

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

Financial Statements

as at December 31, 2020

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

Financial Statements

as at December 31, 2020

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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, 2020 and 2019 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, 2020 and 2019 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)

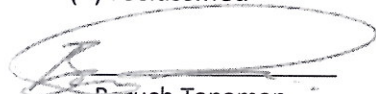
Ra'anana, June 15, 2021

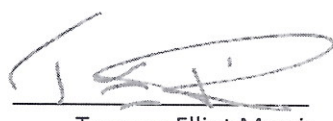
E.S.R.A English Speaking Residents Association (Reg.N.P.O)

Statements of financial position As At December 31, 2020

	Note	31.12.20	31.12.19
		NIS	NIS
<u>Current Assets</u>			
Cash and Cash equivalents	3	1,412,097	741,490
Securities	4	4,391,159	5,496,569
Debtors and Debit Balances	5	477,268	338,623
		<u>6,280,524</u>	<u>6,576,682</u>
<u>Long Term Asset</u>			
Bank guarantees for rental agreements	13	15,004	15,000
Fixed Assets	6	157,236	205,779
		<u>172,240</u>	<u>220,779</u>
		<u>6,452,764</u>	<u>6,797,461</u>
<u>Current Liabilities</u>			
Checks payable and suppliers		172,438	270,590
Accounts payable	7	302,607	513,513
		<u>475,045</u>	<u>784,103</u>
<u>Long Term Liabilities</u>			
Provision For Severance Pay	8	122,601	172,676
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
For activities		206,675	322,315
For fixed assets		157,236	205,779
		<u>363,911</u>	<u>528,094</u>
Restricted Net Assets	9	5,491,207	(*) 5,312,588
Total Net Assets		<u>5,855,118</u>	<u>5,840,682</u>
		<u>6,452,764</u>	<u>6,797,461</u>

(*) reclassified


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, 2020

		2020	2019
	Note	NIS	NIS
<u>Income</u>			
Donations		399,027	157,828
Membership fees		327,388	380,550
Transfers from restricted net assets		2,517,386	4,231,768
Usage fees		-	10,300
Income from events, social and cultural activities		1,514,746	1,893,535
Value of volunteers to activities	11	1,669,857	3,102,066
		<u>6,428,404</u>	<u>9,776,047</u>
<u>Cost of Activities – Projects</u>			
Education and welfare projects for immigrants and needy		1,959,026	3,249,135
Social events and cultural activities		1,025,039	1,557,076
Value of volunteers to activities	11	1,669,857	3,102,066
Salaries and related expenses		765,190	890,718
		<u>5,419,112</u>	<u>8,798,995</u>
<u>Net Income from Activities</u>			
		<u>1,009,292</u>	<u>977,052</u>
General and administrative expenses	10	1,087,304	1,094,280
Other income	14	86,863	-
<u>Net income (expenses) before financing</u>		<u>8,851</u>	<u>(117,228)</u>
Net financing income (expenses)	12	(173,034)	280,856
Net income (deficit)		<u>(164,183)</u>	<u>163,628</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 31, 2020

	Unrestricted		Restricted (*)		Total
	For Activities NIS	For Fixed Assets NIS	Net Assets NIS	NIS	
<u>2019:</u>					
Opening balance 1.1.2019	225,675	138,791	6,665,090		7,029,556
<u>Changes during the year</u>					
Donations	-	-	(*)2,753,430		2,753,430
Support from government ministries	-	-	(*) 125,836		125,836
Net income for the year	163,628	-	-		163,628
Sums transferred from restricted	-	-	(4,231,768)		(4,231,768)
Sums transferred from unrestricted:					
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	322,315	205,779	5,312,588		5,840,682

(*) reclassified

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 31, 2020

	Unrestricted		Restricted	
	<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>
<u>2020:</u>				
Opening balance 1.1.2020	322,315	205,779	5,312,588	5,840,682
<u>Changes during the year</u>				
Donations	-	-	2,625,202	2,625,202
Support from government ministries	-	-	70,803	70,803
Net deficit for the year	(164,183)	-	-	(164,183)
Sums transferred from restricted	-	-	(2,517,386)	(2,517,386)
Sums transferred from unrestricted:				
Sums used for acquisition of fixed assets	(31,135)	31,135	-	-
Sums used for depreciation of fixed assets	79,678	(79,678)	-	-
Balance as at 31.12.2020	206,675	157,236	5,491,207	5,855,118

