

**Financial Report of**

**Yad - Rachel**

**(A Registered Amutta)**

**Yad - Rachel**  
**(A Registered Amutta)**  
**Financial Report as of December 31 2016**  
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דוד בוקר רואה חשבון  
איתן לוי רואה חשבון  
רון גנור רואה חשבון

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, 2016 and 2015 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, 2016 and 2015 and the results of its operations and changes in net assets and cash flow for each of the years then ended.

Jerusalem  
June 21 2017

  
GANOR LEVY BOKER  
Certified Public Accountants

**Balance Sheets**

		<u>As at December 31</u>	
		<u>2016</u>	<u>2015</u>
		<u>New Sheqels</u>	
<b><u>Curret Assets</u></b>			
Cash and cash equivalents	3	7,547,015	6,051,815
Debtors and debit Balances	4	1,683,840	1,338,135
		<u>9,230,855</u>	<u>7,389,950</u>
<b><u>Fixed Assets, Net</u></b>			
	5	<u>4,010,804</u>	<u>4,117,019</u>
		<u>13,241,659</u>	<u>11,506,969</u>
<b><u>Current liabilities</u></b>			
Suppliers and outstanding checks		580,335	445,520
Creditors and credit balances	6	1,038,864	983,631
		<u>1,619,199</u>	<u>1,429,151</u>
<b><u>Provision for severance pay</u></b>	7	<u>376,631</u>	<u>338,066</u>
<b><u>Net Assets</u></b>			
<b><u>That are not restricted</u></b>			
used for activities that are not intended		3,498,751	1,886,459
used for fixed assets		1,534,614	1,230,999
used for activities that are intended	8	3,736,273	3,736,273
<b><u>That are temporarily restricted</u></b>	9	<u>2,476,191</u>	<u>2,886,021</u>
		<u>11,245,829</u>	<u>9,739,752</u>
		<u>13,241,659</u>	<u>11,506,969</u>

\_\_\_\_\_  
Eitan Bayler – Board  
Member

\_\_\_\_\_  
Ilan Baram –  
Chairman

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

## Statement of Activities and Changes in Net Assets

	that are not restricted				Total	
	Used for activities that are not intended	Used for fixed and other assets	Used for activities that are intended	that are temporarily restricted (Note 9)		
	New Sheqels					
	2016				2015	
<b>Opening Balances</b>	1,886,459	1,230,999	3,736,273	2,886,021	9,739,752	8,445,868
<b>Income for the year</b>						
Contributions	10 2,897,896	-	-	2,619,475	5,517,371	5,096,430
Allocations and Grants	11 -	-	-	12,708,979	12,708,979	12,150,638
Tuition fees and Miscellaneous Income	69,033	-	-	-	69,033	25,685
Transfers from restricted assets – used for activities	15,328,454	-	-	(15,328,454)	-	-
Total Income	18,295,383	-	-	-	18,295,383	17,272,753
Less -Teachers Payroll and Educational Expenses	12 (15,419,496)	-	-	-	(15,419,496)	(14,658,922)
Surplus from activities	2,875,887	-	-	-	2,875,887	2,613,831
Administrative and General expenses	13 (1,359,427)	-	-	-	(1,359,427)	(1,335,195)
Financial (expenses) income, net	(10,383)	-	-	-	(10,383)	15,248
Surplus for the year	1,506,077	-	-	-	1,506,077	1,293,884
<b>Other changes for the year:</b>						
Amounts transferred to fixed assets, designated by the Amutta	(600,974)	600,974	-	-	-	-
Amounts transferred to cover depreciation expenses	707,189	(297,359)	-	(409,830)	-	-
	106,215	303,615	-	(409,830)	-	-
<b>Total changes for the year</b>	1,612,292	303,615	-	(409,830)	1,506,077	1,293,884
<b>Balances - surplus accrued at end of year</b>	3,498,751	1,534,614	3,736,273	2,476,191	11,245,829	9,739,752

