

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

Financial Statements

as at December 31, 2019

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

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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, 2019 and 2018 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, 2019 and 2018 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 16, 2020

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

Balance Sheet As At December 31, 2019

	<u>Note</u>	<u>31.12.19</u>	<u>31.12.18</u>
		<u>NIS</u>	<u>NIS</u>
<u>Current Assets</u>			
Cash and Cash equivalents	3	741,490	1,189,013
Securities	4	5,496,569	6,335,606
Debtors and Debit Balances	5	338,623	299,817
		<u>6,576,682</u>	<u>7,824,436</u>
<u>Long Term Asset</u>			
Bank's guarantees for rental agreements	14	15,000	-
<u>Fixed Assets</u>			
	6	205,779	138,791
		<u>6,797,461</u>	<u>7,963,227</u>
<u>Current Liabilities</u>			
Checks payable and suppliers		270,590	407,193
Accounts payable	7	513,513	348,630
		<u>784,103</u>	<u>755,823</u>
<u>Provision For Severance Pay</u>	8	172,676	177,848
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
For activities		322,315	225,675
For fixed assets		205,779	138,791
		<u>528,094</u>	<u>364,466</u>
<u>Temporarily Restricted Net Assets</u>	9	4,670,874	6,023,376
<u>Permanently Restricted Net Assets</u>	10	641,714	641,714
<u>Total Net Assets</u>		<u>5,840,682</u>	<u>7,029,556</u>
		<u>6,797,461</u>	<u>7,963,227</u>

Baruch Tanaman
Executive Member

Terence Elliot Morris
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, 2019

	Note	2019 NIS	2018 NIS	
<u>Income</u>				
Donations		157,828	550,726	
Transferred from restricted net assets		4,231,768	3,348,256	
Volunteers contribution to activities	12	3,102,066	2,310,254	
Membership fees		380,550	323,325	
Usage fees		10,300	23,050	
Income from events, social and cultural activities		1,893,535	1,926,992	
		<u>9,776,047</u>	<u>8,482,603</u>	
<u>Cost of Activities – Projects</u>				
Education and welfare projects for immigrants and needy		3,249,135	2,834,652	(*)
Social events and cultural activities		1,557,076	1,332,518	(*)
Value of volunteers to activities	12	3,102,066	2,310,254	
Salaries and related expense		890,718	933,664	
		<u>8,798,995</u>	<u>7,411,088</u>	
<u>Net Income From Activities</u>				
		977,052	1,071,515	
<u>General and Administrative Expenses</u>				
Net income (expenses) before financing	11	1,094,280	993,988	(*)
Net income (expenses) before financing		(117,228)	77,527	
Net financing income (expenses)	13	280,856	(138,355)	(*)
Net income (deficit)		<u>163,628</u>	<u>(60,828)</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 31st, 2018

	<u>Permanently</u>	<u>Temporarily</u>	<u>Unrestricted</u>		<u>Total</u>
	<u>Restricted</u>	<u>Restricted</u>	<u>For Fixed</u>	<u>For Activities</u>	
<u>2018:</u>	<u>Net Assets</u>	<u>Net Assets</u>	<u>Assets</u>	<u>For Activities</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Opening balance 1.1.2018	641,714	6,456,389	103,446	321,848	7,523,397
<u>Changes during the year</u>					
Donations	--	2,915,243	--	--	2,915,243
Net income for the year	--	--	--	(60,828)	(60,828)
Sums transferred from temporarily restricted net assets	--	(3,348,256)	--	--	(3,348,256)
Sums used for acquisition of fixed assets	--	--	76,015	(76,015)	--
Sums used for depreciation of fixed assets	--	--	(40,670)	40,670	--
Balance as at 31.12.2018	<u>641,714</u>	<u>6,023,376</u>	<u>138,791</u>	<u>225,675</u>	<u>7,029,556</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, 2019

