

**"YAD EZRA V'SHULAMIT, JERUSALEM"  
CHARITABLE ORGANIZATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**ZOHAR YOSEF**

Certified Public Accountants

**AUDITOR'S REPORT TO THE TRUSTEES OF**  
**" YAD EZRA V'SHULAMIT, JERUSALEM " CHARITABLE ORGANIZATION**

We have audited the accompanying Balance Sheets of the "YAD EZRA V'SHULAMIT, JERUSALEM" charitable organization (hereinafter - the Organization) for the years ended December 31, 2016 and 2015, incorporating the Statement of operations, Statement of changes in net assets and cash flow. These financial statements are the responsibility of the Organization members. Our responsibility is to give an opinion on these financial statements based on my audits.

We conducted Our audit according to the auditing standards generally accepted in Israel, including those laid down by the Israeli Auditors Regulations (Mode of Performance), 1973. According to those standards We are required to plan and perform the audit to obtain reasonable assurance that the financial statements are true and fair.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2016 and 2015 of its incoming resources and, changes in net assets and cash flows for the years that ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

**Yosef Zohar**

**C.P.A.**

Bnei Brak, Israel August 03, 2017



**BALANCE SHEET**

		<u>As at December 31</u>	
		<u>2016</u>	<u>2015</u>
	<u>note</u>	<u>\$</u>	<u>\$</u>
<b><u>CURRENT ASSETS</u></b>			
Cash at bank and in hand		19,949	122,508
Income receivable	3	288,436	736,101
Other receivables	4	1,244,361	812,770
		<u>1,552,746</u>	<u>1,671,379</u>
<b><u>NET FIXED ASSETS</u></b>			
	5	<u>6,990,992</u>	<u>6,238,668</u>
<b>Total assets</b>		<u>8,543,738</u>	<u>7,910,047</u>
<b><u>CURRENT LIABILITIES</u></b>			
credit from financial institutions		80,456	205,802
Current maturities		-	256,735
Suppliers and checks payable	6	148,265	275,344
Accounts payable	7	256,833	346,254
		<u>485,554</u>	<u>1,084,135</u>
<b><u>LONG-TERM LIABILITIES:</u></b>			
Liability for employee rights upon retirement, net	8	208,411	340,507
		<u>693,965</u>	<u>1,424,642</u>
<b><u>NET ASSETS</u></b>			
<b><u>Unrestricted net assets:</u></b>			
Used for activities		858,781	246,737
Used for fixed assets		6,990,992	6,238,668
<b>Total net assets</b>		<u>7,849,773</u>	<u>6,485,404</u>
<b>Total liabilities and net assets</b>		<u>8,543,738</u>	<u>7,910,047</u>

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Ilan Giat  
Trustee

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Chaim Bismot  
Trustee

Date of approval: August 03, 2017

**The accompanying notes are an integral part of the financial statements.**

**STATEMENTS OF OPERATIONS**

	<b>note</b>	<b>Year ended December 31</b>	
		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Income from the Government Ministries and Local Authorities	9	<b>432,878</b>	1,116,791
Donations received	10	<b>7,284,499</b>	7,251,726
Donations In-kind	11	<b>12,832,496</b>	9,711,007
Rental Income	12	<b>4,374</b>	3,602
Other Income		<b>12,777</b>	19,462
Total Operating Cycle		<b>20,567,024</b>	18,102,588
Operation Costs	13	<b>17,453,322</b>	15,654,577
Net Income from Charitable expenditure		<b>3,113,702</b>	2,448,011
General and Admin Expenses	14	<b>1,713,685</b>	1,493,558
Financial expense, net		<b>97,054</b>	108,109
Net Income before expenses of previous years		<b>1,302,962</b>	846,344
Expenses of previous years		<b>33,283</b>	-
Net surplus for the year		<b>1,269,680</b>	846,344

