the 2003 number of Holocaust survivors in Israel as suggested by DellaPergola (511,000), this population would decrease to about 300,000 in 2010 and to about 90,000 in 2020.

International epidemiological data indicate that 25% of the 65+ age group suffer from a long term, episodic, or one-time mental or cognitive disorder. The percentages of Holocaust survivors in this client population, however, is much larger. Brodsky (2001), in her study of special characteristics of Holocaust survivors in Israel, concluded that:

1. Holocaust survivors in Israel suffer from a higher occurrence of mental problems (such as a sense of loneliness, sleeping problems and depression) than the general population of elderly in Israel.
2. For a variety of reasons, only a small percentage utilize the existing mental health services in Israel.



3. There is a thus a large need to develop special and homogeneous treatment centers to meet the unique mental, social and health needs of this population.



### **Poverty levels**

We have no reliable data of the poverty levels of Holocaust survivors in Israel, but according to recent research by the Brookdale Institute (“The Consequences of Financial Difficulties for the Lives of the Elderly,” September 2003), one in every five elderly person in Israel is hungry and 32% of the elderly complain of cold in the winter months because they cannot afford to heat their homes. Of those who have children, 18% do not telephone their children because they cannot afford the telephone bill and 17% do not visit their children, other family members or friends because they cannot afford the costs of transportation. These problems affect Holocaust survivors at a higher than average level because fewer of them have children than among the wider elderly population.

### **Long-term consequences of Holocaust traumatization**

The long-term after-effects of Holocaust traumatization are far-reaching. More than half a century after the war, the Holocaust continues to make its presence felt on survivor families and others in a variety of ways. When retiring from work or experiencing deteriorating health, terrifying nightmares and flashbacks reappear in ageing survivors who over the years had kept themselves excessively busy in order to repress their painful memories. Survivors who were children during the war continue to struggle with their basic insecurities and prolonged mourning for parents they never knew. The offspring of both these groups, the so-called “second generation,” gain more awareness of the repressed pain that they indirectly have absorbed from their parents. Traces of Holocaust associations may even be found in the third generation who, in their quest for past roots, discover the prematurely broken branches of their family trees. Finally, relatives, close friends and caretakers show signs of having been secondarily traumatised by the plight of the survivors, and then there are certain populations that suffer from bystander guilt.

The main client population of AMCHA, however, is the first generation of Holocaust survivors. A “Holocaust survivor” may be defined broadly as any Jew who lived under Nazi occupation during World War Two and who was thus threatened by the policy of the Final Solution, but survived. According to this definition, clients eligible for treatment in AMCHA include persons with widely different Holocaust experiences. For example, those who were confined to a ghetto, experienced forced labor in work camp and/or incarceration in a concentration camp, were in hiding or lived under false identities, became refugees who left their families behind, fought with the partisans, were sent away in the *Kindertransport*, etc. A survey of Holocaust survivors in Israel found that, in older age, Holocaust survivors require extra attention to their special social, mental and health needs. Their needs grow as they age, so that AMCHA’s





client base grows by some 10-15% every year. The survey revealed a number of areas in which Holocaust survivors suffer from particular difficulties, for example sleep disturbances and depression. ***These areas were perceived as important as the needs for food, clothing, medicine, shelter and other necessities of life.***

### **Goals and Objectives**

AMCHA is committed to addressing a wide range of Holocaust survivors' psychosocial needs. Its goal is to provide Holocaust survivors with services that improve the quality of the last years of their lives.

Presently, we regard the following three programs as most urgent:

1. To expand the social home care services, with social case workers visiting 800 elderly, homebound and physically fragile survivors in their homes in locations all over Israel.
2. To establish 6 new social rehabilitation centers in locations where many survivors live but where there are no services presently available (Hadera/Pardes Hanna, Rishon Letzion, Holon/Bat Yam, Kfar Saba, Petach Tikva and Nahariya). This would provide more than 1,000 elderly survivors with a comprehensive supportive community network.
3. A significant expansion of activities within nine existing psychosocial rehabilitation clubs for Holocaust survivors in Israel.

These projects highlight what we perceive as the primary needs of this population in the immediate future and over the next five to ten years. These programs represent a valuable addition to existing AMCHA services and response to the pressing needs of elderly Holocaust survivors in Israel (according to research done by the JDC-Brookdale Institute of Gerontology and Human Development).

