

One Family - Registered Association Ltd.

**Financial Statements
As at December 31, 2016**

Financial Statements as at December 31, 2016 One Family - Registered Association Ltd.

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AUDITORS REPORT

To the Members of the Management of ONE FAMILY-REGISTERED ASSOCIATION (R.A)

We have audited the accompanying balance sheet of One Family-Registered Association, an Association registered under the Association Law, 1980 ("the Association") as of December 31, 2016 and 2015, and the related Statement of Activities, Changes in Net Assets and Cash Flows for each of these years. The Financial Statements are the responsibility of the Executive Committee and management of the Association. 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 in Israel, including those prescribed under the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes testing and examining 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 Executive Committee and Management of the Association, as well as evaluating the overall financial statement presented. We believe that our audit provides a reasonable basis for our opinion.

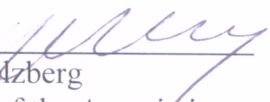
In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2016 and 2015 and the results of its activities, changes in net assets and cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel.

Barak Sofrin Bachar & Co.
C.P.A. (Isr.)

12 July, 2017 Ramat-Gan,

	Note	December 31,	
		2016 NIS	2015 NIS
ASSETS			
Current assets			
Cash and cash equivalents	3	10,152,429	9,856,626
Accrued income		294,282	1,170,204
Accounts receivable	4	711,230	656,650
		<u>11,157,941</u>	<u>11,683,480</u>
LONG-TERM RECEIVABLES:			
Mutual Assistance Fund	5	544,384	544,747
FIXED ASSETS:			
Cost	6	720,527	827,090
Less accumulated depreciation		388,699	452,920
		<u>331,828</u>	<u>374,170</u>
		<u>12,034,153</u>	<u>12,602,397</u>
LIABILITIES:			
CURRENT LIABILITIES:			
Short term credit from banking institutions			
Trade payables	7	777,987	894,726
Other accounts payable	8	612,849	473,723
		<u>1,390,836</u>	<u>1,368,449</u>
LONG - TERM LIABILITIES:			
Accrued severance pay	9	110,423	136,828
NET ASSETS:			
Unrestricted net assets used in operations		9,454,893	9,979,234
Unrestricted net assets used for fixed assets		533,617	573,139
Restricted net assets			544,747
		<u>10,532,894</u>	<u>11,097,120</u>
		<u>12,034,153</u>	<u>12,602,397</u>


 Alfred Frei
 Member of the Association Management


 Chantal Belzberg
 Exec. Vice Chairman of the Association

12 July, 2017 Ramat-Gan,

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

	Note	Year ended December 31,	
		2016	2015
		N.I.S	
Revenues from operations:			
Donations received ,net	12a	11,242,243	* 16,611,930
Cost of operations:			
Current expenditures	12b	11,159,859	10,915,360
General and administrative expenses	12c	411,369	* 315,869
<u>Total cost of operation</u>		<u>11,571,228</u>	<u>11,231,229</u>
Revenues (expenses) from operations, net		(328,985)	5,380,701
Financing expenses, net	12d	(237,050)	(180,523)
Capital gain		<u>2,172</u>	<u>-</u>
Surplus (Deficit)		<u>(563,863)</u>	<u>5,200,178</u>

(*) reclassified

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

	Unrestricted net assets		Restricted net assets	Total
	Used in operations	Used for fixed assets	Mutual assistance	
Balance at January 1, 2015	4,766,166	586,029	548,970	5,901,165
Financing Expenses			(4,223)	(4,223)
Surplus revenues	5,200,178			5,200,178
Subtractions during the year:				
Transfer of unrestricted amounts used for fixed assets	(95,781)	95,781		-
Amounts used for covering depreciation expenses	108,671	(108,671)		-
Balance at December 31, 2015	<u>9,979,234</u>	<u>573,139</u>	<u>544,747</u>	<u>11,097,120</u>
Financing Expenses			(363)	(363)
Surplus (deficit)	(563,863)			(563,863)
Subtractions during the year:				
Transfer of unrestricted amounts used for fixed assets	(78,670)	78,670		-
Amounts used for covering depreciation expenses	118,192	(118,192)		-
Balance at December 31, 2016	<u>9,454,893</u>	<u>533,617</u>	<u>544,384</u>	<u>10,532,894</u>

