

**Financial Reports
for
Karmey Chessed**

**580431138
2016**

Karmey Chesed
Financial Reports for Fiscal Year of 2015

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Mishor Accountancy & Business Counseling for Institutions
Avigail Shkovitzki, C.P.A.

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

We have reviewed the attached balance sheets of Karmey Chesed (hereafter, the organization) of December 31, 2015 and 2014, 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's directorate; 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 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 essential 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 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 reflect all essential aspects of the financial state of the organization from December 31, 2015 and 2014, 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: July, 2017

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Karmey Chesed—Registered Organization

Balance Sheets

For December 31

	Explanation	2016 NIS	2015 NIS
<u>Quick Assets</u>			
Cash and cash equivalents	3	32,982	26,504
Donations to receive		-	<u>3,774</u>
		32,982	30,277
<u>Fixed Assets, Net</u>	4	<u>47,032</u>	<u>56,593</u>
Total Assets		<u>80,014</u>	<u>86,870</u>
<u>Current Liabilities</u>			
Salaries for employees and institutions		2,388	1,870
Expenses to pay and credits		<u>1,786</u>	<u>2,502</u>
		<u>4,174</u>	<u>4,372</u>
<u>Long Term Liabilities</u>			
Employees' reserve after retirement		<u>4,039</u>	<u>340</u>
Total Liabilities		8,213	4,712
<u>Net Deficit in Assets</u>			
Unlimited net assets (deficit)			
Net assets for activity use:			
Not designated for institution use		24,769	25,565
Net assets functioning as fixed assets		<u>47,032</u>	<u>56,593</u>
		<u>71,801</u>	<u>82,158</u>
Total net liabilities and assets		<u>80,014</u>	<u>86,870</u>

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

_____ David Rubin, Board Member Michael Chaim Neuman, Board Member
Date

**Karmey Chesed—Registered Organization
Activity Report**

For December 31

	Explanation	2016 NIS	2015 NIS
<u>Activity cycle</u>			
Donations		683,615	715,507
<u>Activity Cost</u>			
Donations to Needy		518,966	576,153
Food and help for needy		<u>7,000</u>	<u>32,001</u>
		<u>525,966</u>	<u>608,154</u>
Net income from activities		<u>157,649</u>	<u>107,353</u>
Administrational & general expenses	5	<u>152,807</u>	<u>116,343</u>
Net income (expenses) before funding		4,842	(8990)
Net funding		<u>(15,199)</u>	<u>(12,934)</u>
Annual net deficit		(10,357)	(21,924)

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

Karmey Chesed—Registered Organization
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, 2015</u>			
<u>Additions throughout year</u>	38,458	65,624	104,082
Annual deficit			
<u>Deficits throughout year</u>	<u>(21,924)</u>	-	<u>(21,924)</u>
Transfer of unlimited sums			
Served as fixed assets	(4,948)	4,948	-
Funds transferred to cover depreciation costs	<u>13,979</u>	<u>(13,979)</u>	-
	<u>9,031</u>	<u>(9,031)</u>	-
Balance for December 31, 2015	25,565	56,593	82,158
<u>Additions throughout year</u>			
Annual deficit	(10,357)	-	<u>(10,357)</u>
<u>Deficits throughout year</u>			
Transfer of unlimited sums			
Served as fixed assets	(4,440)	4,440	-
Sums transferred to cover depreciation costs	14,001	<u>(14,001)</u>	-
	<u>9,561</u>	<u>(9,561)</u>	-
Balance for December 31, 2016	<u>24,769</u>	<u>47,032</u>	<u>71,801</u>

Karmey Chesed—Registered Organization
Explanation of Financial Reports

Explanation 1—General:

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 needy.
3. The Organization is authorized to accept donations according to Paragraph 46 at the Income Tax Administration.
4. In this year's report, the Organization 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 Organization 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.

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 Organization'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:

	%
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 Organization's Net Assets are presented as follows:

Unlimited Assets that served for Regular Activity Use—for steady activity of the Organization.

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 2—Cash and Cash Equivalents

	For December 31	
	2016	2015
	NIS	NIS
Cash in banks	24,235	9,025
Fund	--	10,000
Credit funds	<u>8,747</u>	<u>7,478</u>
	<u>32,982</u>	<u>26,503</u>

Explanation 4--Net Fixed Assets

	For December 31			Total NIS
	2016		2015	
	Cars	Computers	Total	
	NIS	NIS	NIS	
Cost				
Balance for January 1, 2016	76,138	19,244	95,382	90,434
Additions throughout year	=	<u>4,440</u>	<u>4,440</u>	<u>4,948</u>
Balance for December 31, 2016	76,138	23,684	99,822	95,382
Accumulated depreciation				
Balance for January 1, 2016	25,419	13,370	38,789	24,811
Additions throughout year	<u>11,421</u>	<u>2,580</u>	<u>14,001</u>	<u>13,978</u>
Balance for December 31, 2016	<u>36,840</u>	<u>15,950</u>	<u>52,7909</u>	<u>38,789</u>
Depreciated cost for December 31, 2016	<u>39,298</u>	<u>7,734</u>	<u>47,032</u>	<u>56,593</u>

Explanation 5: Administrative and General Expenses**December 31**

	2016 NIS	2015 NIS
Salaries, etc.	78,812	37,596
Office, mail, media	924	2,905
Professional services	8,537	12,145
Car expenses	14,800	16,723
Advertising and fundraising	34,430	33,379
Fees	1,303	1,314
Depreciation costs	<u>14,001</u>	<u>31,978</u>
	<u>152,807</u>	<u>116,343</u>