

**SIMCHA LAYELED (REGISTERED AMUTA)**

**FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2017**

**SIMCHA LAYELED (REGISTERED AMUTA)**

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**AUDITORS' REPORT TO THE MEMBERS OF THE GENERAL ASSEMBLY OF**  
**SIMCHA LAYELED (REGISTERED AMUTA)**

We have audited the accompanying balance sheets of Amutat Simcha LaYeled (Hereafter the "Amuta") as of December 31, 2017 and as of December 31, 2016 and the statements of operations and statements of changes in net assets and cashflows for the years ended on those dates. These financial statements are the responsibility of the Amuta's committee and management. 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 under the Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Amuta's committee and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit the financial statements present fairly, in all material respects, the financial position of the Amuta as of December 31, 2017 and as of December 31, 2016 and the results of its operations and changes in net assets and cash flows for the years ended on those dates, in conformity with generally accepted accounting principles in Israel.

**ABOULAFIA AVITAL SHRENSKY & CO.**  
Certified Public Accountants  
August 30, 2018

## **SIMCHA LAYELED (REGISTERED AMUTA)**

### **BALANCE SHEETS**

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>NIS</b>	<b>NIS</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	3	1,190,329	1,653,134
Credit cards		871,500	324,050
Prepaid expenses		<u>59,454</u>	<u>88,137</u>
		<u>2,121,283</u>	<u>2,065,321</u>
<b><u>Long-Time Deposits</u></b>			
Deposit in a bank institution	4	14,004	14,002
Car deposits	4	<u>63,286</u>	<u>53,827</u>
		<u>77,290</u>	<u>67,829</u>
<b><u>Fixed Assets</u></b>			
	5	<u>53,908</u>	<u>70,588</u>
		<u>2,252,481</u>	<u>2,203,738</u>

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

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **BALANCE SHEETS**

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>NIS</b>	<b>NIS</b>
<b><u>Current Liabilities</u></b>			
Trade accounts payable	6	73,474	244,662
Other	7	428,251	239,007
		501,725	483,669
<b><u>Long-term Liability</u></b>			
Liability for employee termination benefits	8	230,498	155,936
<b><u>Net Assets</u></b>			
<b><u>Unrestricted net assets in use for activities</u></b>			
Not designated in use by organization		599,600	928,977
Used for fixed assets		53,908	70,588
		653,508	999,565
<b><u>Temporarily restricted net assets</u></b>			
		866,750	564,568
		1,520,258	1,564,133
		2,252,481	2,203,738

August 30, 2018

**Date of approval of the  
Financial Statements**

**Renan Grobman  
Board Member**

**Ilan Grobman  
Board Member**

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

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **STATEMENTS OF OPERATIONS**

		<b>For the year ended</b>	
		<b>December 31,</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>NIS</b>	<b>NIS</b>
<b><u>Revenues</u></b>			
Contributions	9	8,544,889	8,915,892
Allocations	10	472,404	335,809
Parents' participation in expenses		376,351	120,088
Released to activities		564,568	400,000
		<u>9,958,212</u>	<u>9,791,789</u>
<b><u>Cost of Operations</u></b>	11	<u>8,627,340</u>	<u>8,452,846</u>
Net income from operations		1,330,872	1,338,943
<b><u>General and Administrative Expenses</u></b>	12	890,630	929,542
<b><u>Fundraising Expenses</u></b>	13	<u>713,271</u>	<u>483,468</u>
Net expenses before financing expenses, net		(273,029)	(74,067)
<b><u>Financing expenses, net</u></b>		<u>(73,028)</u>	<u>(4,634)</u>
Net Expenses		<u>(346,057)</u>	<u>(78,701)</u>