The accompanying notes are an integral part of the financial statement

Statements of Cash Flows**One Family - Registered Association Ltd.**

	Year ended December 31,	
	<u>2016</u>	<u>2015</u>
	<u>N.I.S</u>	
<u>Cash flows from current operating activities:</u>		
Surplus revenues (expenses)	(563,863)	5,200,178
Adjustments required to reconcile surplus to net cash provided by current operating activities (a):	<u>933,336</u>	<u>(1,148,820)</u>
Net cash provided by operating activities	369,473	4,051,538
<u>Cash flows from investing activities:</u>		
Proceeds from sale of fixed assets	5,000	-
Purchase of fixed assets	<u>(78,670)</u>	<u>(95,781)</u>
Net cash used for investing activities	<u>(73,670)</u>	<u>(95,781)</u>
<u>Cash flows from financing activities:</u>		
Credit from banking institutions, net	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>-</u>	<u>-</u>
Increase in cash and cash equivalents	295,803	3,955,577
Cash and cash equivalents at beginning of the year	<u>9,856,626</u>	<u>5,901,049</u>
Cash and cash equivalents at end of year	<u><u>10,152,429</u></u>	<u><u>9,856,626</u></u>
<u>Adjustments required to reconcile surplus to net cash provided by operating activities</u>		
<u>Revenue and expenses not involving cash flows:</u>		
Depreciation	118,192	108,671
Decrease in accrued severance pay	(26,405)	(117,781)
Capital gain	(2,172)	
<u>Changes in asset and liability items:</u>		
Decrease (increase) in accrued income	875,914	(1,170,212)
Increase in accounts receivable	(54,580)	(179,600)
Increase trade payables and other accounts payable	22,387	210,102
	<u>933,336</u>	<u>(1,148,820)</u>

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

Note 1 - GENERAL

1. Description of business

One Family - Registered Association ("the Association ") was registered on October 21, 2001, as an Association in accordance with the Associations Law, 1980. The Association has proper management approval from the Registrar of Associations which was in effect until December 31, 2014. In addition, the Association obtained an approval for charitable donations pursuant to section 46 to the Income Tax Ordinance (see note 10).

The Association`s purpose:

To provide financial, emotional and social assistance to the victims of terrorism and their families and to provide any assistance they will require as victims of terrorist attacks.

To provide assistance at the community level for those dealing with the effects of terror and providing financial and logistic support to organizations that are engaged in providing assistance to victims of terrorism.

Set up approximately 20 permanent volunteers and other occasional volunteers, to assist in the work of the Association. The volunteer's main activity is to maintain a personal relationship with the victims and their families, provide emotional and personal care, visit their homes, and more.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements on a consistent basis are as follows:

A. Recognition basis:

The financial statements are prepared on an accrual basis, except for revenues from donations which are recognized on the basis of actual receipts.

B. Reporting basis of the financial statements:

The financial statements have been prepared in nominal amounts based on the historical cost convention.

C. Net assets:

The Association applies accounting standard no. 5 of the Israel Accounting Standards Association (which superseded opinion no. 69 of the Institute of Certified Public Accountants in Israel) regarding accounting and reporting principles for non – profit organizations.

Net assets are classified into two principal categories:

Note 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

1. Unrestricted net assets:

The Association's net assets whose use is not subject to any restriction, either permanent or temporary, by donors.

2. Restricted net assets:

Reflects net assets that are subject to restriction, either permanent or temporary.

D. Cash equivalents:

The Association considers all highly liquid investments, including unrestricted short-term bank deposits purchased with original maturities of three months or less, to be cash equivalents.

