

**LAMERHAV**

**FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2015**

**LAMERHAV**  
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**AS OF DECEMBER 31, 2015**

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**LAMERHAV**  
**BALANCE SHEETS**

	<u>Note</u>	<u>As of December 31</u>	
		<u>2 0 1 5</u>	<u>2 0 1 4</u>
<u>In New Israeli Shekels</u>			
<b><u>Current assets:</u></b>			
Cash and cash equivalents		434,022	363,179
Donation to receive		400,000	490,000
Accounts receivable	3	241,616	150,579
		<u>1,075,638</u>	<u>1,003,758</u>
<b><u>Long-term Deposits</u></b>		<u>15,541</u>	<u>27,506</u>
<b><u>Fixed assets</u></b>	4	<u>63,229</u>	<u>79,652</u>
<b><u>Total Assets</u></b>		<b><u>1,154,408</u></b>	<b><u>1,110,916</u></b>
<b><u>Current liabilities</u></b>			
Accounts payable	5	1,000,616	1,006,680
<b><u>Long term liabilities:</u></b>			
Liability for employee rights upon retirement	6	--	--
<b><u>Net assets:</u></b>			
<b><u>Net assets without restriction:</u></b>			
Net income from operations		90,563	24,589
Net assets invested in fixed assets		63,229	79,647
		<u>153,792</u>	<u>104,236</u>
<b><u>Net assets subject to temporary restriction</u></b>		--	--
<b><u>Net assets subject to permanent restriction</u></b>		--	--
<b><u>Total net assets</u></b>		<u>153,792</u>	<u>104,236</u>
		<b><u>1,154,408</u></b>	<b><u>1,110,916</u></b>

June 20, 2016

\_\_\_\_\_  
Avraham Gevva  
Member of the Board of Directors

\_\_\_\_\_  
Shula Moses  
Chairman of the Board of Directors

\_\_\_\_\_  
Date of approval of  
financial statements

The accompanying notes form an integral part of the financial statements.

**LAMERHAV**  
**STATEMENTS OF ACTIVITIES**

	<u>Note</u>	<u>Year ended December 31</u>	
		<u>2 0 1 5</u>	<u>2 0 1 4</u>
		<u>In New Israeli Shekels</u>	
<b><u>Income</u></b>			
Unrestricted donations	7	9,136,914	10,441,000
		-----	-----
<b><u>Cost of activities</u></b>			
"Lamerhav" Program	8	7,452,740	7,633,191
Youngsters forum		130,596	42,055
Other allocations	10	347	1,576,948
		<u>7,583,683</u>	<u>9,252,194</u>
Marketing and fundraising		313,621	161,804
General and administration	11	1,190,243	1,154,301
		<u>9,087,547</u>	<u>10,568,299</u>
Net income Before financial Expenses		49,367	(127,299)
Financial Income, Net		189	2,819
Net Income		<u><b>49,556</b></u>	<u><b>(124,480)</b></u>

The accompanying notes form an integral part of the financial statements.

**LAMERHAV**

**STATEMENTS OF CHANGES IN NET ASSETS**

	<u>Without restriction</u>		<u>Subject to temporary restriction</u>	<u>Subject to permanent restriction</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Invested In Fixed Assets</u>			
<u>In New Israeli Shekels</u>					
<b>Balance as of January 1, 2014</b>					
<b>Changes during the year:</b>	<b>114,758</b>	<b>113,958</b>	---	---	<b>228,716</b>
Net income for the year	(124,480)				(124,480)
Designated by management	---	---	---	---	---
Invested In Fixed assets	(14,213)	14,213	---	---	---
Amounts released For					
Depreciation	48,524	(48,524)	---	---	---
<b>Balance as of December 31, 2014</b>	<b>24,589</b>	<b>79,647</b>	---	---	<b>104,236</b>
<b>Changes during the year:</b>					
Net income for the year	49,556				49,556
Designated by management	---	---	---	---	---
Invested In Fixed assets	(22,554)	22,554	---	---	---
Amounts released For					
Depreciation	38,972	(38,972)	---	---	---
<b>Balance as of December 31, 2015</b>	<b>90,563</b>	<b>63,229</b>			<b>153,792</b>

