

**LAMERHAV**

**FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2014**

**LAMERHAV**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2014**

**Table of Contents**

	<b><u>Page</u></b>
Balance Sheets	2
Statements of Activities	3
Statements of Changes in Net Assets	4
Notes to the Financial Statements	5

**LAMERHAV**  
**BALANCE SHEETS**

	<u>Note</u>	<b>As of December 31</b>	
		<b><u>2 0 1 4</u></b>	<b><u>2 0 1 3</u></b>
		<b><u>In New Israeli Shekels</u></b>	
<b><u>Current assets:</u></b>			
Cash and cash equivalents		363,179	175,749
Donation to receive		490,000	665,000
Accounts receivable	3	150,579	79,013
		<u>1,003,758</u>	<u>919,762</u>
<b><u>Long-term Deposits</u></b>			
		<u>27,506</u>	<u>46,321</u>
<b><u>Fixed assets</u></b>			
	4	<u>79,652</u>	<u>113,963</u>
<b><u>Total Assets</u></b>			
		<u>1,110,916</u>	<u>1,080,046</u>
<b><u>Current liabilities</u></b>			
Accounts payable	5	1,006,680	851,330
<b><u>Long term liabilities:</u></b>			
Liability for employee rights upon retirement	6	--	--
<b><u>Net assets:</u></b>			
<b><u>Net assets without restriction:</u></b>			
Net income from operations		24,589	114,758
Net assets invested in fixed assets		79,647	113,958
		<u>104,236</u>	<u>228,716</u>
<b><u>Net assets subject to temporary restriction</u></b>		--	--
<b><u>Net assets subject to permanent restriction</u></b>		--	--
<b><u>Total net assets</u></b>			
		<u>104,236</u>	<u>228,716</u>
		<u>1,110,916</u>	<u>1,080,046</u>

June 25, 2015

\_\_\_\_\_  
Avraham Gevva  
Member of the Board of Directors

\_\_\_\_\_  
Shula Moses  
Chairman of the Board of Directors

\_\_\_\_\_  
Date of approval of  
financial statements

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

## LAMERHAV

### STATEMENTS OF ACTIVITIES

	<u>Note</u>	<u>Year ended December 31</u>	
		<u>2014</u>	<u>2013</u>
		<u>In New Israeli Shekels</u>	
<b><u>Income</u></b>			
Unrestricted donations	7	10,441,000	9,686,200
<hr/>			
<b><u>Cost of activities</u></b>			
"Lamerhav" Program	8	7,633,191	6,993,189
Youngsters forum		42,055	---
Other allocations	10	1,576,948	1,445,424
		<u>9,252,194</u>	<u>8,438,613</u>
Marketing and fundraising		161,804	159,593
General and administration	11	1,154,301	1,050,539
		<u>10,568,299</u>	<u>9,648,745</u>
Net income Before financial Expenses		(127,299)	37,455
Financial Income, Net		2,819	415
Net Income		<u>(124,480)</u>	<u>37,870</u>

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

**LAMERHAV**

**STATEMENTS OF CHANGES IN NET ASSETS**

	Without restriction		Subject to temporary restriction	Subject to permanent restriction	Total
	<u>Unrestricted</u>	<u>Invested In Fixed Assets</u>			
In New Israeli Shekels					
<b>Balance as of January 1, 2013</b>					
<b>Changes during the year:</b>	<b>65,246</b>	<b>125,650</b>	---	---	<b>190,896</b>
Net income for the year	37,820				37,820
Designated by management	---	---	---	---	---
Invested In Fixed assets	(40,369)	40,369	---	---	---
Amounts released For					
Depreciation	52,061	(52,061)	---	---	---
<b>Balance as of December 31, 2013</b>	<b>114,758</b>	<b>113,958</b>	---	---	<b>228,716</b>
<b>Changes during the year:</b>					
Net income for the year	(124,480)				(124,480)
Designated by management	---	---	---	---	---
Invested In Fixed assets	(14,213)	14,213	---	---	---
Amounts released For					
Depreciation	48,524	(48,524)	---	---	---
<b>Balance as of December 31, 2014</b>	<b>24,589</b>	<b>79,647</b>	---	---	<b>104,236</b>

The accompanying notes form an integral part of these financial statements.