E. Fixed assets:

1. Fixed assets are stated at cost net of accumulated depreciation.
2. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are as follows:

	%
Furniture and equipment	6-15
Computers	33
Motor vehicle	15
Electrical equipment	15

F. Impairment of fixed assets:

The Association applies accounting standard no. 15, "Impairment of Assets". The standard applies to all of the assets included in the balance sheet other than inventories, assets arising from construction contracts, assets arising from employee benefits, deferred tax assets and financial assets (with the exception of investments in affiliates). According to the standard, whenever there is an indication that an asset may be impaired, the Association should determine if there has been an impairment of the asset by comparing the carrying amount of the asset to its recoverable amount. The recoverable amount is the higher of an assets net selling price or value in use, which is determined based on the present value of estimated future cash flows derived by expected to be the continuing use of an asset and by its disposal at the end of its useful life. If the carrying amount of an asset exceeds its recoverable amount, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. An impairment loss recognized should be reversed only if there have been changes in the estimates used to determine the assets recoverable amount since the impairment loss was recognized.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Exchange rate and linkage basis:

1. Assets and liabilities in or linked to foreign currency are presented according to the Representative exchange rates published by the Bank of Israel at balance sheet date.
2. assets and liabilities linked to the Israeli CPI are presented according to the relevant index for each linked asset or liability.

Below are data about the Israeli CPI and the exchange rates of U.S. dollar.

As of December 31,	Israeli CPI For December points	Representative Exchange rate of USD1 Nis
2016	100.9	3.845
2015	101.2	3.902
Change during the year ended	%	%
2016	(0.3)	(1.46)
2015	(0.9)	0.33

H. The amount of cash and cash equivalents, credit from banks, trade payables and other accounts payable approximate their **fair value of financial instruments**.

NOTE 3: CASH AND CASH EQUIVALENTS

	December 31,	
	2016	2015
	NIS	
By currency:		
In NIS	2,241,226	3,296,411
In foreign currency (1)	7,911,203	6,560,215
	<u>10,152,429</u>	<u>9,856,626</u>

(1) The balance includes NIS 1,857,000 dedicated to Henkin orphans. .

NOTE 4: ACCOUNTS RECEIVABLE

	December 31,	
	2016	2015
	NIS	
Prepaid expenses	87,934	23,034
Check payable and credit cards	360,307	371,523
Institutions	63,050	62,050
Rental deposit (see note 11)	105,818	105,818
Other receivables	94,121	94,225
	<u>711,230</u>	<u>656,650</u>

NOTE 5: MUTUAL ASSISTANCE LOAN FUND

In 2002, the Association in collaboration with the Organization of Israel's Terror Victims "Irgun Hayatzig" founded a Mutual Assistance Fund, "the Fund" with the purpose of providing loans to families of terror victims. The amount in the fund amounted to 1 Million NIS . Each party invested in the Fund NIS 500,000. Income and expenses incurred in connection with the Fund's activity will be to the Fund.

The loans are retrieved through the bank account of the organization of Israel's Terror Victims in Bank Leumi of Israel Ltd. The loans are interest free and unlinked for periods of up to 36 months. The repayment of the loans requires the guarantee of only one person.

Any addition to the Fund will be made through equal investment by both parties. The fund may be liquidated at any time and each party will receive its share in the fund's assets and liabilities.

In 2013 the Association applied for the funds to be returned in accordance with the agreement. The Organization of Israel's Terror Victims refused to return the investment. The Association's legal counsel believes that Association has a high chance to regain its funds.

NOTE 5: MUTUAL ASSISTANCE FUND (Cont.)

