

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

Financial Statements

as at December 31, 2022

Stark & Stark
Certified Public Accountants (Israel)

I hereby certify this to be a true and accurate copy of the 2022 Financial reports of
ESRA

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

Financial Statements

as at December 31, 2022

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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 statements of the financial position of E.S.R.A. English Speaking Residents Association (Reg.N.P.O) (hereinafter - the "Amutah") as at December 31, 2022 and 2021 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 in all material respects, the financial position of the Amutah as at December 31, 2022 and 2021 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 13, 2023

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

Statements of Financial Position as at December 31, 2022

| | <u>Note</u> | <u>31.12.22</u> | <u>31.12.21</u> |
|---------------------------------------|-------------|------------------|------------------|
| | | <u>NIS</u> | <u>NIS</u> |
| <u>Current Assets</u> | | | |
| Cash and Cash equivalents | 3 | 359,503 | 1,808,195 |
| Securities | 4 | 5,122,081 | 5,189,245 |
| Debtors and Debit Balances | 5 | 506,984 | 410,068 |
| | | <u>5,988,568</u> | <u>7,407,508</u> |
| <u>Long Term Asset</u> | | | |
| Bank guarantees for rental agreements | 13 | 25,138 | 15,006 |
| Fixed Assets | 6 | 176,272 | 171,870 |
| | | <u>201,410</u> | <u>186,876</u> |
| | | <u>6,189,978</u> | <u>7,594,384</u> |
| <u>Current Liabilities</u> | | | |
| Checks payable and suppliers | | 210,387 | 144,872 |
| Accounts payable | 7 | 849,666 | 609,578 |
| | | <u>1,060,053</u> | <u>754,450</u> |
| <u>Long Term Liabilities</u> | | | |
| Provision For Severance Pay | 8 | 141,000 | 97,746 |
| <u>Net Assets</u> | | | |
| <u>Unrestricted Net Assets</u> | | | |
| For activities | | 86,478 | 263,625 |
| For fixed assets | | 176,272 | 171,870 |
| | | <u>262,750</u> | <u>435,495</u> |
| <u>Restricted Net Assets</u> | 9 | <u>4,726,175</u> | <u>6,306,693</u> |
| Total Net Assets | | <u>4,988,925</u> | <u>6,742,188</u> |
| | | <u>6,189,978</u> | <u>7,594,384</u> |



Richard Halon
Treasurer and Executive Member



Terence Elliot Morris
Chairperson

Date of signature: 29 June 2023

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, 2022

| | | <u>2022</u> | <u>2021</u> |
|---|-------------|------------------|------------------|
| | <u>Note</u> | <u>NIS</u> | <u>NIS</u> |
| <u>Income</u> | | | |
| Donations | | 210,865 | 454,374 |
| Membership fees | | 347,088 | 255,960 |
| Transfers from restricted net assets | | 3,484,162 | 2,533,098 |
| Income from events, social and cultural activities | | 1,962,018 | 1,468,252 |
| Value of volunteers to activities | 11 | 2,668,069 | 3,621,983 |
| | | <u>8,672,202</u> | <u>8,333,667</u> |
| <u>Cost of Activities – Projects</u> | | | |
| Education and welfare projects for immigrants and needy | | 2,015,113 | 1,694,717 |
| Social events and cultural activities | | 1,447,567 | 1,073,317 |
| Value of volunteers to activities | 11 | 2,668,069 | 3,621,983 |
| Salaries and related expenses | | 1,009,558 | 944,776 |
| Depreciation | | 33,513 | (*) 49,474 |
| | | <u>7,183,820</u> | <u>7,384,267</u> |
| <u>Net Income from Activities</u> | | <u>1,498,382</u> | <u>949,400</u> |
| General and administrative expenses | 10 | 1,292,875 | (*)1,214,530 |
| Other income | 14 | - | 88,687 |
| <u>Net income (expenses) before financing</u> | | <u>205,507</u> | <u>(176,443)</u> |
| Net financing income (expenses) | 12 | (378,252) | 248,027 |
| Net income (deficit) | | <u>(172,745)</u> | <u>71,584</u> |

(*) Reclassified

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 31, 2022

| | <u>Unrestricted</u> | | <u>Restricted</u> | |
|--|-----------------------|-------------------------|-------------------|------------------|
| | <u>For Activities</u> | <u>For Fixed Assets</u> | <u>Net Assets</u> | <u>Total</u> |
| | <u>NIS</u> | <u>NIS</u> | <u>NIS</u> | <u>NIS</u> |
| 2021: | | | | |
| Opening balance 1.1.2021 | 206,675 | 157,236 | 5,491,207 | 5,855,118 |
| <u>Changes during the year</u> | | | | |
| Donations | - | - | 3,228,730 | 3,228,730 |
| Support from government ministries | - | - | 119,854 | 119,854 |
| Net income for the year | 71,584 | - | - | 71,584 |
| Sums transferred from restricted | - | - | (2,533,098) | (2,533,098) |
| Sums transferred from unrestricted: | | | | |
| Sums used for acquisition of fixed assets | (85,598) | 85,598 | - | - |
| Sums used for depreciation of fixed assets | 70,964 | (70,964) | - | - |
| Balance as at 31.12.2021 | 263,625 | 171,870 | 6,306,693 | 6,742,188 |