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

## SIMCHA LAYELED (REGISTERED AMUTA)

### STATEMENTS OF CHANGES IN NET ASSETS

	<u>Unrestricted net Assets in</u> <u>Use for Activities</u>			<u>Total</u> <u>NIS</u>
	<u>Not</u>	<u>Used for</u>	<u>Temporarily</u>	
	<u>Designated in</u> <u>use by</u> <u>Organization</u> <u>NIS</u>	<u>Fixed</u> <u>Assets</u> <u>NIS</u>	<u>restricted net</u> <u>assets</u> <u>NIS</u>	
<b>Balance as of January 1, 2016</b>	955,007	123,259	400,000	1,478,266
Net expenses for the year	(78,701)	--	--	(78,701)
Restricted sums by donor	--	--	564,568	564,568
Released to activities during the year	--	--	(400,000)	(400,000)
Transfer for depreciation expense for the year	52,671	(52,671)	--	--
<b>Balance as of December 31, 2016</b>	928,977	70,588	564,568	1,564,133
Net expenses for the year	(346,057)	--	--	(346,057)
Restricted sums by the donor	--	--	866,750	866,750
Released to activities during the year	--	--	(564,568)	(564,568)
Purchases of fixed assets	(9,553)	(9,553)	--	--
Transfer for depreciation expense for the year	(23,233)	(23,233)	--	--
<b>Balance as of December 31, 2017</b>	<u>599,600</u>	<u>53,908</u>	<u>866,750</u>	<u>1,520,258</u>

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

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **STATEMENTS OF CASH FLOWS**

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	<b>NIS</b>	<b>NIS</b>
<b><u>Cash Flows - Operating Activities</u></b>		
Net Expenses	(346,057)	(78,701)
Adjustments to reconcile net income to net cash provided by operating activities (Appendix "A")	<u>(399,916)</u>	<u>(37,855)</u>
Net cash used in operating activities	<u>(745,973)</u>	<u>(116,556)</u>
<b><u>Cash Flows – Investing Activities</u></b>		
Purchases of fixed assets	(9,553)	--
Increase in deposits of vehicles	<u>(9,461)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(19,014)</u>	<u>(1)</u>
<b><u>Cash Flows - Financing Activities</u></b>		
Amounts used from temporarily restricted net assets	<u>302,182</u>	<u>164,568</u>
Net cash provided by financing activities	<u>302,182</u>	<u>164,568</u>
Increase (decrease) in cash and cash equivalents	(462,805)	48,011
Cash and cash equivalents at beginning of the year	<u>1,653,134</u>	<u>1,605,123</u>
Cash and cash equivalents at end of year	<u>1,190,329</u>	<u>1,653,134</u>

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



# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **STATEMENTS OF CASH FLOWS**

<b>For the year ended</b>	
<b>December 31,</b>	
<b>2 0 1 7</b>	<b>2 0 1 6</b>
<b>NIS</b>	<b>NIS</b>

### **APPENDIX "A" - Adjustments to Reconcile Net Income to Net Cash Provided for Operating Activities**

#### **Income and Expenses not Involving Cash Flows**

Depreciation	26,233	52,671
Increase (decrease) in liability for employee termination benefits	74,562	(9,464)

#### **Changes in Assets and Liabilities**

Increase in credit cards	(547,450)	(236,661)
Decrease (increase) in prepaid expenses	28,683	(59,454)
Increase (decrease) in trade accounts payables	(171,188)	137,837
Increase in payables	189,244	77,216
	<u>(399,916)</u>	<u>(37,855)</u>

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

## **SIMCHA LAYELED (REGISTERED AMUTA)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **NOTE 1 - GENERAL**

- 1.1 The Amuta was established on April 28, 2004 and operates as a non-for-profit institution.
- 1.2 The Amuta operates to enhance the lives of special children with physical and mental challenges, children with cancer and children who are victims of terror, by organizing activities for the joy and welfare of children in hospitals, in camps, by celebrating holidays and to honor special requests.
- 1.3 Sources of financing of the Amuta are funds raised abroad and in Israel. For details regarding contributions see note 9.
- 1.4 The Amuta operates in three branches, in Jerusalem, Petach Tikva and Haifa.
- 1.5 In the event that the Amuta is dissolved, the assets of the Amuta will be transferred, after the repayment of its debts, to a different public institution as defined in section 9 (2) of the Income Tax Ordinance.
- 1.6 The Amuta has been recognized under the Income Tax Ordinance (New Version) as a "public organization" and as a "not-for-profit organization" under the Value Added Tax Law – 1975. Donations to the Amuta are eligible for a tax credit to the contributor.
- 1.7 These financial statements have been prepared in accordance with generally accepted accounting principles for corporations established without the intent to produce revenue, in accordance with regulation number 5 of the Israeli Accounting Standards Board, with regard to general accounting principles and financial reporting by non-for-profit institutions.

#### **NOTE 2 - ACCOUNTING POLICIES**

The principal accounting policies which were applied in the preparation of the financial statements are as follows :

##### 2.1 Historical Cost

The financial statements were prepared on the agreed basis of historical cost.