**The accompanying notes are an integral part of the financial statement.**

**STATEMENTS OF CHANGES IN NET ASSETS**

	<u>Unrestricted net assets</u>		<u>Restricted net assets</u>	
	Used for activities	Used for fixed assets	Temporary	total
	\$	\$	\$	\$
<b>Balance at January 1, 2015</b>	57,850	5,664,830	97,359	5,820,040
<b>Changes in 2015:</b>				
Net surplus for the year	846,344	-	-	846,344
Amounts transferred to be used for the acquisition of fixed assets	(1,100,984)	1,100,984	-	-
Amounts transferred to cover depreciation expenses	199,315	(199,315)	-	-
Translation differences capital reserve	(4,296)	(17,840)	-	(22,136)
<b>Balance at December 31, 2015</b>	<b>246,736</b>	<b>6,238,668</b>	<b>-</b>	<b>6,485,404</b>
<b>Changes in 2015:</b>				
Net surplus for the year	1,269,680	-	-	1,269,680
Amounts transferred to be used for the acquisition of fixed assets	(927,038)	927,038	-	-
Amounts transferred to cover depreciation expenses	267,198	(267,198)	-	-
Translation differences capital reserve	2,205	92,484	-	94,689
<b>Balance at December 31, 2016</b>	<b>858,781</b>	<b>6,990,992</b>	<b>-</b>	<b>7,849,773</b>

**The accompanying notes are an integral part of the financial statements.**

**STATEMENTS OF CASH FLOW**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Net Surplus for the year	<u>1,269,680</u>	<u>846,344</u>
Adjustments required to reflect the cash flows from current activities - <b>Appendix A</b>		
Income and expenses not relating to cash flow	135,102	300,848
Changes in assets and liabilities	<u>(200,426)</u>	<u>(348,235)</u>
Total Adjustments required to reflect the cash flows from current activities - <b>Appendix A</b>	<u>(65,324)</u>	<u>(47,388)</u>
<b>Cash flows provided by operating activities</b>	<u>1,204,356</u>	<u>798,957</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of fixed assets	<u>(927,038)</u>	<u>(1,100,984)</u>
<b>Net cash used in investing activities</b>	<u>(927,038)</u>	<u>(1,100,984)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Credit from financial institution	(125,347)	130,471
Current maturities	(256,735)	256,735
Translation differences capital reserve	<u>2,205</u>	<u>(4,296)</u>
<b>Net cash flows used in financing activities</b>	<u>(379,877)</u>	<u>382,909</u>
 <b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>	 <b>(102,559)</b>	 <b>80,882</b>
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	 <u>122,508</u>	 <u>41,626</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>19,949</u>	<u>122,508</u>

**The accompanying notes are an integral part of the financial statements.**

**STATEMENTS OF CASH FLOW**

**Appendix A - Adjustments required to reflect the cash flows from current activities activities:**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b><u>Income and expenses not relating to cash flow:</u></b>		
Depreciation expenses	<b>267,198</b>	199,315
Increase (Decrease) in accrued Severance pay fund, net	<b>(132,096)</b>	101,533
	<b>135,102</b>	300,848
<b><u>Changes in assets and liabilities</u></b>		
Increase in income receivable	<b>447,665</b>	(560,142)
Decrease in accounts receivable	<b>(431,591)</b>	104,250
Increase (Decrease) in Suppliers and checks payable	<b>(127,079)</b>	165,717
(Decrease) in accounts payable	<b>(89,421)</b>	(58,060)
	<b>(200,426)</b>	(348,235)
Total Adjustments required to reflect the cash flows from current activities - <b>Appendix A</b>	<b>(65,324)</b>	(47,388)

**The accompanying notes are an integral part of the financial statements.**



**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL**

- a. "YAD EZRA V'SHULAMIT, JERUSALEM" charitable organization (hereinafter - the organization) is a non-profit organization registered charity in accordance with the organizations act on January 13, 1998. The organization number is- 58-031-364-1.
- b. The main goals of the organization are: the creation of a distribution center that collects and packs boxes of food and clothing to be provided to the poor, the provision of financial assistance to the needy and the sick, running soup kitchens and centers for disadvantaged children, providing support to vulnerable young people, providing services for families and young immigrants, activities to rehabilitate prisoners, sharing the word of the Torah through shiurim, distributing leaflets, organizing visits to religious sites and arranging Shabbatons.
- c. The Organization was granted approval by the Tax Commissioner as a public institution pursuant to section 2(9) and sections 46 to the Income Tax Ordinance
- d. **Definitions:**

In these financial statements:

The Organization- "Yad Ezra V'shulamit, Jerusalem" charitable organization.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRINCIPLES**

The financial statements are presented in according to public statement no. 69 of the Institute of Certified Public Accountants, accounting Standard No. 5 of the Israel Accounting Standards Board.

