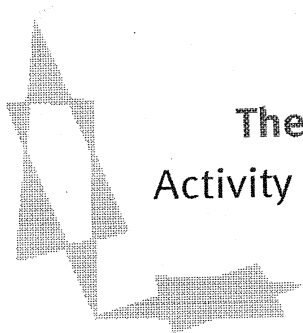




Appendix A

The Foundation for the Benefit of Holocaust Victims in Israel - activity report 2002



The Foundation for the Benefit of Holocaust Victims in Israel

Activity Report for 2002

Presented by the

Foundation Chairman

to the members of the

Claims Conference

Allocation Committee





Contents

- 1 A Word from the Chairman
- 2 Introduction of the Director General
- 3 The Establishment of the Foundation
- 4 Problems Unique to Holocaust Survivors in Israel
- 5 Foundation's Programs For Survivors In Need
- 8 Eligibility Criteria for Foundation Assistance
- 10 Foundation Activities in 2002
- 10 *Nursing Hours*
- 12 *Individual Grants*
- 14 *Emergency Lifelines*
- 15 *Chairman's Fund*
- 16 *Volunteer Projects*
- 17 *Administration*
- 18 *Budget*
- 19 *The Future: The Need for Emergency Action*
- 21 *Organizational Structure*
- 24 *Legal Status*
- 24 *Directory*

A Word from the Chairman

In constant striving
for recognition and
dignity in the twilight
years

*For the 4th year, I hereby submit the activity report of the Foundation
for the Benefit of Holocaust Survivors in Israel.*

The details, illustrate the harsh reality our country has faced recent years.

*Holocaust Survivors in Israel are exposed to all the economic and
emotional pressures that the current war brings to them. In addition
to their years of suffering, pain and trauma, they currently face an
outbreak of hostility and hatred.*

*The Survivors are getting older; their average age is reaching 80. Their
health is deteriorating and they are in need, now more than ever before,
of a helping hand from their brothers.*

*Given these circumstances, the extended help, provided by the Claims
Conference, is of importance that cannot be exaggerated. It is therefore
requested that the financial support become consistent in relation to
the increasing needs of the survivors. I am sure that the Allocation
Committee will find the means to extend the assistance needed, in view
of the mounting problems faced by this unique community.*

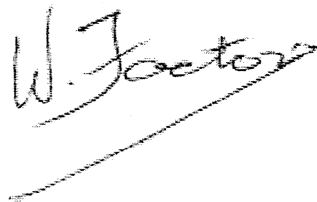
*In the name of the Foundation's B.O.D. and in the name of Holocaust
Survivors in Israel, allow me to express our gratitude, for your help and
assistance in the past, and for your support in the future.*

Yours sincerely

Wolf (Zeev) Factor,
Chairman

November 2002

חשון תשס"ג



Introduction

Honor your father and your mother

Deuteronomy 5,16

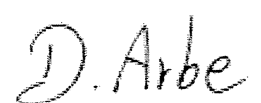
As a sabra of the generation born in a free and independent Jewish state, I feel deep sadness regarding the poor welfare of those who survived the worst. Horrors that the rest of us cannot even imagine. It seems that at times, the focus upon memorial services, the study of the gruesome details of history and the visits to the blood-soaked sites in Europe have allowed us to forget the current daily pain, trauma, hardship and sadness of impoverished Holocaust survivors. Now quite elderly, many of them live alone and lack the most basic essentials.

The Foundation's goal is to provide basic assistance to needy Holocaust survivors in Israel to ease their most pressing hardships.

The past year was particularly difficult for the Israeli nation. Terror attacks left injured and dead almost every week. The fears and emotional pressure experienced by all Israeli citizens are magnified among the elderly and even more so among Holocaust survivors. Each bloody incident recalls traumatic memories, with mental confusion often blurring reality. The deterioration in the economy due to the security situation has also caused severe budget cuts in social welfare programs. These cuts hurt the elderly, especially Holocaust survivors.

We promise that we will not rest in our activity on behalf of Holocaust survivors, in all areas where there is need, in every manner possible, everywhere and at all times.

This report presents general information about the Foundation and specific information about its activities during the year 2002. This year the Foundation served more survivors than ever before, in most of our aid programs. This was made possible thanks to the immense efforts of the Foundation's employees and volunteers, all of whom deserve recognition. I would also like to thank the chairman of the Foundation and the members of its board of directors. Their day-to-day commitment to the Foundation is admirable.



Dov (Dubby) Arbel

Director General

November 2002, Tel Aviv

חשון תשס"ג

The Establishment of the Foundation



Problems Unique to Holocaust Survivors

Survivors in later years of life suffer from physical and emotional distress at higher rates than the elderly population as a whole.

Physical and Emotional Health

Prolonged malnutrition in infancy, childhood or adult life most certainly affects the health of survivors in old age, triggering problems such as: osteoporosis and broken bones (osteoporosis is four times more frequent among Holocaust survivors than among the general population); tooth and gum problems; impaired vision; heart problems and high blood pressure. Moreover, mental illness often afflicts the Holocaust survivor. There are particularly high rates of dementia and schizophrenia among Holocaust survivors.

Economic Situation

While many Holocaust survivors who came to Israel achieved economic stability and attained high professional positions, the majority did not. The Holocaust prevented them from completing their studies; consequently, they were placed in lesser positions upon their arrival in Israel. Their salaries were low, and their terms of employment generally did not include pensions. Most have no financial reserves or savings. In this regard, it should be emphasized that the reparation payments from Germany or

the Israeli treasury do not significantly change this situation. A monthly pension of \$200–\$500 does not dramatically improve a survivor's situation at a time when daily care and costly medications are required.

Loneliness and Lack of a Support Network

Many survivors lost most of their family during the Holocaust, and their advanced age may mean they have outlived their loved ones. Most have only a very small family support network—if at all. As a result, numerous survivors lead a solitary life, few are interested in their welfare or able to assist them in times of crisis.

Programs For Survivors In Need

The Foundation operates five programs to assist those Holocaust survivors who have met the necessary criteria of economic need and lack the ability to care for themselves: Nursing Hours, Individual Grants, Emergency Lifelines, Short-term Nursing Hours and Volunteer Projects.



Nursing Hours

Sara R. is 79 years old. She was born in Romania and survived Transistria in Ukraine. She lives alone in Beer Sheva. Completely blind in one eye, and severely vision-impaired in the other she has great difficulty in managing on her own. She is also incontinent. She is easily confused, and sometimes gets lost searching for her own apartment in the wrong building. The Foundation provides additional nursing assistance in her home, in addition to the care provided by the National Insurance Institute. This additional aid, enables Sara to get daily care.

The Foundation provides nursing home-care for survivors who are unable to care for themselves and who lack the economic means to pay for the required care. This activity comprises approximately 80% of the Foundation budget.

Up to nine nursing hours per week are available for each individual in the assistance program, in addition to the 15.5 weekly hours supplied by the National Insurance Institute². This program provides essential daily care including food preparation and feeding, changing diapers and bathing, attention to medication and the like. It often allows the elderly survivor to live at home rather than in a hospital or institution.

² Totalling 24.5 weekly hours, which enables daily aid.

Many survivors simply will not leave their homes, refusing to live in unfamiliar circumstances. Statistics show that living at home improves quality of life and increases life expectancy.

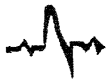


Individual Grants

Yuri K. is 76 years old. He was born in Belarusia, and survived the work camps near Tashkent. He immigrated to Jerusalem in 1990 with two children. His son is unemployed since 1998 and his daughter is a working single mother. As a result of severe childhood malnutrition, he needed extensive dental treatment. The Foundation provided a grant for this purpose.

The Foundation provides individual monetary grants for the purchase of vital medical and rehabilitation devices, such as eyeglasses, hearing aids, walkers, dentures, and special medications. The grants also cover travel expenses for recurrent treatments such as dialysis and chemotherapy.

It is a sad fact that many survivors cannot afford these essentials. Thus, there are survivors who lose contact with their world for lack of hearing aids, go hungry because eating is simply too painful, and sit in their own excrement, unpleasant situation since they can not afford adult diapers.



Emergency Lifelines

Trudi is 83 years old. She was born in Prague and survived Stutthof. She now lives alone in Tel Aviv. She suffers from Parkinson disease. Last January she fell while taking a shower. Before losing consciousness she was able to press the button on her contact bracelet provided by the Foundation, which called emergency services to her home.

Emergency Lifelines give survivors who live alone or suffer from severe illness access to 24-hour regional security and assistance centers in emergency situations. The device is installed next to the individual's bed or worn on the body as a pendant or bracelet. Through this device, the survivor can contact the center. The center, in turn, alerts a family member, calls the police, doctor, ambulance, or the fire department. The assistance center also provides general, non-emergency information to their clients. Survivors tell us that the ability to contact the emergency center by pressing a button contributes significantly to their sense of personal security and well being.



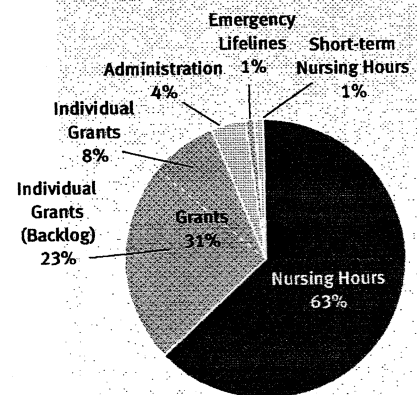
Short-term Nursing Hours

Haim V. is 82 years old. Born in Poland, he survived Auschwitz. He lives alone in Bat Yam, near Tel Aviv in a 4th floor walk-up apartment. He underwent emergency open-heart surgery last spring. His condition left him too weak to even leave the house for bread and milk. The day he was released from the hospital, a nurse sent by the Foundation met him at his home, in order to help as needed.

The Short-term Nursing Hours project was created and developed by the Foundation in June 2000, with the cooperation of social workers from several hospitals in Israel. It addresses a difficult period faced by Holocaust survivors — the days and weeks immediately following release from hospital after a health crisis.

The feedback from Holocaust survivors as well as healthcare professionals indicates that short-term Nursing Hours are of considerable assistance to patients. It contributes to the return of normal routine for patients and their families.

Distribution of Expenditure, 2002*



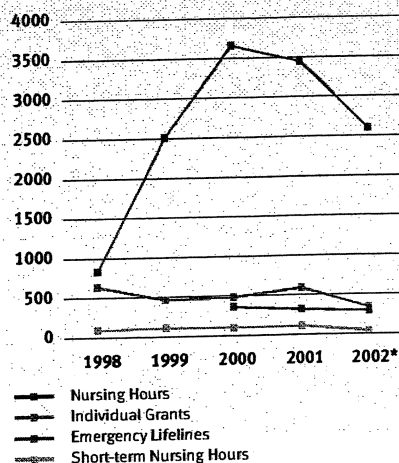
* Based upon information updated to October 2002 and estimated to the end of December 2002

A survey conducted by hospital social service departments concludes that the rate of recurrent hospitalization among patients who received this assistance was considerably lower than among patients who did not.

