

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Financial Statements

as at December 31, 2015

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

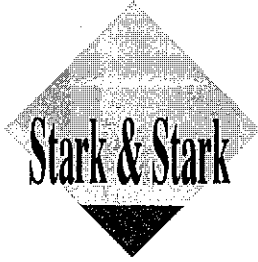
Financial Statements

as at December 31, 2015

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Auditors' Report to the Members

of

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

We have audited the accompanying balance sheets of E.S.R.A. English Speaking Residents Association (Reg.N.P.O) (hereinafter - the "Amutah") as at December 31, 2015 and 2014 and the related statements of activities and changes in net assets, for each of the years then ended. These financial statements are the responsibility of the committee and its management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Israeli Auditors' Regulations (Auditor's Mode of Performance), 1973. Those 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 the committee and management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above financial statements present fairly for nonprofit organizations in all material respects, the financial position of the Amutah as at December 31, 2015 and 2014 and the results of its activities and changes in net assets, for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Stark & Stark
Certified Public Accountants (Israel)


Ra'anana, June 07, 2016

E.S.R.A English Speaking Residents Association (Reg.N.P.O)

Balance Sheet As At December 31, 2015

	<u>Note</u>	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
<u>Current Assets</u>			
Cash and Cash equivalents	3	357,047	806,298
Short-term deposits at the Bank - Local Currency		-	6,160
Securities	4	5,240,984	4,318,839
Accounts receivable	5	328,380	329,245
Inventory		518	18,101
		<u>5,926,929</u>	<u>5,478,643</u>
<u>Fixed Assets</u>			
	6	78,383	63,207
		<u>6,005,312</u>	<u>5,541,850</u>
<u>Current Liabilities</u>			
Notes payable and suppliers		511,701	524,880
Accounts payable	7	628,611	529,536
		<u>1,140,312</u>	<u>1,054,416</u>
<u>Provision For Severance Pay</u>	8	281,554	298,488
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
For activities		534,720	670,445
For fixed assets		78,383	63,207
		<u>613,103</u>	<u>733,652</u>
Temporarily Restricted Net Assets	9	2,762,379	2,247,330
Permanently Restricted Net Assets	10	1,207,964	1,207,964
Total Net Assets		<u>4,583,446</u>	<u>4,188,946</u>
		<u>6,005,312</u>	<u>5,541,850</u>


Baruch Tanaman
Executive Member


Roger Lavender
Finance Committee Chairperson

The notes to the financial statements are an integral part thereof.

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Statement of Activities

For The Year Ended December 31, 2015

	<u>Note</u>	<u>2015</u> <u>NIS</u>	<u>2014</u> <u>NIS</u>
<u>Income</u>			
Donations		49,581	49,399
Transferred from restricted net assets		2,485,352	2,229,960
Volunteers contribution to activities	11	1,973,905	2,052,362
Membership fees		296,903	268,199
Rentals		21,450	25,900
Income from events, social and cultural activities		<u>2,098,701</u>	<u>2,255,069</u>
		<u>6,925,892</u>	<u>6,880,889</u>
<u>Cost of Activities – Projects</u>			
Assistance to new immigrants, needy etc.		1,825,695	1,716,815
Events, social and cultural activities		1,340,232	1,283,341
Value of volunteers to activities	11	1,973,905	2,052,362
Salaries and related expense		<u>1,113,023</u>	<u>1,178,561</u>
		<u>6,252,855</u>	<u>6,231,079</u>
<u>Net Income From Activities</u>		<u>673,037</u>	<u>649,810</u>
<u>General and Administrative Expenses</u>			
Salaries and related expenses		595,812	570,268
General expenses		217,574	230,953
Depreciation		16,613	17,465
Credit card fees and bank charges		<u>59,111</u>	<u>31,859</u>
		<u>889,110</u>	<u>850,545</u>
Net expenses before financing		<u>(216,073)</u>	<u>(200,735)</u>
Net financing income		<u>95,524</u>	<u>133,412</u>
Deficit		<u>(120,549)</u>	<u>(67,323)</u>

The notes to the financial statements are an integral part thereof.

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Statement of Changes in Net Assets

For The Year Ended December 31st, 2015

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>For Fixed Assets</u>	<u>Unrestricted</u>	<u>Total</u>
	<u>Net Assets</u>	<u>Net Assets</u>	<u>Assets</u>	<u>For Activities</u>	<u>Net Assets</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Opening balance 1.1.2014	1,207,964	1,803,144	66,534	734,441	3,812,083
<u>Changes during the year</u>					
Donations	--	2,573,598	--	--	2,573,598
Allocations – local	--	100,548	--	--	100,548
Net deficit for the year	--	--	--	(67,323)	(67,323)
Sums transferred from temporarily restricted net assets	--	(2,229,960)	--	--	(2,229,960)
Sums used for acquisition of fixed assets	--	--	14,138	(14,138)	--
Sums used for depreciation of fixed assets	--	--	(17,465)	17,465	--
Balance as at 31.12.2014	<u>1,207,964</u>	<u>2,247,330</u>	<u>663,207</u>	<u>670,445</u>	<u>4,188,946</u>

The notes to the financial statements are an integral part thereof.