**a. Financial statement reporting**

**Net assets**

The difference between assets and liabilities.

**Unrestricted net assets**

That part of the net assets there is no restriction on their use.

**Unrestricted net assets designated by the organization members**

That part of the net assets designated by the organization members for construction of a distribution center for the needy.

**Net assets used for fixed assets**

That part of the net assets used to acquire fixed assets less accumulated depreciation and less capital gain or loss from sale of fixed assets.

**Temporary restricted net assets**

That part of the net assets that exist temporary restricted by the funding providers for their use.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRINCIPLES** (continued)

**b. Revenue and expense recognition**

Revenues and expenses are recorded in the financial statements on an accrual basis.

**c. Basis recognition of financial report**

The organization's financial statements are expressed in nominal NIS, conducted primarily for reporting to legal authorities.

**d. Financial Statement Reporting**

1. The amounts of non-monetary assets do not necessarily represent a value or current economic value, but only the reported amounts of assets.
2. In the Financial Statements "cost" refers to cost in reported amounts.

**e. Presentation of Financial Statements**

1. Classification in the framework of the net assets group is made by distinction between:
  - Unrestricted net assets used for activities.
  - Unrestricted net assets designated by the organization members
  - Unrestricted net assets used for fixed assets.
  - Temporary restricted net assets
2. The statement of operations includes all the incomes and expenses incurred during the reporting period. "Income" includes all income received and originated during the period which have no restrictions on their use, additionally it includes the proportional part of the net assets which were restricted and conditionally released during the period. "Expenses" include the expenses from funds which were conditionally donated or allocated.

In addition, Income/expenses include In-kind incomes and expenses respectively.

3. The statements of changes in net assets includes, in addition to net outcome transferred from Statements of activities the total funding received noting there restrictions and amount that have been released from restriction. Restricted amounts that have been released as a result of usage in activity are recorded as revenue statement of activities. Restricted amounts that have been released as a result of usage in acquiring fixed assets are transferred to the "Unrestricted net assets to be used as fixed assets" balance in the statements of changes in net assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRINCIPLES** (continued)

**f. Data Regarding the Exchange Rate of the U.S. Dollar during the Reporting Period:**

	Year ended December 31		Percentage of change in the ended December 31	
	2016	2015	2016	2015
USD	3.845	3.902	(0.01)	0.003
EURO	4.044	4.246	(0.05)	(0.10)
CAD	2.851	2.814	0.01	(0.16)
GBP	4.725	5.784	(0.18)	(0.05)

**g. Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**h. Fixed assets**

- Fixed assets are displayed according to cost less accumulated depreciation.
- Depreciation is calculated by the straight-line method at annual rates based on the continued use of the assets, as follows:

	%
Structures	2,10
Vehicles	15-20
Furniture and equipment	7-15
Other equipment	7-33

- Notes to the Financial Statements presented details about the organization's real estate assets.

**i. Statement of Operations**

The statement of operations reflects all the activities of the organization. The report does not include restricted contributions received that have not yet been released or any amounts released from restrictions to be used to acquire fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRINCIPLES (continued)**

**j. Property Transfer**

Assets received in part as an agent or intermediary and not yet delivered to a third party, will be presented as property and the amount to be transferred to a third party will be shown as a liability.

**k. Recognition of the donations**

Income from all types of financing (such as funding from the government, municipalities, or other related bodies included in the budget of the previous period which overlaps the reporting period of the organization.) which have been granted but not yet received are recognized as revenue or as an addition to net assets restricted by the donor, only if all the following conditions are met:

1. The available information, at the date the financial statements are published, show the establishment of an irrevocable commitment by the donor, which refers to the reporting period.
2. Realization of the commitment does not depend on a future event.
3. Promises for donations that have not yet been received will be recognized as income or additions to net limited assets only if they are actually received by the organization or a trustee on behalf of the organization by the date of the preparation the financial statements. In irregular cases, where promises for donations that not yet received can be legally enforced, they will be recognized as detailed above on the date the promise was made.
4. The organization recognized In-kind donations according to the goods received as a donation. Recognition is based on the estimated value of the goods received as a donation. Also the organization recognizes the value of volunteers work subject to a working hour and the value of minimum wages per hour. Also the organization has income in-kind from buildings which it may use at no cost.
5. The organization received income from cycle clothing donation, Because the source of income are donations received, this income was included in income from donations.
6. Separation was carried out from revenue from donations organization in the country, and overseas revenues from donations organization.

