

YAD - RACHEL

(A Registered Amutta)

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AUDITOR'S REPORT TO THE AMUTTA MEMBERS OF

YAD - RACHEL

(A Registered Amutta)

We have audited the balance sheets of YAD - RACHEL (a Registered Amutta), as at December 31, 2013 and 2012 and the statement of activities, and changes in net assets and the statement of cash flows for each of the years then ended. These financial statements are the responsibility of the Board and the Directors of the Association. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditor's Regulations (Manner of Auditor's Performance) 1973. Such standards require that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatements, whether due to error or intentional misrepresentation. 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 Board and the Directors of the Association, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above, present fairly, in conformity with generally accepted accounting principles, pertaining to non profit organization in all material respect, the financial position of YAD - RACHEL (a Registered Amutta) as at December 31, 2013 and 2012 and the results of its operations and changes in net assets and cash flow for each of the years then ended.

GANOR LEVY BOKER
Certified Public Accountants

Jerusalem, January 21, 2015

YAD - RACHEL

(A Registered Amutta)

BALANCE SHEETS

		<u>As at December 31</u>	
	<u>Note</u>	<u>2013</u>	<u>2012</u>
		<u>NIS.</u>	<u>NIS.</u>
<u>Current Assets</u>			
Cash and cash equivalents	(3)	3,038,287	2,207,772
Debtors and debit Balances	(4)	1,111,113	1,206,810
		<u>4,149,400</u>	<u>3,414,582</u>
		-----	-----
<u>Fixed Assets</u>	(5)	4,833,967	4,578,278
		-----	-----
<u>Other Assets</u>	(6)	17,137	30,847
		<u>9,000,504</u>	<u>8,023,707</u>
		=====	=====



<u>Current Liabilities</u>			
Checks and suppliers		522,770	524,797
Creditors and credit balances	(7)	804,881	712,426
		<u>1,327,651</u>	<u>1,237,223</u>
		-----	-----
<u>Provision for severance pay</u>	(8)	277,373	342,726
		-----	-----
<u>Net Assets:</u>			
<u>That are not restricted</u>			
- used for activities that are not intended		1,112,003	1,048,132
- used for fixed assets		1,145,423	493,615
- used for activities that are intended	(9)	1,432,373	652,533
<u>That are temporarily restricted</u>	(10)	3,705,681	4,249,478
		<u>7,395,480</u>	<u>6,443,758</u>
		-----	-----
		<u>9,000,504</u>	<u>8,023,707</u>
		=====	=====

Ilan Baram – chairman

Eitan Bayler – Board Member

The accompanying notes form an integral part of this balance sheet.

YAD - RACHEL

(A Registered Amutta)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	<u>Note</u>	<u>that are not restricted</u>			<u>that are</u>	<u>Total</u>	<u>Total</u>
		<u>Used for</u> <u>activities</u> <u>That are not</u> <u>intended</u>	<u>Used for</u> <u>fixed</u> <u>and</u> <u>other</u> <u>assets</u>	<u>Used for</u> <u>activities</u> <u>that are</u> <u>intended</u>	<u>temporarily</u> <u>restricted</u> <u>(Note 10)</u>	<u>2013</u>	<u>2012</u>
		<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>
Opening Balances		<u>1,048,132</u>	<u>493,615</u>	<u>652,533</u>	<u>4,249,478</u>	<u>6,443,758</u>	<u>5,616,155</u>
<u>Income for the year</u>							
Contributions	(11)	2,250,318	-	-	2,730,939	4,981,257	4,009,287
Allocations and Grants	(12)	-	-	-	9,312,223	9,312,223	8,217,439
Tuition fees and Miscellaneous Income		30,253	-	-	-	30,253	25,056
Transfers from restricted assets – used for activities		12,177,129	-	-	(12,177,129)	-	-
Total Income		<u>14,457,700</u>	<u>-</u>	<u>-</u>	<u>(133,967)</u>	<u>14,323,733</u>	<u>12,251,782</u>
Less -Teachers Payroll and Educational Expenses	(13)	(12,113,463)	-	-	-	(12,113,463)	(10,964,003)
Surplus from activities		<u>2,344,237</u>	<u>-</u>	<u>-</u>	<u>(133,967)</u>	<u>2,210,270</u>	<u>1,287,779</u>
Less - Administrative and General expenses	(14)	(1,248,437)	-	-	-	(1,248,437)	(1,271,590)
Financial expenses, net		(10,111)	-	-	-	(10,111)	13,522
Surplus from activities for the year		<u>1,085,689</u>	<u>-</u>	<u>-</u>	<u>(133,967)</u>	<u>951,722</u>	<u>29,711</u>
<u>Other changes for the year:</u>							
Additions to allocations and grants due to changes in Accounting policy		-	-	-	-	-	797,892
Amounts transferred to ongoing activities an designated by the Amutta		(1,430,159)	-	1,430,159	-	-	-
Transfer to fixed assets, amounts designated by the Amutta		-	650,319	(650,319)	-	-	-
Amounts transferred to purchase fixed and other assets		(261,757)	261,757	-	-	-	-
Amounts transferred to cover depreciation expenses		670,098	(260,268)	-	(409,830)	-	-
Surplus (Deficit) for the year		<u>63,871</u>	<u>651,808</u>	<u>779,840</u>	<u>(543,797)</u>	<u>951,722</u>	<u>827,603</u>
Balances as at end of year		<u>1,112,003</u>	<u>1,145,423</u>	<u>1,432,373</u>	<u>3,705,681</u>	<u>7,395,480</u>	<u>6,443,758</u>