| | <u>Unrestricted</u> | | <u>Restricted</u> | |
|--|-----------------------|-------------------------|-------------------|------------------|
| | <u>For Activities</u> | <u>For Fixed Assets</u> | <u>Net Assets</u> | <u>Total</u> |
| | <u>NIS</u> | <u>NIS</u> | <u>NIS</u> | <u>NIS</u> |
| 2022: | | | | |
| Opening balance 1.1.2022 | 263,625 | 171,870 | 6,306,693 | 6,742,188 |
| <u>Changes during the year</u> | | | | |
| Donations | - | - | 1,660,185 | 1,660,185 |
| Support from government ministries | - | - | 243,459 | 243,459 |
| Net deficit for the year | (172,745) | - | - | (172,745) |
| Sums transferred from restricted | - | - | (3,484,162) | (3,484,162) |
| Sums transferred from unrestricted: | | | | |
| Sums used for acquisition of fixed assets | (64,559) | 64,559 | - | - |
| Sums used for depreciation of fixed assets | 60,157 | (60,157) | - | - |
| Balance as at 31.12.2022 | 86,478 | 176,272 | 4,726,175 | 4,988,925 |

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 31,2022

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. In addition, to engage in philanthropic activities to assist new immigrants and those in need.
- 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 tax credit to a donor until 31/12/2023.
- D. Registration No. of the Amutah at the Registrar of Nonprofit Organizations is: 580037455.
- E. The Amutah has proper management certification for two years until 31/12/2023.
- F. In January 2023, the Amutah received the Midot Seal of Effectiveness valid until 31/03/2025.
- G. Amendment number 11 of the law of associations, 2008:
The Amutah has not received donations during the current year from any foreign political entity.

Note 2 - Accounting Principles

- A. The financial statements are prepared in accordance with generally accepted accounting principles and as set forth in the updated Accounting Standard No. 40 (November 2022) published by the Israel Accounting Standards Board and consolidates the accounting rules and financial reporting on non-profit organizations.
- B. Financial Statements' Reporting Basis
The financial Statements have been prepared in accordance with the provisions of Accounting Standard 12 of Israeli Accounting Standards Board – "Discontinuance of Adjustment of Financial Statements".
- C. Recognition of Expenses and Income
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.S.R.A. English Speaking Residents Association (Reg.N.P.O)

Notes to the Financial Statements

as at December 31,2022

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 enhancements are capitalized to the cost of the assets while repairs and maintenance are expensed as incurred.

F. Investments in securities are presented according to market value at Balance Sheet date. Changes in market value are included in 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:

| <u>December 31st, 2022</u> | <u>December 31st, 2021</u> |
|---------------------------------------|---------------------------------------|
| \$1 = NIS 3.5190 | \$1 = NIS 3.1100 |
| £1 = NIS 4.2376 | £1 = NIS 4.2031 |

H. The financial statements do not include a Cash Flow statement. There is no obligation to include such a statement in this report if it does not add significant information.

I. Statement of Activities

In presenting the statement of activities, no classification was made regarding to the nature of the expenses, since this does not add significant information beyond its presentation according to the nature of the activity.

J. Related Parties

As defined by Accounting Standard No. 41 of the Accounting Standards Board in Israel.

Note 3 – Cash and Cash equivalents

| | <u>31.12.22</u> | <u>31.12.21</u> |
|--|-----------------|------------------|
| | <u>NIS</u> | <u>NIS</u> |
| Cash at bank and on hand- local currency | 304,422 | 405,055 |
| Cash at bank- foreign currency | 4,554 | 3,101 |
| Short-term deposits | 50,527 | 1,400,039 |
| | <u>359,503</u> | <u>1,808,195</u> |

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

Notes to the Financial Statements

as at December 31,2022

Note 4 –Securities

| | <u>31.12.22</u> | <u>31.12.21</u> |
|--|------------------|------------------|
| | <u>NIS</u> | <u>NIS</u> |
| Government Bonds | 532,881 | 481,825 |
| Corporate Bonds and Unit Trust funds (*) | 4,589,200 | 4,707,420 |
| | <u>5,122,081</u> | <u>5,189,245</u> |

(*) 90% of the securities bonds are rated A- or better.

