

Carmei Ha'ir (Registered Association)

Financial Statements as of December 31 2014

Carmei Ha'ir (Registered Association)
Financial Report as of December 31 2014

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Auditors' Report to the members of Carmei Ha'ir (Registered Association)

We have audited the accompanying balance sheets of Carmei Ha'ir (Registered Association) (hereinafter: "the Organization") as of December 31 2014, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the executive committee and the management of the organization. Our responsibility is to express an opinion on these financial statements based on our audits.

The financial statements as of December 31, 2013 and for the year then ended audited by other auditor whose report from December 25, 2014 included a qualified Opinion due to income and expenses in money equivalent.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed under the Israeli 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 board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The financial statements are presented in nominal values and not in "Reported Amounts" as defined in the Standard No. 12 of the Israel Accounting Standards Board and as required by the provisions of the said standard.

In our opinion, except for the said in the paragraph above, the financial statements present fairly, in all material respects, the financial position of the association as of December 31 2014, and the results of its operations, changes in net assets and cash flows for the year then ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Without qualifying our abovementioned opinion, we draw attention to the fact that this opinion replaces our opinion from December 13, 2015. After the signing date of our previous opinion, the financial statements were amended, and include data on the income received after the end of the tax year.

Modi'in Ilit
December 22 2015


Certified Public Accountants (Isr.)


Balance Sheet

	Note	As at December 31	
		2014	2013
		New Sheqels	New Sheqels
Curret Assets			
Cash and cash equivalents		71,271	573,387
Post-dated checks	3	240,756	653,182
Accounts receivable and other receivables	4	2,528,649	2,038,837
		<u>2,840,676</u>	<u>3,265,406</u>
Fixed Assets, net	5	8,866,516	4,020,677
		<u>11,707,192</u>	<u>7,286,083</u>
Current liabilities			
Loans	6	5,000,000	* 3,638,775
Suppliers and check payables	7	1,440,623	768,850
Other payables	8	784,163	* 539,554
		<u>7,224,786</u>	<u>4,947,179</u>
Long-term liabilities			
Severance pay liability, net	9	53,171	31,861
Unrestricted Net Assets:			
For use in operations (Accumulated deficit from operations)		562,720	(1,713,633)
Used for fixed assets		3,866,515	4,020,676
		<u>4,429,235</u>	<u>2,307,043</u>
		<u>11,707,192</u>	<u>7,286,083</u>


* Restated

The accompanying notes are an integral part of these financial statements.

December 22 2015
Date of approval of
financial statements



Shmuel Gabai
Committee
member



Yehuda
Azrad
Committee
member

Statement of activities

Carnei Ha'ir (Registered Association)

		Year ended December 31	
		2014	2013
		<u>New Sheqels</u>	<u>New Sheqels</u>
Income	10	8,417,198	7,353,380
Cost of Activities	11	5,113,359	6,022,473
Operating income, net		3,303,839	1,330,907
General and administrative expenses	12	920,315	956,398
Net incomes before financing		2,383,524	374,509
Financing expenses, net		261,332	484,382
Net income (expenses) for the year		<u>2,122,192</u>	<u>(109,873)</u>

The accompanying notes are an integral part of these financial statements.

	<u>Unrestricted net assets</u>		
	<u>For use in operations (Accumulated deficit from operations)</u>	<u>Used for fixed assets</u>	<u>Total</u>
	<u>New Sheqels</u>	<u>New Sheqels</u>	<u>New Sheqels</u>
Balance as of January 1 2013	(1,025,476)	3,442,392	2,416,916
Net expenses for the year	(109,873)	-	(109,873)
Transfer of amounts used for fixed assets	(786,638)	786,638	-
Amounts transferred to cover depreciation	208,354	(208,354)	-
	<u>(688,157)</u>	<u>578,284</u>	<u>(109,873)</u>
	<u>(1,713,633)</u>	<u>4,020,676</u>	<u>2,307,043</u>
Net income for the year	2,122,192	-	2,122,192
Transfer of amounts used for fixed assets	(5,159,640)	5,159,640	-
Amounts transferred to cover depreciation	313,801	(313,801)	-
Amounts transferred to finance the purchase of fixed assets	5,000,000	(5,000,000)	-
	<u>2,276,353</u>	<u>(154,161)</u>	<u>2,122,192</u>
	<u>562,720</u>	<u>3,866,515</u>	<u>4,429,235</u>

The accompanying notes are an integral part of these financial statements.