Chairman's Fund

Haya V. is 82 years old. Born in Poland, she survived Auschwitz. She lives alone in Ramat Gan. No children. Her heater malfunctioned and the repairperson said it wasn't possible to fix it. She was not able to buy a new one. The chairman decided to grant her a new heater — even though a heater is not in the list of essentials the Foundation provides. This decision was made after one of the Foundation's social workers paid her a visit and found there were no other means for obtaining this aid.

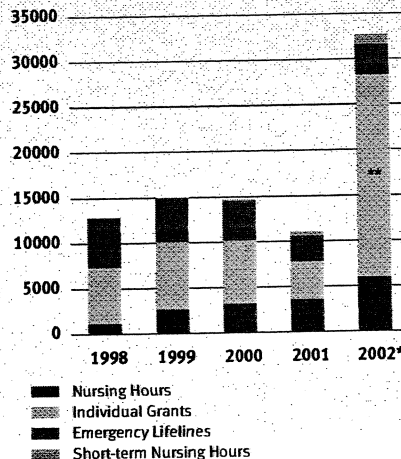
Average Expenditure per Recipient (US\$)



* Based upon information updated to October 2002 and estimated to the end of December 2002

Distribution of Aid Recipients by Program

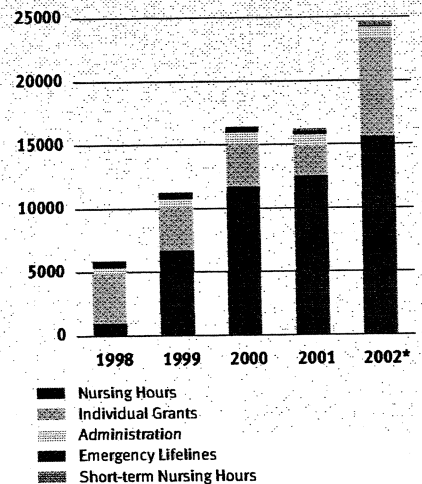
(Number of aid recipients)



* Based upon information updated to October 2002 and estimated to the end of December 2002

** Includes recipients of delayed funds from 2001 budget

Distribution of Expenditures** (US\$ in thousands)



* Based upon information updated to October 2002 and estimated to the end of December 2002

** The foundation operates in New Israel Shekels. The dollar figures were calculated based on the average dollar-shekel exchange rate for each year.

*** Includes sums which were approved in 2001.



Volunteer Projects

On Independence Day 2002, two high school students went to visit Shaul P., who was born in Berlin and survived Bergen-Belzen. Shaul lives alone in Netanya. The students were surprised to see Shaul dressed in a suit and tie. When they asked why he was dressed so formally, Shaul began to cry. He said that their visit was the first time he had received visitors in 15 years. After tea and cookies, Shaul began to tell the students his life story.

The Foundation operates volunteer projects connecting the community (particularly younger volunteers) and the survivor population. Many survivors live in virtual isolation, with no visitors or incoming phone calls. The

Foundation receives heartbreaking calls from survivors. This is their message: "I'm phoning just to tell you that I am still alive. I have no one else to tell this to."

Sometime the regular process and formal criteria will not solve real problems. The Chairman's Fund was created to provide solutions for these unique complex problems. A grant from this fund, even if given on the same day it was requested, is authorized by the Foundation's chairman only after a detailed assessment by a social worker and includes a protocol signed by the chairman himself³.

³ As of 2001, the chairman has decided to use most of this fund for short term immediate nursing hours.

Eligibility Criteria for Foundation Assistance

When reconsidering applications for assistance, The Foundation for the Benefit of Holocaust Victims in Israel considers three main criteria:

1. The applicant must be a Holocaust survivor.
2. The applicant must be in economic need.
3. The applicant must be an Israeli citizen living in the State of Israel.

General Criteria

Holocaust survivors are defined by the Foundation in accordance with the rules established by the Claims Conference:

- Those who lived under Nazi occupation as of 1933 and until May 8, 1945 in ghettos, concentration camps or in hiding, under life-threatening circumstances.
- Those who lived in countries allied with Nazi Germany such as Romania, Hungary, France, and Italy and who suffered Nazi persecution. In addition, those who fled from occupied areas: from Germany after 1933, from Austria after 1938, and from other countries after the outbreak of war and occupation until May 8, 1945.

Economic need is defined by the Foundation in accordance with the criteria of the Agency for Rehabilitation in the Treasury Ministry or, in the case of an individual requiring nursing care, a survivor defined as having 150% disability by the National Insurance Institute.

Israeli citizenship and residency is determined on the basis of a valid ID card.

In order to become eligible to receive assistance from the Foundation, one has to fill out an application form. In addition, the applicant has to attach appropriate documents proving the need for assistance and verifying compliance with the three general criteria: that the applicant is a Holocaust survivor, in financial need and lives in Israel, as well as those guidelines specific to each assistance program. Each application is reviewed first by a Foundation professional to confirm the three fundamental criteria, and then is re-evaluated by volunteer committees comprised of Holocaust survivors representing various survivors organizations.

Each application and every form embodies a painful life story; it is far more than routine paperwork. The mere approach of survivors to a Foundation whose name includes the word "Holocaust" is not a simple matter. The need to reveal personal details in the application form often raises painful memories from the past.

The Foundation is sensitive to the emotional pain this might cause the applicant. Nonetheless, the Foundation maintains a strict admissions procedure.

Program Specific Criteria

Nursing Hours

- Recipients of aid in the Nursing Hours category must be defined by Israel's National Insurance Institute as having 150% disability level.
- The 150% disability level is assigned to Holocaust survivors who are unable to perform three out of five defined activities: dressing, eating, bathing, orientation to one's surroundings, toileting. Conditional on financial need.

Individual Grants

- The Foundation provides financial aid to Holocaust survivors for essential items and services such as: dental treatment, medications not subsidized by the health funds, walkers, eyeglasses, travel expenses for chemotherapy treatments, cardiology services, conditional upon presentation of original receipts. In addition, certain grants require special authorization from a doctor and/or a social worker.

Emergency Lifelines

The Foundation subsidizes Emergency Lifelines only for those Holocaust survivors who live alone or who suffer from a severe health problem.

Short-term Nursing Hours

This project is aimed at Holocaust survivors in need who meet all of the following criteria:

- The survivor was hospitalized and upon release requires home nursing care and does not receive such care from the National Insurance Institute;
- The survivor was referred by a hospital social worker in view of his/her social situation and the absence of a support network;
- The survivor presents a hospital doctor's recommendation.

Chairman's Fund

This program enables immediate solutions for complex and irregular problems. A protocol signed by the chairman himself including a recommendation by a social worker is a pre-condition for aid of this program.

Volunteer Projects

The Foundation organizes volunteers to visit survivors who live alone or who have limited social and family support networks.

Foundation Activities in 2002

Growth and Development of Foundation Programs in the Year 2002

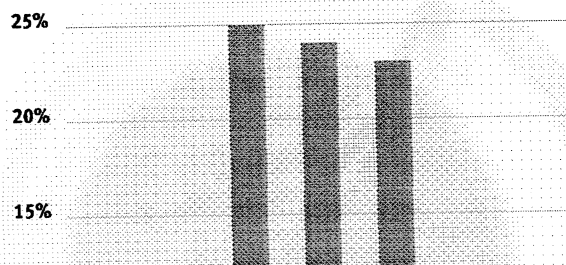
The year 2002 included an increase of 40% in the number of participants in the Nursing Hours program and reducing the waiting period for nursing hours to only 48 hours; issuing a total amount of Individual Grant payments was almost four times greater than the sum issued in 2001;* The Emergency Lifelines program expanded; The Short-term Nursing program doubled in size. Administrative and fiscal controls increased.

Nursing Hours 2002



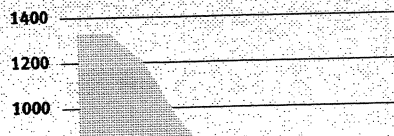
Home care nursing hours⁵ help elderly survivors stay at home – healthier and happier than living out their days in hospitals or institutions. This is the largest program run by the Foundation totaling 80% of the annual Foundation budget.

**Distribution of Nursing Hour
Recipients by Age, 2002***
(% of recipients)

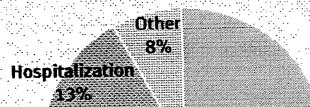


Withdrawal of 1998 Recipients of Nursing Hours*

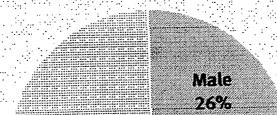
(No. of recipients)



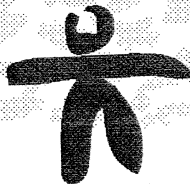
Distribution of Withdrawal from Nursing Hours Program by Cause, 2002*



Distribution of Nursing Hours Recipients by Gender, 2002*

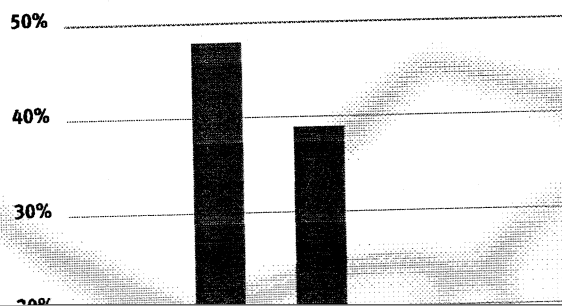


Individual Grants 2002



This program helps needy survivors receive crucial medical treatments not covered by the National Health Law in Israel. These include: dental treatment (some 80% of the grants were for dental treatment^{8,9}), hearing aids, eyeglasses, special medications, etc.