### **Length of time the programs will last**

During all its years of existence, AMCHA has never closed an existing center and we hope to be able to continue to provide our services as long as there will be Holocaust survivors alive who will be in need of them. The proposed programs are estimated to last a minimum of 5 years, with an estimate of an additional 5 years depending on continued funding.



The logistics of getting the programs off the ground quickly, and of operating at numerous locations for the convenience of the clients will require that AMCHA hire paid staff to coordinate and implement the programs. Additional office space will also be needed and space for group activities will be rented in other institutions, also in some municipalities who have offered space.

### Funds needed for the Proposed Programs (\$)

PROJECT	ANNUAL OPERATING COSTS	COSTS FOR 10 YEARS
Social casework to 800 homebound survivors	1,344,000 (800 x 24 house visits per year x \$70/visit)	13,440,000
6 new social rehabilitation centers	100,000 per center x 6 = 600,000 plus one-time start-up cost of 26,000 per center x 6 = 156,000	6,156,000
Expansion of 9 existing social clubs	50,000 per club x 9 = 450,000	4,500,000
<b>TOTAL</b>		<b>24,096,000</b>

### Administrative Expenses

As stated in the audited financial statements for 2002, the general and administrative expenses of AMCHA (in NIS) was 1,677,870 (p. 7). This is 10% of the total operating turnover of 16,615,396. However, AMCHA undertakes that in the case of any allocation made from the Swiss Bank Settlement, the administrative costs of all projects will be covered by AMCHA, in order to ensure that all funds from these allocations will be used entirely to provide services to the most needy Holocaust survivors.



## 1. 1. Social casework house visits to 800 homebound Holocaust survivors

The survivors are getting older; their average age is reaching 80. As a result, their health is deteriorating and they are in need, now more than ever before, of a helping hand from others. Given these circumstances, and taking into consideration that many survivors are now in fact homebound, psychosocial services must also be provided in the homes of the survivors. For the past three years, we have been providing a homebound service to Holocaust survivors; this project needs ongoing and additional funding.

Over recent years AMCHA has developed unique services in this area of psychosocial home care. As a result of the extensive professional experience gained during these years, we have built a community outreach program which provides direct social casework and counseling to elderly Holocaust survivors with long-term and complex social, medical and psychological problems. However, due to limited resources we cannot meet all the needs in the community. It is our hope that additional funding will increase this vital service.

*The population* who receive these services consists of geriatric homebound Holocaust survivors who often lack a family support network of their own. They are invariably disabled and dependent on others to perform basic activities of daily living and live on a very low income. Many are confused, mentally disoriented, senile and/or suffering from Alzheimer's disease. While a primary goal of the program is to enable the elderly persons to remain in their own homes as long as possible, some are helped in the difficult transition to institutional care. They are then visited also in long-term institutional care, in hospitals, hospices and in various kinds of old-age sheltered housing.

### **Primary goals** are to:

- Improve the quality of lives and maintain independent living for as long as possible;
  - Assist those survivors who cannot come to AMCHA's treatment centers, but have various needs for psycho-social support;
  - Serve as a bridge between the survivor and other home care agencies;
  - Help survivors share their experiences.



**Services include:**

- Psycho-social counseling, including crisis intervention, bereavement counseling, assistance with anxieties and stress precipitated by illness, coping with physical disability and need for institutional and specialized care.
- Psychiatric and psycho-geriatric consultations.
- Support and advice on welfare rights.
- Advocacy on behalf of survivors who want their special needs taken into account in the care management process.
- Cooperation with local welfare and health authorities to secure funding for services according to relevant eligibility criteria.
- Home care planning and management (incl. after hospitalization).

In order to provide social casework as described above to 800 homebound Holocaust survivors, we request the yearly sum of **\$1,344,000** (800 x 24 house visits per year x \$70/visit) every year for the next ten years.



## 2. Six New Social Rehabilitation centers

Holocaust survivors (as well as other traumatized populations) need to be approached within a homogenous group in order to feel that they belong and that they are understood. AMCHA's social rehabilitation centers provide safety, autonomy, control and attention to each client in line with the idea that AMCHA is a "second home for the survivor." An accepting social atmosphere prevails between the staff, administration, client population and new clients. The goal of each center is to provide a comprehensive mental health rehabilitation program rather than only social and recreational activities.

The centers are led by experienced social workers, and rehabilitation activities are offered by occupational and expressive therapists, as well as by teachers in various fields of art, movement and recreation. Alongside the various group activities, lectures and workshops, a safe place is built in which survivors can be helped to deal with their past and their present in an indirect manner.