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

#### NOTE 1 - GENERAL

- 1.1** LAMERHAV (hereinafter "Lamerhav") was established in March 4, 2000 by Shula and Zeev Moses. The organization is registered under the Israeli law as a non-profit organization no. 580354538.
- 1.2** Lamerhav is recognized under the Israeli 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 Lamerhav entitle the contributor to tax credits.
- 1.3** Lamerhav's primary goals are to act, initiate, organize and promote activities regarding culture, education and any other area that is a public service.
- 1.4** Use of estimates  
The preparation of financial statements, in conformity with generally accepted accounting principles, requires the Lamerhav's Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and to disclose contingent assets and liabilities as of the date of the financial statements and the date of the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

#### NOTE 2 – SIGNIFICANT REPORTING AND ACCOUNTING POLICIES

- 2.1** These financial statements have been prepared in conformity with generally accepted accounting principles for non-profit organizations, on the basis of the historical cost conventions.
- 2.2** The financial statements have been prepared on the accrual basis.
- 2.3** Lamerhav's accounting records are maintained in New Israeli Shekels.
- 2.4** Cash and cash equivalents  
Cash equivalents are defined as bank deposits, for which the period to maturity at the date of deposit did not exceed three months.
- 2.5** Property and equipment, net  
As of January 1, 2007, Lamerhav applies Accounting Standard No. 27 "Property plant and equipment," and Accounting Standard No. 28 "Amendment of the transitional orders in Accounting Standard No. 27 "Property plant and equipment".  
Cost method – an item is presented at net book value, less accumulated impairment losses.

Any property, plant or equipment with a meaningful cost in relation to the item's total cost should be depreciated separately. Moreover, the depreciation method used will be reviewed at least once, at year-end and, if any significant change has taken place in the estimated consumption of future economic benefits inherent in the asset, the method should be

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

#### NOTE 2 – SIGNIFICANT REPORTING AND ACCOUNTING POLICIES (cont.)

modified to reflect such changes. This change will be treated as a change in an accounting estimate.

Depreciation is calculated using the straight-line method at rates considered adequate to depreciate the assets over their estimated useful lives. Amortization of leasehold improvements is computed over the term of the lease, including any option period, where Lamerhav intends to exercise such an option, or over the useful life of the assets, whichever is the shorter.

<u>Property and equipment, net</u> (Cont.)	<u>%</u>
Buildings and apartments	2
Internet website	33
Computers and related equipment	33
Office furniture and equipment	10-15
Motor vehicles	15

Profit or loss due to the sale or abandonment of an asset is determined by the difference between the proceeds from the sale and the net book value of the asset, and is attributed to the statement of operations.

#### **2.6**     Net assets

Net assets are divided into three categories according to the restrictions in the use thereof. The first two categories relate to net assets for which a permanent or temporary restriction in use is imposed by donors, and the third category relates to net assets that are not restricted in use by donors. In the third category, distinction is made between net assets that are not restricted in use, and those that are designated for special purposes by Management (hereinafter – net assets designated by Lamerhav).

#### **2.7**     Income from donations

Income from donations are recognized on the basis of actual receipts from donors. Promised donations are recorded on an accrual basis.

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

#### NOTE 3 - ACCOUNTS RECEIVABLE

	As of December 31	
	2014	2013
	In New Israeli Shekels	
Prepayment to suppliers	10,000	-
Receivable Donations	39,000	-
Employees	72,570	56,850
Prepaid expenses	9,217	10,663
Other	19,792	11,500
	150,579	79,013

#### NOTE 4 - FIXED ASSETS

	Buildings renovation	Software, Computers and related equipment	Office furniture and equipment	Total
	In New Israeli Shekels			
<b>Cost</b>				
As of January 1, 2014	49,594	241,301	122,625	413,520
Additions	---	14,213	---	14,213
Disposals	---	---	---	---
As of December 31, 2014	49,594	255,514	122,625	427,733
<b>Accumulated depreciation</b>				
As of January 1, 2014	31,431	185,506	82,617	299,554
Additions	4,332	35,976	8,218	48,526
Disposals	---	---	---	---
As of December 31, 2014	35,763	221,482	90,835	348,080
<b>Net Book Value</b>				
As of December 31, 2014	13,831	34,032	31,790	79,653
As of December 31, 2013	18,163	55,795	40,008	113,966



## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

#### NOTE 5 - ACCOUNTS PAYABLE

	<u>As of December 31</u>	
	<u>2 0 1 4</u>	<u>2 0 1 3</u>
	<u>In New Israeli Shekels</u>	
Provision for Tax liabilities	35,082	35,082
Deductions from salaries and others	174,691	152,423
Provision for holiday pay	227,745	189,622
Employees and emissaries	296,160	259,414
Suppliers and service providers	153,265	109,376
Other (*)	119,737	105,413
	<u>1,006,680</u>	<u>851,330</u>

#### NOTE 6 - LIABILITY FOR EMPLOYEE RIGHTS UPON RETIREMENT

Under Israeli law, the Lamerhav is required to make severance payments to dismissed employees and to employees leaving employment in certain other circumstances, on the basis of the latest monthly salary for each year of service.

This liability is funded by payments of premiums to insurance companies under approved severance plans. The accrued severance pay in these financial statements represents the Company's obligation, net, which is fully covered by these plans.

#### NOTE 7 - UNRESTRICTED DONATIONS

	<u>Year ended December 31</u>	
	<u>2 0 1 4</u>	<u>2 0 1 3</u>
	<u>In New Israeli Shekels</u>	
Shula and Zeev Moses	9,590,000	9,400,600
Gandir Fund	95,000	275,000
Teleall	600,000	-
Ronit Kam	39,000	-
Lior Rekanati Furd	37,500	-
Ziontours	20,000	10,000
IDB	15,000	-
The Israeli Spirit	20,000	-
Other	24,500	600
	<u>10,441,000</u>	<u>9,686,200</u>

## LAMERHAV

### NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

#### NOTE 8 – LAMERHAV PROGRAM

	<u>Year ended December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>In New Israeli Shekels</u>	
Salaries and related expenses	4,463,453	3,926,222
Seminars for Participants in the program	453,361	477,026
Operating Expenses (see note 9)	1,161,187	1,153,180
Support and assistance to program participants	1,226,533	1,105,139
Professional training for employees	286,280	302,740
Other	42,377	28,882
	<u>7,633,191</u>	<u>6,993,189</u>

#### NOTE 9 – OPERATING EXPENSES

Lamerhav house Hod Hashron	831,483	885,449
Lamerhav house Afula	115,127	83,577
Lamerhav house Beer Sheva	214,577	184,154
	<u>1,161,187</u>	<u>1,153,180</u>

#### NOTE 10 – OTHER ALLOCATIONS

Scholarships in the name of Marilla Wolfvitch	254,948	263,554
Dror Eshbal Education	---	1,000
Shitim Institute	409,000	310,000
The Olim Camps	333,000	619,000
Yeladim Besiqui	100,000	100,000
Tikun	210,000	90,000
Halutz Program	200,000	---
Institute for Democratic Education	---	21,870
Kibutzim Seminar	60,000	---
Kibutz Naaran	---	---
Knafim shel Krembo	---	30,000
Other	10,000	10,000
	<u>1,576,948</u>	<u>1,445,424</u>

**LAMERHAV**

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014**

**NOTE 11 – GENERAL AND ADMINISTRATION**

	<b><u>Year ended December 31</u></b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b><u>In New Israeli Shekels</u></b>	
Salaries and related expenses	708,522	637,125
Professional services	12,440	14,569
Repairs and maintenance	65,530	47,092
Travel	2,049	3,297
Car expenses	118,275	115,446
Taxes and fees	---	1,381
Depreciation	48,524	52,061
Gifts	37,170	17,985
Communication	83,287	82,902
Office	54,695	53,200
Other	23,809	25,481
	<b><u>1,154,301</u></b>	<b><u>1,050,539</u></b>