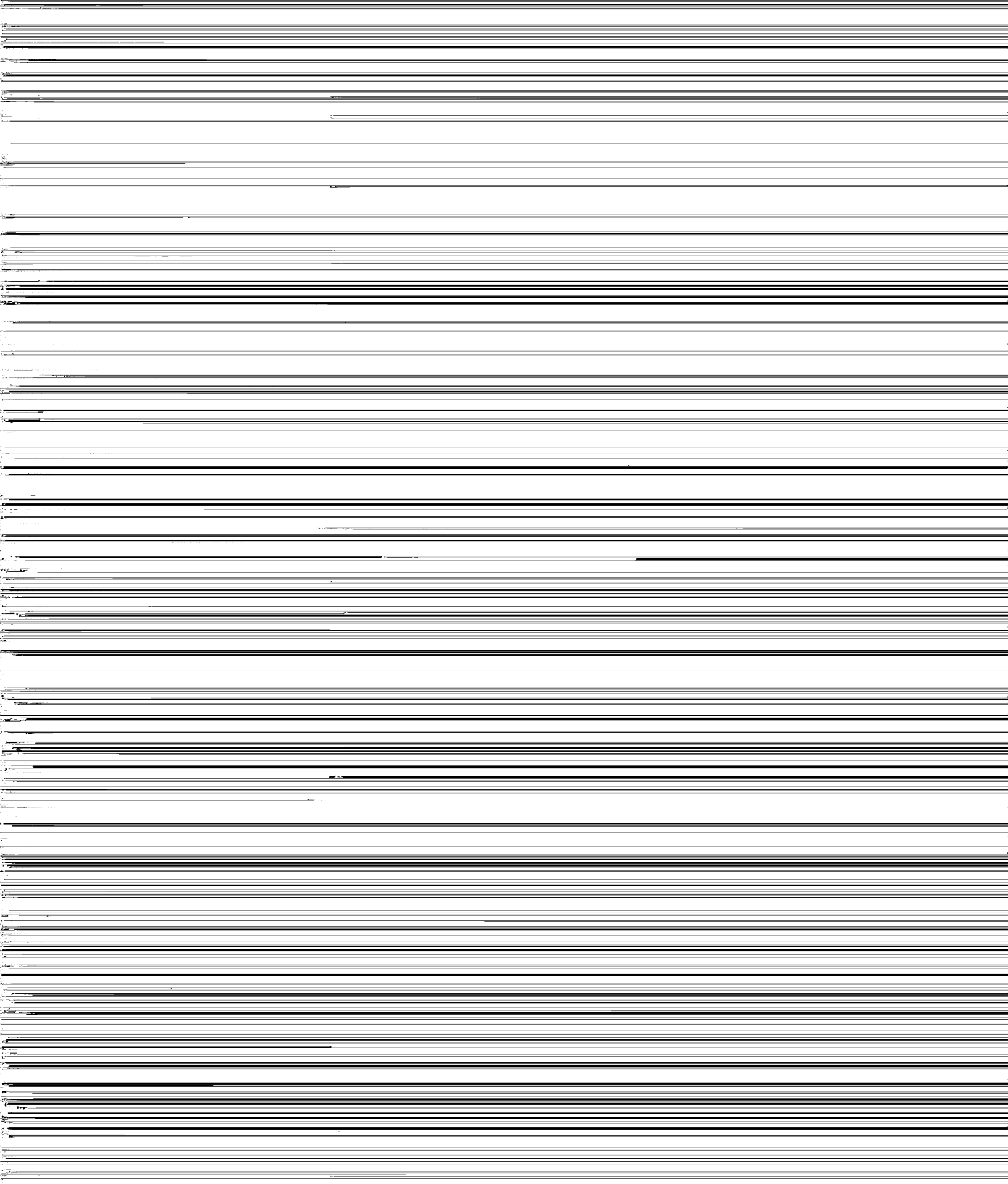
Distribution of Individual Grant Recipients by Age, 2002*
(% of recipients)



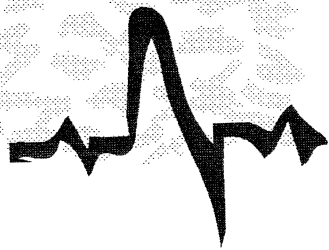
- Due to budgetary limitations and in consultation with the Claims Conference, the maximum allocation for Individual Grants has been reduced.¹² Grants to cover the cost of basic household consumer goods, such as air conditioners, heaters, etc., have been eliminated.¹³ This change has made it possible to attend to a greater number of survivors, albeit at a lower level of assistance.

1

1

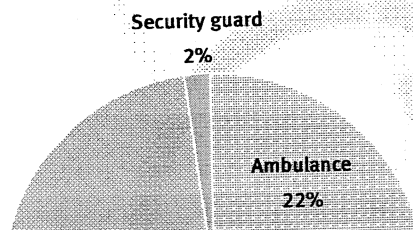


Emergency Lifelines 2002



A Holocaust survivor who lives alone can have a sense of confidence and well being, with the knowledge that help can be alerted at the press of a button.¹²

Distribution of Emergency Calls via
Emergency Lifeline Service, 2002*
(% of recipients)



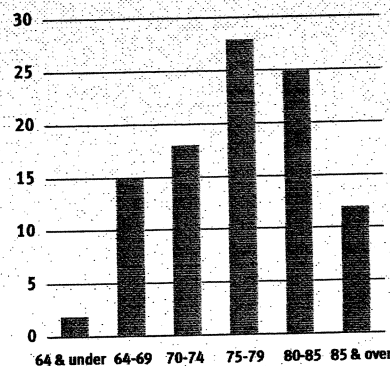
- Approximately 3,263 survivors receive this assistance from the Foundation through October 2002.
- The cost of the service is ~ \$85 per person per year.
- Those eligible for this assistance contribute a deductible of ~ \$20 per year towards the cost of the service.
- Survivors over age 80 or in extreme circumstances are exempt from the

Chairman's Fund (Short-term Nursing Hours)

2002

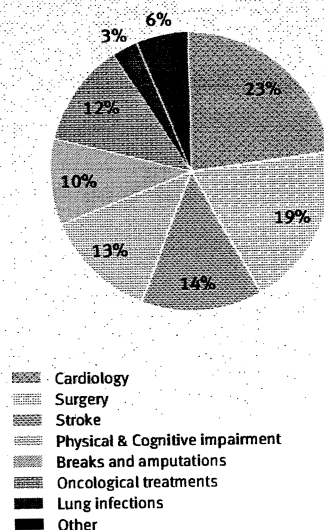


Distribution of Short-term Nursing Hours Recipients by Age, 2002*
(% of recipients)



* through October 2002

Distribution of Short-term Nursing Hours by Reason for Hospitalization, 2002*



* through October 2002

The Short-term Nursing Hours program grew dramatically in 2002 due to increasing demand. This program is partly funded (22%) by Claims Conference funds (Chairman's Fund) and primarily (78%) by the Israeli Treasury.

Data accumulated in the course of the program's two-year existence (since 2000) shows a constant growth in demand for this service. Based upon the present rate of increase, current funding will be insufficient in 2003.

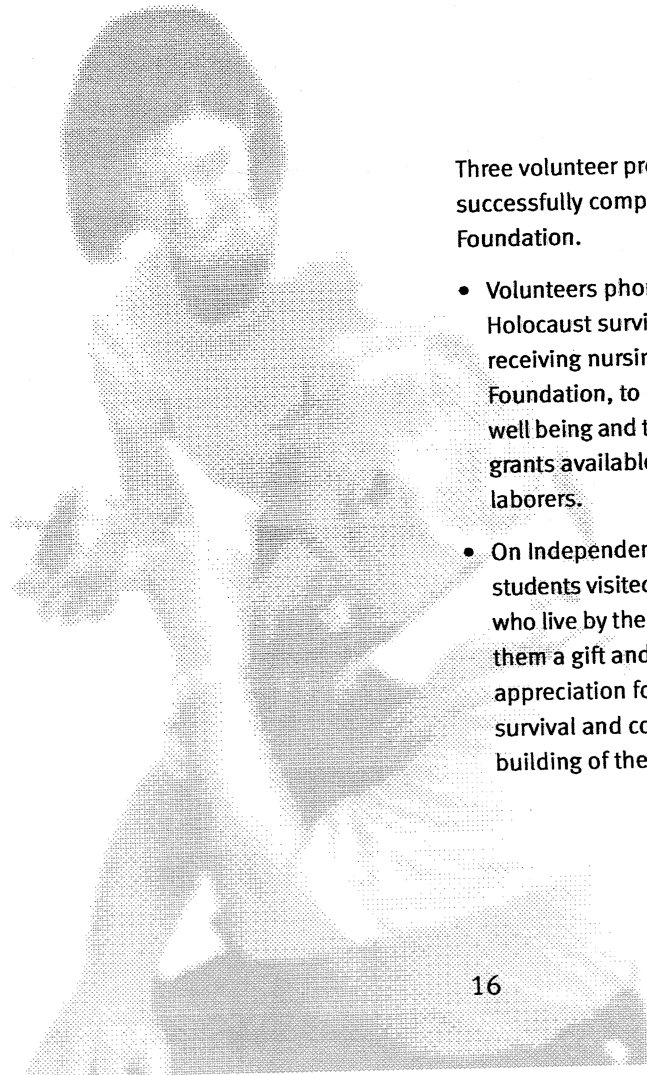
- From 1 January 2002 until 17 October 2002, 771 applicants received care through the Short-term Nursing Hours program, compared to 540 in 2001.
- The average direct expenditure for aid in this program was approximately \$ 350 in 2002.

- In 2002, the Foundation expanded this service to include Beersheba and the south. This was the outcome of publicizing the assistance offered via relevant bodies: hospitals, welfare agencies, survivor organizations, etc.

Volunteer Projects 2002



The visits made by volunteers to survivors are of enormous importance, providing a link to the outside world and affirming the survivor's sense of self-importance.



Three volunteer projects were successfully completed by the Foundation.

- Volunteers phoned some 2,000 Holocaust survivors currently receiving nursing hours from the Foundation, to inquire about their well being and to inform them about grants available to former forced laborers.
- On Independence Day, high school students visited Holocaust survivors who live by themselves and brought them a gift and a certificate of appreciation for their bravery, survival and contribution to the building of the State of Israel.

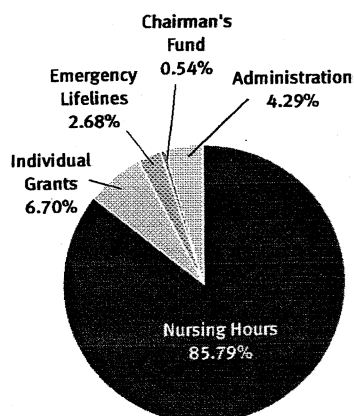
- Volunteers collected essential clothing for Holocaust survivors hospitalized at the Abarbanel Mental Hospital. Some patients have been there for over thirty years.

The Foundation is planning to increase volunteer programming in 2003.

Administration 2002

Administration 2002

Budget¹³ 2002



Basic Claims Conference funding for the year 2002

Expenditure	Budget in \$	% of total
Nursing Hours	16,000,000	85.79
Individual Grants	1,250,000	6.70
Emergency Lifelines	500,000	2.68
Chairman's Fund	100,000	0.54
Administration	800,000	4.29
Total	18,650,000	100.00

Special funding for the year 2002

Source	Amount in \$
Claims Conference	
a. Special grant to eliminate backlog of Individual Grants	5,000,000
b. First installment for MALAM computerization project	100,000
State of Israel	
a. Treasury Ministry--annual support	410,000
b. National estates fund	105,000
Anonymous contribution from Switzerland	35,000
Total	5,650,000

¹³ The budget of the Foundation has increased in recent years. In 2001, the Foundation budget was \$17.6 million, while in 2002 it rose to some \$20 million. In order to keep pace with the demand for Foundation services, this budget must continue to grow.

The Future: The Need for Emergency Action

New Problems Demand New Answers

In addition to the five existing programs, the Foundation constantly examines the ongoing needs of Holocaust survivors in Israel, searching for solutions to problems as they arise.

Our study concludes that as the Holocaust survivor population ages—demand for Foundation services will continue to grow¹⁴. Without recourse to statistics, we predict that in the next five years thousands of additional Holocaust survivors will reach the point at which they are no longer able to satisfy their most basic needs without help from others.

Moreover, our field experience exposes us to new and difficult problems currently faced by survivors—problems that were not apparent in the past. These require creative and immediate solutions. We recommend the following new service programs:

Aiding Survivors When Their Spouses are in a Health Crisis

There is a pressing need to include spouses of survivors in the assistance framework. Married couples in which one member experiences severe crisis are at risk. Every such crisis severely affects the spouse, and we must stand by both in such circumstances. This will be achieved by giving equal rights to spouses in the framework of the Foundation's Nursing Hours Program.

