

LAMERHAV

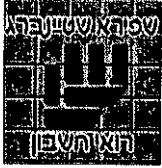
FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017

LAMERHAV
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

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Shapira , Steinberg – Certified Public Accountant (Isr.)

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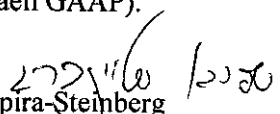
Auditors' Report to the Board of Directors of LAMERHAV – funded by the Mozes Wolfovich fund (ר"ע).

We have audited the accompanying balance sheet of LAMERHAV – funded by the Mozes Wolfovich fund, a nonprofit organization. (the organization) as of December 31, 2017 and 2016 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, 2017 and 2016 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.)

June 19, 2018

LAMERHAV
BALANCE SHEETS

	<u>Note</u>	<u>As of December 31</u>	
		<u>2017</u>	<u>2016</u>
		<u>In New Israeli Shekels</u>	
<u>Current assets:</u>			
Cash and cash equivalents		1,701,001	547,597
Donation to receive		910,782	135,000
Accounts receivable	3	320,906	84,522
		<u>2,932,689</u>	<u>767,119</u>
<u>Long-term Deposits</u>			
		<u>55,585</u>	<u>55,585</u>
<u>Fixed assets</u>			
	4	<u>379,534</u>	<u>283,489</u>
<u>Total Assets</u>			
		<u>3,367,808</u>	<u>1,106,193</u>
<u>Current liabilities</u>			
Accounts payable	5	1,406,883	857,093
<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		322,414	(34,835)
Net assets invested in fixed assets		379,529	283,485
		<u>331</u>	<u>331</u>
Net assets subject to temporary restriction		1,258,982	446
Net assets subject to permanent restriction		<u>--</u>	<u>--</u>
Total net assets		<u>1,960,925</u>	<u>249,100</u>
		<u>3,367,808</u>	<u>1,106,193</u>



Avraham Gevva
Member of the Board of Directors



Shula Moges
Chairman of the Board of Directors

June 19, 2018

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 7</u>	<u>2 0 1 6</u>
		<u>In New Israeli Shekels</u>	
<u>Income</u>			
Unrestricted donations	7	7,909,899	9,302,463
		-----	-----
<u>Cost of activities</u>			
"Lamerhav" Program	8	4,268,712	7,409,160
Developing and Research		587,195	-
WTI – Working Together Ignition		762,217	-
Youngsters forum		284,635	206,571
Other allocations		25,000	-
		<u>5,927,759</u>	<u>7,615,731</u>
Call Center		42,140	-
Marketing and fundraising		455,411	464,641
General and administration	9	1,117,412	1,375,817
		<u>7,542,722</u>	<u>9,456,189</u>
Net income (Deficit) Before financial Expenses		367,177	(153,726)
Financial Income, Net		3,240	265
Expenses regarding previous years		(52,489)	-
Net Income		<u>317,928</u>	<u>153,461</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>Unrestrict ed</u>	<u>Invested In Fixed Assets</u>			
<u>In New Israeli Shekels</u>					
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)	283,485	446	---	249,100
Changes during the year:					
Net income(deficit) for the year	317,928				317,928
Designated by donor	---	---	2,433,253	---	2,433,253
Invested subject to restriction	---	135,361	(135,361)	---	---
Doneted subject to restriction			(1,039,356)		(1,039,356)
Invested In Fixed assets	(11,998)	11,998	---	---	---
Amounts released For Depreciation	51,315	(51,315)	---	---	---
Balance as of December 31, 2017	322,410	379,529	1,258,982	---	1,960,925

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

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

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, 2017

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 (Cont.)</u>	<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.

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

NOTE 3 - ACCOUNTS RECEIVABLE

	As of December 31	
	2017	2016
	In New Israeli Shekels	
Prepayment to suppliers	275,000	22,000
Receivable Donations	--	1,890
Employees	--	44,826
Prepaid expenses	--	--
Other	45,906	15,806
	320,906	84,522

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, 2017	297,917	278,160	122,630	450,398
Additions	135,362	3,613	8,385	147,360
Disposals	---	---	---	---
As of December 31, 2017	433,279	281,773	131,015	846,067
Accumulated depreciation				
As of January 1, 2017	44,027	266,196	104,995	415,218
Additions	34,554	10,656	6,105	51,315
Disposals	---	---	---	---
As of December 31, 2017	78,581	276,852	111,100	466,533
Net Book Value				
As of December 31, 2017	354,698	4,921	19,915	379,534
As of December 31, 2016	253,890	11,964	17,635	283,489

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

NOTE 5 - ACCOUNTS PAYABLE

	<u>As of December 31</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	<u>In New Israeli Shekels</u>	
Provision for Tax liabilities	35,082	35,082
Deductions from salaries and others	91,915	138,809
Provision for holiday pay	105,500	180,617
Employees and emissaries	170,471	209,747
Suppliers and service providers	276,211	255,561
Prepaid Donation	365,876	--
Expenses to pay	356,489	
Other	5,339	37,277
	<u>1,406,883</u>	<u>857,093</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.

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

NOTE 7 – (Unrestricted & restricted) DONATIONS

	<u>Year ended December 31</u>	
	<u>2017</u>	<u>2016</u>
	<u>In New Israeli Shekels</u>	
Mozes Wolfowitz Foundation	5,214,384	7,240,000
Gandyr Fund	645,000	226,018
Caraso Foundation	200,000	--
Havazelet Educational Institutions	60,000	--
Ackerstein Foundation	500,000	500,000
Bank Leumi	125,000	--
Individual (Anonymous)	100,000	100,000
Erez Family	450,000	200,000
Yahel Foundation	37,500	37,500
Zion Family	20,000	10,000
The Spirit of Israel – Lion of Yehuda	50,000	50,000
Itzhak Ziso	30,000	30,000
Glencore Society for Education and Welfare	213,541	230,513
Arison Foundation	117,058	--
The Frederick J. Isaacs Fund	74,581	74,079
Charles H. Revson foundation	383,795	--
UIA JFC FCJA Montreal	--	43,692
The Rosalinde and Arthur Gilbert Foundation	149,684	--
Diane & Guilford Glazer Philanthropies	41,768	--
Rogoff Foundation	28,691	34,184
Forum participants (participation)	40,000	48,700
Other	81,631	24,059
In-kind Donations	522,597	453,718
	<u>9,085,230</u>	<u>9,302,463</u>

NOTE 8 – LAMERHAV PROGRAM

	<u>Year ended December 31</u>	
	<u>2017</u>	<u>2016</u>
	<u>In New Israeli Shekels</u>	
Lamerhav house Hod Hashron	2,600,895	4,390,730
Lamerhav house Afula	551,922	1,271,115
Lamerhav house Beer Sheva	1,115,895	1,747,315
	<u>4,268,712</u>	<u>7,409,160</u>

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NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

NOTE 9 – GENERAL AND ADMINISTRATION

	Year ended December 31	
	2 0 1 7	2 0 1 6
	<u>In New Israeli Shekels</u>	
Salaries and related expenses	745,156	932,018
Professional services	58,319	19,658
Repairs and maintenance	64,259	52,210
Travel	--	1,912
Car expenses	116,343	169,078
Taxes and fees	8,575	23,559
Depreciation	51,315	28,179
Gifts	2,400	18,411
Communication	10,555	45,683
Office	19,445	38,339
Other	41,045	46,770
	<u>1,117,412</u>	<u>1,375,817</u>