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

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

#### NOTE 1 - GENERAL

- 1.1 LAMERHAV (hereinafter "Lamerhav") was established in March 4, 2000 by Shula and Zeev Moses. The organization is registered under the Israeli law as a non-profit organization no. 580354538.
- 1.2 Lamerhav is recognized under the Israeli Income Tax Ordinance (New Version) as a "public organization" and as a "not-for-profit organization" under the Value Added Tax Law – 1975. Donations to Lamerhav entitle the contributor to tax credits.
- 1.3 Lamerhav's primary goals are to act, initiate, organize and promote activities regarding culture, education and any other area that is a public service.
- 1.4 Use of estimates  
The preparation of financial statements, in conformity with generally accepted accounting principles, requires the Lamerhav's Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and to disclose contingent assets and liabilities as of the date of the financial statements and the date of the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

#### NOTE 2 – SIGNIFICANT REPORTING AND ACCOUNTING POLICIES

- 2.1 These financial statements have been prepared in conformity with generally accepted accounting principles for non-profit organizations, on the basis of the historical cost conventions.
- 2.2 The financial statements have been prepared on the accrual basis.
- 2.3 Lamerhav's accounting records are maintained in New Israeli Shekels.
- 2.4 Cash and cash equivalents  
Cash equivalents are defined as bank deposits, for which the period to maturity at the date of deposit did not exceed three months.
- 2.5 Property and equipment, net  
As of January 1, 2007, Lamerhav applies Accounting Standard No. 27 "Property plant and equipment," and Accounting Standard No. 28 "Amendment of the transitional orders in Accounting Standard No. 27 "Property plant and equipment".  
  
Cost method – an item is presented at net book value, less accumulated impairment losses.  
  
Any property, plant or equipment with a meaningful cost in relation to the item's total cost should be depreciated separately. Moreover, the depreciation method used will be reviewed at least once, at year-end and, if any significant change has taken place in the estimated consumption of future economic benefits inherent in the asset, the method should be

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

#### NOTE 2 – SIGNIFICANT REPORTING AND ACCOUNTING POLICIES (cont.)

modified to reflect such changes. This change will be treated as a change in an accounting estimate.

Depreciation is calculated using the straight-line method at rates considered adequate to depreciate the assets over their estimated useful lives. Amortization of leasehold improvements is computed over the term of the lease, including any option period, where Lamerhav intends to exercise such an option, or over the useful life of the assets, whichever is the shorter.

<u>Property and equipment, net</u> (Cont.)	<u>%</u>
Buildings and apartments	2
Internet website	33
Computers and related equipment	33
Office furniture and equipment	10-15
Motor vehicles	15

Profit or loss due to the sale or abandonment of an asset is determined by the difference between the proceeds from the sale and the net book value of the asset, and is attributed to the statement of operations.

#### **2.6**     Net assets

Net assets are divided into three categories according to the restrictions in the use thereof. The first two categories relate to net assets for which a permanent or temporary restriction in use is imposed by donors, and the third category relates to net assets that are not restricted in use by donors. In the third category, distinction is made between net assets that are not restricted in use, and those that are designated for special purposes by Management (hereinafter – net assets designated by Lamerhav).

#### **2.7**     Income from donations

Incomes from donations are recognized on the basis of actual receipts from donors. Promised donations are recorded on an accrual basis.

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

#### NOTE 3 - ACCOUNTS RECEIVABLE

	<u>As of December 31</u>	
	<u>2 0 1 5</u>	<u>2 0 1 4</u>
	<u>In New Israeli Shekels</u>	
Prepayment to suppliers	21,354	10,000
Receivable Donations	--	39,000
Employees	194,710	72,570
Prepaid expenses	10,052	9,217
Other	15,500	19,792
	<u>241,616</u>	<u>150,579</u>

#### NOTE 4 - FIXED ASSETS

	<u>Buildings renovation</u>	<u>Software, Computers and related equipment</u>	<u>Office furniture and equipment</u>	<u>Total</u>
	<u>In New Israeli Shekels</u>			
<b>Cost</b>				
As of January 1, 2015	49,594	255,514	122,625	427,733
Additions	---	22,549	---	22,549
Disposals	---	---	---	---
As of December 31, 2015	<u>49,594</u>	<u>278,063</u>	<u>122,625</u>	<u>450,282</u>
<b>Accumulated depreciation</b>				
As of January 1, 2015	35,763	221,482	90,835	348,080
Additions	4,332	27,349	7,291	38,972
Disposals	---	---	---	---
As of December 31, 2015	<u>40,095</u>	<u>248,831</u>	<u>98,126</u>	<u>387,052</u>
<b>Net Book Value</b>				
As of December 31, 2015	<u>9,499</u>	<u>29,232</u>	<u>24,499</u>	<u>63,230</u>
As of December 31, 2014	<u>13,831</u>	<u>34,032</u>	<u>31,790</u>	<u>79,653</u>



## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

#### NOTE 5 - ACCOUNTS PAYABLE

	<u>As of December 31</u>	
	<u>2 0 1 5</u>	<u>2 0 1 4</u>
	<u>In New Israeli Shekels</u>	
Provision for Tax liabilities	35,082	35,082
Deductions from salaries and others	70,644	174,691
Provision for holiday pay	252,008	227,745
Employees and emissaries	237,138	296,160
Suppliers and service providers	265,848	153,265
Prepaid Donation	120,000	--
Other	19,896	119,737
	<u>1,000,616</u>	<u>1,006,680</u>

#### NOTE 6 - LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT

Under Israeli law, the Lamerhav is required to make severance payments to dismissed employees and to employees leaving employment in certain other circumstances, on the basis of the latest monthly salary for each year of service.

This liability is funded by payments of premiums to insurance companies under approved severance plans. The accrued severance pay in these financial statements represents the Company's obligation, net, which is fully covered by these plans.

#### NOTE 7 - UNRESTRICTED DONATIONS

	<u>Year ended December 31</u>	
	<u>2 0 1 5</u>	<u>2 0 1 4</u>
	<u>In New Israeli Shekels</u>	
Moses Wolfovich Fund	7,450,000	9,590,000
Gandir Fund	175,000	95,000
Buksenbaum Netta Fund	150,000	--
Havazelet Educational Institutions	60,000	--
Teleall	--	600,000
Avi Na'or	38,140	--
Ronit Kam	--	39,000
Yahel for students Lion Rekanati Fund	35,000	37,500
Ziontours	25,000	20,000
IDB	--	15,000
The Israeli Spirit – Arie Yehuda	45,000	20,000
Galkor Fund	189,852	--
The Harry and Jenette Weinberg Foundation	844,022	--
Fred Isaac	68,405	--
UIA JFC FCJA Montreal	46,995	--
Other	12,500	24,500
	<u>9,136,914</u>	<u>10,441,000</u>

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

#### NOTE 8 – LAMERHAV PROGRAM

	<u>Year ended December 31</u>	
	<u>2 0 1 5</u>	<u>2 0 1 4</u>
	<u>In New Israeli Shekels</u>	
Salaries and related expenses	3,905,240	4,463,453
Seminars for Participants in the program	496,372	453,361
Operating Expenses (see note 9)	1,249,712	1,161,187
Support and assistance to program participants	1,473,725	1,226,533
Professional training for employees	286,590	286,280
Other	41,101	42,377
	<u>7,452,740</u>	<u>7,633,191</u>

#### NOTE 9 – OPERATING EXPENSES

Lamerhav house Hod Hashron	863,087	831,483
Lamerhav house Afulla	110,069	115,127
Lamerhav house Beer Sheva	276,556	214,577
	<u>1,249,712</u>	<u>1,161,187</u>

#### NOTE 10 – OTHER ALLOCATIONS

Scholarships in the name of Marilla Wolfovitch	347	254,948
Dror Eshbal Education	---	---
Shitim Institute	---	409,000
The Olim Camps	---	333,000
Yeladim Besiqui	---	100,000
Tikun	---	210,000
Halutz Program	---	200,000
Institute for Democratic Education	---	---
Kibutzim Seminar	---	60,000
Kibutz Naaran	---	---
Knafim shel Krembo	---	---
Other	---	10,000
	<u>347</u>	<u>1,576,948</u>

**LAMERHAV**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015**

**NOTE 11 – GENERAL AND ADMINISTRATION**

	<b>Year ended December 31</b>	
	<b>2 0 1 5</b>	<b>2 0 1 4</b>
	<b><u>In New Israeli Shekels</u></b>	
Salaries and related expenses	711,000	708,522
Professional services	14,897	12,440
Repairs and maintenance	73,217	65,530
Travel	2,179	2,049
Car expenses	153,062	118,275
Taxes and fees	22,538	---
Depreciation	38,972	48,524
Gifts	36,316	37,170
Communication	56,440	83,287
Office	54,769	54,695
Other	26,853	23,809
	<b><u>1,190,243</u></b>	<b><u>1,154,301</u></b>