	Permanently Restricted	Temporarily Restricted	Unrestricted		Total NIS
	Net Assets NIS	Net Assets NIS	For Fixed Assets NIS	For Activities NIS	
2019:					
Opening balance 1.1.2019	641,714	6,023,376	138,791	225,675	7,029,556
<u>Changes during the year</u>					
Donations	--	2,879,266	--	--	2,879,266
Net deficit for the year	--	--	--	163,628	163,628
Sums transferred from temporarily restricted net assets	--	(4,231,768)	--	--	(4,231,768)
Sums used for acquisition of fixed assets	--	--	127,934	(127,934)	--
Sums used for depreciation of fixed assets	--	--	(60,946)	60,946	--
Balance as at 31.12.2019	641,714	4,670,874	205,779	322,315	5,840,682

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 31,2019

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 for 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 31/12/2020.
- 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 31/12/2021.
- F. Amendment number 11 of the law of associations, 2008:
The Amutah has not received donations during the current year 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 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. 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 enhancements are capitalized to the cost of the assets while repairs and maintenance are expensed as incurred.

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

Notes to the Financial Statements

as at December 31,2019

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= 3.4560 NIS (December 31st, 2018 -1 USD=3. 7480 NIS).
1 GBP= 4.5597 NIS (December 31st, 2018 -1 GBP=4. 7934 NIS).
- H. The inventory is stated at the lowest of historical cost or market value.
As of December 31, 2018 and 2019, the Amuta has no significant inventory, the inventory is old and its value is less than NIS 1,000.
- I. 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.

Note 3 – Cash and Cash equivalents

	<u>31.12.19</u> <u>NIS</u>	<u>31.12.18</u> <u>NIS</u>
Cash at bank and on hand- local currency	608,116	785,675
Cash at bank- foreign currency	133,374	403,338
	<u>741,490</u>	<u>1,189,013</u>

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

Notes to the Financial Statements

as at December 31,2019

Note 4 –Securities

	<u>31.12.19</u> <u>NIS</u>	<u>31.12.18</u> <u>NIS</u>
Government Bonds	310,014	297,091
Corporate Bonds rated A+ and Unit Trust funds	5,186,555	6,038,515
	<u>5,496,569</u>	<u>6,335,606</u>

Note 5 – Debtors and Debit Balances

	<u>31.12.19</u> <u>NIS</u>	<u>31.12.18</u> <u>NIS</u>
Checks receivable	1,700	2,120
Account receivable, net	30,514	38,779
Income receivables	8,925	-
Credit-card companies and others	212,211	228,070
Pre-paid expenses	85,273	30,848
	<u>338,623</u>	<u>299,817</u>

Note 6 - Fixed Assets

	<u>Computers And programs NIS</u>	<u>Leasehold Improvements NIS</u>	<u>Furniture and office Equipment NIS</u>	<u>31.12.19</u> <u>NIS</u>	<u>31.12.18</u> <u>NIS</u>
Cost:					
Cost at the beginning of the year	156,551	39,974	92,405	288,930	212,915
Acquisitions during the year	51,457	68,535	7,942	127,934	76,015
Cost at the end of the year	<u>208,008</u>	<u>108,509</u>	<u>100,347</u>	<u>416,864</u>	<u>288,930</u>
Depreciation:					
Depreciation at the beginning of the year	74,444	14,183	61,512	150,139	109,469
Depreciation during the year	44,689	7,741	8,516	60,946	40,670
Accumulated depreciation	<u>119,133</u>	<u>21,924</u>	<u>70,028</u>	<u>211,085</u>	<u>150,139</u>
Written Down Value:	<u>88,875</u>	<u>86,585</u>	<u>30,319</u>	<u>205,779</u>	<u>138,791</u>
Depreciation Rates:	<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 31,2019

Note 7 – Accounts payable

	<u>31.12.19</u> <u>NIS</u>	<u>31.12.18</u> <u>NIS</u>
Accrued payroll taxes and social benefits	37,282	22,237
Vacation provision	57,623	96,531
Accrued expenses	119,959	125,455
Income in advance	298,649	104,407
	<u>513,513</u>	<u>348,630</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 - Temporarily Restricted Net Assets

The temporarily restricted net assets were established for the purpose of education and welfare projects, 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.