# SIMCHA LAYELED (REGISTERED AMUTA)

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2 - ACCOUNTING POLICIES (Cont.)

#### 2.2 Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### 2.3 Cash and Cash Equivalents

Cash and cash equivalents include bank deposits, for a budgeted amount of time, without limitations for usage, and with maturities of three months or less from the time of investment.

#### 2.4 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated based on the straight-line method over the estimated useful lives of the assets, at the following rates:

	<u>%</u>
Furniture and equipment	7-33
Software and website	15-33

#### 2.5 Net Assets

##### 2.5.1 Unrestricted net assets in use for activities

###### 2.5.1.1 Not designated in use by organization

The part of the net assets of the Amuta resulting from contributions and other inflows of assets whose use by the organization are not restricted by the donor and are not designated in use by organization.

###### 2.5.1.2 Used for Fixed Assets

The part of the net assets of the Amuta used for fixed assets resulting from unrestricted inflows.

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 2 - ACCOUNTING POLICIES (Cont.)**

#### 2.5 Net Assets (Cont.)

##### 2.5.2 Temporarily Restricted Net Assets

Includes the balance of net assets arising from donation where use is restricted by the donor on behalf of winter and summer camps next year or behalf of a sick child who needs medical treatment abroad.

#### 2.6 Revenue Recognition

- Revenue from contributions is recognized upon the cash basis.
  
- Students participation in expenses is recognized on an accrual basis.

#### 2.7 Contributions in Cash Equivalents

Products and services to the Amuta and personal advisors for students maintained by volunteers are given without consideration (excluding national service employees) are recorded as contributions and expenses at market value for the received products and services.

#### 2.8 Expense Recognition

Expense is recognized when incurred upon the accrual basis.

#### 2.9 Exchange Rate and Linkage Basis

- 2.9.1 Balances in, or linked to, foreign currency are presented in the financial statements according to the representative exchange rate as of the balance sheet date.

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 2 - ACCOUNTING POLICIES (Cont.)**

#### 2.9 Exchange Rate and Linkage Basis (Cont.)

2.9.2 Data as to representative exchange rates, the Consumer Price Index (CPI) and the changes thereto during the reported period are as follows:

	<b>Index in Points</b>		<b>Rate of Change</b>	
	<b>As of</b>		<b>For the year ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2 0 1 7</b>	<b>2 0 1 6</b>	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	<b>Points</b>	<b>Points</b>	<b>%</b>	<b>%</b>
Index "in respect of"	101.2	100.9	0.3	(0.3)
"Known" index	101.2	100.9	0.3	(0.2)

  

	<b>Representative Rate</b>		<b>Rate of Change</b>	
	<b>of Exchange</b>		<b>For the year ended</b>	
	<b>As of</b>		<b>December 31,</b>	
	<b>2 0 1 7</b>	<b>2 0 1 6</b>	<b>2 0 1 7</b>	<b>2 0 1 6</b>
	<b>NIS</b>	<b>NIS</b>	<b>%</b>	<b>%</b>
2.9.3 Foreign Currency				
U.S. Dollar	3.467	3.845	(9.8)	(1.5)

# **SIMCHA LAYELED (REGISTERED AMUTA)**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

<u>Composition:</u>	<u>As of December 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>NIS</u>	<u>NIS</u>
Cash in NIS	125,549	147,209
Cash in Dollar	1,130	404,997
NIS deposit in corporate bank	<u>1,063,650</u>	<u>1,100,928</u>
	<u>1,190,329</u>	<u>1,653,134</u>

### **NOTE 4 - CAR DEPOSITS**

Deposits in a leasing company to secure payment of rental fees for four vehicles.

### **NOTE 5 - FIXED ASSETS**

<u>Composition</u>	<u>Software and Website NIS</u>	<u>Equipment and Furniture NIS</u>	<u>Total NIS</u>
<b><u>Cost</u></b>			
Balance - beginning of year	125,908	357,499	483,407
Investments during the year	<u>--</u>	<u>9,553</u>	<u>9,553</u>
	<u>125,908</u>	<u>367,052</u>	<u>492,960</u>
<b><u>Accumulated Depreciation</u></b>			
Balance - beginning of year	111,898	300,921	412,819
Depreciation	<u>12,892</u>	<u>13,341</u>	<u>26,233</u>
	<u>124,790</u>	<u>314,262</u>	<u>439,052</u>
Net book value as of December 31, 2016	<u>1,118</u>	<u>52,790</u>	<u>53,908</u>