In contrast to available senior citizens clubs, AMCHA's centers are considered as mental health rehabilitation since their primary goal is to improve or maintain the general level of functioning of its members and not merely to provide social and recreational activities. However, within AMCHA, there are also weekly gatherings which offer a chance for survivors to meet, talk, dance, listen to lectures and enjoy the company of fellow survivors. "We feel as if we've known each other all of our lives," says one participant. "We have something in common here that no one, not even our children, can understand," says another. The gatherings provide a sense of community that contributes to the resilience of the survivors.

Presently AMCHA operates 9 such centers in Israel, located Kiryat Motzkin, Haifa, Ramat Gan, Tel Aviv, Jerusalem, Rehovot, Beersheva, Ashkelon, and a recently opened club in Netanya. In these clubs, survivors can meet on a weekly or almost daily basis. Each club is able to accept between 50 – 70 participants and, on special occasions, up to 150 participants. However, since the need for such centers are much larger than this, and the resources limited, it is our hope that an additional grant will enable us to develop new psychosocial rehabilitation centers in 6 new locations where there are presently no such services. This includes locations such as Hadera/Pardes Hanna, Rishon Letzion, Holon/Bat Yam, Kfar Saba, Petach Tikva and Nahariya.



According to statistics, there are several thousand elderly Holocaust survivors in these towns who have indicated that they are in high need for our services. For the initial start-up costs and the yearly operating costs for these six new social rehabilitation centers, at the cost of \$126,000 each in the first year, we request the sum of \$756,000 in the first year and \$600,000 in the second to tenth years.

### Project Budget (US\$)

<i>One-time</i> start-up costs (furniture, equipment, etc.)	26,000
<i>Yearly</i> operating costs	
Salaries (1 ½ positions)	60,000
Activities (social rehabilitation)	16,000
Maintenance (rent, insurance, telephone, electricity, etc.)	18,000
Administration, general	6,000
 Total Operating Cost per year	 100,000
 Total Request (for 6 new centers x \$126,000)	 756,000 in the first year \$600,000 in the second to tenth years



### 3. Expansion of 9 existing social clubs

Activities in the presently functioning 9 centers are limited to very little personnel, and only a few workshop leaders. In addition, much of the cost of material, refreshments, travel expenses for outings, etc. must be borne by the participants themselves. With additional funds, we would be able to extend the hours of activities, to include a greater variety of classes and keep these centers open for longer hours. Instead of opening only a few hours a day, we would be able to accept survivors also in the late afternoon and evenings, when needed. The main addition, however, would be additional staff resources who could provide each survivor with a more individualized attendance and thus reach double attendance of what is presently possible (adding 150 participants to each club).

For the expansion of AMCHA's 9 existing social clubs (at the cost of \$50,000 / club), we request the sum of \$450,000 per year.



## CONCLUSION

We guarantee that the programs proposed will not replace current services, but are in addition to these. The proposed programs will significantly increase our ability to meet the needs of elderly Holocaust survivors who we are not presently able to reach, because of insufficient funds.

This proposal does not overlap with other senior citizen clubs and with general social work within municipal day care centers. AMCHA's programs are exclusively geared to serve only the population of elderly, vulnerable and traumatized Holocaust survivors and are focused specifically on their psychosocial needs within a homogeneous setting.

Since its foundation in 1987, the staff of AMCHA and hundreds of volunteers have built a safe setting for those few who were able to escape the Valley of Death with a tiny spark of hope in their eyes. Within this setting, AMCHA has created a supportive "second home" – a therapeutic community – that has been able to bridge the barriers of time and space that prevented many survivors from coming to terms with their terrifying memories. During its sixteen years of existence, AMCHA has been able to enhance the quality of life for thousands of survivors.

While much work has been completed, the mission is far from over. In these times of exacerbated military turmoil, the emotional needs of vulnerable Holocaust survivors are as large as ever. After every terrorist attack, survivors who are only too familiar with the experience of having lost everything, identify personally with the victims. Having been silent for so many years, they can no longer keep their pain locked up within themselves. They need for someone to listen and they come to AMCHA for emotional support.

The Center of Organizations of Holocaust Survivors in Israel, P.O. Box 7218, Jerusalem, Israel is endorsing this proposal.