No funds of the permanently restricted net assets were released during the reporting year.

Note 11 – General and Administrative Expenses

	<u>2019</u> <u>NIS</u>	<u>2018</u> <u>NIS</u>
Salaries and related costs	791,763	695,747
Office expenses and maintenance	102,219	118,480 (*)
Rent	70,200	66,690
Professional services	34,666	33,203
Insurance	3,064	3,910
Depreciation	60,946	40,670
Credit card fees and banking	31,422	35,287 (*)
	<u>1,094,280</u>	<u>993,988</u>

(*) reclassified

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

Notes to the Financial Statements

as at December 31,2019

Note 12 – Volunteering Activities

During the year, 2019 volunteers of the Amutah contributed 106,527 hours at the value of NIS 3,102,066 (81,090 hours at the value of NIS 2,310,254 in 2018). Also, many additional hours contributed by volunteers assisting in management and administration are not included. Incomes and expenses are included in the financial statements according to the management estimation and Standard 5 and Opinion No. 69.

Note 13 – Net financing income (expenses)

	<u>2019</u> <u>NIS</u>	<u>2018</u> <u>NIS</u>
Exchange rate differences	(25,115)	1,403
Interest and income (expenses) from securities	305,971	(139,758) (*)
	<u>280,856</u>	<u>(138,355)</u>

(*)reclassified

Note 14 – Operating Lease Commitments

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

- A. Ra'anana Store – The rental agreement commencing on January 1, 2015 expired on December 31, 2019. A new agreement from January 1, 2020 has been agreed in principle but not yet signed. The monthly rental under this draft agreement is NIS 2,900 plus VAT for the first 20 months and 3,900 plus VAT for the last 4 months.
- B. Ra'anana bookstore and storage room – The Amutah signed lease agreements for both the store and storage room for a period of 1 year commencing June 1, 2019 with an option for a further 2 years. The monthly rental under this agreement is NIS 1,780 plus VAT. There is an option to extend the rental period for two additional periods of one year each, from June 1, 2020 to May 31, 2022. The monthly rent in the first option period will be NIS 2,230 plus VAT and in the second option period NIS 2,430 plus VAT. The Amutah has given a bank guarantee of NIS 10 thousand to cover its obligations.
- C. Kfar Saba Store – In May 2018, the Amutah signed an extension to its rental agreement from 2014. The extension was for a further 1.5 years ending February 29, 2020. The monthly rental under this agreement is NIS 6 plus VAT. In March 2020, the Amutah signed an extension to its rental agreement. The minimum future rental payments at balance sheet date amount to NIS 30 thousand include VAT.
- D. Modiin Bookstore – The rental agreement for 6 years expires on September 30, 2021. The monthly rental is NIS 1,734 including VAT and management fees. The minimum future rental payments at balance sheet date amount to NIS 15.6 thousand including VAT. The Amutah has given a bank guarantee for this rental agreement of NIS 5,000.
In March 2020, the Amutah signed a one year storage room rental agreement with an option to extend for another year. The amount of the monthly rent is NIS 2,100 plus VAT and management fees. The amutah has also given a bank guarantee of NIS 4,914.

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

Notes to the Financial Statements

as at December 31,2019

- E. Gan Rashal, Herzliya Offices – The Amutah signed a lease agreement for a period of 30 months commencing January 1, 2019, with an option for extension. The minimum future rental payments at balance sheet date amount to NIS 90 thousand plus VAT.

Certain amounts of the above rentals are linked to the consumer price index.

Note 15 – Events after the date of the Balance Sheet

Subsequent to the date of the Balance Sheet, the State of Israel has taken significant steps in order to prevent the spread of the Corona virus within Israel. At the date of signing the Financial Statements, the management of the Amutah believes that the spread of the Corona virus and also the ramifications of the aftermath of the pandemic is likely to affect the association's activities and results. However, the Amutah's management is unable at this time to assess and quantify the effect of the above on the results of its activities.