

LAMERHAV
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016

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FINANCIAL STATEMENTS
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Shapira , Steinberg – Certified Public Accountant (Isr.)

Ofer Shapira - c.p.a

Motty Steinberg - c.p.a

Sarah Isenberg - c.p.a

Eyal Shapira - c.p.a

**Auditors' Report to the Board of Directors of
LAMERHAV – funded by the Mozes Wolfovich fund (ע"ר).**

We have audited the accompanying balance sheet of LAMERHAV – funded by the Mozes Wolfovich fund, a nonprofit organization. (the organization) as of December 31, 2016 and 2015 and the related statements of activities for the year then ended. These financial statements are the responsibility of the organization's Board of Directors and Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

Case statements as required by the Opinion no. 51 of the Institute of Certified Public Accountants in Israel weren't prepared.

In our opinion, other than that mentioned above, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as at December 31, 2016 and 2015 and the results of its activities, for each year then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Shapira-Steinberg
Certified Public Accountants (Isr.)

שפירא שטיינברג
רואי חשבון
כנסי נשרים 13 ירושלים
9546425
טל: 02-6514151, פקס: 02-4817707

June 19, 2017

LAMERHAV

BALANCE SHEETS

		As of December 31	
		2016	2015
	Note	In New Israeli Shekels	
<u>Current assets:</u>			
Cash and cash equivalents		547,597	434,022
Donation to receive		135,000	400,000
Accounts receivable	3	84,522	241,616
		<u>767,119</u>	<u>1,075,638</u>
<u>Long-term Deposits</u>			
		<u>55,585</u>	<u>15,541</u>
<u>Fixed assets</u>			
	4	<u>35,166</u>	<u>63,229</u>
<u>Total Assets</u>			
		<u>857,870</u>	<u>1,154,408</u>
<u>Current liabilities</u>			
Accounts payable	5	857,093	1,000,616
<u>Long term liabilities:</u>			
Liability for employee rights upon retirement	6	--	--
<u>Net assets:</u>			
<u>Net assets without restriction:</u>			
Net income from operations		(34,835)	90,563
Net assets invested in fixed assets		35,166	63,229
		<u>331</u>	<u>153,792</u>
Net assets subject to temporary restriction		446	--
Net assets subject to permanent restriction		<u>--</u>	<u>--</u>
Total net assets			
		<u>777</u>	<u>153,792</u>
		<u>857,870</u>	<u>1,154,408</u>

Avraham Gevva
Member of the Board of Directors

Shula Moses
Chairman of the Board of Directors

June 19, 2017

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>2016</u>	<u>2015</u>
		<u>In New Israeli Shekels</u>	
<u>Income</u>			
Unrestricted donations	7	9,302,463	9,136,914
<hr/>			
<u>Cost of activities</u>			
"Lamerhav" Program	8	7,409,160	7,452,740
Youngsters forum		206,571	130,596
Other allocations		-	347
		<hr/>	<hr/>
		7,615,731	7,583,683
Marketing and fundraising		464,641	313,621
General and administration	10	1,375,817	1,190,243
		<hr/>	<hr/>
		9,456,189	9,087,547
<hr/>			
Net income (Deficit) Before financial Expenses		(153,726)	49,367
Financial Income, Net		265	189
Net Income		<hr/>	<hr/>
		153,461	49,556

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>Unrestrict ed</u>	<u>Invested In Fixed Assets</u>			
<u>In New Israeli Shekels</u>					
Balance as of January 1, 2015	24,589	79,647	---	---	104,236
Changes during the year:					
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)	---	---	---
Balance as of December 31, 2015	90,563	63,229			153,792
Changes during the year:					
Net income(deficit) for the year	(153,461)				(153,461)
Designated by donor	---	---	248,770	---	248,770
Invested subject to restriction	---	---	(248,324)	---	(248,324)
Invested In Fixed assets	(116)	116	---	---	---
Amounts released For					
Depreciation	28,179	(28,179)	---	---	---
Balance as of December 31, 2016	(34,835)	35,166	446	---	777

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

LAMERHAV

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

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, 2016

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

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

2.7 In-Kind Donations

In-Kind Donations are recorded as of 2016 and recognized on the basis of the actual value of the donation.

Assets and the use of them that were donated recorded at their market value.

Volunteers' work was recorded at the minimum wage value.