**AMCHA – Registered Amuta**

**Financial Statements as at December 31, 2002**

**AMCHA – Registered Amuta**

**Financial Statements as at December 31, 2002**

**Table of Contents**

	<b><u>Page</u></b>
Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Cash Flows – Schedule "A"	6
General and Administrative Expenses - Appendix "A"	7
Notes to Financial Statements	8-16

---

---

---

**Auditors' Report to the Members of Amcha - Registered Amuta**

We have audited the attached Statement of Financial Position of Amcha - Registered Amuta as at December 31, 2002 and the related Statements of Activities, Changes in Net Assets and Cash Flow for the year then ended. These financial statements are the responsibility of the executive committee and of the Amuta. Our responsibility is to express an opinion on these financial statements, based on our audit.

The financial statements as at December 31, 2001 and for the years prior to that date were audited by another auditor who issued a non-qualified opinion on the statements.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed under the Israeli Auditors Regulations (Auditors' Mode of Performance), 1973. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The above-mentioned financial statements were prepared on a historical cost basis, in nominal values. In our opinion, based on our examination, the aforementioned financial statements present fairly, in all material aspects, the financial position of Amcha - Registered Amuta as at December 31, 2002, and the results of its operations and its cash flows for the year then ended in nominal values.

September 22, 2003

BDO Ziv & Haft

Certified Public Accountants (Isr.)

**AMCHA - REGISTERED AMUTA**

**Statement of Financial Position (in NIS)**

	<u>Note</u>	<u>31.12.2002</u>	<u>31.12.2001</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3	1,625,098	* 319,870
Debtors and debit balances	4	<u>2,794,767</u>	<u>3,110,542</u>
		<u>4,419,865</u>	<u>3,430,412</u>
<b>FIXED ASSETS</b>			
	5	<u>1,104,234</u>	<u>1,219,390</u>
		<u>5,524,099</u>	<u>4,649,802</u>
<b>CURRENT LIABILITIES:</b>			
Banks	6	-	8,944
Checks payable		518,784	563,818
Creditors and credit balances	7	<u>3,646,921</u>	<u>3,571,834</u>
		<u>4,165,705</u>	<u>4,144,596</u>
<b>LIABILITIES FOR TERMINATION OF EMPLOYER-EMPLOYEE RELATIONSHIP</b>			
	8	<u>2,018,000</u>	<u>1,465,925</u>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
<b>NET ASSETS:</b>			
Unrestricted Net Assets:			
Deficit from operations		(1,763,840)	(2,180,109)
For fixed assets		<u>1,104,234</u>	<u>1,219,390</u>
<b>Total Net Assets</b>		<u>(659,606)</u>	<u>(960,719)</u>
		<u>5,524,099</u>	<u>4,649,802</u>

\* Reclassified.

On behalf of the Executive Committee:

Date of approval of financial statements:  
September 22, 2003

\_\_\_\_\_  
Mr. S. Csillag  
Treasurer

\_\_\_\_\_  
Mr. Eli Spanic  
Chairman of  
the Executive Committee

**The Notes to the Financial Statements are an integral part hereof.**

**AMCHA - REGISTERED AMUTA****Statement of Activities (in NIS)**

	<b>Append./</b>	<b>31.12.2002</b>	<b>31.12.2001</b>
	<b>Note</b>		
<b>OPERATING TURNOVER:</b>			
Contributions	10	8,885,275	8,393,144
Participation by beneficiaries of services	11	6,789,469	6,168,448
Support from Government offices and public organizations	12	921,422	565,069
Other income, net	13	19,230	-
Total operating turnover		<u>16,615,396</u>	<u>15,126,661</u>
<b>OPERATING COSTS:</b>			
Operating expenses:	14		
Salaries and related expenses		5,286,705	5,110,580
Other direct operating expenses		<u>9,288,264</u>	<u>8,140,171</u>
Total operating expenses		<u>14,574,969</u>	<u>13,250,751</u>
Special project costs	15	<u>120,023</u>	<u>444,386</u>
Total operating costs		<u>14,694,992</u>	<u>13,695,137</u>
Net income from operations		1,920,404	1,431,524
General and administrative expenses	"A"	<u>1,677,866</u>	<u>1,551,925</u>
Net income (expense) before financing income, net		242,538	(120,401)
Financing income, net		<u>58,575</u>	<u>18,720</u>
Net income (expense) for the year		<u>301,113</u>	<u>(101,681)</u>