<u>(*)</u>	<u>31.12.2014</u>
	<u>new sheqels</u>
Used for fixed assets	3,866,515
Long -Term loans	5,000,000
Fixed assets	<u>8,866,515</u>

Statement of Cash Flows

Carnei Ha'ir (Registered Association)

	Year ended December 31	
	2014	2013
	New Sheqels	New Sheqels
Cash Flows from Operating Activities		
Net income (expenses) for the year	2,122,192	(109,873)
Adjustments to reconcile net cash flow from operating activities - Appendix A	1,174,107	(2,656,951)
Net cash provided by (used for) operating activities	3,296,299	(2,766,824)
Cash Flows from Investing Activities		
Purchase of fixed assets	(5,159,640)	(786,639)
Net cash used in investment activities	(5,159,640)	(786,639)
Cash flows from Financing Activities:		
Receipt of loans	1,361,225	3,638,775
Net cash provided by financing activities	1,361,225	3,638,775
Increase (Decrease) in cash	(502,116)	85,312
Cash at the beginning of the year	573,387	488,075
Cash and cash equivalents at end of year	71,271	573,387

The accompanying notes are an integral part of these financial statements.

Adjustments to reconcile net cash flow from operating activities - Appendix A

	Year ended December 31	
	2014	2013
	New Sheqels	New Sheqels
Income and expenses not constituting cash flows:		
Depreciation	313,801	208,354
Increase (Decrease) in liabilities for employee termination benefits, net	21,310	(6,051)
	335,111	202,303
Changes in assets and liabilities:		
increase in accounts receivable and other receivables	(489,812)	(1,655,894)
Decrease in Post-dated checks	412,426	653,858
Increase (Decrease) in suppliers and	671,773	(560,963)
Increase (Decrease) in other payables	244,609	(1,296,255)
	838,996	(2,859,254)
	1,174,107	(2,656,951)

The accompanying notes are an integral part of these financial statements.

Note 1 - General

- A. Carmei Ha'ir (Registered Association) (hereinafter the "Society") is registered as a Society ("Amuta") under the Law of Societies and its identification number is 580326247.
- B. The main goals of the Society, as stated in its Society article, are: Running soup kitchens, distribution of baskets and assistance to needy families and charity.
- C. The Society is a "Public institution" as defined in the Income Tax Ordinance and is, therefore, exempt from income tax.

In addition, the Society is also recognized by the Income tax authority for purposes of receiving donations under article no. 46 of the income tax ordinance.

- D. In 2013 the association activate schools, soup kitchens and Passover provision as part of a temporary dismantling of the "Vision of Isaiah institutions (RA)" association and transfer its operations temporarily to the association.

The Association ceased its operations in July, 2013.

Note 2 - Significant Accounting Policies

The following significant accounting policies were applied in the presentation of the financial statements:

A. Measurement basis of the financial statements:**General:**

- (a) The financial statements are prepared in accordance with the provisions of Opinion No. 69 of the Institute of Certified Public Accountants in Israel and Standard No. 5 of the Israel Accounting Standards Board, which revised Opinion No. 69. These two pronouncements apply to non-profit organizations.
- (b) The balance sheets published post January 1, 2004 were based on nominal values and not adjusted values as required by Standard 12 due to the immaterial effect of application of the Standard on the financial statement.

B. Fixed assets:

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is calculated according to the straight-line method at annual rates considered adequate to depreciate the assets over their estimated useful lives.

Note 2 - Significant Accounting Policies (Cont.)**C. Use of estimates in preparing the financial statements:**

Preparation of financial statements in accordance with generally accepted accounting principles requires that management use estimates and assessments that affect the amounts of assets and liabilities presented in the financial statements, the disclosure regarding contingent assets and contingent liabilities as of the balance sheet dates, and amounts of revenue and expenses during the reported periods. Actual results may differ from such estimates.

D. Activity in money equivalent:

Consumables assets and goods that received without consideration and have a substantial monetary value have substantial financial value compared to the scope of the association activities, and its fair value can be estimate in a reasonable confidence level, recorded in both revenue and equipment in the statement of activities.

Note 3 - Post-dated checks

	As at December 31	
	2014	2013
	New Sheqels	New Sheqels
Credit cards	193,835	587,682
Post-dated checks	46,921	65,500
	<u>240,756</u>	<u>653,182</u>

Note 4 - Accounts receivable and other receivables

	As at December 31	
	2014	2013
	New Sheqels	New Sheqels
Advances to suppliers	2,863	25,145
Receivables	1,029,531	613,157
Prepaid expenses	-	2,680
Deposit with clearance company	366,900	268,500
Mosdot Chazon Yesha'aya (Registered Association)	967,210	967,210
Others	162,145	162,145
	<u>2,528,649</u>	<u>2,038,837</u>