The attached notes form an integral part of the Financial Statements.

(*) Reclassified

YAD - RACHEL

(A Registered Amutta)

STATEMENT OF CASH FLOW

	<u>For the year ended</u>	
	<u>December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
<u>Cash Flow from Current Operations</u>		
Surplus (Deficit) for the year	1,085,689	(104,256)
Reconciliation necessary to present flow of cash and cash equivalents from operations(*)	790,870	(262,195)
Net Cash derived (used) from operating activities	<u>1,876,559</u>	<u>(366,451)</u>
	-----	-----
<u>Cash Flow from Investment Activities</u>		
Acquisition of Fixed Assets	(912,077)	(51,500)
Net Cash used for investment activities	<u>(912,077)</u>	<u>(51,500)</u>
	-----	-----
<u>Cash Flow from Financial Activities</u>		
(Decrease) Increase in bank credit	-	(24,118)
Contributions for net assets temporarily restricted and not yet released	(133,967)	133,967
Net cash (used) derived for Financial activities	<u>(133,967)</u>	<u>109,849</u>
	-----	-----
Increase in Cash and Cash equivalents	830,515	(308,102)
Cash and Cash equivalents as at beginning of the year	2,207,772	2,515,874
Cash and Cash equivalents balance as at the end of the year	<u>3,038,287</u>	<u>2,207,772</u>
	=====	=====
<u>(*)Reconciliation necessary to present Flow of Cash and Cash equivalents from operations</u>		
Depreciation	670,098	562,175
Additions due to a change in Accounting policy	-	797,892
(Decrease) in provision for severance pay	(65,353)	(71,219)
Increase (Decrease) in debtors and debit balances	95,697	(1,142,309)
(Decrease) Increase in suppliers and outstanding checks	(2,027)	114
(Decrease) in other creditor	(3,125)	(438,996)
Increase in Employees and Institutions with respect of employees	95,580	30,148
	<u>790,870</u>	<u>(262,195)</u>
	=====	=====

The accompanying notes form an integral part of this statement

YAD - RACHEL

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NOTES TO THE FINANCIAL STATEMENTS

Note 1 - GENERAL

Yad - Rachel educational treatment centers was registered as an Amuta- non for profit institution, under the Amutot Ordinance on January 12, 1983- Amuta Number 580046969. The Amuta's purpose is to develop and operate of therapeutic programs for children at risk and their families, enabling them to cope successfully with the challenges of life.

The Amuta is recognized as a Public Institution as defined in the Income Tax Ordinance and has an approval with respect of donations in accordance with clause 46 of the said Ordinance.

Note 2 - ACCOUNTING POLICIES

The following accounting principles have been applied in the preparation of these financial statements:

1. Income Statements are presented in compliance with Pronouncement No.69 of the Institute of Certified Public Accountants in Israel.
2. Historical Values – The Financial Statements are presented on the basis of the Historical Cost Convention, no reflection of changes in the general purchasing power of the Israeli currency was reflected in the statements.
3. Cash balances - include cash and short term deposits with banking institutions, for a period of less than 3 months that are not restricted in any way.
4. Income and Expenditure –
Expenditure – reporting on an accrual basis.
The financial statements do not express the costs of work performed by 60 volunteers who worked an average of around -240 weekly hours, total estimated value of services provided by the volunteers is approximately NIS.250,000; (2012 NIS 200,000).
5. Fixed Assets - In accordance with the above mentioned accounting principles the Fixed Assets are presented at the historical cost value and the depreciation is calculated according to the estimated useful life of the Asset.