Expansion of Nursing Hours to Survivors

We believe that there is an urgent need to modify the criteria for provision of nursing hours, a program that is currently available only to survivors in the 150% disability category. Eligibility should include individuals in the 100% disability category as well, since these elderly people also suffer from difficult health situations, such as lack of sphincter control. Due to the enormous budgetary cost of including all those in the 100% disability category in the nursing program, it is proposed to include, at this stage, only those who approach the 150% level. This is defined as 5.5–6.5 points in an Activities of Daily Living exam conducted by the National Insurance Institute¹⁵ (6.5 points and above entitle 150% disability status).¹⁶

¹⁴ A Position paper was submitted to the Claims Conference in October 2002, including the estimated expense of the new programs described here in after. The Foundation initiated a joint study with Brookdale Institute of Gerontology and Human Development to predict the future need of needy survivors in Israel.

¹⁵ The ADL exam tests the elderly individual's level of dependency upon others in daily life. An individual who is unable to perform three out of six essential activities (bathing, dressing, eating, mobility, orientation and toileting) is classified with a disability level of 150%.

¹⁶ It should be noted that the testing is carried out by nurses who visit the patient at home and the tests do not always adequately reflect the actual situation. We are aware of numerous cases in which an applicant has not received the required status as there were shy to disclose their physical situation or after serving the examiner, upon request, a glass of water, an act which served as cause for doubting their inability to function. We propose that such cases be re-examined and that in each case the opportunity be given to assist individuals in the program even if the level of disability established by the National Insurance Institute is slightly below 150%.

Provision of Nursing Hours to Temporarily Hospitalized Survivors

Holocaust survivors who are hospitalized often lack the attention and care generally provided to patients by family members. The hospital staff is unable to provide this personal attention due to a heavy workload. This grave problem may be addressed by providing several nursing hours to those temporary hospitalized.

Provision of Devices and Medical Aids to Survivors

The number of Holocaust survivors who suffer from incontinence is constantly on the rise. The only solution is the use of adult diapers, which are a considerable expense. We propose providing such diapers to survivors who need them.

In addition, we propose providing survivors with a package of security devices to prevent serious accidents at home, together with guidance concerning correct use. Using these devices, it is possible to reduce the number of injuries that result in the need for nursing care.

Assistance to Survivors Who Live Alone

Survivors who live alone, who are limited in mobility, but mentally alert require contact with the outside world. They need to know that someone cares about them. Many have expressed the wish to receive a visitor who would assist

them in studying a daily page of Gemara, in reading a newspaper, or going for a daily walk. We propose establishing a volunteer project to bring visitors to Holocaust survivors who live in isolation at home. Visits to such survivors would be a significant contribution to their welfare.

Inclusion of Survivors in the Supportive Neighborhood Framework

The success of the Supportive Neighborhood project has created great demand among the elderly in Israel in general and among Holocaust survivors in particular. We propose assisting every survivor in need who is interested in joining the Supportive Neighborhood framework. Assistance would consist of a monthly cash subsidy of approximately \$15 (NIS 70) per participant, who, lacking such assistance, would not join the Supportive Neighborhood framework. Projections suggest that participation in Supportive Neighborhood delays the hospitalization of the elderly in nursing homes.

Organizational Structure of the Foundation for the Benefit of Holocaust Victims in Israel

General Assembly

The General Assembly is the supreme body of the Foundation, and meets at least once a year in accordance with the Law of Associations and the Articles of Association of the Foundation. The General Assembly consists of the founding members of the Foundation and representatives of tens of organizations of Holocaust survivors in Israel. At the meetings of the General Assembly, questions of general policy are discussed; a report of ongoing activities of the Foundation is presented; the audited annual reports are presented for approval; the Board of Directors and the chairman are elected.

Board of Directors

The Board of Directors is the central administrative body of the Foundation. Its 12 members have extensive backgrounds rich in management, welfare, finance, health, law and administrative experience. Most members of the Board of Directors visit the Foundation once a week. The Board assembles formally once a month and in effect, outlines the Foundation's policy and activities.

Control Committee

Elected by the General Assembly, the Control Committee examines the annual reports of the Foundation and its activities in general. It appoints two members and a chairman who, in accordance with the Law of Associations, are independent and do not serve in any other position/forum of the Foundation.

Chairman

The chairman heads the Board of Directors and is responsible for Foundation activity and policy. The chairman is actively involved in the ongoing activities of the Foundation and is present at the Foundation on a daily basis.

Grant and Aid Committees

The Foundation has several Grant Committees whose volunteer members are Holocaust survivors in various relevant professions, including social workers, economists, lawyers, etc. Each committee consists of three members who meet on a regular weekly basis. These committees review all applications and make the final decision concerning eligibility.

Director General

The director general is responsible for carrying out the policy outlined by the Board of Directors, including responsibility for managing the budget and its implementation, employees, the various assistance programs, contacts with survivors, as well as observing the rules and regulations to which the Foundation is committed as a public body. The general director is subordinate to the chairman of the BOD.

The Departments

Nursing Hours

This department is responsible for the nursing hours provided by the Foundation and for contact with the nursing agencies and the National Insurance Institute. This department employs on a full-time basis a department director, who is an experienced social worker, a social work clerk and a part-time clerical worker who registers and processes the applications for nursing hours received by the Foundation. The nursing services are provided nationwide by nearly 300 nursing agencies.

Individual Grants

This department is responsible for the individual assistance granted by the Foundation. It employs two experts who verify the eligibility of applicants to the Foundation and who approve the procedural completeness of every application. A grants clerk is responsible for issuing the payments and coordinating the activities of members of the Grant committees. A professional engineer with considerable administrative experience heads the department.

Emergency Lifelines and Short-term Nursing Hours

These two programs come under the jurisdiction of a single department headed by a social worker who also holds a degree in business administration. The department is responsible for maintaining contact with the service providers of Emergency Lifelines and with the nursing agencies that provide emergency nursing care. The department is responsible for processing the applications for its services.

Accounting and Administration

This department is responsible for the financial management, bookkeeping and administration of the Foundation. The Foundation accountant and a bookkeeper are employed in this department and two other employees work partially under this department.

Applicant Service Center

The social worker who heads the Emergency Lifelines and Short-Term Nursing Hours department is also responsible for responding to all applications that reach the Foundation. In this department there are three telephone operators and receptionists, as well as a clerk responsible for processing the incoming applications and receiving the public. The staff members have the interpersonal skills required for dealing with complex cases and undergo training and periodic refresher courses. The telephone operators in this department speak Russian as well as Hebrew and provide backup assistance to other departments as well.

Volunteer Projects Unit

The social workers of the Foundation head this department. At present they direct volunteer projects together with the director general of the Foundation. In the future, it is planned that additional social workers will head this department.

Legal Status

The Foundation for the Benefit of Holocaust Victims in Israel is registered as non-profit organization # 58-018-570-0 and is recognized by the Israeli authorities as the authorized local agency to provide social assistance to Holocaust survivors.

In addition to the funding agencies, the Foundation is subject to the supervision and control by the following state agencies:

- The Registrar of Non-Profit Organizations
- The State Comptroller
- The tax authorities

Directory

Board of Directors

Mr. Wolf (Zeev) Factor, *Chairman*
Mr. Itzhak Artzi, (Adv.)
Mr. Noah Flug
Mr. Yakov Silberstein
Mr. Yosef Bar Yoel, (Adv.)
Mr. Moshe Haelyon
Mr. Avraham Fein
Mr. Moshe Drori
Mr. Zeev Schwartz
Mr. Shmuel Rainisch
Mr. Arye Rudich
Mr. Alfred Weiszfeiler

Control Committee

Mr. Haim Yanai, (Adv.), *Chairman*
Mr. Johnny Lamberger
Mr. Moni Sheinstein

Director General

Mr. Dubby Arbel (Adv., LLB,LLM)

Legal Advisor:

Dr. Y. Segev & Co.
Zvi Chowers & Co.

Internal Auditor:

Mr. Yigal Molad Hayo

C.P.A.:

Mr. Yaron Shamir

Computer Consultants

Gidi Barazovsky
Ilan Gafni

Office Manager

Esther Lilien

Nursing Hours

Israella Shvartzman,
Social Worker (M.S.W)
Head of Department
Dorit Davidovitch

Application Processing and Individual Grants

Mendy Gottesmann (Eng., M.A)
Head of Department

Yitzhak Huberman
Edith Sabah
Meital Kredi
Rivka Nakache

Emergency Lifelines & Short-term Nursing Hours

Guy Afari, Social Worker
Head of Department

Accounting

Binia Effie
Head of Department
Aida Iedomasky

Applicant Service Center

Vita Shulman
Nadiy Zabizian
Alla Grinshpan



Appendix B

The Foundation for the Benefit of Holocaust Victims in Israel - activity report 2003

**The Foundation for the Benefit
of Holocaust Victims in Israel**

Registered non-profit organization no. 58-018570-0

**Activity Report
2003**

Presented to the Claims Conference Oversight Committee

December 2003

Contents

- 1) In memoriam — the late Mr. Itzhak Artzi**
- 2) The Foundation for the Benefit of Holocaust Victims in Israel**
- 3) Main Characteristics of Needy Survivors in Israel**
- 4) The Economic Slump in Israel**
- 5) Criteria for Receiving Assistance from the Foundation**
- 6) Assistance Programs and Activity in 2003**
 - a. Nursing hours
 - b. Individual grants
 - c. Emergency life buttons
 - d. Short term nursing hours
 - e. 'Flower for a Survivor' — Visits by young Volunteers
 - f. Supporting Community
- 7) Unsolved Current Problems and Needs of Destitute Holocaust Survivors in Israel**
- 8) Forecast: the Needs of Holocaust survivors until 2020**
- 9) Administration (2003 figures)**
- 10) Budget figures for 2003**

1. In memoriam — the late Mr. Itzhak Artzi

At the beginning of this report, the Foundation wishes to bow its head in memory of Mr. Itzhak Artzi, one of the founders of the Foundation and its first chairman, who passed away this year.

Mr. Artzi devoted his life to the Jewish people and Holocaust survivors, and acted unceasingly and with great skill in pursuit of these aims.

Everything he did was done with love and with respect to every person, great and small alike.

May his memory be a blessing.

2. The Foundation for the Benefit of Holocaust Victims in Israel - General Information

- Holocaust survivors established the Foundation at the early 1990's in order to help needy Holocaust survivors living in Israel.
- The Foundation was registered as a non-profit making organization by the Registry of non profit organizations in Israel on Sivan 16, 5751 (May 29, 1991).
- The founders, themselves members of the Center of Organizations of Holocaust Survivors in Israel, set the goal of:

“Helping Holocaust survivors in Israel in every possible sphere, including placing them in senior citizens’ homes, providing medial and social, psychosocial and economic assistance...”

- The Foundation has public management. Its members work on a voluntary basis and represent various organizations of Holocaust survivors.

