

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

Financial Statements

as at December 31, 2016

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

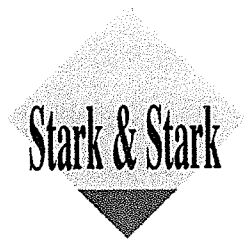
Financial Statements

as at December 31, 2016

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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, 2016 and 2015 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, 2016 and 2015 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, 2017

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

Balance Sheet As At December 31, 2016

	<u>Note</u>	<u>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
<u>Current Assets</u>			
Cash and Cash equivalents	3	707,838	357,047
Securities	4	5,251,923	5,240,984
Accounts receivable	5	322,763	328,380
Inventory		<u>3,296</u>	<u>518</u>
		6,285,820	5,926,929
		-----	-----
<u>Fixed Assets</u>	6	73,218	78,383
		-----	-----
		<u>6,359,038</u>	<u>6,005,312</u>
<u>Current Liabilities</u>			
Notes payable and suppliers		586,293	511,701
Accounts payable	7	<u>643,343</u>	<u>628,611</u>
		1,229,636	1,140,312
		-----	-----
<u>Provision For Severance Pay</u>	8	282,627	281,554
		-----	-----
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
For activities		227,559	534,720
For fixed assets		<u>73,218</u>	<u>78,383</u>
		300,777	613,103
<u>Temporarily Restricted Net Assets</u>	9		
		3,904,284	2,762,379
<u>Permanently Restricted Net Assets</u>	10	<u>641,714</u>	<u>1,207,964</u>
<u>Total Net Assets</u>		4,846,775	4,583,446
		-----	-----
		<u>6,359,038</u>	<u>6,005,312</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, 2016

	<u>Note</u>	<u>2016</u> <u>NIS</u>	<u>2015</u> <u>NIS</u>
<u>Income</u>			
Donations		28,609	49,581
Transferred from restricted net assets		2,770,521	2,485,352
Volunteers contribution to activities	11	2,079,626	1,973,905
Membership fees		265,953	296,903
Rentals		20,995	21,450
Income from events, social and cultural activities		<u>1,726,196</u>	<u>2,098,701</u>
		<u>6,891,900</u>	<u>6,925,892</u>
<u>Cost of Activities – Projects</u>			
Assistance to new immigrants, needy etc.		2,064,987	1,825,695
Events, social and cultural activities		1,198,218	1,340,232
Value of volunteers to activities	11	2,079,626	1,973,905
Salaries and related expense		<u>1,054,545</u>	<u>1,113,023</u>
		<u>6,397,376</u>	<u>6,252,855</u>
<u>Net Income From Activities</u>		<u>494,524</u>	<u>673,037</u>
<u>General and Administrative Expenses</u>			
Salaries and related expenses		631,234	595,812
General expenses		218,282	217,574
Depreciation		18,636	16,613
Credit card fees and bank charges		<u>53,687</u>	<u>59,111</u>
		<u>921,839</u>	<u>889,110</u>
Net expenses before financing		(427,315)	(216,073)
Net financing income		<u>114,989</u>	<u>95,524</u>
Deficit		<u>(312,326)</u>	<u>(120,549)</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

	Permanently Restricted	Temporarily Restricted	Unrestricted		Total NIS
			For Fixed Assets NIS	For Activities NIS	
<u>2015:</u>	<u>Net Assets NIS</u>	<u>Net Assets NIS</u>	<u>For Fixed Assets NIS</u>	<u>For Activities NIS</u>	<u>Total NIS</u>
Opening balance 1.1.2015	1,207,964	2,247,330	63,207	670,445	4,188,946
<u>Changes during the year</u>					
Donations	--	3,000,402	--	--	3,000,402
Allocations – local	--	--	--	(120,549)	(120,549)
Net deficit for the year	--	(2,485,353)	--	--	(2,485,353)
Sums transferred from temporarily restricted net assets	--	--	31,789	(31,789)	--
Sums used for acquisition of fixed assets	--	--	(16,613)	16,613	--
Sums used for depreciation of fixed assets	1,207,964	2,762,379	78,383	534,720	4,583,446
Balance as at 31.12.2015	=====	=====	=====	=====	=====

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, 2016

	<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 1.1.2016	1,207,964	2,762,379	78,383	534,720	4,583,446
<u>Changes during the year</u>					
Donations	"	3,346,176	"	"	3,346,176
Sums transferred from permanently restricted net assets	(566,250)	566,250	"	"	"
Net deficit for the year	"	"	"	(312,326)	(312,326)
Sums transferred from temporarily restricted net assets	"	(2,770,521)	"	"	(2,770,521)
Sums used for acquisition of fixed assets	"	"	13,471	(13,471)	"
Sums used for depreciation of fixed assets	"	"	(18,636)	18,636	"
Balance as at 31.12.2016	<u>641,714</u>	<u>3,904,284</u>	<u>73,218</u>	<u>227,559</u>	<u>4,846,775</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 31,2016

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 31/12/2017.
- F. Amendment number 11 of the law of associations, 2008:
The Amutah has not received donations during the year 2016 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 31,2016

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= 3.8450 NIS (December 31st, 2015 -1 USD=3. 9020 NIS).