Note 5 – Debtors and Debit Balances

| | <u>31.12.22</u> | <u>31.12.21</u> |
|----------------------------------|-----------------|-----------------|
| | <u>NIS</u> | <u>NIS</u> |
| Credit card companies and others | 162,738 | 184,957 |
| Accounts receivable, net | 23,364 | 12,642 |
| Prepaid expenses | 66,017 | 92,615 |
| Income receivable | 254,865 | 119,854 |
| | <u>506,984</u> | <u>410,068</u> |

Note 6 - Fixed Assets

| | <u>Computers And programs NIS</u> | <u>Leasehold Improvements NIS</u> | <u>Furniture and office Equipment NIS</u> | <u>31.12.22 NIS</u> | <u>31.12.21 NIS</u> |
|---|---|---|---|-------------------------|-------------------------|
| <u>Cost:</u> | | | | | |
| Cost at the beginning of the year | 229,407 | 123,176 | 63,730 | 416,313 | 447,999 |
| Acquisitions during the year | 9,458 | 28,640 | 26,461 | 64,559 | 85,598 |
| Deductions during the year | (3,732) | - | - | (3,732) | (117,284) |
| Cost at the end of the year | <u>235,133</u> | <u>151,816</u> | <u>90,191</u> | <u>477,140</u> | <u>416,313</u> |
| <u>Depreciation:</u> | | | | | |
| Depreciation at the beginning of the year | 168,305 | 37,344 | 38,794 | 244,443 | 290,763 |
| Depreciation during the year | 39,504 | 14,614 | 6,039 | 60,157 | 70,964 |
| Deductions during the year | (3,732) | - | - | (3,732) | (117,284) |
| Accumulated depreciation | <u>204,077</u> | <u>51,958</u> | <u>44,833</u> | <u>300,868</u> | <u>244,443</u> |
| <u>Written Down Value:</u> | <u>31,056</u> | <u>99,858</u> | <u>45,358</u> | <u>176,272</u> | <u>171,870</u> |
| <u>Depreciation Rates:</u> | <u>33%</u> | <u>10%</u> | <u>7 -15%</u> | | |

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

Notes to the Financial Statements

as at December 31,2022

Note 7 – Accounts payable

| | <u>31.12.22</u> | <u>31.12.21</u> |
|--|-----------------|-----------------|
| | <u>NIS</u> | <u>NIS</u> |
| Accrued payroll taxes and social benefits | 145,776 | 103,157 |
| Vacation provision | 131,610 | 116,265 |
| Accrued expenses | 264,188 | 209,849 |
| Provision re employee rights judgement payment | 110,000 | - |
| Income in advance | 198,092 | 180,307 |
| | <u>849,666</u> | <u>609,578</u> |

Note 8 - Provision For Severance Pay

The provision covers the Association's obligation towards its employees in the event of termination of employer – employee relations beyond the portion of the liabilities covered by pension fund and managers' insurance plans.

Note 9 - Restricted Net Assets

Net assets for which there is a restriction are intended for use in projects in the fields of education and welfare for the benefit of underprivileged populations.

Note 10 – General and Administrative Expenses

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|------------------|------------------|
| | <u>NIS</u> | <u>NIS</u> |
| Salaries and related costs | 822,574 | , 783,778 |
| Office expenses and maintenance | 65,905 | 64,200 |
| Fundraising costs | 91,783 | 19,158 |
| Rent | 71,676 | 70,200 |
| Professional services | 172,536 | 218,797 |
| Insurance | 5,760 | 7,806 |
| Depreciation | 26,644 | 21,490 |
| Credit card fees and banking | 35,997 | 29,101 |
| | <u>1,292,875</u> | <u>1,214,530</u> |

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

Notes to the Financial Statements

as at December 31,2022

Note 11 – Volunteering Activities

During the year 2022, the association benefitted from 91,623 volunteer hours, worth NIS 2,668,069, by volunteers for various projects (in 2021, 124,424 volunteer hours, worth NIS 3,621,983).

These revenues and expenses were included in the financial statements in accordance with the assessment of the association's management and in accordance with the provisions of the updated Accounting Standard No. 40 published by the Israel Accounting Standards Board.

This total does not include hours for volunteers who worked in management and administration positions of the organization, which amount to NIS 256,969 (in 2021 - NIS 210,756), nor volunteers on the operational side whose hours invested are difficult to ascertain.

Note 12 – Net financing income (expenses)

| | <u>2022</u> | <u>2021</u> |
|--|--------------------|--------------------|
| | <u>NIS</u> | <u>NIS</u> |
| Interest and exchange rate differences | (6,880) | (9,471) |
| Interest and income (expenses) from securities | (371,372) | 257,498 |
| | <u>(378,252)</u> | <u>248,027</u> |

Note 13 – Operating Lease Commitments

The Amutah has long-term commitments in respect of rental agreements for secondhand bookshops and secondhand clothes shops in Raanana, Kfar Saba and Modiin, and also for the offices of the Amutah in Herzliya. At 2022 year-end the monthly rental payments amounted to approximately NIS 19,000. The Amutah has also given bank guarantees relating to these agreements of NIS 25,000.

Note 14 - Significant Events in the Reporting Year and Post Balance Sheet Events

In April 2022 a former service provider who gave management services to one of the secondhand shops filed a lawsuit against the Amutah in which he claimed that an employer-employee relationship existed between him and the Amutah and demanded a total of NIS 485,100 for various rights arising out of this relationship.

On 16 January 2023 a judgment was issued by way of compromise, awarding the sum of NIS 110,000 for his period of work including increased severance pay. Accordingly, a provision was made in the financial statements for 2022.

The sum was paid after balance sheet date.