LAMERHAV

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

NOTE 3 - ACCOUNTS RECEIVABLE

	As of December 31	
	2016	2015
	In New Israeli Shekels	
Prepayment to suppliers	22,000	21,354
Receivable Donations	1,890	--
Employees	44,826	194,710
Prepaid expenses	--	10,052
Other	15,806	15,500
	84,522	241,616

NOTE 4 - FIXED ASSETS

	Buildings renovation	Software, Computers and related equipment	Office furniture and equipment	Total
	In New Israeli Shekels			
Cost				
As of January 1, 2016	49,594	278,063	122,625	450,282
Additions	---	111	5	116
Disposals	---	---	---	---
As of December 31, 2016	49,594	278,174	122,630	450,398
Accumulated depreciation				
As of January 1, 2016	40,095	248,831	98,126	387,052
Additions	3,934	17,365	6,880	28,179
Disposals	---	---	---	---
As of December 31, 2016	44,026	266,196	104,999	415,222
Net Book Value				
As of December 31, 2016	5,568	11,978	17,630	35,176
As of December 31, 2015	9,499	29,232	24,499	63,230

LAMERHAV

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

NOTE 5 - ACCOUNTS PAYABLE

	<u>As of December 31</u>	
	<u>2 0 1 6</u>	<u>2 0 1 5</u>
	<u>In New Israeli Shekels</u>	
Provision for Tax liabilities	35,082	35,082
Deductions from salaries and others	138,809	70,644
Provision for holiday pay	180,617	252,008
Employees and emissaries	209,747	237,138
Suppliers and service providers	255,561	265,848
Prepaid Donation	--	120,000
Other	37,277	19,896
	<u>857,093</u>	<u>1,000,616</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 6</u>	<u>2 0 1 5</u>
	<u>In New Israeli Shekels</u>	
Moses Wolfovich Fundation	7,240,000	7,450,000
Gandyr Fund	226,018	175,000
Buksenbaum Netta Fund	--	150,000
Havazelet Educational Institutions	--	60,000
Zvi Ackerstein Fundation	500,000	--
Avi Na'or	--	38,140
Individual (Anonymous)	100,000	--
Erez Family	200,000	--
Yahel Fundation	37,500	35,000
Ziontours	--	25,000
IDB	12,000	--
The Spirit of Israel – Lion of Yehuda	50,000	45,000
Itzhak Ziso	30,000	--
Glencore Fundation	230,513	189,852
The Harry and Jenette Weinberg Fundation	--	844,022
Fred Isaacs	74,079	68,405
UIA JFC FCJA Montreal	43,692	43,995
Forum participants (participation)	48,700	11,000
Other	56,242	1,500
In-kind Donations	453,718	--
	<u>9,302,463</u>	<u>9,136,914</u>

LAMERHAV

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

NOTE 8 – LAMERHAV PROGRAM

	<u>Year ended December 31</u>	
	<u>2 0 1 6</u>	<u>2 0 1 5</u>
	<u>In New Israeli Shekels</u>	
Salaries and related expenses	3,855,430	3,905,240
Seminars for Participants in the program	428,441	496,372
Operating Expenses (see note 9)	1,710,350	1,249,712
Support and assistance to program participants	1,111,405	1,473,725
Professional training for employees	245,863	286,590
Other	57,671	41,101
	<u>7,409,160</u>	<u>7,452,740</u>

NOTE 9 – OPERATING EXPENSES

Lamerhav house Hod Hashron	1,057,911	863,087
Lamerhav house Afulla	129,007	110,069
Lamerhav house Beer Sheva	523,432	276,556
	<u>1,710,350</u>	<u>1,249,712</u>

NOTE 10 – GENERAL AND ADMINISTRATION

	<u>Year ended December 31</u>	
	<u>2 0 1 6</u>	<u>2 0 1 5</u>
	<u>In New Israeli Shekels</u>	
Salaries and related expenses	932,018	711,000
Professional services	19,658	14,897
Repairs and maintenance	52,210	73,217
Travel	1,912	2,179
Car expenses	169,078	153,062
Taxes and fees	23,559	22,538
Depreciation	28,179	38,972
Gifts	18,411	36,316
Communication	45,683	56,440
Office	38,339	54,769
Other	46,770	26,853
	<u>1,375,817</u>	<u>1,190,243</u>