**l. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting transactions or matters whose final effect in the financial statements cannot be accurately determined at the time of the financial statements preparation. Although the estimates and assumptions are based on the best judgment of the management, actual results of transactions or related issues could differ from those estimates or assumptions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRINCIPLES (continued)

**m. Cash flows**

Statement of cash flow are prepared in according to public statement No. 51 of the Institute of Certified Public Accountants in Israel.

**n. Taxes**

As a non-profit organization charity we pays the payroll tax is calculated at a certain rate of salary. The payroll tax is included in salary and related expenses.

**o. Segment Information**

The organization included Segment Information in the financial statements based on the divisions of the operating segments of the organization. The purpose of note is to present the income from activity and cost of activity segmented to the various kinds of activity.

NOTE 3 - INCOME RECEIVABLE

	As at December 31	
	2016	2015
	\$	\$
Food Baskets	211,140	697,652
Holiday Food	77,296	23,073
Ministry of Welfare – Estates Committee	-	15,377
	<b>288,436</b>	<b>736,101</b>

NOTE 4 – OTER RECEIVABLES

	As at December 31	
	2016	2015
	\$	\$
Credit Funds	1,229,020	729,734
Prepaid Expenses	9,785	10,150
Deposit Finance	-	66,222
Other Recivables	5,556	6,663
	<b>1,244,361</b>	<b>812,770</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 - FIXED ASSETS, NET**

	<u>Buildings</u>	<u>Vehicles &amp; Trucks</u>	<u>Furniture and equipment</u>	<u>Other equipment</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance at January 1, 2016	5,976,862	474,935	911,460	186,432	7,549,689
Additions	<b>718,182</b>	<b>32,559</b>	<b>149,095</b>	<b>27,202</b>	<b>927,038</b>
Translation differences capital reserve	<b>88,603</b>	<b>7,041</b>	<b>13,513</b>	<b>2,763</b>	<b>111,920</b>
Balance at December 31, 2016	<u><b>6,783,647</b></u>	<u><b>514,535</b></u>	<u><b>1,074,068</b></u>	<u><b>216,397</b></u>	<u><b>8,588,647</b></u>
<b>depreciation</b>					
Balance at January 1, 2016	450,788	378,270	330,719	151,244	1,311,021
Additions	<b>125,024</b>	<b>48,885</b>	<b>84,288</b>	<b>9,001</b>	<b>267,198</b>
Translation differences capital reserve	<b>6,683</b>	<b>5,608</b>	<b>4,903</b>	<b>2,242</b>	<b>19,436</b>
Balance at December 31, 2016	<u><b>582,495</b></u>	<u><b>432,763</b></u>	<u><b>419,910</b></u>	<u><b>162,487</b></u>	<u><b>1,597,655</b></u>
<b>Depreciated cost – December 31 2016</b>	<u><b>6,201,152</b></u>	<u><b>81,772</b></u>	<u><b>654,158</b></u>	<u><b>53,910</b></u>	<u><b>6,990,992</b></u>
<b>Depreciated cost – December 31 2015</b>	<u><b>5,526,074</b></u>	<u><b>96,665</b></u>	<u><b>580,741</b></u>	<u><b>35,188</b></u>	<u><b>6,238,668</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 - FIXED ASSETS, NET (continued)**

The Organization has the following Real Estate Assets:

	<u>Jerusalem Chaim Ozer</u>	<u>Jerusalem Rabenu Gersom</u>	<u>Safed (under construction)</u>	<u>Hashmonaim</u>	<u>Leasehold improvements</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at January 1, 2016	2,059,383	632,291	2,731,262	348,539	205,387	5,976,862
Additions	-	-	687,559	-	30,623	718,182
Translation differences capital reserve	30,529	9,373	40,490	5,167	3,044	88,603
Balance at December 31, 2016	<u>2,089,912</u>	<u>641,664</u>	<u>3,459,311</u>	<u>353,706</u>	<u>239,054</u>	<u>6,783,647</u>
<b>depreciation</b>						
Balance at January 1, 2016	317,186	66,015	19,901	-	47,686	450,788
Additions	37,244	12,833	52,616	-	22,331	125,024
Translation differences capital reserve	4,702	979	295	-	707	6,683
Balance at December 31, 2016	<u>359,132</u>	<u>79,827</u>	<u>72,812</u>	<u>-</u>	<u>70,724</u>	<u>582,495</u>
<b>Depreciated cost – December 31 2016</b>	<u>1,730,780</u>	<u>561,837</u>	<u>3,386,498</u>	<u>353,706</u>	<u>168,331</u>	<u>6,201,152</u>
<b>Depreciated cost – December 31 2015</b>	<u>1,742,197</u>	<u>566,276</u>	<u>2,711,361</u>	<u>348,539</u>	<u>157,701</u>	<u>5,526,074</u>

**NOTE 6 - SUPPLIERS AND CHECKS PAYABLE**

	<u>As at December 31</u>	
	<u>2016</u>	<u>2015</u>
	\$	\$
Suppliers	148,227	216,213
Outstanding checks	38	59,131
	<u>148,265</u>	<u>275,344</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – ACCOUNTS PAYABLE

	As at December 31	
	2016	2015
	\$	\$
Employees	156,551	192,114
Salaries	65,010	84,587
Allocations for Vacations	24,401	22,889
Allocations for Surplus	2,515	4,389
Assets received for transfer to others (*)	8,356	35,879
Accrued Expenses	-	6,396
	<b>256,833</b>	<b>346,254</b>

(\*) In 2013 the organization received a total of 890,000 ILS for transfer to others. In the year 2014, the transfers amounted to 470,900 ILS. In the year 2015, the transfers amounted to 279,100 ILS. In the year 2016, the transfers amounted to 140,100 ILS.

In 2016, the organization received 37,388 ILS for transfer to others for a bone marrow transplant project. In the year 2016 the transfers amounted to 5,259 ILS.

In accordance with the Accounting Standard No. 5, Section 8 A: In cases where the organization acted as an agent, trustee or an intermediary, rather than recipient of the donation and these assets have not yet been handed over to a third party, these amounts will be shown as a liability.

NOTE 8 - LIABILITIES FOR EMPLOYEE RIGHTS UPON RETIREMENT, NET

- The organization liability for severance pay to its employees is based on their last salary and period of employment by the organization
- The liability is covered by current deposits in an insurance company (accumulations resulting from these deposits are not under the control and management of the organization and therefore are not reflected in the balance sheet).



**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 - INCOME FROM GOVERNMENT MINISTRIES AND LOCAL AUTHORITIES**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Ministry of Welfare (*)	<b>398,273</b>	953,180
Ministry of Welfare – Estates Committee	-	15,436
Netanya municipality	<b>3,360</b>	3,124
Bat Yam municipality	-	18,009
Bat Yam Religious Council	<b>31,245</b>	127,042
	<b>432,878</b>	1,116,791

(\*) Income from the Ministry of Welfare is for activities in distributing food baskets and food before Passover to the needy

**NOTE 10 - INCOME FROM DONATIONS**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Donations from Israel	<b>5,420,684</b>	5,488,636
Donations from Abroad	<b>1,849,975</b>	1,748,080
The Jewish Agency	<b>17,702</b>	15,009
Keren Or L'noar	<b>5,873</b>	-
Assets that received for transfer to others	<b>(9,735)</b>	-
	<b>7,284,499</b>	7,251,726

**NOTE 11 - INCOME IN-KIND**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
In-Kind Income - Food Baskets	<b>11,161,032</b>	8,510,530
In-kind Income - Food for Passover	<b>660,695</b>	655,806
In-kind Income - Food for Holidays	<b>962,114</b>	544,671
In-Kind Income – Volunteer work	<b>48,655</b>	-
	<b>12,832,496</b>	9,711,007