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 31,2020

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 31/12/2021.
- F. In the year of the report, the Amutah received the Midot Seal of Effectiveness valid until 31/12/2022.
- 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. On August 13, 2020, the Professional Committee of the Israel Accounting Standards Board approved Accounting Standard No. 40 regarding Accounting Rules and Financial Reporting by Nonprofit Organizations. The standard combines the accounting and financial reporting rules for non-profit organizations, and upon its entry into effect, the standard will replace 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. The standard includes changes compared to the existing standard which are detailed in the introduction to the standard, such as in the rules for recognizing the income of non-profits (regarding contributions of fixed assets and cash for investment in fixed assets and for services received without compensation), and in the rules for recognizing and measuring works of art, historical assets and similar assets, and cash flows classified in the framework Cash Flow Statement, etc. The standard will apply to financial statements for annual periods beginning on or after January 1, 2021. The association chose to adopt an early application of the standard in this year of the report. For the implementation of the standard, there was no effect of the measurement provisions on the balances for the beginning of the year. With regard to presentation provisions, the association has implemented the presentation provisions of the standard retroactively for the year 2019.

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

Notes to the Financial Statements

as at December 31,2020

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. 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, 2020</u>	<u>December 31st, 2019</u>
\$1 = NIS 3.2150	\$1 = NIS 3.4560
£1 = NIS 4.3919	£1 = NIS 4.5597

- 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.

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

Notes to the Financial Statements

as at December 31,2020

J. Accounting Standard No. 41 Disclosures in the Context of a Related Party

On June 29, 2020, the professional committee of the Israel Accounting Standards Board approved Accounting Standard No. 41 - Disclosures Concerning a Related Party. This standard supercedes Statement No. 29, related parties, while expanding the disclosure requirements. The purpose of the standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties, transactions with such parties and their outstanding balances, including contracts with them. In accordance with the standard, in examining all possible related party relationships, the nature of the relationship and not just their legal form must be taken into account. The commencement date of the standard is with respect to annual reporting periods beginning on or after January 1, 2020. In the opinion of the Amutah management, the implementation of the standard does not have a material effect on the disclosures in the financial statements.

Note 3 – Cash and Cash equivalents

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>NIS</u>	<u>NIS</u>
Cash at bank and on hand- local currency	944,948	608,116
Cash at bank- foreign currency	467,149	133,374
	<u>1,412,097</u>	<u>741,490</u>

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

Notes to the Financial Statements

as at December 31,2020

Note 4 –Securities

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>NIS</u>	<u>NIS</u>
Government Bonds	527,286	310,014
Corporate Bonds rated A+ and Unit Trust funds	3,863,873	5,186,555
	<u>4,391,159</u>	<u>5,496,569</u>

Note 5 – Debtors and Debit Balances

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>NIS</u>	<u>NIS</u>
Credit-card companies and others	220,620	212,211
Accounts receivable, net	14,276	30,514
Pre-paid expenses	42,766	85,273
Income revenue	161,926	8,925
Checks receivable	37,680	1,700
	<u>477,268</u>	<u>338,623</u>

Note 6 - Fixed Assets

	<u>Computers And programs NIS</u>	<u>Leasehold Improvements NIS</u>	<u>Furniture and office Equipment NIS</u>	<u>31.12.20 NIS</u>	<u>31.12.19 NIS</u>
<u>Cost:</u>					
Cost at the beginning of the year	208,008	108,509	100,347	416,864	288,930
Acquisitions during the year	23,110	-	8,025	31,135	127,934
Cost at the end of the year	<u>231,118</u>	<u>108,509</u>	<u>108,372</u>	<u>447,999</u>	<u>416,864</u>
<u>Depreciation:</u>					
Depreciation at the beginning of the year	119,133	21,924	70,028	211,085	150,139
Depreciation during the year	50,802	19,596	9,280	79,678	60,946
Accumulated depreciation	<u>169,935</u>	<u>41,520</u>	<u>79,308</u>	<u>290,763</u>	<u>211,085</u>
<u>Written Down Value:</u>	<u>61,183</u>	<u>66,989</u>	<u>29,064</u>	<u>157,236</u>	<u>205,779</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 31,2020