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NOTES TO THE FINANCIAL STATEMENTS

6. **Foreign Currency Balances** - Balances in or linked to foreign currency are stated at the official rates in effect at balance sheet date. Donations and income received in foreign currency are recorded on the basis of the exchange rate prevailing at the date of transaction.

The following are exchange rates at the balance sheet date:

	<u>As at December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
U.S.D	3.4710	3.7330
Pound	5.7419	6.0365
Euro	4.7819	4.9206
Swiss Franc	3.8973	4.0766

7. **Balances linked to the CPI** - are presented according the index known at balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

Note 3 - CASH AND CASH EQUIVALENTS

Composition:	<u>As at December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Cash in Israeli Currency	1,363,466	677,166
Deposits in Israeli and foreign currency	1,674,821	1,530,606
	<u>3,038,287</u>	<u>2,207,772</u>
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Note 4 - DEBTORS AND DEBIT BALANCES

Composition:	<u>As at December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Income receivable	950,755	1,140,851
Prepaid expenses	126,034	37,095
Advance payment for leasing	34,324	28,864
	<u>1,111,113</u>	<u>1,206,810</u>
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NOTES TO THE FINANCIAL STATEMENTS

Note 5 - FIXED ASSETS

(A) Composition:

	<u>(*)Buildings</u>	<u>Furniture & Equipment</u>	<u>Improvement to leasehold</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<u>Cost</u>				
As at beginning of year	4,935,170	1,099,804	1,053,163	7,088,137
Additions	-	182,579	729,498	912,077
	<u>4,935,170</u>	<u>1,282,383</u>	<u>1,782,661</u>	<u>8,000,214</u>
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<u>Depreciation</u>				
As at beginning of year	819,658	859,665	830,536	2,509,859
Depreciation for the year	409,830	49,339	197,219	656,388
	<u>1,229,488</u>	<u>909,004</u>	<u>1,027,755</u>	<u>3,166,247</u>
	-----	-----	-----	-----
Net book value	<u>3,705,682</u>	<u>373,379</u>	<u>754,906</u>	<u>4,833,967</u>
	=====	=====	=====	=====

(B) Rates of depreciation: 4-5% 6-33% 10%-20%

(*) From May 1995 the Amutta leases from the Jerusalem Municipality 50% of the land and building in Jerusalem for 25 years. The Amutta made improvements to leasehold in Jerusalem through a contribution made by a third party.
From February 2007 the Amutta leases from the Lod Municipality, land and building in Lod for 20 years. The Amutta made improvements to leasehold in Lod through a contribution made by a third party who also did the improvements.

Note 6 - OTHER ASSETS

During the year 2010 the Amutta established a web site that began to operate in April, 2011, and the depreciation is calculated for 4 years.

Note 7 - CREDITORS AND CREDIT BALANCES

Composition:	<u>As at December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Employees	512,011	452,647
Institution with respect of employees	272,360	236,144
Other creditors	20,510	23,635
	<u>804,881</u>	<u>712,426</u>
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NOTES TO THE FINANCIAL STATEMENTS

Note 8 - PROVISION FOR SEVERANCE PAY, NET

Provision is based on the last monthly salary of the employees and represents the legal liability of the Amutta in the event of employees' dismissal. Amount stated is net of deposits of severance funds with insurance companies.

Note 9 - FUNDS THAT ARE INTENDED

As of 2009, the Board of Directors of the Amutta decided to temporarily restrict funds, as a reserve for future use, to the previous situation where the year ended in a deficit and there were resulting cash flow problems for the current year. The funds that were to be temporarily restricted amounted to 10% of the turnover of the Amutta which is not to be an amount more than NIS 1.5 Million, for the current financial year.

The use of funds is temporarily restricted as a reserve, the use of which will require a special decision by the Board of Directors – for leasehold improvements is used by the Amutta and for Special Cases.

During the year 2013 the Board of Directors decided to use the amount of NIS 650,319, and to temporarily restrict an amount of NIS 1,430,159. The remaining balance is NIS 1,432,373.