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12- RENTAK INCOME

In Note 15 - Transactions with related parties

NOTE 13 – OPERATING COSTS

	As at December 31	
	2016	2015
	\$	\$
Payroll and Related Expenses	1,600,974	1,988,097
In-Kind Expenses	12,832,496	9,711,007
Food Baskets	1,000,497	1,224,488
Outreach (Kiruv L'evavot)	727,066	1,071,256
Food for Passover	307,535	393,572
Food for Holidays	184,735	320,602
Expenses for the Warm Home	136,859	100,234
Assistance to the Needy	18,013	269,451
Treating At-Risk Youth	7,940	18,143
Vehicles for Distributing and Collecting Food	90,882	85,699
Rental	89,104	80,200
Maintenance, Cleaning and Insurance	82,624	65,908
Municipal Taxes, Water and Electricity	68,444	64,558
Communications	45,183	67,738
Depreciation	260,970	193,624
	<b>17,453,322</b>	<b>15,654,577</b>

NOTE 14 - GENERAL AND ADMINITRATIVE EXPENSES

	As at December 31	
	2016	2015
	\$	\$
Payroll and related expenses	1,140,779	814,906
Fundraising fees	204,059	350,274
Professional Services	169,171	86,968
Printing and office supplies	93,295	143,274
Mail, telephone and communications	75,281	67,903
Rental and Maintenance	22,437	19,387
Accommodation, Refreshments and Travel	1,039	257
Taxes and Fees	1,092	4,124
Depreciation	6,534	6,465
	<b>1,713,685</b>	<b>1,493,558</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14 - GENERAL AND ADMINISTRATIVE EXPENSES** (continued)

**14.1 Compliance related to General and Administrative expenditure limits in accordance with the regulation of the comptroller general of the State of Israel.**

	<b>Guidance set forth by the comptroller general</b>	<b>General &amp; Administrative Expenses</b>
<b>Overall annual income (in millions of NIS)</b>	<b>Maximum marginal percent of G&amp;A expenses as a percentage of overall income from Activities</b>	<b>Percentage of G&amp;A expenses of the organization as a percentage of overall income from Activities</b>
<b>Up to 10</b>	<b>22%</b>	<b>22%</b>
<b>Above 10, the next 25</b>	<b>15.5%</b>	<b>15.5%</b>
<b>Above 25, the next 50</b>	<b>10%</b>	<b>8.23%</b>
<b>Above 50, the next 75</b>	<b>8.5%</b>	<b>0%</b>

**14.2 Compliance related to General and Administrative expenditure limits in accordance with the regulation of the Israeli Tax Authority.**

As a result of the Organization being classified as a “Public Institution” in accordance with section 46 of the Israeli tax ordinance, the organization is required to comply with the maximum General and Administrative expenses limits in accordance with the guidance set forth by the Israeli Tax Authority. The % of the overall income 11 guidance states “the General and Administrative expenses must be limited to million NIS”. In this 100 and 51 from Activities by any organization with an annual volume of between case our expenses are 10.6% in this regard, the association is in compliance with the guidelines of the Tax Ordinance.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – TRANSACTIONS WITH RELATED PARTIES**

The organization has exchanged rental property with a related party since the month of March 2015, according to the following particulars. The organization's Chairman owns a part of the property (1/6<sup>th</sup>) located on Simeon Rokakh Street 28, Jerusalem. The remaining 5/6<sup>th</sup> of this property is owned by the organization. The organization decided to rent 1/6<sup>th</sup> of the property from the Chairman in order that the organization can maintain its operations on the full area of the property. The Chairman rents out to the organization his 1/6<sup>th</sup> of the property for the organization to use.

In return for the above transfer of property for the organization's use from the Chairman, the organization rents out its owned property to the Chairman on Rabbeinu Gershom Street 26, Jerusalem (residential apartments).

