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Karmeit Chessed
(Registered Organization)
Financial Reports

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Financial Reports for Fiscal Year of 2011

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Certified Public Accountant Report

To

Members of the Board

Karmeit Chessed—Registered Organization 580431138

We have reviewed the attached balance sheets of Karmeit Chessed (henceforth, the organization) of December 31, 2011 and 2010, 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 organization; our responsibility is to express an opinion on the above reports based on our official inspection.

We conducted our review in accordance with the accepted laws, included Accountancy Laws of 1973. According to the above, we are required to plan and conduct our review with the goal of ensuring that these reports do not contain any essential errors as well as to conduct a general overview, including a sample check of proofs supporting the data and information included in the reports. In addition, this review also includes an assessment of the implemented account rules; the significant estimates made by the organization'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 present all essential aspects of the financial state of the organization from December 31, 2010-2011, in accordance with accepted accountancy practices, 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 Shikuvitzky, C.P.A.

Date: June 4, 2012

Karmeit Chessed—Registered Organization 580431138

Balance Sheets

For December 31

	Explanation	2011 NIS	2010 Nis
<u>Quick Assets</u>			
	Cash and cash equivalents	16,760	59,209
	Donations to receive	<u>1,513</u>	<u>-</u>
		18,273	59,207
<u>Fixed Assets, Net</u>			
	Total Assets	<u>4,001</u>	<u>5,222</u>
	3	<u>22,274</u>	<u>64,429</u>
<u>Current Liabilities</u>			
	Salaries for employees and institutions	4,530	-
	Checks to be paid	-	1,430
	Expenses to pay	<u>7,888</u>	<u>-</u>
		<u>12,418</u>	<u>1,430</u>
	<u>Total liabilities</u>	<u>12,418</u>	<u>1,430</u>
<u>Net Assets</u>			
	Unlimited net assets		
	Net assets for activity use:		
	Not designated for institutional use	4,496	57,639
	Net assets that function as fixed assets	<u>5,360</u>	<u>5,360</u>
		<u>9,856</u>	<u>62,999</u>
	Total liabilities and assets	22,274	64,429

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

June 4, 2012

Dovid Rubin, Board Member

Michael Chaim Neuman, Board Member

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Activity Report

For December 31

	Explanation	2011	2010
		NIS	NIS
Activity cycle		890,920	393,952
Activity cost & support for needy	4	<u>837,779</u>	<u>314,674</u>
Net income from activities		<u>53,141</u>	<u>79,278</u>
Administrational & general expenses		<u>102,581</u>	<u>26,722</u>
Net income (expenses) before funding	5	(49,440,)	52,556
Net funding		<u>(3,703)</u>	<u>(1,040)</u>
		(53,143)	51,516

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

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Karmeit Chessed—Registered Organization 580431138
 Report of Changes in Net Assets

Unlimited

	Not designated by institutions	Net assets that functioned as fixed assets	Total
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<u>Balance for January 1, 2010</u>			
<u>Additions throughout year</u>			
Net income for year	<u>8,260</u>	<u>3,223</u>	<u>11,493</u>
<u>Deficits throughout year</u>	51,516	<u>-</u>	<u>51,516</u>
<u>Transfer of unlimited sums</u>			
Functioned as fixed assets	<u>(2,490)</u>	2,490	-
Funds transferred to cover depreciation costs	<u>353</u> <u>(2,137)</u>	<u>(353)</u> <u>2,137</u>	<u>-</u> <u>-</u>
	<u>57,639</u>		
Balance for December 31, 2010		5,360	<u>62,999</u>
<u>Additions throughout year</u>			
Deficit for year	<u>(53,143)</u>	<u>-</u>	<u>(53,143)</u>
Balance for December 31, 2019	<u>4,496</u>	<u>5,360</u>	<u>9,856</u>

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

Karmeit Chessed—Registered Organization 580431138

Explanation of Financial Reports

Explanation 1—:

1. The organization is legally registered as a non-profit organization according to the Law of Non-Profit Organizations, and its registration number is **580431138**.
2. The organization's objectives: Assistance and support for the destitute.
3. The organization is authorized for donations according to Paragraph 46 at the Income Tax Administration.

Explanation 2—Accounting policies

Accounting policies were consistently implemented throughout the compilation of these financial reports:

A. Foundations of financial report:

Beginning from year 1997, the organization has compiled its reports in accordance with Accountancy Law 69 of the Institute of Accountants in Israel.

For this reason and other practical reasons that stem from the scope of the organization and needs of this report, the financial reports are prepared using conventional nominal values of the historical cost and not according to reported sums, as required by the Accountancy Policy 12 of the Israel Institute for Accountancy Policies. The reported sums make use of nominal values that are matched to the changes in the consumer price index that are valid through the month of December, 2003, in addition to nominal values that were added after this date (December 31, 2003) and after deducting the amounts subtracted after this date.

The cash flow report required by conventional accountancy policies is not presented, as the organization's directors do not believe that it adds any essential financial data to the information already presented in the other sections of this report.

B. Fixed Assets

As of January 1, 2007, fixed assets are presented according to the cost minus depreciation, in accordance to the life expectancy of the assets. Fixed assets that were purchased or received as a gift prior to January 1, 2007 are expressed in symbolic values.

Annual depreciation costs are follows:

	%
Buildings	2
Furniture & office equipment	6-10
Vehicles	15
Computers	20-33
Renovations of leased items	Throughout rental period

Explanation 3—Net Fixed Assets

For December 31

	2011 Furniture & Equipment NIS	2010 Total NIS
Cost		
Balance for January 1, 2011		
Depreciation	<u>12,296</u>	<u>9,293</u>
Balance for January 1, 2011	7,075	4,071
Additions throughout year	1,220	-
Balance for December 31, 2011	<u>8,295</u>	<u>4,071</u>
Depreciated cost for December 31, 2011	4,001	5,222

Explanation 4: Activity Cycle

For the period that ended on
 December 31

	2011 NIS	2010 NIS
Donations	890,920	363,952
Welfare Ministry	<u>-</u>	<u>30,000</u>
	890,920	<u>393,952</u>

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Explanation of Financial Reports

Explanation 5: Administrative and General Expenses

For the period that ended on
December 31

	2011	2010
Salaries, etc.	29,136	-
Office, mail, media	9,694	5,423
Professional services	7,888	6,620
Advertising and fundraising	51,785	14,188
Taxes and levies	2,858	-
Depreciation	<u>1,220</u>	<u>491</u>
	<u>102,581</u>	<u>26,722</u>