- The Foundation is audited by accountants sent by the funding organizations, the Claims Conference and the Ministry of Finance, and it is also subject to the scrutiny of the Registry of non profit organizations and the tax authorities. In each of these audits (four audits in the last two years) the Foundation was found to be operating properly, and it received a certificate of proper management from the Registry of non profit organizations. The Foundation also operates internal audit systems through an internal comptroller, an accountant and an audit committee that is elected by its general meeting.
- The Foundation has 18 employees, led by its Director General, Mr. Dubby Arbel (Adv.).
- The Foundation operates from a central office at
17 Kaplan Street, 64734 Tel-Aviv. Tel. +972-3-609-0406. Fax. +972-3-696-8294.
E-mail: dubby@survivorsfoundation.org.
- The Foundation files a written annual report once a year, with the aim of operating with full transparency, and informing the relevant parties of its activity, budget, scope of assistance provided to the needy Holocaust survivors in Israel, administrative expenses, unresolved needs and forecasts for the future.

3. Main Characteristics of those Receiving Assistance

There are approximately 270,000 Holocaust survivors living in Israel.

Most of these have succeeded in rehabilitating themselves from the terrors of the Holocaust and they lead, at least ostensibly, 'normal' lives. Some of them have even reached key positions in society, culture, science, law, economics and politics.

However, very many of them have medical and economic needs, and they are the survivors who receive assistance from the Foundation.

The following is a summary of the characteristics of these needy Holocaust survivors, according to various research works:¹

- Exceptional health problems
 - Vision problems
 - Teeth and gum problems
 - Rheumatism and back and neck problems
 - High blood pressure and heart problems
 - Breathing problems
 - Hearing problems and deafness
 - Osteoporosis²

¹ These sources include: Prof. Jacob Menzcel (Director of the Geriatric Ward at Herzog Hospital, Jerusalem, and District Geriatrician of the Maccabee Health Fund in Jerusalem), *Recommendations for the Improvement of the Health and Economic Condition of Holocaust Survivors living in Israel*; Jenny Brodsky, *Holocaust Survivors, Characteristics and Needs*, Brookdale Institute; Aya Biderman and Robert Carl, "The Holocaust Survivor Patient", *Medicine*, vol. 122; Rafael Moses, *Reflections on the Examination of Elderly Holocaust Survivors*, Israel Psychoanalysis Institute; Prof. Zehava Solomon and Dr Edward Prager, *Elderly Israeli Holocaust survivors during the Persian Gulf War: a study of psychological distress*, Tel-Aviv University, School of Social Work, vol. 8; findings from the research conducted by Professor Joseph Foldes, director of the Osteoporosis Center at the Hadassah-Hebrew University Hospital in Jerusalem, together with Jenny Brodsky and Dr. Netta Bentur, senior researchers at the JDC-Brookdale Institute. The findings were presented at the 25th Congress of the American Society for Bone and Mineral Research (ASBMR) at Minneapolis in the United States in September 2003.

² Holocaust survivors suffer from this chronic illness more prominently than the ordinary population. In findings presented to the 25th congress of the American Society for Bone and Mineral Research (ASBMR) at Minneapolis in the United States in September 2003, from research conducted by Prof. Joseph Foldes, the director of the Osteoporosis Center at the Hadassah-Hebrew University Hospital in Jerusalem, together with Jenny Brodsky and Dr. Netta Bentur, senior researchers at the JDC-Brookdale Institute, it transpires that Holocaust survivors, who during the war were under the age of 16 and therefore their bones were still in the process of development, suffer from the disease almost 10 (!) times more than the ordinary population.

- Serious emotional condition
 - Loneliness and depression³
 - Sleep disorders, bad dreams and waking at night⁴
 - Unusual emotional conditions
 - Exacerbation of the emotional condition because of the security position and the terrorist attacks that awaken the worst memories
- Poverty⁵
- Lack of a family and social support network⁶
- Malnutrition⁷
- Incapacity for day-to-day functioning⁸
- "Multi-problem" syndrome⁹

³ More than a third of survivors suffer from loneliness. More than 43% of those who were in the camps suffer from loneliness (see Brodsky, supra, footnote 1, on pages 4-5).

⁴ Approximately 50% of the survivors experience sleep disorders. Of those who were in the concentration camps, approximately 70% report waking up during the night (see Brodsky, supra, on page 5).

⁵ Many Holocaust survivors did not succeed in completing their education and worked throughout their lives in menial tasks without pension rights or the possibility of saving for their old age. Many of them subsist on National Insurance pensions, together with regular compensation (at best) or lump-sum compensation or no compensation at all (at worst).

⁶ Characterized by small families and the lack of a support network.

⁷ In part as a result of insufficient means and functioning and in part from exceptional teeth and gum problems.

⁸ A fact that also exacerbates the loneliness and social alienation and necessarily influences the emotional state.

⁹ Usually the various problems exacerbate each other. Many survivors have more than one problem.

4. The Economic Slump in Israel

The *Intifada*, as well as global and local factors, have brought about a difficult economic situation in Israel in recent years. As a result, the last three Governments have made extensive cuts, inter alia, in welfare and health budgets, including areas that directly concern Holocaust survivors, such as:

- Reduction in nursing benefits paid by the National Insurance Institute
- Toughening of the tests for entitlement to nursing assistance by the National Insurance Institute
- Reduction in old-age pension¹⁰
- Increase in the prices of medicines
- Removal of some medications from the health basket
- Cancellation of tax benefits in employing home nurses
- Reduction in budgets for day-care institutions and geriatric institutions
- Reduction in budgets for psycho-geriatric institutions
- Delay in being admitted to geriatric institutions ('code' refusal)

¹⁰ In the United States the old-age pension has been increased consistently since 1999 by approximately 2.5% per annum. In Israel, in 2003 alone it was reduced by 4%.

5. Criteria for Receiving Assistance from the Foundation

Holocaust survivors and economic situation

For all programs, only the following individuals are entitled to receive assistance,:

- They are permanent residents of the State of Israel.
- They lived under Nazi occupation during the Second World War and spent the war in ghettos, concentration camps or in hiding, in peril of their lives or in countries that were satellite states of Nazi Germany, such as Romania, France, Italy and Hungary, and they suffered from Nazi persecution. Also, anyone who fled from occupied territory: from Germany after 1933, from Austria after 1938, and from the other countries after the war and the occupation broke out until May 8, 1945.
- They are defined as needy from an economic viewpoint according to the need criteria of the Bureau for Rehabilitation of the Disabled at the Israeli Ministry of Finance (for nursing assistance, the definition of entitlement follows the National Insurance Institute's criteria for 150% nursing benefit).

6. The Foundation's Assistance Programs

The Foundation operates seven main assistance programs for Holocaust survivors:

- **Nursing hours** for survivors who are completely dependent on the assistance of others for performing daily tasks
- **Individual grants** for health needs and medical equipment
- **Emergency life buttons** for survivors living alone or survivors who suffer from a serious illness
- **Short term nursing hours** after hospitalization, beginning on the date of discharge from hospital for approximately two months
- **Exceptional assistance (Chairman's Fund)** for serious welfare cases or emergencies
- **Supportive community** (an experimental project for providing community services to survivors)
- **'Flower for a survivor'** — visits by high-school volunteers to lonely survivors in Tel-Aviv and Haifa

6a. Nursing hours

	2002	2003	2004
Description of assistance program	Providing nine nursing hours at home per week for disabled Holocaust survivors who are completely dependent upon the assistance of others for performing daily tasks		
Criteria	Holocaust survivors entitled to a 150% nursing benefit from the National Insurance Institute, who attach to their application a welfare report from the welfare authorities		
Assistance unit price	\$7.2 per hour	\$7.5 per hour	\$7.8 per hour
Number of individuals receiving assistance	5,000 survivors	6,500 survivors	8,000 survivors
Total cost of assistance ¹¹	\$16 million	\$21 million	\$25 million
Main characteristics	Eliminated the line of individuals waiting to enter the program	Increase of approximately 120 survivors per month in the program	Continued massive increase in individuals entering the program anticipated

¹¹ The cost of assistance each year is not the product of the assistance unit price multiplied by the number of individuals receiving assistance, for the following reasons:

- Not all individuals receiving the assistance "exploit" the full allowance of nursing hours available to them throughout the year (mainly because of unexpected hospitalizations).
- The number of individuals receiving assistance is correct as of December 31 of each year. The average number of survivors for the year is lower.

6b. Individual grants

	2002	2003	2004
Description of assistance program	Contribution towards funding health expenses and medical equipment, such as: dental treatment, hearing aids, medications, spectacles, heart treatments service, medical and rehabilitation equipment, traveling from treatments (dialysis and oncology)		
Criteria	Holocaust survivors whose income is less than the income of a needy person according to the criteria of the Bureau for Rehabilitation of the Disabled at the Ministry of Finance and who give the Foundation proper receipts for products or services whose funding has been allowed.		
Assistance unit price	\$380 per average grant	\$560 per average grant ¹²	\$570 per average grant
Number of individuals receiving assistance	6,000 survivors ¹³	6,500 survivors	8.800 survivors
Cost of assistance	\$2.28 million	\$3.4 million ¹⁴	\$5 million
Main characteristics	Eliminating the waiting list for receiving a grant thanks to a special grant from the Claims Conference in a sum of \$5 million	Adjusting the grant for price increases of the products in the assistance basket from NIS 2,000 to NIS 3,000	The promised budgets for this program in 2004 are insufficient

* In this aid channel, Israeli survivors are discriminated in comparison with survivors elsewhere, as they are permitted merely one grant per year and a maximum of two grants in a lifetime, while around the world an annual grant is given.

¹² In the amounts of individual grants, the following changes have occurred at the Foundation, on account of budgetary constraints and on account of price rises and an increase in needs:

Period	Maximum amount of grant
Until October 2000	NIS 3,000
From 31 October 2000 until 15 April 2001	NIS 2,500
From April 2001 until 15 August 2003	NIS 2,000
From 15 August 2003	NIS 3,000

6c. Emergency Life Buttons

	2002	2003	2004
Description of assistance program	Partial or full funding (for survivors over the age of 80) of an emergency life button which includes a service for calling a doctor, ambulance and security patrol free or for a nominal fee		
Criteria	Holocaust survivors who are in need and alone or who suffer from a serious illness		
Assistance unit price ¹⁵	\$85 per person per annum with full funding	\$88 per person per annum with full funding	\$88 per person per annum with full funding ¹⁶
Number of individuals receiving assistance	3,300 survivors	4,200 survivors	5,200 survivors
Cost of assistance	\$250 thousand	\$330 thousand	\$400 thousand
Main characteristics	due to a new tender, decrease in the assistance unit price	Improvement in the basket of services within the framework of the emergency life button	Considering adding additional essential services within the framework of the service

¹⁵ The cost of the assistance is not the product of the assistance unit price multiplied by the number of individuals receiving assistance, for the following reasons:

- Some of the individuals treated contribute towards the cost of the service at a rate of 25% of the cost of the service.
- The number of individuals receiving assistance is correct as of December 31 of each year. The average number of survivors for the year is lower.

¹⁶ According to the Foundation's contract with the supplier, the price was reduced slightly (by approximately \$0.6 per person per month) in view of the increase in the number of individuals treated. Notwithstanding, a small increase in the index and a possible addition of a "lifting" service, to lift up disabled survivors who fell in their homes set off this decrease in the price.