Since according to an evaluation by an appraiser, there is a gap in rental property values between the two properties, and the property rented to the Chairman costs more, it was decided that the Chairman of the organization pays to the organization the gap of NIS 1,400 per month as stated.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 – DESCRIPTION OF THE GEOGRAPHIC DISPERSAL OF THE ORGANIZATION'S ACTIVITIES

**Below are the list of properties owned by the organization:**

<u>City</u>	<u>Address</u>	<u>Building Category</u>	<u>Uses</u>
Jerusalem	29 Chaim Ozer St.	Owned by the Organization	Food for the Needy
Jerusalem	28 Shimon Rokah St.	Owned by the Organization	Food for the Needy
Jerusalem	26 Rabenu Gershom	Owned by the Organization	Rental
Safed	2 Zahal St.	Municipality Allocation	Activities for the Needy
Hashmonaim	Property Investment	Owned by the Organization	Property Investment

**Below are the list of places where the the organization has Operations and Activities:**

<u>City</u>	<u>Address</u>	<u>Building Category</u>	<u>Uses</u>
Qiryat Shemona	1 Mekorot St.	Municipality Allocation	Activities for the Needy
Karmiel	16 HaMelacha St.	Municipality Allocation	Activities for the Needy
Safed	Azor HaTashiya Safed	Rental	Activities for the Needy
Jerusalem	20 Yoel St.	Rental	Activities for the Needy
Jerusalem	Shouk Sitonti- Tenuva	Rental	Distribution Warehouse
Haifa	30 Bodanhaimer St.	Private Allocation	Activities for the Needy
Haifa	7 Ha-Melech Shaul St.	Private Allocation	Activities for the Needy
Ashkelon	33 Herzel St.	Private Allocation	Activities for the Needy
Akko	2 Moshe Has St.	Private Allocation	Activities for the Needy
Hatzor Haglilit	Rambam St.	Private Allocation	Activities for the Needy
Beitar Illit	17 Rambanl St.	Rental	Activities for the Needy

Since the cost-benefit considerations do not value an appraiser's valuation was made to use these assets, not shown in the books of the association income from value in use of assets.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 17 – SEGMENT REPORTING**

	<u>Food Baskets for the Needy</u>	<u>Other Assistance for the Needy</u>	<u>Expenses for the Warm Home</u>	<u>Community Activities</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Operations Cycle</b>					
Ministry of Welfare - Food Baskets	211,381	-	-	-	211,381
Ministry of Welfare Food for Passover	109,507	-	-	-	109,507
Ministry of Welfare Food for Holidays	77,385	-	-	-	77,385
Netanya municipality	3,360	-	-	-	3,360
Bat Yam Religious Council	31,245	-	-	-	31,245
Income from Donations	4,376,540	719,689	364,712	1,823,559	7,284,499
In-Kind Donations	12,829,426	57	681	2,332	12,832,496
Rental Income	2,625	437	219	1,094	4,374
Other Income	-	12,777	-	-	12,777
<b>Total Operations</b>	<b>17,641,468</b>	<b>732,960</b>	<b>365,612</b>	<b>1,826,984</b>	<b>20,567,024</b>
<b>Cost of Operations</b>					
Payroll and Related Expenses	1,427,032	1,787	99,216	72,939	1,600,974
In-Kind Expenses	12,829,426	57	681	2,332	12,832,496
Food Baskets	1,000,497	-	-	-	1,000,497
Outreach (Kiruv L'evavot)	-	-	-	727,066	727,066
Food for Passover	307,535	-	-	-	307,535
Food for Holidays	184,735	-	-	-	184,735
Expenses for the Warm Home	-	-	136,859	-	136,859
Assistance to the Needy	-	18,013	-	-	18,013
Treating At-Risk Youth	-	-	-	7,940	7,940
Vehicles for Distributing and Collecting Food	90,882	-	-	-	90,882
Rental	83,481	105	1,248	4,270	89,104
Maintenance, Cleaning and Insurance	77,410	97	1,157	3,960	82,624
Municipal Taxes, Water and Electricity	64,125	80	958	3,280	68,444
Communications	42,332	53	633	2,166	45,183
Depreciation	244,502	306	3,654	12,507	260,970
<b>Total Cost of Operations</b>	<b>16,351,956</b>	<b>20,500</b>	<b>244,407</b>	<b>836,459</b>	<b>17,453,322</b>
<b>General and Administrative Expenses</b>	<b>1,605,546</b>	<b>2,013</b>	<b>23,998</b>	<b>82,129</b>	<b>1,713,685</b>
<b>Net Financial Expenses</b>	<b>90,929</b>	<b>114</b>	<b>1,359</b>	<b>4,651</b>	<b>97,054</b>
<b>Net (Deficit) Surplus for the Year before expenses of previous years</b>	<b>(406,963)</b>	<b>710,333</b>	<b>95,848</b>	<b>903,744</b>	<b>1,302,962</b>
<b>Expenses of previous years</b>	<b>31,182</b>	<b>39</b>	<b>466</b>	<b>1,595</b>	<b>33,283</b>
<b>Net (Deficit) Surplus for the Year before Fixed Asset Investments</b>	<b>(438,146)</b>	<b>710,294</b>	<b>95,382</b>	<b>902,149</b>	<b>1,269,680</b>
<b>Fixed Asset Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927,038</b>
<b>Net Deficit for the Year after Income from Asset Value Rise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,642</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTE 18 – STATEMENT OF SOURCES AND USES