**The Notes to the Financial Statements are an integral part hereof.**

**AMCHA - REGISTERED AMUTA**

**Statement of Changes in Net Assets (in NIS)**

	<u>Unrestricted Net Assets</u>		
	<u>For operations</u>	<u>For fixed assets</u>	<u>Total</u>
<b>Balance as at January 1, 2001</b>	(2,175,120)	1,316,082	(859,038)
<b>Additions during the year:</b>			
Net expense for the year	(101,681)	-	(101,681)
<b>Deductions during the year:</b>			
Transfer of unrestricted amounts for fixed assets	(131,703)	131,703	-
Amounts transferred to cover depreciation expense	<u>228,395</u>	<u>(228,395)</u>	<u>-</u>
Balance as at December 31, 2001	<u>(2,180,109)</u>	<u>1,219,390</u>	<u>(960,719)</u>
<b>Additions during the year:</b>			
Net income for the year	301,113	-	301,113
<b>Deductions during the year:</b>			
Transfer of unrestricted amounts for fixed assets	(132,617)	132,617	-
Amounts transferred to cover depreciation expense	<u>247,773</u>	<u>(247,773)</u>	<u>-</u>
	<u>(1,763,840)</u>	<u>1,104,234</u>	<u>(659,606)</u>

**The Notes to the Financial Statements are an integral part hereof.**

**AMCHA - REGISTERED AMUTA**

**Statement of Cash Flows (in NIS)**

**31.12.2002**

**Cash Flows from Operating Activities:**

Net income per Statement of Activities	301,113
Adjustments to reconcile to net cash provided from Operating activities (see Schedule "A")	<u>1,145,675</u>
<b>Net cash provided from operating activities</b>	<u>1,446,788</u>

**Cash Flows used for Investment Activities:**

Purchase of fixed assets	<u>(132,617)</u>
<b>Cash flows used for investment activities</b>	<u>(132,617)</u>

**Cash Flows used for Financing Activities:**

Decrease in Bank Debitory Account	<u>(8,943)</u>
<b>Cash flows used for financing activities</b>	<u>(8,943)</u>

<b>Increase in cash and cash equivalents</b>	1,305,228
<b>Cash and cash equivalents at the beginning of the year</b>	<u>319,870</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>1,625,098</u>

**The Notes to the Financial Statements are an integral part hereof.**

**AMCHA - REGISTERED AMUTA**

**Statement of Cash Flows (in NIS)**

**SCHEDULE "A":**

**31.12.2002**

**Adjustments to reconcile to net cash provided from operating activities:**

**Income and expenses which do not affect cash flows:**

Increase in liabilities for termination of employer-employee relationship	552,075
Depreciation	247,773
Increase in provision for vacation pay	28,307

**Changes in asset and liability balances:**

Decrease in advances to employees	31,119
(Increase) in deferred checks receivable	(55,095)
Decrease in income receivable	756,836
(Increase) in prepared expenses	(35,082)
(Increase) in beneficiaries of services and other debtors	(382,004)
(Decrease) in checks payable	(45,034)
(Decrease) in employees	(34,864)
Increase in suppliers	106,295
(Decrease) in related party - Amcha Fund	<u>(24,651)</u>
<b>Total</b>	<b><u>1,145,675</u></b>

**The Notes to the Financial Statements are an integral part hereof.**



**AMCHA - REGISTERED AMUTA**

**General and Administrative Expenses (in NIS)**

**APPENDIX "A":**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Salaries and related expenses for administrative employees	883,622	810,972
Salaries and related expenses for professional employees	176,357	185,778
Professional services	72,527	34,215
Rent	96,878	89,973
Maintenance	34,923	38,823
Bookkeeping and audit services	292,280	265,956
Insurance	5,931	5,016
Legal fees	4,720	6,129
Printing	8,062	6,769
Telephone	23,403	23,759
Mail and deliveries	7,203	9,361
Office supplies	9,539	8,903
Hospitality	6,697	2,693
Travel	1,052	1,312
Promotion	6,319	18,741
Seminars	500	5,049
Professional literature	1,503	1,793
Rates and taxes	3,872	2,424
Sundry	3,299	-
Depreciation	39,183	34,259
<b>Total General and Administrative Expenses</b>	<u>1,677,870</u>	<u>1,551,925</u>

**The Notes to the Financial Statements are an integral part hereof.**

## **AMCHA - REGISTERED AMUTA**

### **Notes to the Financial Statements**

#### **Note 1 – General:**

Amcha - Registered Amuta - is an Amuta (association) that has been registered with the Registrar of Amutot as of February 2, 1987 and whose number at the Registrar of Amutot is 58-010485-9.

