

**Financial Reports
for
Karmey Chessed (RA)
580431138
2018**

Karmey Chesed
Financial Reports true to December 31, 2018

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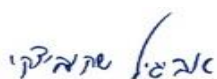
Avigail Shkovitzki, C.P.A.
of the Mishor Group, Accountant Avigail Shkovitzki

Certified Public Accountant Report to Members of the Board
Karmey Chesed—Registered Association

We have audited the attached balance sheets of Karmey Chesed (hereafter, the Association) of December 31, 2018 and 2017, as well as the activity report and changes in free assets for the year that terminated on this date. The veracity of these reports is the sole responsibility of the Association's directorate; our responsibility is to express an opinion on the above reports based on our official audit.

We conducted our audit in accordance with the accepted standards, included Accountancy Laws of 1973. According to the above, we are required to plan and conduct our review with the goal of achieving a reasonable measure of confidence that these reports do not contain any fundamental errors. The review includes sample check of proofs supporting the data and information included in the reports. In addition, this review also includes an assessment of the implemented accountancy policies; the significant estimates made by the Association's administration; and an appraisal of the general presentation of the financial reports. We believe that our review provides us with a clear basis to express our opinion.

In our opinion, these financial reports clearly reflect all fundamental aspects of the financial state of the Association from December 31, 2018 and 2017, as well as the results of its activities and the changes in net assets for each of the years that ended on these dates, in accordance with accepted accountancy policies in Israel (Israeli GAAP)



Avigail Shkovitzki, C.P.A.

Date: June 2019

Karmey Chesed—Registered Association

Balance Sheets

for December 31

| | Explanation | 2018 | 2017 NIS |
|---|-------------|----------------------|-----------------------|
| <u>Quick Assets</u> | | | |
| Cash in bank | | 18,124 | 55,160 |
| Credit funds | | 7,184 | 11,954 |
| | | <u>25,308</u> | <u>67,114</u> |
| | 3 | <u>4,406</u> | <u>32,953</u> |
| <u>Fixed Assets, Net</u> | | <u>29,714</u> | <u>100,067</u> |
| Total Assets | | | |
| <u>Current Liabilities</u> | | | |
| Salaried employees and institutions | | 1,852 | 7,499 |
| Payable expenses and credits | | <u>3,511</u> | <u>682</u> |
| | | <u>5,363</u> | <u>8,181</u> |
| <u>Long Term Liabilities</u> | | | |
| | | <u>5,363</u> | <u>8,181</u> |
| <u>Net Assets</u> | | | |
| Unlimited net assets | | | |
| Net assets for activities: | | | |
| Not designated by Association's institution | | 19,945 | 58,933 |
| | | <u>4,406</u> | <u>32,953</u> |
| Net assets functioning as fixed assets | | <u>24,351</u> | <u>91,886</u> |
| Total net liabilities and assets | | <u>29,714</u> | <u>100,067</u> |

The attached explanations are an indistinguishable aspect of this financial report.

June, 13, 2019

Date



Dovid Rubin, Board Member



Michael Chaim Neuman, Board Member

**Karmey Chesed—Registered Association
Activity Report**

**For the year that concluded on
December 31**

| | Explanation | 2018 NIS | 2017 NIS |
|--------------------------------------|--------------------|---------------------|---------------------|
| <u>Activity cycle</u> | | | |
| Donations | | 686,481 | 774,257 |
| <u>Activity Cost</u> | | | |
| Donations to Needy | | 617,225 | 593,883 |
| Net income from activities | | <u>69,256</u> | <u>180,374</u> |
| Administrational & general expenses | 4 | <u>102,514</u> | <u>144,961</u> |
| Net income (expenses) before funding | | (33,258) | 35,413 |
| Net funding | | <u>(13,953)</u> | <u>(15,328)</u> |
| Annual surplus (deficit) | | (47,211) | 20,085 |
| Other income and expenses | | <u>(20,324)</u> | - |
| Annual surplus (deficit) | | <u>(67,535)</u> | <u>20,085</u> |

The attached explanations are an indistinguishable aspect of this financial report.