English Speaking Residents Association (Reg.N.P.O)
Statement of Changes in Net Assets – (Cont'd)

For The Year Ended December 31st, 2015

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>For Fixed Assets</u>	<u>Unrestricted</u>	<u>Total</u>
	<u>Net Assets</u>	<u>Net Assets</u>	<u>Assets</u>	<u>For Activities</u>	<u>Net Assets</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Opening balance 1.1.2015	1,207,964	2,247,330	663,207	670,445	4,188,946
<u>Changes during the year</u>					
Donations	--	3,000,402	--	--	3,000,402
Net deficit for the year	--	--	--	(120,549)	(120,549)
Sums transferred from temporarily restricted net assets	--	(2,485,353)	--	--	(2,485,353)
Sums used for acquisition of fixed assets	--	--	31,789	(31,789)	--
Sums used for depreciation of fixed assets	--	--	(16,613)	16,613	--
Balance as at 31.12.2015	<u>1,207,964</u>	<u>2,762,379</u>	<u>78,383</u>	<u>534,720</u>	<u>4,583,446</u>
	=====	=====	=====	=====	=====

The notes to the financial statements are an integral part thereof.

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2015

Note 1 - General

- A. The Association was registered as an "Amutah" on December 4, 1983 and its aims are to facilitate the social integration of English speakers by organizing social, cultural, educational and volunteering activities, creating community involvement to enable volunteers to participate in projects and to raise funds for the weaker sectors of society.
- B. The Amutah is approved as a "Public Institution" (Mossad Tziburi) under the terms of Clause 9(2) of the Income Tax Ordinance.
- C. The Amutah has a certification according to clause 46 of the Income Tax Ordinance, which enables a tax credit to the donor until 31/12/2017.
- D. Registration No. of the Amutah at the Registrar of Nonprofit Organizations is: 580037455.
- E. The Amutah has proper management certification until 31/12/2016.
- F. Amendment number 11 of the law of associations, 2008:
The Amutah has not received donations during the year 2015 from a foreign political entity.

Note 2 - Accounting Principles

- A. The financial statements have been prepared in accordance with the Opinion no. 69 issued by the Israel Institute of Certified Public Accountants and in accordance with Standard No. 5 of the Israel Accounting Standards Board.
- B. Financial Statements' Reporting Basis
The financial Statement have been prepared in reported values in accordance with the provisions of Accounting Standard 12 of Israeli Accounting Standards Boards, regarding the cessation of financial Statement adjustment.
- C. Income and expenses are recorded by the accrual basis and according to generally accepted accounting standards.
- D. Cash and cash equivalents
 - 1. Includes short term bank deposits made for a period not exceeding three months.
 - 2. Short term bank deposits include interest and indexation differences accrued to the balance sheet date.
- E. Fixed assets
 - 1. Fixed Assets are presented according to cost less accumulated depreciation. Depreciation is computed by the straight line method over the estimated useful lives of the assets.
 - 2. Improvements and betterments are carried to the cost of the assets while expenses on maintenance and repairs are carried to the statement of activities as incurred.

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2015

Note 2 - Accounting Principles (cont'd)

- F. Investments in securities are presented according to market value at Balance Sheet date. Changes in market value are credited to net financing income in the Statement of Activities.
- G. Balances involving foreign currencies
Balances involving foreign currencies were valued at the exchange rate for the Balance Sheet date. The exchange rate was:
1 USD= 3.9020 NIS (December 31st, 2014 -1 USD=3.8890 NIS) .
1 CAD= 2.8141 NIS (December 31st, 2014 -1 CAD=3.3586 NIS).
1 GBP= 5.7840 NIS (December 31st, 2014 -1 GBP=6.0636 NIS).
- H. The inventory is stated at the lowest of historical cost or market value.
- I. The financial statements do not include statement of Cash Flows. There is no obligation to include those statements in this report if it does not add significant information contained in the financial statements.