6d. Short Term Nursing Hours (and Chairman's Fund)

	2002	2003	2004
Description of assistance program	Providing 50 nursing hours at home during two months for Holocaust survivors who were discharged to their homes after unanticipated hospitalization		
Criteria	Holocaust survivors who received a recommendation for assistance from the treating physician at the hospital and also from the hospital's social worker before being discharged to their homes, provided that they do not receive nursing assistance from the National Insurance Institute		
Assistance unit price	\$360 per person for the whole period of the treatment	\$375 per person for the whole period of the treatment	\$395 per person for the whole period of the treatment
Number of individuals receiving assistance	1,100 survivors	2,300 survivors	3,300 survivors
Cost of assistance	\$300 thousand ¹⁷	\$720 thousand	\$1.1 million
Main characteristics	The program began in practice during 2001 and 2002 was the first year it was fully operational	A large increase in the number of individuals joining the program	The promised budgets for this program in 2004 are insufficient

In 2002-3 the Chairman's Fund provides mainly short term nursing hours which lacks special funding.

¹⁷ The cost of the assistance is not the product of the assistance unit price multiplied by the number of individuals receiving the assistance since some of the individuals receiving the assistance did not utilize all the hours that the Foundation allocated to them, for several reasons including the fact that the Foundation at first allowed the hours

to be utilized only within five weeks after being discharged from hospital. Today the Foundation allows the hours to be utilized within two months after being discharged. Even so, reasons such as death and re-hospitalization continue to result in lack of full utilization of the aid.

6e. Supporting Community

'Supporting Community'¹⁸ is in practice a package of services for the elderly who live in a specific geographic area. The services include: social activities, medical services, general and welfare assistance and a receptive ear. It appears that membership in the supporting community postpones the expected entry of the elderly into senior citizens' homes and institutionalization; beyond the feeling of security that it gives the elderly and the alleviation of loneliness.

In 2003 the Foundation carried out a pilot with the purpose of examining the suitability of the project for Holocaust survivors. In the course of the pilot, which was financed by a private anonymous donation from Switzerland, the Foundation financed part of the membership fees for 110 needy survivors in five communities in the cities of Jerusalem, Tel-Aviv, Haifa, Herzliya and Givatayim.

Figures for the pilot will only be available in February 2004, approximately one month after the pilot ends.

¹⁸ Initiated by ESHEL, the Association for Planning and Developing Services for the Elderly in Israel.

6f. Flower for a Survivor

This project was given the name "Flower for a Survivor" by a Holocaust survivor from Auschwitz, who said that the visits of the younger generation to survivors were to them literally like a flower.

The project, with the collaboration and assistance of the German Foundation "Remembrance, Responsibility and Future", was created with the purpose of providing a solution to the feeling of social and personal isolation of some Holocaust survivors. It soon transpired that the visits and the mutual relationship was of immense value also to the youths, who have the opportunity to enter, if only for a brief glimpse, the world of the giants of our generation, the survivors of the Holocaust. The meeting makes life easier for the survivors and assists them, and at the same time it gives a lesson in history, values and morality to the youth — a lesson of incomparable value.

In 2002, the Foundation began the project on an experimental basis with approximately 20 youths in the city of Tel-Aviv.

Thanks to funding from the German Foundation, in a sum of 300,000 euros for three years (which is mainly used for paying the salaries of instructors for the project), the Foundation for the Benefit of Holocaust Survivors in Israel is able to maintain this project in an organized manner in Tel-Aviv and Haifa, with more than one hundred young volunteers.

The project is operated in collaboration with the Municipal welfare authorities and education departments.

7. Unsolved Problems and Needs

Within the framework of its activity, the Foundation encounters serious problems of needy survivors that do not have a solution in any other framework. These survivors have retired 15-20 years ago, and their savings have simply finished, leaving them with no means for their basic care and needs.

Unfortunately, the current budget of the Foundation does not enable us to provide even a partial solution for many problems, including:

- An increase in the number of home nursing hours for disabled survivors who are completely dependent on the help of others (in 2001, the Foundation reduced service from ten to nine hours per week because of budgetary constraints);
- The funding of home nursing hours for spouses of Holocaust survivors in need of nursing care;
- Funding for several nursing hours for survivors who are dependent on the help of others 'only' in carrying out some of their daily tasks, who fall slightly short of the strict criteria for the '150%' nursing benefit;
- The funding of diapers for Holocaust survivors who need them;
- Making available an annual individual grant for needy survivors in Israel, in the same way as this is done for survivors in other countries round the world, and not merely one grant per year and a maximum of two grants in a lifetime;
- Installing safety and security equipment in the homes of elderly survivors;
- Contributing towards the funding of housing expenses in senior citizens' homes;

8. Forecast for the years ahead

The Foundation engaged JDC-Brookdale Institute to carry out statistical research that estimates the number of Holocaust survivors in Israel over a period of fifteen years (until 2020) as well as the need of the survivors for nursing assistance. The research is attached hereto.

A summary of the findings that arise from the report are set out below. Nonetheless, in order to receive the full picture, the report should be read in full, including the assumptions, research method and the reservations that it makes.

The Number of Survivors and their Age Groups

- At the end of 2002, there lived in Israel approximately 280,000 survivors. The number of survivors is decreasing and will reach approximately 170,000 at the end of 2010 and approximately 50,000 at the end of 2020.
- At the end of 2002, the number of survivors above the age of 65 was estimated at 260,000, and they amount to 93% of all survivors, and approximately 40% of the population over the age of 65 in Israel. In 2010 the percentage of survivors in the population over 65 will be 23%, and in 2020 it will be 5%.
- The population of survivors is getting older and therefore an increase can be expected in the number of survivors over the age of 80, which will reach a peak in the year 2008.

**Table 1: Estimated Holocaust Survivors Living in Israel, by Age Group
(in Thousands, Year End)**

**Table 1: Estimated Holocaust Survivors Living in Israel, by Age Group (in
Thousands, Year End)**

Year	Total	Age Group					
		Up to 59	60-64	65-69	70-74	75-79	80 and Over
2002	278.9	5.8	14.6	56.4	61.0	70.2	71.0
2003	265.0	3.1	14.3	49.9	52.0	72.1	73.6
2004	252.0		14.6	43.3	48.7	67.0	78.4
2005	238.6		11.6	32.4	50.5	63.9	80.1
2006	224.1		8.6	23.9	51.7	56.3	83.5
2007	210.1		6.0	14.4	52.3	52.9	84.5
2008	195.9		3.2	14.0	45.9	45.2	87.6
2009	181.3			14.1	39.5	42.2	85.4
2010	166.8			11.1	29.5	43.7	82.5
2015	98.7				10.0	24.8	63.9
2020	49.1					8.4	40.7

**The Number of Survivors Eligible for Services under the Community Long-Term
Care Insurance Law**

- At the end of 2002, approximately 45,000 survivors were eligible for services under the Community Long-Term Care Insurance Law (on all levels under the Law, and not necessarily on the most serious level of 150%). This number will decrease at the end of 2010 to approximately 37,000 survivors. It should be noted that the percentage of those eligible under the Law constitutes an increasingly large percentage of survivors, since the population of Holocaust survivors is becoming older.
- The estimate of those eligible for the 150% benefit reaches a peak in 2004 and is approximately 11,000. This number will decrease only gradually, and in 2010 it will reach approximately 10,000 Holocaust survivors. In 2020 approximately four thousand individuals will be entitled to the 150% benefit. [According to the patterns for the current use of the Foundation's services, not all of the group that is eligible receive a service, for various reasons, such as: the Foundation's

requirement to receive a welfare report from the welfare authorities for each applicant — a requirement that constitutes a psychological barrier for many of the survivors; the degree to which the survivors are acquainted with the Foundation, etc.].

- It can be seen that the peak activity of the Foundation from the viewpoint of providing nursing assistance for those eligible for the 150% benefit will continue in the years 2003 to 2010, and after that it will decrease, but it will still be needed, even in the year 2020, for almost four thousand Holocaust survivors.

Table 2: Estimated Number of Holocaust Survivors Eligible for Services under the Community Long-term Care Insurance Law (in Thousands, Year End)

Holocaust Survivors			
Year	Total Living in the Community	Eligible for Services under the Law	Percentage Eligible for Services under the Law
2002	265.1	44.5	16.8
2003	250.9	44.4	17.7
2004	237.3	44.3	18.6
2005	223.7	43.8	19.6
2006	208.9	43.2	20.7
2007	195.0	42.4	21.7
2008	180.6	41.2	22.8
2009	166.5	39.3	23.6
2010	152.5	37.3	24.5
2015	88.2	25.4	28.8
2020	42.7	14.4	33.1

Figure 3: Estimated Holocaust Survivors Eligible for the Enlarged (150%) Benefit under the Community Long-term Care Law (in Thousands, Year End)

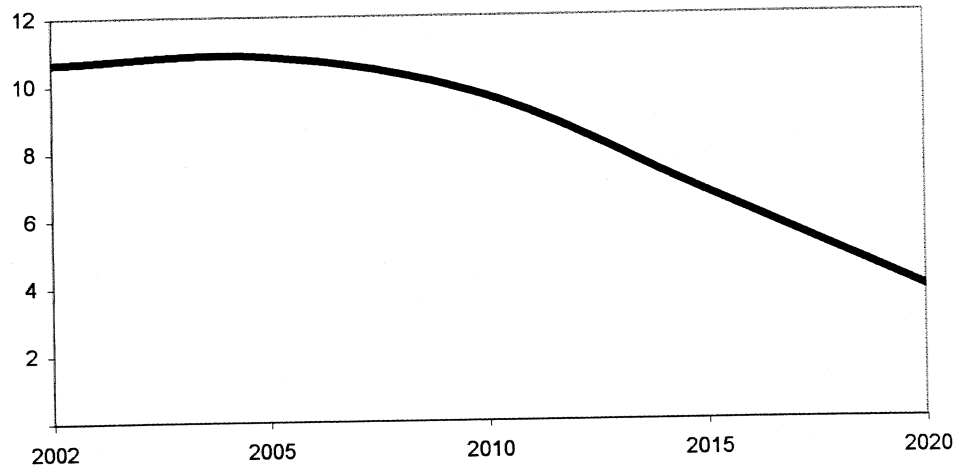


Table 3: Estimated Holocaust Survivors Eligible for the Increased (150%) Benefit under the Community Long-term Care Law (in Thousands, Year End)

Year	Holocaust Survivors		
	Total Living in the Community	Eligible for 150% Benefit	Percentage Eligible for 150% Benefit
2002	265.1	10.6	4.0
2003	250.9	10.7	4.3
2004	237.3	10.8	4.6
2005	223.7	10.8	4.8
2006	208.9	10.8	5.2
2007	195.0	10.6	5.5
2008	180.6	10.5	5.8
2009	166.5	10.1	6.0
2010	152.5	9.6	6.3
2015	88.2	6.7	7.6
2020	42.7	3.9	9.1

9. Administration (2003 figures)

- Number of applications to the Foundation
 - The Foundations handles more than 35,000 written applications a year
 - The Foundations responds to approximately 60,000 telephone enquiries a year
 - The Foundation provides a service to approximately 4,000 Holocaust survivors and their families who come each year to the Foundation's offices to receive assistance
- The applications to the Foundation are made in many languages, including Hebrew, Russian, Yiddish, Polish, Romanian, etc..
- The Foundation has 18 employees, of which 13 are full-time employees and five are part-time. In addition, approximately 150 individuals volunteer for various activities connected with the work of the Foundation, including members of the Board and public committees and youths who visit Holocaust survivors.
- In June 2003, the Foundation began to work on new computer software developed for it by Malam Systems Ltd, with the aim of improving control, data input and protection and work efficiency.
- The administration budget of the Foundation is expected to reach approximately \$900,000 in 2003, which constitutes approximately 3.5% of the total budget.