The Amuta's former name was "Amcha" - The Israeli Central National Amuta for Psychological Support for Survivors of the Holocaust.

The main purpose of the Amuta is to provide psychosocial support for holocaust survivors and their families. In order to facilitate this purpose, the Amuta operates a number of treatment centers.

The Amuta is recognized as a public institution as defined in paragraph 9(2) of the Income Tax Ordinance, as well as for donations as defined in paragraph 46 of the Income Tax Ordinance.

#### **Note 2 – Significant Accounting Policies:**

- A.** The Amuta records its assets, liabilities, income and expenses on the accrual basis.
  
- B.** The financial statements were prepared on the historical cost basis, and do not include the effect of changes in the purchasing power of Israeli currency on the financial position and on the results of its operating activities. Paragraph 93 of Opinion No.69 refers to accounting principles and financial reporting of non-profit organizations, and exempts certain non-profit organizations from providing this information. Amcha falls into this exemption category.

#### **C. Presentation of Financial Statements:**

**(1) Definitions:**

“Net Assets” –

The difference between the assets and liabilities.

“Restrictions: -

Restrictions imposed by donors or by other outside sources.

“Unrestricted Net Assets” –

That portion of the net assets on which no restriction of use has been imposed.

“Restricted Net Assets” –

That portion of the net assets which was derived from donations, allocations or other income, whose usage is restricted.

## **AMCHA - REGISTERED AMUTA**

### **Notes to the Financial Statements**

#### **Note 2 – Significant Accounting Policies (continued):**

#### **C. Presentation of Financial Statements (continued):**

##### **(1) Definitions (continued):**

“Temporarily Restricted” –

A restriction that expires or is removed with the occurrence of a specific event with the passage of time, or that can be fulfilled or removed with the performance of specific activities, all of which are contingent upon the conditions imposed by donors or other outside sources which provided the funds.

“Permanently Restricted” –

A restriction that does not expire, and consequently, it is permissible only to use the income that is derived from the donations received.

##### **(2) Statement of Activities and Statement of Changes in Net Assets:**

The Statement of Activities includes all income and expense items for the reporting period. “Income” includes all revenues received and earned during the period which are unrestricted in nature, and amounts that were released from donor restriction. “Expenses” also include those expenses which were financed from sources that were restricted by their donors.

The Statement of Changes in Net Assets includes, in addition to the net result transferred from the Statement of Activities, all the restricted sources received and the amounts released from restrictions. Amounts released from restrictions for activities are transferred as income to the Statement of Activities, and amounts released from restrictions for fixed assets are transferred directly to the Unrestricted Net Assets balance in the Statement of Changes in Net Assets.

#### **D. Foreign Currency and Linkage:**

- (1) Assets, liabilities and restricted net assets that, per the conditions stipulated, must be linked to the exchange rate in order to preserve their value, are presented in the financial statements at the representative exchange rate published by the Bank of Israel at financial statement date.

**AMCHA - REGISTERED AMUTA**

**Notes to the Financial Statements (in NIS):**

**Note 2 – Significant Accounting Policies (continued):**

**D. Foreign Currency and Linkage (continued):**

- (2) Balances linked to the Consumer Price Index are presented according to the terms stipulated.

**E. Cash and Cash Equivalents:**

Include short-term deposits redeemable within three months from the date of deposit.

**F. Fixed Assets:**

- (1) Furniture, fixtures and office equipment acquired commencing with January 1, 1996, are stated at cost, less accumulated depreciation. Items acquired prior to that date, were recorded as expense, and are reflected in the financial statements at symbolic value.

- (2) Depreciation is computed on the straight-line method, at annual rates based on the estimated useful life of the assets, as follows: Furniture, equipment and leasehold improvements – 10% annually. Computers – 33% annually.

**G. Reliance on Management Estimates:**

During the preparation and presentation of the financial statements according to accepted accounting principles, management is required to estimate and presume premises that influence the information presented in the financial statements and its accompanying rates.

By the very nature of these estimates and premises, actual results may differ.

**Note 3 – Cash and Cash Equivalents:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Cash on hand	13,326	17,014
In Bank:		
Current account – New Israel Shekels	75,373	-
Short-term deposits – New Israel Shekels	330,243	-
Short-term deposits – Foreign currency	<u>1,206,156</u>	<u>*302,856</u>
<b>Total</b>	<u><u>1,625,098</u></u>	<u><u>319,870</u></u>

\* Reclassified.