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

**Statement of Cash Flows**

	Year ended December 31	
	2016	2015
New Sheqels		
<b><u>Cash Flows from Operating Activities</u></b>		
Surplus for the year	1,506,077	1,516,194
Reconciliation necessary to present the cash flow from operations (A)	590,097	853,903
Net Cash derived from operating activities	<u>2,096,174</u>	<u>2,370,097</u>
<b><u>Cash Flows from Investment Activities</u></b>		
Acquisition of Fixed Assets	(600,974)	(291,272)
Net Cash (used for) investment activities	<u>(600,974)</u>	<u>(291,272)</u>
<b><u>Cash Flow from Financial Activities</u></b>		
Deduction from Contributions for net assets temporarily restricted and not yet released	-	(222,310)
Net cash (used for) Financial activities	<u>-</u>	<u>(222,310)</u>
Increase in cash and Cash equivalents	1,495,200	1,856,515
Cash and Cash equivalents as at beginning of the year	6,051,815	4,195,300
Cash and Cash equivalents balance as at the end of the year	<u>7,547,015</u>	<u>6,051,815</u>
<b><u>Reconciliation necessary to present the cash flow from operations (A)</u></b>		
Depreciation	707,189	708,846
Increase in provision for severance pay	38,565	66,097
	<u>745,754</u>	<u>774,943</u>
Decrease (Increase) in debtors and debit balances	(345,705)	65,208
Increase (Decrease) in suppliers and outstanding checks	134,815	(39,828)
Decrease in other creditors	(5,041)	(104)
Increase in Employees	38,018	27,898
Increase in Institution with respect of employees	22,256	25,786
	<u>(155,657)</u>	<u>78,960</u>
	<u>590,097</u>	<u>853,903</u>

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

## Notes to the Financial Statements

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### Note 1 - General

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

The Amtuta 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 - Significant 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 40 volunteers who worked an average of around - 300 weekly hours, total estimated value of services provided by the volunteers is approximately NIS 202,330; (2015 NIS 221,000).  
Income – reporting on an accrual basis.
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.
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.

## Notes to the Financial Statements

### Note 2 - Significant Accounting Policies (Cont.)

The following are exchange rates at the balance sheet date:

	<u>As at December 31</u>	
	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
U.S.D	3.845	3.902
Pound	4.725	5.784
Euro	4.044	4.247
Swiss Franc	3.767	3.925

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

### Note 3 - Cash and cash equivalents

	<u>As at December 31</u>	
	<u>2016</u>	<u>2015</u>
	<u>New Sheqels</u>	
Cash in Israeli Currency	1,745,584	1,551,037
Deposits in Israeli and foreign currency	5,801,431	4,500,778
	<u>7,547,015</u>	<u>6,051,815</u>

### Note 4 - Debtors and debit Balances

	<u>As at December 31</u>	
	<u>2016</u>	<u>2015</u>
	<u>New Sheqels</u>	
Income receivable	1,476,535	1,167,058
Prepaid expenses	159,148	121,701
Advance payment for leasing	45,855	49,376
Other Debtors and debit balances	2,302	-
	<u>1,683,840</u>	<u>1,338,135</u>



**Notes to the Financial Statements****Note 5 - Fixed Assets, Net**

	<b>Buildings (*)</b>	<b>Furniture &amp; Equipment</b>	<b>Improvement to leasehold</b>	<b>Total</b>
	<b>New Sheqels</b>			
<b>Cost</b>				
Balance as at January 1 2016	4,935,170	1,749,530	1,999,973	8,684,673
Additions	-	405,069	195,905	600,974
As of December 31 2016	<u>4,935,170</u>	<u>2,154,599</u>	<u>2,195,878</u>	<u>9,285,647</u>
<b>Accumulated Depreciation</b>				
Balance as at January 1 2016	2,049,149	1,072,667	1,445,838	4,567,654
Depreciation for the year	409,830	121,261	176,098	707,189
As of December 31 2016	<u>2,458,979</u>	<u>1,193,928</u>	<u>1,621,936</u>	<u>5,274,843</u>
Fixed Assets, Net as at December 31 2016	<u>2,476,191</u>	<u>960,671</u>	<u>573,942</u>	<u>4,010,804</u>
Fixed Assets, Net as at December 31 2015	<u>2,886,021</u>	<u>676,863</u>	<u>554,135</u>	<u>4,117,019</u>
	6-11%	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 - Creditors and credit balances**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>New Sheqels</b>	
Employees	626,983	588,965
Institution with respect of employees	388,435	366,179
Other creditors	23,446	28,487
	<u>1,038,864</u>	<u>983,631</u>

## **Notes to the Financial Statements**

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### **Note 7 - Provision for severance pay**

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 8 - Funds that are designated by management**

As of 2009, the Board of Directors of the Amutta decided to designate funds, as a reserve for future use. This is due to the fact that in prior years the Amutta had a deficit on its operation and experienced cash flow problems. At the end of 2015 it was decided by the Ammuta's board to increase the designated funds to 4 times monthly salary costs. The balance of the reserve is NIS 3,736,273.