10. Budget for 2003

Budget for 2003						
Item	Claims Conference	Swiss Banks settlement	ICHEIC	WJRO	Ministry of Finance	Total
Nursing hours	\$16,000,000	\$0	\$0	\$0	\$0	\$16,000,000
Individual grants	\$1,250,000	\$0	\$0	\$0	\$102,000	\$1,352,000
Short term nursing hours	\$0	\$0	\$0	\$0	\$300,000	\$300,000
Emergency life buttons	\$500,000	\$0	\$0	\$0	\$0	\$500,000
Chairman's Fund	\$100,000	\$0	\$0	\$0	\$0	\$100,000
Administration	\$900,000	\$0	\$0	\$0	\$20,000	\$920,000
Total	\$18,750,000	\$0	\$0	\$0	\$422,000	\$19,172,000
Special / one-time grants available in 2003						
Item	Claims Conference	Swiss Banks settlement	ICHEIC	WJRO	Ministry of Finance	Total
Nursing hours	\$0	\$0	\$3,824,000	\$1,489,000	\$0	\$5,313,000
Individual grants	\$0	\$4,549,000	\$0	\$0	\$0	\$4,549,000
Short term nursing hours	\$0	\$0	\$206,000	\$0	\$0	\$206,000
Emergency life buttons	\$0	\$0	\$0	\$0	\$0	\$0
Chairman's Fund	\$0	\$0	\$0	\$0	\$0	\$0
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$4,549,000	\$4,030,000	\$1,489,000	\$0	\$10,068,000

Appendix C

**The Foundation for the Benefit of
Holocaust Victims in Israel -Financial
statements As of December 31, 2002**

Foundation for the Benefit of Holocaust
Victims in Israel

Financial Statements
As of December 31, 2002

Foundation for the Benefit of Holocaust Victims in Israel

Table of Contents:

	<u>Page</u>
1. Auditors' Report	2
2. Balance Sheets	3
3. Statement of Changes in Net Assets	4
4. Statement of Activities	5
5. Statement of Cash Flows	6
6. Notes to the Financial Statement	7-15

30 King George str.
P.O.B. 2358
Jerusalem

Tel 02-6232696 טל
Fax 02-6234025 פקס
EMAIL: yaronsham@barak.net.il דוא"ל

רח' המלך ג'ורג' 30
ת.ד. 2358
ירושלים

**AUDITORS' REPORT FOR THE MEMBERS OF THE FOUNDATION FOR
THE BENEFIT OF HOLOCAUST VICTIMS IN ISRAEL**

We have audited the accompanying balance sheets of the Foundation for the Benefit of Holocaust Victims in Israel (hereinafter "the Foundation") as of December 31, 2002 and 2001 and the related statements of operations, changes in net assets, and cash flows for each of the two years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2002 and 2001, and the results of its operations, the changes in its net assets and its cash flows for each of the two years then ended, in conformity with generally accepted accounting principles - this on the basis of nominal values.

The financial statements referred to above are prepared in nominal values. Information as to the effect of the changes in the general purchasing power of the Israeli currency on the financial statements, in accordance with pronouncements of the Institute of Certified Public Accountants in Israel, is not presented in the financial statements.

Yaron Shamir & Co.
Certified Public Accountants

Audit date : July 16, 2003
Typing date: January 13, 2004

Foundation for the Benefit of Holocaust Victims in Israel

Balance Sheets

	Note	<u>December 31</u>			Note	<u>December 31</u>	
		<u>2002</u>	<u>2001</u>			<u>2002</u>	<u>2001</u>
		<u>NIS</u>	<u>NIS</u>			<u>NIS</u>	<u>NIS</u>
<u>Current Assets</u>							
Cash and cash equivalents	3	2,949,435	2,966,527	Accounts payable - Assistance for Holocaust victims	6	18,215,027	20,993,428
Allowances receivable	4	17,511,125	19,377,010	Checks payable	7	710,192	185,808
		<u>20,460,560</u>	<u>22,343,537</u>	Authorities for payroll & employees		139,075	104,582
				Other Accounts Payable	8	616,324	116,222
				Accrued vacation pay		157,018	122,312
				Short term credit from bank		<u>6,609</u>	<u>-</u>
						<u>19,844,245</u>	<u>21,522,352</u>
<u>Fixed Assets</u>							
	5	<u>1,029,384</u>	<u>226,051</u>	<u>Long Term Liabilities</u>			
				Net reserve for severance pay	9	<u>-</u>	<u>-</u>
<u>Net Assets</u>							
Temporarily restricted net assets used for activities						616,315	821,185
						<u>1,029,384</u>	<u>226,051</u>
Unrestricted net assets used for fixed assets						<u>1,645,699</u>	<u>1,047,236</u>
						<u>21,489,944</u>	<u>22,569,588</u>

The accompanying notes constitute an integral part of the financial statements

Chairman - Mr. Zeev Factor

Board Member

The Foundation for the Benefit of Holocaust Victims in Israel
Statement of Changes in Net Assets
For the year ended December 31, 2002

	Temporarily Restricted To use Net Assets Used for Activities	Unrestricted Net Assets Used for Fixed Assets	Total
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Balance as of January 1, 2001	<u>978,874</u>	<u>196,304</u>	<u>1,175,178</u>
<u>Additions during the year</u>			
Yearly deficit	<u>(127,942)</u>	<u>-</u>	<u>(127,942)</u>
<u>Deductions during the year</u>			
Transferring sums used for fixed assets from the temporarily restricted category into the unrestricted category	<u>(78,999)</u>	<u>78,999</u>	<u>-</u>
Transferring sums for covering depreciation expenses	<u>49,252</u> <u>(29,747)</u>	<u>(49,252)</u> <u>29,747</u>	<u>-</u> <u>-</u>
Balance as of December 31, 2001	<u>821,185</u>	<u>226,051</u>	<u>1,047,236</u>
<u>Additions during the year</u>			
Yearly net income	<u>598,463</u>	<u>-</u>	<u>598,463</u>
<u>Deductions during the year</u>			
Transferring sums used for fixed assets from the temporarily restricted category into the unrestricted category	<u>(866,991)</u>	<u>866,991</u>	<u>-</u>
Transferring sums for covering depreciation expenses	<u>63,658</u> <u>(803,333)</u>	<u>(63,658)</u> <u>803,333</u>	<u>-</u> <u>-</u>
Balance as of December 31, 2002	<u><u>616,315</u></u>	<u><u>1,029,384</u></u>	<u><u>1,645,699</u></u>

The Foundation for the Benefit of Holocaust Victims in Israel
Statements of Activities

		<u>For the Year Ended December 31</u>	
	<u>Note</u>	<u>2002</u>	<u>2001</u>
		<u>NIS</u>	<u>NIS</u>
Allowances & other income	10	112,087,363	69,564,552
Assistance for Holocaust victims	11	<u>108,025,132</u>	<u>66,556,419</u>
Net income from direct activities		<u>4,062,231</u>	<u>3,008,133</u>
<u>Administrative and General Expenses:</u>			
Salaries		2,072,088	1,718,242
Professional fees		410,256	456,166
Communication, office and maintenance expenses		416,086	342,912
Rent		356,251	314,014
Computerization		89,308	259,289
Reimbursement to board members		89,001	93,071
Bank commissions		45,151	15,772
Depreciation		<u>63,658</u>	<u>49,252</u>
		<u>3,541,799</u>	<u>3,248,718</u>
Advertising and public relations		<u>77,480</u>	<u>75,902</u>
Net income (deficit) before financial income		442,952	(316,487)
Net financial income		<u>155,511</u>	<u>188,545</u>
Net income (deficit) for the year		<u><u>598,463</u></u>	<u><u>(127,942)</u></u>

The Foundation for the Benefit of Holocaust Victims in Israel
Statement of Cash Flows

	For the Year Ended December 31	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
<u>Cash Flow from Operating Activities</u>		
Net income (deficit) for the year	598,463	(127,942)
Adjustments to reconcile net income (deficit) to net cash provided by operating activities:		
Depreciation	63,658	49,252
Decrease in net reserve for severance pay	-	(10,346)
Increase in accrued vacation pay	34,706	40,075
Decrease (increase) in allowances receivable	1,865,885	(3,149,382)
Increase (decrease) in accounts payable - assistance for holocaust victims	(2,778,401)	4,564,548
Increase (decrease) in checks payable	524,384	(5,455,932)
Increase (decrease) in authorities for payroll & employees	34,493	(5,035)
Increase (decrease) in other accounts payable	500,102	(311,742)
	<u>244,827</u>	<u>(4,278,562)</u>
Net cash provided by operating activities	<u>843,290</u>	<u>(4,406,504)</u>
<u>Cash Flow from Investing Activities</u>		
Investment in software	(805,895)	-
Acquisition of fixed assets	(61,096)	(78,999)
Net cash used in investing activities	<u>(866,991)</u>	<u>(78,999)</u>
<u>Cash Flow from Financing Activities</u>		
Increase in short term credit from bank	6,609	-
Net cash provided by financing activities	<u>6,609</u>	<u>-</u>
Decrease in cash and cash equivalents	(17,092)	(4,485,503)
Cash and cash equivalents at the beginning of the year	<u>2,966,527</u>	<u>7,452,030</u>
Cash and cash equivalents at the end of the year	<u>2,949,435</u>	<u>2,966,527</u>

The Foundation for the Benefit of Holocaust Victims in Israel
Notes to the Financial Statements
For the Year Ended December 31, 2001

Note 1 - General

1. The Foundation for the Benefit of Holocaust Victims in Israel (hereinafter "The Foundation") has been active since January 1994. Its main purpose is to provide needy Holocaust victims mainly with medical and nursing assistance on an individual basis.
2. In an effort to generate another source of revenue the Foundation has managed to obtain recognition from the Israel Tax Authorities under Section 46 of the IRS Legislation. Thus, a donation to the Foundation will credit the donor with a tax refund.
3. The major funding sources of the Foundation are:
 - a. The Conference on Jewish Material Claims Against Germany (hereinafter "The Claims Conference")
 - b. The Foundation of the Swissee Bank Settlement (herein after "The Looted Assets")
 - c. State of Israel Ministry of Finance
 - d. The Inheritance Fund of the Ministry of Finance

Note 2 - Accounting Policies

1. **General**

The Foundation maintains its accounts in New Israeli Shekels (NIS). The financial statements are in nominal value based on these accounts. According to the accounting standards in non-profitable organizations, these financial statements are disclosed on an accrual basis.

Solely for the convenience of the reader, the financial reports have been translated into United States dollars using the representative exchange rate as published by the Bank of Israel for December 31, 2002 (1\$ = 4.787 NIS). See Note 13.

2. **Fixed Assets**

Fixed assets are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets.

The software in which the Foundation is investing is still being developed and was not operational at the date of the financial statements. The software is disclosed in the financial statements on the basis of costs accumulated until operation and is not depreciated.