**AMCHA - REGISTERED AMUTA**

**Notes to the Financial Statements (in NIS):**

**Note 4 – Debtors and Debit Balances:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Employees	-	31,119
Deferred checks receivable	110,445	55,350
Income receivable	556,128	*1,312,964
Prepaid expenses	225,487	190,405
Beneficiaries of services and other debtors	<u>1,902,707</u>	<u>*1,520,704</u>
<b>Total</b>	<u><u>2,794,767</u></u>	<u><u>3,110,542</u></u>

\* Reclassified.

**Note 5 – Fixed Assets:**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Balance</u>	<u>31.12.2001 Depreciated Balance</u>
Equipment purchased until 31.12.95	648,320	648,319	1	1
Office furniture and equipment	658,963	280,465	378,498	373,505
Computers and software	255,462	223,777	31,685	59,465
Leasehold improvements	<u>1,165,837</u>	<u>471,787</u>	<u>694,050</u>	<u>786,419</u>
<b>Total</b>	<u><u>2,728,582</u></u>	<u><u>1,624,348</u></u>	<u><u>1,104,234</u></u>	<u><u>1,219,390</u></u>

**Note 6 – Debitory Accounts:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Overdraft	<u>-</u>	<u>* 8,944</u>

\* Reclassified.

**Note 7 – Creditors and Credit Balances:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Employees and institutions for employees	303,789	* 338,653
Provision for vacation pay	168,307	* 140,000
Service providers and suppliers	546,232	439,937
Related party (“Amcha Fund”)	<u>2,628,593</u>	<u>2,653,244</u>
<b>Total</b>	<u><u>3,646,921</u></u>	<u><u>3,571,834</u></u>

\* Reclassified.

**AMCHA - REGISTERED AMUTA**

**Notes to the Financial Statements (in NIS):**

**Note 8 – Liabilities for the Termination of Employee-Employer Relations:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Provision for severance pay	2,513,177	1,973,000
Less: Deposit in severance pay fund	<u>495,177</u>	<u>507,075</u>
<b>Total</b>	<b><u>2,018,000</u></b>	<b><u>1,465,925</u></b>

**Note 9 – Commitments and Contingent Liabilities:**

- A. The Amuta's liability for the payment of rental fees for future years for their branches' buildings amount to \$320,000.
- B. The Amuta has guaranteed to banks liabilities totalling NIS 180,400 (2001: NIS: 244,167).

**Note 10 – Contribution Income:**

**Comprises:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Germany	1,559,388	1,231,997
Germany – "HAATID" Fund	1,173,682	378,426
Holland	1,015,295	1,728,138
Austria	837,938	1,275,626
United Stated (The Spielberg Fund)	235,542	250,161
Conference on Jewish Material Claims (Germany)	3,286,546	3,073,058
Switzerland	234,127	298,940
Friends Association in Israel and others *	<u>542,757</u>	<u>156,798</u>
<b>Total</b>	<b><u>8,885,275</u></b>	<b><u>8,393,144</u></b>

- \* Includes the transfer of estate funds through the Jewish Agency totaling NIS 507,185 (2001: 130,859).

**AMCHA - REGISTERED AMUTA**

**Notes to the Financial Statements (in NIS):**

**Note 11 – Participation from Beneficiaries of Services\*:**

**Comprises:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Detail per braches:		
Jerusalem	1,000,872	995,665
Tel-Aviv	2,981,012	2,713,111
Haifa	2,344,100	1,719,209
Beer Sheva	437,385	279,263
Projects (Central Organization for Holocaust Survivors)	26,100	461,200
<b>Total</b>	<u>6,789,469</u>	<u>6,168,448</u>

\* Includes participation from municipalities and Government offices.

**Note 12 – Support from Government Offices and Public Organizations:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Health Ministry	459,000	393,000
The Jerusalem Foundation	70,000	114,000
The Trustee General	200,000	50,000
Other institutions	96,422	8,069
Haifa Fund	96,000	
<b>Total</b>	<u>921,422</u>	<u>565,069</u>

**Note 13 – Other Income, Net:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Amcha conference	19,230	
<b>Total</b>	<u>19,230</u>	