**Karmey Chesed—Registered Association
Report of Changes in Net Assets**

Unlimited

| | Not designated by institutions | Net assets that served as fixed assets | Total |
|---|-----------------------------------|---|---------------|
| | <u>NIS</u> | <u>NIS</u> | <u>NIS</u> |
| <u>Balance for January 1, 2017</u> | | | |
| <u>Additions throughout year</u> | <u>24,769</u> | <u>47,032</u> | <u>71,801</u> |
| Net annual income | | | |
| <u>Deficits throughout year</u> | <u>20,085</u> | - | <u>20,085</u> |
| Transfer of unlimited sums | | | |
| Funds transferred to cover depreciation costs | 14,079 | (14,079) | - |
| Balance for December 31, 2017 | <u>58,933</u> | <u>32,953</u> | <u>91,886</u> |
| | | | - |
| <u>Additions throughout year</u> | | | |
| Annual deficit | (67,535) | -- | (67,535) |
| <u>Deficits throughout year</u> | | | |
| Transfer of unlimited sums | | | |
| From use of fixed assets | 24,324 | (24,324) | == |
| Sums transferred to cover depreciation costs | <u>4,223</u> | <u>(4,223)</u> | == |
| | 28,547 | <u>(28,547)</u> | == |
| Balance for December 31, 2018 | <u>19,945</u> | <u>4,406</u> | <u>24,351</u> |

Karmey Chesed—Registered Association
Explanation of Financial Reports

Explanation 1—General:

1. The Association is legally registered as a non-profit Association according to the Law of Non-Profit Associations, and its registration number is **580431138**.
2. The Association's objectives: Assistance and support for the needy.
3. The Association is authorized to accept donations according to Paragraph 46 at the Income Tax Administration.
4. In this year's report, the Association did not receive donations from any foreign entity.

Explanation 2—Accounting Policies

The following accounting policies were implemented consistently throughout the compilation of these Financial Reports:

A. Premises of Financial Report:

The Association compiles its reports in accordance with transparency policies as specified in Law 69 of the Institute of Certified Public Accountants in Israel and following Amendment #36 of the Israel Accounting Standard Boards regarding Not-for-Profit Associations.

The Financial Reports are prepared using conventional nominal values of the historical cost and do not reflect the effect of changes in the general consumer power of the Israeli shekel on the business results.

The Cash Flow Report usually required by conventional accountancy policies is not presented, as the Association's Directorate does not believe that it adds any essential financial data to the information already presented in the other sections of this Report.

B. Fixed Assets

Fixed Assets are presented according to the Cost minus Depreciation, in accordance to the life expectancy of the assets.

Annual Depreciation Costs are follows:

| | <u>%</u> |
|------------------------------|----------|
| Cars | 15 |
| Furniture & office equipment | 7-15 |
| Computers | 33 |

C. Net Assets

In accordance with Transparency Law 69 of the Accountants' Bureau in Israel, the Association's Net Assets are presented as follows:

Unlimited Assets that served for Regular Activity Use—for current activity of the Association.

Unlimited Assets that served as Fixed Assets—for the sums designated as Fixed Assets (including Purchases and Depreciation Costs).

- D. Cash and Cash Equivalencies including investments that are highly liquid that include, among others, short-term deposits with bank corporations whose original deposit period at the time of investment does not exceed 3 months and are unlimited for use.

Explanation 3—Net Fixed Assets

| | For December 31 | | | 2017 |
|---|-----------------|-----------------------|---------------|---------------|
| | 2018 | | | |
| | Cars | Computers & equipment | Total | Total |
| | NIS | NIS | NIS | NIS |
| Cost | | | | |
| Balance for January 1, 2018 | 76,138 | 23,684 | 99,822 | 99,822 |
| Deficits throughout year | <u>76,138</u> | -- | <u>76,138</u> | -- |
| Balance for December 31, 2018 | -- | <u>23,684</u> | 23,684 | 99,822 |
| Accumulated depreciation | | | | |
| Balance for January 1, 2018 | 48,261 | 18,608 | 66,869 | 52,790 |
| Additions throughout year | 3,553 | 670 | 4,223 | 14,079 |
| Deficits throughout year | <u>51,814</u> | -- | <u>51,814</u> | -- |
| Balance for December 31, 2018 | -- | <u>19,278</u> | <u>19,278</u> | <u>66,869</u> |
| Depreciated cost for December 31, 2018 | -- | <u>4,406</u> | <u>4,406</u> | <u>32,953</u> |

Explanation 4: Administrative and General Expenses

| | December 31 | |
|-----------------------------|--------------|---------------|
| | 2018 | 2017 |
| | NIS | NIS |
| Salaries, etc. | 57,417 | 80,065 |
| Office, mail, media | 1,229 | 450 |
| Professional services | 9,065 | 8,140 |
| Car expenses | 3,000 | 15,329 |
| Advertising and fundraising | 26,277 | 25,599 |
| Fees | 1,303 | 1,299 |
| Depreciation costs | <u>4,223</u> | <u>14,079</u> |
| | 102,514 | 144,961 |