The designated funds were to be used as a reserve, the usage of which is subject to a special approval of the Ammuta's board. The intended use is for improvement to Ammuta buildings and extra unusual cases.

## Notes to the Financial Statements

### Note 9 - Net Assets that are temporarily Restricted

	As at December 31			
	2016			2015
	Used for activities	Buildings (*)	Total	Total
	New Sheqels			
<b>Opening Balances</b>	-	2,886,021	2,886,021	3,518,161
<b><u>Changes for the year</u></b>				
Contributions	10 2,619,475	-	2,619,475	2,863,128
Allocations and Grants	11 12,708,979	-	12,708,979	12,150,638
Transfers from restricted assets – used for activities	(15,328,454)	-	(15,328,454)	(15,236,076)
Total net (Expenses)	-	-	-	(222,310)
<b><u>Other changes for the year:</u></b>				
Amounts transferred to cover depreciation expenses	-	(409,830)	(409,830)	(409,830)
<b>Total changes during the year</b>	-	(409,830)	(409,830)	(632,140)
<b>Balances - surplus accrued at end of year</b>	-	2,476,191	2,476,191	2,886,021

(\*) 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.

## Notes to the Financial Statements

### Note 10 - Contributions

	As at December 31	
	2016	2015
	New Sheqels	
<b>A. Used for activities that are not designated</b>		
Keren Hayesod	1,032,012	729,507
P.I.F	398,100	251,363
Steshevsky	387,300	388,100
The Ramban Trust	376,600	-
Keren Shusterman	266,363	-
Chana Bloch	-	155,070
Sophie Midy	125,101	-
Carranece Jean Claude	-	117,740
Treves	75,722	291,870
Salomon	69,408	69,732
Keren Steinhardt	38,500	40,000
Eliakim Kesel and Sara	36,000	-
Bernshteen	-	31,244
Wall Avraham law firm	25,000	20,000
Donations from others	67,790	138,676
	<u>2,897,896</u>	<u>2,233,302</u>
<b>B. That are temporarily restricted and released</b>		
Toronto Friends	2,154,995	2,098,178
D.S.P Group	271,605	249,983
Biderman	192,875	386,155
Rashi Foundation	-	93,812
Adar Foundation	-	35,000
	<u>2,619,475</u>	<u>2,863,128</u>
	<u>5,517,371</u>	<u>5,096,430</u>

**Notes to the Financial Statements****Note 11 - Allocations and Grants**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>New Sheqels</b>	
Ministry of Labor and Welfare	9,441,942	8,333,249
City Councils and Municipalities	2,342,426	2,360,122
Israel Joint Distribution	607,952	1,164,759
Jerusalem Foundation	316,659	292,508
	<u>12,708,979</u>	<u>12,150,638</u>

**Note 12 - Teachers payroll and Educational expenses**

	<b>As at December 31</b>	
	<b>2016</b>	<b>2015</b>
	<b>New Sheqels</b>	
Payroll and social benefits	10,587,981	10,099,077
Educational and Cultural Activities	1,053,628	1,079,494
Electricity, Maintenance and Cleaning	1,011,738	1,015,700
Food for pupils	966,267	815,626
Depreciation	707,189	708,846
Events, Trips and Travel	439,308	348,210
Car Expense	290,404	324,964
Books and Auxiliary Educational Requisites	362,981	267,005
	<u>15,419,496</u>	<u>14,658,922</u>

## Notes to the Financial Statements

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### Note 13 - Administrative and General expenses

	As at December 31	
	2016	2015
	New Sheqels	
Payroll and Social Benefits	921,769	877,952
Car Expenses	110,061	95,299
Bookkeeping	91,260	91,780
Traveling Expenses	57,937	93,743
Insurance	62,460	60,177
Advertising and Public Relations	36,195	50,352
Audit and Accounting Fees	33,813	37,252
Office Expenses	33,487	9,233
Gifts	2,250	5,407
Bank Charges	5,298	8,750
Telephone	3,594	3,936
Taxes and fees	1,303	1,314
	<u>1,359,427</u>	<u>1,335,195</u>