Note 3 – Cash and Cash equivalents

	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
Cash at bank and on hand- local currency	331,390	763,885
Cash at bank- foreign currency	<u>25,657</u>	<u>42,413</u>
	357,047	806,298
	=====	=====

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2015

Note 4 –Securities

	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
Government Bonds	588,905	1,958,261
Corporate Bonds	3,260,401	1,418,645
Unit Trust funds (mainly bonds)	<u>1,391,678</u>	<u>941,933</u>
	5,240,984	4,318,839
	=====	=====

Note 5 – Accounts receivable

	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
Notes receivable	3,285	18,624
Customers, net	20,157	16,288
Credit-card companies	181,402	167,804
Pre-paid expenses	81,522	93,346
Income receivables	<u>42,014</u>	<u>33,183</u>
	328,380	329,245
	=====	=====

Note 6 - Fixed Assets

	<u>Computers And programs NIS</u>	<u>Leasehold Improvements NIS</u>	<u>Furniture and office Equipment NIS</u>	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
<u>Cost:</u>					
Cost at the beginning of the year	247,693	56,470	173,207	477,370	463,232
Acquisitions during the year	6,771	14,510	10,508	31,789	14,138
Reduction during the year	<u>(220,390)</u>	<u>(41,436)</u>	<u>(104,766)</u>	<u>(366,592)</u>	--
Cost at the end of the year	34,074	29,544	78,949	142,567	477,370
	-----	-----	-----	-----	-----
<u>Depreciation:</u>					
Depreciation at the beginning of the year	235,759	44,304	134,100	414,163	396,698
Depreciation during the year	7,576	1,931	7,106	16,613	17,465
Reduction during the year	<u>(220,390)</u>	<u>(41,436)</u>	<u>(104,766)</u>	<u>(366,592)</u>	--
Accumulated depreciation	22,945	4,799	36,440	64,184	414,163
	-----	-----	-----	-----	-----
<u>Written Down Value:</u>	11,129	24,745	42,509	78,383	63,207
	=====	=====	=====	=====	=====
<u>Depreciation Rates:</u>	33%	10%	7 -15%		
	=====	=====	=====		

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2015

Note 7 – Accounts payable

	<u>31.12.15</u> <u>NIS</u>	<u>31.12.14</u> <u>NIS</u>
Accrued payroll taxes and social benefits	24,867	28,250
Vacation provision	165,725	158,000
Accrued expenses	148,482	121,310
Income in advance	289,537	219,776
Others	--	<u>2,200</u>
	<u>628,611</u>	<u>529,536</u>
	=====	=====

Note 8 - Provision For Severance Pay

The provision covers the Association's obligation towards its employment at the end of employer – employee relations while part of the obligation is covered by a comprehensive pension fund and managers insurance plans.

Note 9 - Temporarily Restricted Net Assets

The temporarily restricted net assets were established for the purpose of providing courses and other programs which assist the needs of the community.

Note 10 - Permanently Restricted Net Assets

The permanently restricted net assets represent the sums received. The capital is to remain intact and the interest is for the sole use of educational projects.

Note 11 – Volunteering Activities

During the year 2015 volunteers of the Amutah contributed 80,469 hours at the value of NIS 1,973,905 (88,770 hours at the value of NIS 2,052,362 in 2014). This does not include additional hours contributed by volunteers assisting in management and administration.

Incomes and expenses are included in the financial statements according to the management's estimation and Standard 5 and Opinion No. 69.

E.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2015

Note 12 – Operating Lease Commitments

The Amutah has long term commitments in respect of rental agreements as detailed below:

- A. Ra'anana Store – On October 2015 the Amutah signed a new lease agreement for a period of 1 year commencing January 1, 2015 with an option for a further 4 years. The monthly rental under this agreement is approximately NIS 3.6 thousand plus VAT. The minimum future rental payments at balance sheet date amount to NIS 186 thousand plus VAT.
- B. Kfar Saba Store – On January 2014 the Amutah signed an extension to its rental agreement from 2005. The extension is for a further 6 years commencing March 1, 2014. The monthly rental under the extension is NIS 5 thousand plus VAT. The minimum future rentals payments at balance sheet date amount to NIS 250 thousand plus VAT.
- C. Modiin Bookstore – On October 2015 The Amutah signed an extension to its rental agreement from 2008. The extension is for 3 years from October 1, 2015. The monthly rental under the extension is NIS 980 plus VAT. The minimum future rental payments at balance sheet date amount to NIS 32 thousand plus VAT. This amount does not include management fees.
- D. Gan Rashal, Herzliya Offices – On September 2013 the Amutah signed a new lease agreement for a period of 5 years commencing January 1, 2014. The monthly rental under this agreement is approximately NIS 5 thousand plus VAT. The minimum future rental payments at balance sheet date amount to NIS 180 thousand plus VAT.
- E. Binyamina Bookstore – On December 2015 the Amutah signed an extension to its rental agreement from 2014. According to the extension, the rental period is up to December 2016 with an option to extend for two more years. Monthly rent, according the agreement, are in the amount of NIS 2,000 plus VAT. The minimum future rental payments at balance sheet date under the agreement without the option period amount to about NIS 24 thousand plus VAT.
- F. Certain of the above rentals are linked to the consumer price index.