Notes to the Financial Statements

Note 5 - Fixed Assets, net

	<u>Land and buildings</u>	<u>Motor vehicles</u>	<u>Furniture & equipment</u>	<u>Renovation in leasehold</u>	<u>Total</u>
	<u>New Sheqels</u>	<u>New Sheqels</u>	<u>New Sheqels</u>	<u>New Sheqels</u>	<u>New Sheqels</u>
Cost					
Balance as at January 1 2014	3,859,857	236,023	627,873	87,727	4,811,480
Additions during the year	5,059,578	-	87,537	12,525	5,159,640
As of December 31 2014	<u>8,919,435</u>	<u>236,023</u>	<u>715,410</u>	<u>100,252</u>	<u>9,971,120</u>
Accumulated Depreciation					
Balance as at January 1 2014	257,869	129,909	395,336	40,630	823,744
Additions during the year	210,958	35,403	58,138	9,302	313,801
As of December 31 2014	<u>468,827</u>	<u>165,312</u>	<u>453,474</u>	<u>49,932</u>	<u>1,137,545</u>
	<u>8,450,608</u>	<u>70,711</u>	<u>261,936</u>	<u>50,320</u>	<u>8,833,575</u>
Basic Inventory	-	-	-	-	32,941
Fixed Assets, Net as at December 31 2014	<u>8,450,608</u>	<u>70,711</u>	<u>261,936</u>	<u>50,320</u>	<u>8,866,516</u>
Fixed Assets, Net as at December 31 2013	<u>3,601,988</u>	<u>106,114</u>	<u>232,537</u>	<u>47,097</u>	<u>4,020,677</u>

Note 6 - Loans

		<u>As at December 31</u>	
		<u>2014</u>	<u>2013</u>
		<u>New Sheqels</u>	<u>New Sheqels</u>
Linked loan *	12%	5,000,000	-
Linked loan	5%	-	* 3,638,775
		<u>5,000,000</u>	<u>3,638,775</u>

* See Note 13.

* Restated

Note 7 - Suppliers and check payables

		<u>As at December 31</u>	
		<u>2014</u>	<u>2013</u>
		<u>New Sheqels</u>	<u>New Sheqels</u>
In open accounts		1,440,623	754,850
Check payables		-	14,000
		<u>1,440,623</u>	<u>768,850</u>

Notes to the Financial Statements

Note 8 - Other payables

	As at December 31	
	2014	2013
	New Sheqels	New Sheqels
Accrued expenses	17,550	204,200
Institutions	52,658	13,566
Employee	164,430	37,231
Related parties *	549,525	* 284,557
	<u>784,163</u>	<u>539,554</u>

* See Note 14.

* Restated

Note 9 - Severance pay liability, net

The employee benefits liability fully cover the liabilities of the association as of the balance sheet date and is calculated based on the last salary of the employees and they work period less amounts that earned in insurance policies and personal provident funds .

Note 10 - Income

	Year ended December 31	
	2014	2013
	New Sheqels	New Sheqels
Ministry of Welfare	392,798	319,358
Jerusalem Municipality	13,000	10,500
Claims Conference	575,830	562,487
Keren L'yedidut	469,133	85,292
Contributions received in Israel	2,085,328	3,334,453
Contributions received from abroad	3,404,344	1,428,095
Donations in money equivalent	1,454,623	1,613,195
Other income	22,142	-
	<u>8,417,198</u>	<u>7,353,380</u>

Note 11 - Cost of Activities

	Year ended December 31	
	2014	2013
	New Sheqels	New Sheqels
Salaries and related expenses	300,878	134,823
Operation of a soup kitchen		
Food	1,381,441	1,900,126
Electricity and Gas	23,943	31,018
Water and municipal taxes	14,268	14,655
Maintenance and cleaning	86,031	77,251
Transport and deliveries	1,028	2,515
Communication	2,685	2,399
The value of IPS employees volunteer	477,197	398,126
	<u>1,986,593</u>	<u>2,426,090</u>
Distribution Center		
Passover contribution	2,241,196	701,294
Rent and maintenance	-	37,275
Vehicle maintenance, including depreciation	91,743	179,881
	<u>2,332,939</u>	<u>918,450</u>
Hazon Yesha'aya		
Salaries and related expenses	-	146,670
Schools	-	644,708
Soup kitchens	-	885,729
Passover contribution	-	539,359
	<u>-</u>	<u>2,216,466</u>
Support for the needy	188,046	94,133
Noam project	-	36,000
Other related expenses		
Depriciation	269,095	115,449
Synagogue maintenance	28,508	71,102
Civil service management fees	7,300	9,960
	<u>304,903</u>	<u>196,511</u>
	<u>5,113,359</u>	<u>6,022,473</u>

Note 12 - General and administrative expenses

	Year ended December 31	
	2014	2013
	New Sheqels	New Sheqels
Salaries and related expenses	173,109	174,573
Fundraising	401,176	343,732
Computer Maintenance	38,338	16,682
Office, advertising and printing	20,583	27,978
Professional services	77,534	276,221
Communication	128,729	62,153
Rent and maintenance	51,813	39,265
Insurance	6,402	1,248
Taxes and fees	13,328	5,297
Depriciation	9,303	8,703
Fines	-	546
	<u>920,315</u>	<u>956,398</u>

Note 13 - Liens

A lien on the associations' assets to secure its obligation in the amount of the loan received from "Liaz Trade and Investments Ltd." This lien is lying on a property owned by the association in Agrippas 72 street, Jerusalem.

Note 14 - Related parties

In the reporting year , the association received loans without interest and linkage from a Committee member. The total commitment of the association as of December 31, 2014 is 550 thousand NIS. Also the member of the Committee provided a personal guarantee to secure the repayments of the Associations' liabilities.