Note 10 – NET ASSETS THAT ARE TEMPORARILY RESTRICTED

	<u>Note</u>	<u>Used for activities</u>	<u>(*)Buildings</u>	<u>Total 2013</u>	<u>Total 2012</u>
		<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>	<u>NIS.</u>
Opening Balances		<u>133,967</u>	<u>4,115,511</u>	<u>4,249,478</u>	<u>4,525,341</u>
<u>Changes for the year</u>					
Contributions	(11)	2,730,939	-	2,730,939	1,646,215
Allocations and Grants	(12)	9,312,223	-	9,312,223	8,217,439
Transfers from restricted assets – used for activities		(12,177,129)	-	(12,177,129)	(9,729,687)
Total Income		<u>(133,967)</u>	<u>-</u>	<u>(133,967)</u>	<u>133,967</u>
<u>Other changes for the year:</u>					
Amounts transferred to cover depreciation expenses		-	(409,830)	(409,830)	(409,830)
Total changes during the year		<u>(133,967)</u>	<u>(409,830)</u>	<u>(543,797)</u>	<u>(275,863)</u>
Balances as at end of year		<u>-</u>	<u>3,705,681</u>	<u>3,705,681</u>	<u>4,249,478</u>

(*) Contributed facilities to the Amutta, which usage is limited. From the year 2011 the construction cost is presented with in limited against Fixed Assets, and every year an amount is released for the ongoing activities. This amount corresponds to the depreciation of buildings until the end of the lease.

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NOTES TO THE FINANCIAL STATEMENTS

Note 11 - CONTRIBUTIONS

Composition:	<u>For the year</u>	
	<u>ended December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
A. Used for activities that are not designated		
Keren Hayesod	331,389	596,152
Treves	745,000	429,245
Steshevsky	35,580	287,950
Glankor	136,602	247,035
Vincinos	-	135,185
Matan Investing In The Community	35,000	119,932
Safra	106,800	119,400
P.I.F.	261,372	24,634
Fam. Wile	189,620	-
Fam. Efrati	109,320	-
The Jewish Agency	-	14,776
Miscellaneous contributions	299,635	388,763
	<u>2,250,318</u>	<u>2,363,072</u>
B. That are temporarily restricted and released		
Biderman	182,175	927,388
Toronto Friends	1,825,457	349,017
D.S.P. Group	271,243	309,402
Rashi Foundation	262,500	-
Adar Foundation	179,973	-
Rothschild	9,591	60,408
	<u>2,730,939</u>	<u>1,646,215</u>
	<u>4,981,257</u>	<u>4,009,287</u>
	=====	=====

Note 12- ALLOCATIONS AND GRANTS

Composition:	<u>For the year</u>	
	<u>ended December 31</u>	
	<u>2013</u>	<u>(**) 2012</u>
	<u>NIS</u>	<u>NIS</u>
Ministry of Labor and Welfare	6,082,773	4,974,893
Israel Joint Distribution (*)	1,272,278	1,400,804
City Councils and Municipalities	1,807,336	1,662,676
Jerusalem Foundation	149,836	179,066
	<u>9,312,223</u>	<u>8,217,439</u>
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NOTES TO THE FINANCIAL STATEMENTS

Note 13 - TEACHERS PAYROLL AND EDUCATIONAL EXPENSES

Composition:

	<u>For the year</u>	
	<u>ended December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Payroll and social benefits	7,772,721	7,027,809
Educational and Cultural Activities	883,239	904,498
Electricity, Maintenance and Cleaning	1,055,694	746,452
Food for pupils	824,531	738,972
Events, Trips and Travel	509,884	580,269
Books and Auxiliary Educational Requisites	184,360	221,372
Depreciation	670,098	562,175
Car Expense	212,936	182,456
	<u>12,113,463</u>	<u>10,964,003</u>
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Note 14 - ADMINSTRATIVE AND GENERAL EXPENSES

Composition:

	<u>For the year</u>	
	<u>ended December 31</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Payroll and Social Benefits	756,549	859,519
Car Expenses	125,535	114,703
Office Expenses	35,826	34,526
Traveling Expenses	51,595	50,616
Advertising and Public Relations	62,034	39,321
Bookkeeping	91,715	90,805
Audit and Accounting Fees	18,744	20,588
Insurance	44,265	40,905
legal	40,950	2,475
Telephone	5,521	5,150
Gifts	5,311	10,564
Taxes and fees	2,657	1,273
Bank Charges	7,735	6,145
	<u>1,248,437</u>	<u>1,271,590</u>
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