	<u>Food for Passover</u>	<u>Food for Holidays</u>	<u>Food Baskets</u>	<u>Activities that not supported</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>Operations Cycle</b>					
Ministry of Welfare	109,507	77,385	211,381	-	<b>398,273</b>
Local authorities	-	-	-	3,360	<b>3,360</b>
Bat Yam Religious Council	-	-	-	31,245	<b>31,245</b>
Income from Donations	228,544	73,570	714,747	6,267,637	<b>7,284,499</b>
In-Kind Donations	660,696	962,114	11,161,032	48,654	<b>12,832,496</b>
Other Income	-	-	-	17,151	<b>17,151</b>
<b>Total Operations</b>	<b>998,747</b>	<b>1,113,069</b>	<b>12,087,161</b>	<b>6,368,047</b>	<b>20,567,024</b>
<b>Cost of Operations</b>					
Payroll and Related Expenses	-	-	355,167	1,245,807	<b>1,600,974</b>
Food Baskets	307,535	184,735	1,000,497	-	<b>1,492,767</b>
Assistance to the Needy	-	-	-	18,013	<b>18,013</b>
In-Kind Expenses	660,696	962,114	11,161,032	48,654	<b>12,832,496</b>
Expenses for the Warm Home	-	-	-	136,859	<b>136,859</b>
Treating At-Risk Youth	-	-	-	7,940	<b>7,940</b>
Outreach (Kiruv L'evavot)	-	-	-	727,065	<b>727,065</b>
Vehicles for Distributing and Collecting Food	-	-	-	90,882	<b>90,882</b>
Rental	-	-	-	89,104	<b>89,104</b>
Communications	-	-	-	45,184	<b>45,184</b>
Maintenance, Cleaning and Insurance	-	-	-	82,624	<b>82,624</b>
Municipal Taxes, Water and Electricity	-	-	-	68,444	<b>68,444</b>
Depreciation	-	-	-	260,970	<b>260,970</b>
<b>Total Cost of Operations</b>	<b>968,230</b>	<b>1,146,849</b>	<b>12,516,696</b>	<b>2,821,547</b>	<b>17,453,322</b>
<b>General and Administrative Expenses</b>	<b>95,067</b>	<b>112,605</b>	<b>1,228,974</b>	<b>277,039</b>	<b>6,581,580</b>
<b>Net Financial Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,054</b>	<b>97,054</b>
<b>Net (Deficit) Surplus for the Year before expenses of previous years</b>	<b>(64,551)</b>	<b>(146,386)</b>	<b>(1,658,509)</b>	<b>3,269,462</b>	<b>1,400,016</b>
<b>Expenses of previous years</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,283</b>	<b>33,283</b>
<b>Net (Deficit) Surplus for the Year before Fixed Asset Investments</b>	<b>(64,551)</b>	<b>(146,386)</b>	<b>(1,658,509)</b>	<b>3,139,125</b>	<b>1,269,680</b>
<b>Fixed Asset Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>927,038</b>	<b>927,038</b>
<b>Net Deficit for the Year after Income from Asset Value Rise</b>	<b>(64,551)</b>	<b>(146,386)</b>	<b>(1,658,509)</b>	<b>2,212,087</b>	<b>342,642</b>