## SIMCHA LAYELED (REGISTERED AMUTA)

### NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6 - TRADE ACCOUNTS PAYABLE**

	<u>As of December 31,</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
<u>Composition:</u>	<u>NIS</u>	<u>NIS</u>
Open accounts	22,574	209,173
Checks held for payment	50,900	35,489
	<u>73,474</u>	<u>244,662</u>

**NOTE 7 - OTHER CURRENT LIABILITIES**

Composition:

Employees and institutions relating to salaries	366,851	209,157
Accrued expenses	61,400	29,850
	<u>428,251</u>	<u>239,007</u>

**NOTE 8 - LIABILITY FOR EMPLOYEE TERMINATION BENEFITS**

The Amuta liability for severance pay is calculated pursuant to Israeli severance pay law based on the most recent salary of the employees multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment or a portion thereof.

The Amuta liability for severance pay to their employees is covered by regular deposits with recognized severance pay funds in the employees' names to the insurance companies and the balance of the liability which is not deposited.

The amounts funded in the employees' names to the insurance companies and the severance liabilities which they cover are not reflected in these financial statements since they are not under the control and management of the Amuta.

## SIMCHA LAYELED (REGISTERED AMUTA)

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 9 - CONTRIBUTIONS

	<u>For the year ended</u>	
	<u>December 31,</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	<u>NIS</u>	<u>NIS</u>
9.1 <u>Composition:</u>		
Contributions from the USA	115,757	1,177,623
Contributions from Israel	8,359,547	7,727,509
Contributions from Australia	69,585	--
Contributions from Europe	--	10,760
	<u>8,544,889</u>	<u>8,915,892</u>
9.2 <u>Cash equivalents income</u>		
Volunteering	2,467,405	2,252,167
Services and products	992,418	1,599,528
	<u>3,459,823</u>	<u>3,851,695</u>
9.3	Most of the contributions from the USA are received from a Jewish organization called "Israel Special Kids Fund" which is located in New York, USA.	

#### NOTE 10 - ALLOCATIONS

	<u>For the year ended</u>	
	<u>December 31,</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
	<u>NIS</u>	<u>NIS</u>
<u>Composition:</u>		
Health Ministry	120,000	43,000
Welfare and Social Services Ministry	335,903	288,905
Municipalities	16,501	23,904
	<u>472,404</u>	<u>355,809</u>



## SIMCHA LAYELED (REGISTERED AMUTA)

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 11 - COST OF OPERATIONS

	<u>For the year ended</u>	
	<u>December 31,</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
<u>Composition:</u>	<u>NIS</u>	<u>NIS</u>
Wages and related expenses	2,528,316	1,786,689
Camps (*)	2,287,456	2,438,569
Branch activities (hospitals, families and trips) (**)	1,571,122	1,273,548
Personal mentoring (***)	1,176,353	2,071,507
National Service employees	244,946	122,553
Office maintenance	347,653	319,145
Vehicle maintenance	307,669	229,713
Post and Communications	51,240	70,920
Financial support for students	39,816	56,107
Insurance	50,538	37,827
Depreciation	<u>22,231</u>	<u>46,268</u>
	<u>8,627,340</u>	<u>8,452,846</u>

(\*)Including cash equivalents income in the sum of 1,411,984 NIS.

(\*\*)Including cash equivalents income in the sum of 914,048 NIS.

(\*\*\*)Including cash equivalents income in the sum of 1,133,791 NIS.

## SIMCHA LAYELED (REGISTERED AMUTA)

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 12 - GENERAL AND ADMINISTRATIVE EXPENSES

	<u>For the year ended</u>	
	<u>December 31,</u>	
	<u>2 0 1 7</u>	<u>2 0 1 6</u>
<u>Composition:</u>	<u>NIS</u>	<u>NIS</u>
Wages and related expenses	651,064	721,531
Professional services	56,348	63,686
Office maintenance	13,697	27,283
Vehicle maintenance	56,472	57,739
Rental fees	65,397	31,944
Communications	9,906	11,249
Insurance	3,885	6,545
Taxes and levies	1,587	2,054
Depreciation	4,002	6,403
Refreshments	28,272	1,108
	<u>890,630</u>	<u>929,542</u>

#### NOTE 13 - FUNDRAISING EXPENSES

<u>Composition:</u>		
Wages and related expenses	412,656	166,845
Other	300,615	316,623
	<u>713,271</u>	<u>483,468</u>