Note 7 – Accounts payable

	<u>31.12.20</u>	<u>31.12.19</u>
	<u>NIS</u>	<u>NIS</u>
Accrued payroll taxes and social benefits	15,952	37,282
Vacation provision	65,802	57,623
Accrued expenses	159,216	119,959
Income in advance	61,637	298,649
	<u>302,607</u>	<u>513,513</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

In accordance with the Accounting Standard No. 40 that applies from the year of the report, there is no longer a separation between a temporary restriction and a permanent restriction.

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

Net assets in respect of which there is a permanent restriction represent amounts received as a contribution. According to the donor's guidelines, the fund remains permanent while the interest is used to carry out educational projects. In the year of the report, in accordance with the donor's directive, the funds that were permanently restricted and moved to a temporary restriction were released, but as stated, this has no effect on the presentation following the new standard adopted.

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

Notes to the Financial Statements

as at December 31,2020

Note 10 – General and Administrative Expenses

	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and related costs	807,624	791,763
Office expenses and maintenance	89,905	102,219
Rent	42,333	70,200
Professional services	26,772	34,666
Uncollectable debts	5,350	-
Insurance	2,835	3,064
Depreciation	79,678	60,946
Credit card fees and banking	32,807	31,422
	<u>1,087,304</u>	<u>1,094,280</u>

Note 11 – Volunteering Activities

During the year, 2020 volunteers of the Amutah contributed 57,344 hours at the value of NIS 1,669,857 (106,527 hours at the value of NIS 3,102,066 in 2019). 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 Israel Accounting Standards Board approved Accounting Standard No. 40

This total does not include hours for volunteers who worked in management and administration positions of the organization amounting to NIS 40,884.

In addition, this total does not include volunteers in the packaging and distribution of the magazine amounting to NIS 44,408 and in the training of volunteers amounting to NIS 27,955, who did not engage in their field of expertise and were therefore not included in the value in the financial statements.

Note 12 – Net financing income (expenses)

	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Exchange rate differences	(9,760)	(25,115)
Interest and income (expenses) from securities	(163,274)	305,971
	<u>(173,034)</u>	<u>280,856</u>

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

Notes to the Financial Statements

as at December 31,2020

Note 13 – 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 upon for a time period of 24 months until December 31, 2021. 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 until May 31, 2020, with an option for an extension of lease for 2 years. The rental agreement on the bookstore was extended for one year from June 1, 2020 until May 21, 2021 and not extended on the storage room whose lease ended on May 31, 2020. It was agreed that the rental payments for the bookstore will not be raised and will remain NIS 1,250 NIS including VAT per month. The second option period will begin on June 1, 2021 until May 31, 2022 and whose monthly rate will be NIS 1,700 plus VAT. The Amutah has given a bank guarantee of NIS 5,100 to cover its obligations.
- C. Kfar Saba Store – In June 2020, the Amutah signed an extension to its rental agreement from 2014. The extension was for a further 1 year from June 1, 2020 ending May 31, 2021. The monthly rental under this agreement is NIS 6,000 including VAT. In May 2021, the Amutah signed a 3-month extension to its rental agreement until August 31, 2021 without a change in rent.
- D. Modiin Bookstore – The rental agreement that was signed on September, 2015 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 15,600 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 5,000.
- 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.

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

Notes to the Financial Statements

as at December 31,2020

Note 14 - Significant events in the year of the report

During the year 2020, the association recorded income in respect of a grant from the Government Aid Fund - Philanthropy following the economic effects of the Corona pandemic in the amount of approximately NIS 87,000.

The grant was received due to a decrease in the association's revenues compared to last year. The corona virus that has spread in Israel and around the world has significantly affected the association's ongoing activities and caused a significant decrease in activity, however, the association's management does not assess at this time the extent of the said events' impact on results in 2021.