3. Net Reserve for Severance Pay

The liability for severance pay is covered by employees' insurance policies.

4. Net Assets

The Funding Agencies (see note 10) have restricted the purpose of the allocated funds, budgeting each activity separately. These funds are the Foundation's only sources of revenue. Thus, all the Foundation's net assets are temporarily restricted to these activities.

Note 3 - Cash and Cash Equivalents

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
Short-term bank deposits	2,297,761	2,703,469
Cash in bank	<u>651,674</u>	<u>263,058</u>
	<u>2,949,435</u>	<u>2,966,527</u>

Note 4 - Allowances Receivable

The sums were received by the Foundation in the year 2003.

Note 5 - Fixed Assets

	<u>Software</u>	<u>Office</u>	<u>Total</u>
	<u>NIS</u>	<u>Equipment</u>	<u>NIS</u>
Cost as of December 31, 2001	-	398,326	398,326
Additions	<u>805,894</u>	<u>61,096</u>	<u>866,990</u>
	<u>805,894</u>	<u>459,422</u>	<u>1,265,316</u>
Accumulated depreciation as of			
December 31, 2001	-	172,274	172,274
Yearly depreciation	<u>-</u>	<u>63,658</u>	<u>63,658</u>
	<u>-</u>	<u>235,932</u>	<u>235,932</u>
Net book value as of			
December 31, 2002	<u>805,894</u>	<u>223,490</u>	<u>1,029,384</u>

Office equipment is depreciated at the rate of 6%-33%.
The software became operational in June, 2003. Therefore it will be depreciated from then onwards.

Note 6 - Accounts Payable - Assistance for Holocaust Victims

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
Nursing hours agencies	14,882,531	14,059,271
Holocaust victims - grants payable	3,027,650	6,447,808
Life-line service suppliers	299,806	471,653
Recovery and health service suppliers	<u>5,040</u>	<u>14,696</u>
	<u>18,215,027</u>	<u>20,993,428</u>

Note 7 - Checks Payable

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
Holocaust victims – for grants	593,794	95,109
Suppliers and service providers	97,566	72,933
Others	<u>18,832</u>	<u>17,766</u>
	<u>710,192</u>	<u>185,808</u>

Note 8 - Other Accounts Payable

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
M.L.M. Systems Ltd. (the software developer)	510,948	-
Service providers	<u>105,376</u>	<u>116,222</u>
	<u>616,324</u>	<u>116,222</u>

Note 9 - Reserve for Severance Pay

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
Reserve for severance pay	335,764	253,397
Fund for employees' insurance policies	<u>335,764</u>	<u>253,397</u>

Note 10 – Allowances and other income

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
The Claims conference	107,425,288	67,584,552
The Ministry of Finance	1,999,000	1,980,000
The Foundation of the Swiss Bank Settlement (Looted assets)	1,913,814	-
 The Inheritance Fund of the Ministry of Finance	500,000	-
Donation	161,490	-
The Center of Organizations of Holocaust Survivors in Israel	55,116	-
Others	<u>32,655</u>	<u>-</u>
	<u>112,087,363</u>	<u>69,564,552</u>

Note 11 - Assistance for Holocaust Victims

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>NIS</u>	<u>NIS</u>
<u>From the Claims Conference Funds</u>		
Nursing hours payments	71,846,743	52,626,498
Grants to Holocaust victims	30,286,961	10,315,980
Emergency life-line installments and maintenance	<u>800,834</u>	<u>1,365,103</u>
	<u>102,934,538</u>	<u>64,307,581</u>
 <u>From the Ministry of Finance Funds</u>		
Nursing hours payments	1,704,965	751,381
Grants to Holocaust victims	<u>1,471,815</u>	<u>1,497,457</u>
	<u>3,176,780</u>	<u>2,248,838</u>
 <u>Others</u>		
Grants to Holocaust victims from the Foundation of the Swiss Bank Settlement (Looted Assets)	<u>1,913,814</u>	<u>-</u>
	<u>108,025,132</u>	<u>66,556,419</u>

The Foundation provides assistance according to a set of criteria that were published and are well-known throughout Israel.

Moreover, the Foundation relies on criteria that were set by national agencies.

Main assistance areas in which the Foundation operates are:

Nursing hours – The Foundation provides needy Holocaust survivors 9 weekly nursing hours, in addition to the hours which they are entitled to from the state authorities according to law.

During 2002 the Foundation assisted approximately 5,000 holocaust survivors in this area.

Personal grants – This is another area in which the Foundation assists needy holocaust survivors.

Its purpose is to cover medical expenses that are not covered by the State according to law, such as dental treatment, glasses, medication ,etc.

During 2002 The Foundation allocated approximately 19,000 individual grants to needy survivors (average of 1,800 NIS per grant).

Emergency lifeline alert systems - The Foundation provides installment and maintenance of emergency lifelines for Holocaust survivors who require emergency assistance.

During 2002 the Foundation assisted approximately 3,500 survivors in this regard.

Nursing hours - Short term nursing – Holocaust survivors whose functioning is temporarily limited after hospitalizations or operations and who are not entitled to assistance by law, are given nursing hours by the Foundation.

This assistance is limited to the period of time during which the survivor is unable to function on his own.

During 2002 the Foundation assisted 1,080 survivors in this area.

Note 12 –Events after the Balance sheet Date

In the year 2002 the Foundation began a process of outsourcing. Towards this end the Foundation entered an engagement with "M.L.M Systems Ltd."

This process aims to outsource the computerized processing of the assistance applications, while decision-making processes regarding these applications will be maintained within the Foundation.

The accumulated cost, which was invested in the software at the date of the financial statements, was 806,000 NIS. In June 2003 the system became operational.

Note 13 - Convenience Translation of Financial Statements

Balance Sheets

	<u>December 31</u>	
	<u>2002</u>	<u>2001</u>
	\$	\$
<u>Current Assets</u>		
Cash and cash equivalents	616,134	619,705
Allowances receivable	3,658,058	4,047,840
	<u>4,274,192</u>	<u>4,667,545</u>
<u>Current Liabilities</u>		
Accounts payable - Assistance for Holocaust victims	3,805,103	4,385,508
Checks payable	148,358	38,815
Authorities for payroll & employees	29,053	21,847
Other Accounts Payable	128,750	24,279
Accrued vacation pay	32,801	25,551
Short term credit from bank	<u>1,380</u>	<u>-</u>
	<u>4,145,445</u>	<u>4,496,000</u>
<u>Fixed Assets</u>		
	<u>215,037</u>	<u>47,222</u>
	<u>-</u>	<u>-</u>
<u>Net Assets</u>		
Temporarily restricted net assets used for activities	128,747	171,545
Unrestricted net assets used for fixed assets	<u>215,037</u>	<u>47,222</u>
	<u>343,784</u>	<u>218,767</u>
	<u>4,489,229</u>	<u>4,714,767</u>

Statements of Changes in Net Assets

	Temporarily Restricted To use Net Assets Used for Activities	Unrestricted Net Assets Used for Fixed Assets	Total
	\$	\$	\$
Balance as of January 1, 2001	<u>204,485</u>	<u>41,008</u>	<u>245,493</u>
<u>Additions during the year</u>			
Yearly deficit	<u>(26,726)</u>	<u>-</u>	<u>(26,726)</u>
<u>Deductions during the year</u>			
Transferring sums used for fixed assets from the temporarily restricted category into the unrestricted category	(16,503)	16,503	-
Transferring sums into temporary unrestricted category for covering depreciation expenses	<u>10,289</u> <u>(6,214)</u>	<u>(10,289)</u> <u>6,214</u>	<u>-</u> <u>-</u>
Balance as of December 31, 2001	<u>171,545</u>	<u>47,222</u>	<u>218,767</u>
<u>Additions during the year</u>			
Yearly net income	<u>125,017</u>	<u>-</u>	<u>125,017</u>
<u>Deductions during the year</u>			
Transferring sums used for fixed assets from the temporarily restricted category into the unrestricted category	(181,113)	181,113	-
Transferring sums into temporary unrestricted category for covering depreciation expenses	<u>13,298</u> <u>(167,815)</u>	<u>(13,298)</u> <u>167,815</u>	<u>-</u> <u>-</u>
Balance as of December 31, 2002	<u><u>128,747</u></u>	<u><u>215,037</u></u>	<u><u>343,784</u></u>

Statements of Activities

For the Year Ended December 31

	<u>2002</u>	<u>2001</u>
	<u>\$</u>	<u>\$</u>
Allowances & other income	23,414,948	14,531,972
Assistance for Holocaust victims	<u>22,566,352</u>	<u>13,903,576</u>
Net income from direct activities	<u>848,596</u>	<u>628,396</u>
<u>Administrative and General Expenses:</u>		
Salaries	432,857	358,939
Professional fees	85,702	95,293
Communication, office and maintenance expenses	86,920	71,634
Rent	74,421	65,597
Computerization	18,656	54,165
Reimbursement to board members	18,592	19,442
Bank commissions	9,432	3,294
Depreciation	<u>13,298</u>	<u>10,289</u>
	<u>739,878</u>	<u>678,653</u>
Advertising and public relations	<u>16,186</u>	<u>15,856</u>
Net income (deficit) before financial income	<u>92,532</u>	<u>(66,113)</u>
Net financial income	<u>32,485</u>	<u>39,387</u>
Net income (deficit) for the year	<u><u>125,017</u></u>	<u><u>(26,726)</u></u>

Statements of Cash Flows

	<u>For the Year Ended December 31</u>	
	<u>2002</u>	<u>2001</u>
	<u>\$</u>	<u>\$</u>
<u>Cash Flow from Operating Activities</u>		
Net income (deficit) for the year	<u>125,017</u>	<u>(26,726)</u>
Adjustments to reconcile net income (deficit) to net cash provided by operating activities:		
Depreciation	13,298	10,289
Decrease in net reserve for severance pay	-	(2,161)
Increase in accrued vacation pay	7,250	8,372
Decrease (increase) in allowances receivable	389,782	(657,903)
Increase (decrease) in accounts payable - assistance for holocaust victims	(580,405)	953,530
Increase (decrease) in checks payable	109,543	(1,139,739)
Increase (decrease) in authorities for Payroll & employees	7,206	(1,052)
Increase (decrease) in other accounts Payable	<u>104,471</u>	<u>(65,123)</u>
	<u>51,145</u>	<u>(893,787)</u>
Net cash provided by operating activities	<u>176,162</u>	<u>(920,513)</u>
<u>Cash Flows from Investing Activities</u>		
Investment in software	(168,351)	-
Acquisition of fixed assets	<u>(12,763)</u>	<u>(16,503)</u>
Net cash used in investing activities	<u>(181,114)</u>	<u>(16,503)</u>
<u>Cash Flow from Financing Activities</u>		
Increase in short term credit from bank	<u>1,381</u>	<u>-</u>
Net cash provided by financing activities	<u>1,381</u>	<u>-</u>
Decrease in cash and cash equivalents	(3,571)	(937,016)
Cash and cash equivalents at the beginning of the year	<u>619,705</u>	<u>1,556,721</u>
Cash and cash equivalents at the end of the year	<u>616,134</u>	<u>619,705</u>