**AMCHA - REGISTERED AMUTA****Notes to the Financial Statements (in NIS):****e 14 – Operating Costs – 2002:**

	<u>Jerusalem</u>	<u>Tel-Aviv</u>	<u>Haifa</u>	<u>Beer Sheva</u>	<u>Total</u>
Salaries and related expenses for administrative employees	444,323	642,493	474,616	307,017	1,868,449
Salaries and related expenses for professional employees	730,051	1,096,632	1,066,552	525,021	3,418,256
<b>Total salaries and related expenses</b>	<u>1,174,374</u>	<u>1,739,125</u>	<u>1,541,168</u>	<u>832,038</u>	<u>5,286,705</u>
Professional services	891,939	2,582,240	1,527,248	424,104	5,425,531
Rent	457,301	854,721	314,085	256,412	1,882,519
Maintenance	142,886	212,334	105,220	34,369	494,809
Insurance	20,153	44,973	20,326	8,690	94,142
Printing	3,480	18,014	13,461	6,231	41,186
Telephone	17,491	51,451	37,875	21,779	128,596
Mail and deliveries	5,077	6,362	9,364	10,350	31,153
Office supplies	16,709	24,870	11,829	14,476	67,884
Hospitality	31,244	40,834	22,838	10,192	105,108
Travel	4,416	337	-	-	4,753
Promotion	6,326	3,042	708	1,815	11,891
Seminars	72,865	41,833	40,341	18,694	173,733
Operation of club	151,501	177,288	108,540	88,018	525,347
Volunteers	38,442	19,940	18,667	9,479	86,528
Professional literature	525	2,606	2,961	379	6,471
Depreciation	32,820	50,935	82,562	42,296	208,613
<b>Total direct operating expenses and other expenses</b>	<u>1,893,175</u>	<u>4,131,780</u>	<u>2,316,025</u>	<u>947,284</u>	<u>9,288,264</u>
<b>TOTAL</b>	<u>3,067,549</u>	<u>5,870,905</u>	<u>3,857,193</u>	<u>1,779,322</u>	<u>14,574,969</u>



**AMCHA - REGISTERED AMUTA****Notes to the Financial Statements (in NIS):****e 14 – Operating Costs – 2001:**

	<u>Jerusalem</u>	<u>Tel-Aviv</u>	<u>Haifa</u>	<u>Beer Sheva</u>	<u>Total</u>
Salaries and related expenses for administrative employees	397,788	621,453	393,296	298,253	1,710,790
Salaries and related expenses for professional employees	880,469	1,055,284	872,454	591,553	3,399,760
<b>Total salaries and related expenses</b>	<u>1,278,257</u>	<u>1,676,737</u>	<u>1,265,750</u>	<u>889,806</u>	<u>5,110,550</u>
Professional services	961,677	2,199,175	1,120,342	355,867	4,637,061
Rent	435,341	716,470	220,424	250,295	1,622,530
Maintenance	116,252	321,128	100,650	66,017	604,047
Insurance	19,853	29,765	13,023	4,180	66,821
Printing	13,123	3,436	1,909	4,068	22,536
Telephone	46,946	45,867	24,083	14,622	131,518
Mail and deliveries	6,801	8,733	5,307	11,752	32,593
Office supplies	25,579	25,701	12,848	10,010	74,138
Hospitality	22,103	25,688	6,351	3,947	58,089
Travel	6,059	579	29	500	7,167
Promotion	21,975	5,950	4,482	4,197	36,604
Seminars	1,060	38,840	9,100	8,176	57,176
Operation of club	151,870	168,984	66,446	114,052	501,352
Volunteers	40,782	16,377	14,491	16,356	88,006
Professional literature	2,488	2,624	1,129	186	6,427
Depreciation	45,679	57,099	68,518	22,840	194,136
<b>Total direct operating expenses and other expenses</b>	<u>1,917,588</u>	<u>3,666,416</u>	<u>1,669,132</u>	<u>887,065</u>	<u>8,140,201</u>
<b>TOTAL</b>	<u>3,195,845</u>	<u>5,343,153</u>	<u>2,934,882</u>	<u>1,776,871</u>	<u>13,250,751</u>

**AMCHA - REGISTERED AMUTA**

**Notes to the Financial Statements (in NIS):**

**e 15 – Special Projects Costs:**

	<u>31.12.2002</u>	<u>31.12.2001</u>
Salaries and related expenses for professional employees	-	108,761
Professional services	-	229,444
Maintenance	-	18,042
Printing	12,648	655
Telephone	-	7,000
Mail and deliveries	-	1,500
Office supplies	-	6,750
Hospitality	-	5,000
Fundraising abroad	81,356	58,763
Travel	10,247	
Promotion	2,214	
Seminars	13,558	8,000
Professional literature	-	471
	<u>120,023</u>	<u>444,386</u>