1 GBP= 4.7520 NIS (December 31st, 2015 -1 GBP=5. 7840 NIS).

1 CAD= 2.8511 NIS (December 31st, 2015 -1 CAD=2.8141 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>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
Cash at bank and on hand- local currency	492,899	331,390
Cash at bank- foreign currency	<u>214,939</u>	<u>25,657</u>
	707,838	357,047
	=====	=====

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

Notes to the Financial Statements

as at December 31,2016

Note 4 –Securities

	<u>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
Government Bonds	747,580	588,905
Corporate Bonds	4,075,151	3,260,401
Unit Trust funds (mainly bonds)	<u>429,192</u>	<u>1,391,678</u>
	5,251,923	5,240,984
	=====	=====

Note 5 – Accounts receivable

	<u>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
Notes receivable	5,655	3,285
Customers, net	20,537	20,157
Credit-card companies	136,256	181,402
Pre-paid expenses	157,715	81,522
Income receivables	<u>2,600</u>	<u>42,014</u>
	322,763	328,380
	=====	=====

Note 6 - Fixed Assets

	<u>Computers And programs NIS</u>	<u>Leasehold Improvements NIS</u>	<u>Furniture and office Equipment NIS</u>	<u>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
<u>Cost:</u>					
Cost at the beginning of the year	34,074	29,544	78,949	142,567	477,370
Acquisitions during the year	13,471	--	--	13,471	31,789
Reduction during the year	--	--	--	--	(366,592)
Cost at the end of the year	<u>47,545</u>	<u>29,544</u>	<u>78,949</u>	<u>156,038</u>	<u>142,567</u>
	-----	-----	-----	-----	-----
<u>Depreciation:</u>					
Depreciation at the beginning of the year	22,945	4,799	36,440	64,184	414,163
Depreciation during the year	7,501	2,954	8,181	18,636	16,613
Reduction during the year	--	--	--	--	(366,592)
Accumulated depreciation	<u>30,446</u>	<u>7,753</u>	<u>44,621</u>	<u>82,820</u>	<u>64,184</u>
	-----	-----	-----	-----	-----
<u>Written Down Value:</u>	<u>17,099</u>	<u>21,791</u>	<u>34,328</u>	<u>73,218</u>	<u>78,383</u>
	=====	=====	=====	=====	=====
<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 31,2016

Note 7 – Accounts payable

	<u>31.12.16</u> <u>NIS</u>	<u>31.12.15</u> <u>NIS</u>
Accrued payroll taxes and social benefits	30,924	24,867
Vacation provision	129,167	165,725
Accrued expenses	97,266	148,482
Income in advance	<u>385,986</u>	<u>289,537</u>
	643,343	628,611
	=====	=====

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.

During the year 2016, in accordance with the donor's instructions, NIS 566 thousand were released to Temporarily Designated Net Assets for Projects.

Note 11 – Volunteering Activities

During the year 2016 volunteers of the Amutah contributed 81,650 hours at the value of NIS 2,079,626 (80,469 hours at the value of NIS 1,973,905 in 2015). 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 31,2016

Note 12 – Operating Lease Commitments

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

- A. Ra'anana Store – In 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 3.7 thousand plus VAT. The minimum future rental payments at balance sheet date amount to NIS 130 thousand plus VAT.
- B. Kfar Saba Store – In 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 6 thousand plus VAT. The minimum future rentals payments at balance sheet date amount to NIS 228 thousand plus VAT.
- C. Modiin Bookstore – In 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 21 thousand plus VAT. This amount does not include management fees.
- D. Gan Rshal, Herzliya Offices – In 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 120 thousand plus VAT.
- E. Beit Fischer, Ra'anana Offices – In June 2016 The Amutah signed a new lease agreement for a period of 2 years commencing June 1, 2016. with an option for a further 3 years. The monthly rental under this agreement is approximately NIS 1,200 plus VAT. The minimum future rental payments at balance sheet date amount to NIS 22 thousand plus VAT.
- F. Certain of the above rentals are linked to the consumer price index.