B. Composition:

	December 31,	
	2016	2015
	NIS	
Cash		
Bank deposits	71,882	15,782
	-	-
	<u>71,882</u>	<u>15,782</u>
Loans granted (see c below)	1,056,459	1,044,300
Debit/ (Loan) from community fund	(48,111)	29,412
Less – doubtful accounts	-	-
	<u>1,080,230</u>	<u>1,089,494</u>
Less the share of the Organization of Israel's Terror Victims	540,115	544,747
	<u>540,115</u>	<u>544,747</u>
C. Following are maturity dates of loans granted:		
First year	719,409	743,894
Second year	310,030	280,156
Third year	32,340	20,250
	<u>1,061,779</u>	<u>1,044,300</u>

Note 6- FIXED ASSETS

	Furniture and equipment	Computers	Motor vehicles	Total
	NIS			
Cost:				
Balance at January 1, 2016	135,928	187,709	322,934	646,571
Additions during the year	45,836	27,834	5,000	78,670
Subtractions during the year	(4,714)	-	-	(4,714)
Balance at December 31, 2016	177,050	215,543	327,934	720,527
Accumulated depreciation:				
Balance at January 1, 2016	59,556	72,932	139,905	272,393
Additions during the year	12,238	56,636	49,318	118,192
Subtractions during the year	(1,886)	-	-	(1,886)
Balance at December 31, 2016	69,908	129,568	189,223	388,699
Depreciated cost at December 31, 2016	107,142	85,975		
Depreciated cost at December 31, 2015	76,370	114,771	183,029	374,170

Note 7 – TRADE PAYABLES

	December 31,	
	2016	2015
	NIS	
Open balances	333,976	270,235
Checks payable	444,011	624,491
	777,987	894,726

NOTE: 8- OTHER ACCOUNTS PAYABLE

	Year ended	
	December 31,	
	2016	2015
	N.I.S	
Accrued expenses	147,331	8,050
Employees and payroll accruals	465,518	465,673
	<u>612,849</u>	<u>473,723</u>

NOTE: 9 – ACCRUED SEVERANCE PAY

The Association's liabilities to some of its employees are covered by Managers' Insurance Policies.

The accrued liability amounts and the policies' value for compensation purposes are not included in the balance sheet as they are not under the control and management of the Association.

The amount of liability as of the balance sheet date reflects the Association's entire liabilities for the payment of severance pay to its employees which are not covered by deposits with Managers' Insurance policies stated above.

The balance of the fund as at 31/12/2016 (NIS 220,000) presented in cash and cash equivalents.

NOTE 10: TAXES ON INCOME

A. The Association is considered a public institution under paragraph 9(2) to the Income Tax Ordinance and, accordingly, its income is tax exempt as long as the income does not constitute a business activity that is liable for tax.

B. In 2005, the Association was approved as a public institution for charitable purposes. Accordingly, pursuant to Section 46 to the Income Tax Ordinance, donors are entitled to tax credit.

The approval is in effect until December 31, 2016 and each time it will be extended by three additional years unless the director of the Tax Authority decides that the Association did not fulfill the conditions stipulated by the law or the commitment that the Association had signed before the Tax Authority.

NOTE 11: COMMITMENTS

In 2007, the Association leased a building with an area of 500 sq.m, in the center of Jerusalem. The monthly lease fee totals \$ 7,500. The Association uses this building for all of its activities. Secure the payment of the lease fees, the Association deposited NIS 106,000, which is equivalent to \$ 30,000.

Note 12- Supplementary Information to Statement of Operation (cont'd)

	Year ended December 31,	
	2016	2015
	N.I.S	
A. Donations received, net:		
Donations in foreign currency	8,383,529	13,182,177
Donations in NIS	4,790,340	4,787,018
Fundraising and communications in Israel	(1,931,626)	(1,357,265)
	2,858,714	3,429,753
	11,243,243	16,611,930
B. Current expenditures:		
Financial assistance to families	2,735,828	2,830,952
Tangible assistance	492,669	261,385
Emotional and rehabilitative assistance for adults, including retreats and workshops	4,486,982	3,922,133
Therapeutic trips for groups overseas	279,759	451,576
Emotional support for children, young adults, and orphans, including retreats and workshops	2,828,190	2,924,554
"Step to the Future" project	318,431	286,752
"Taste of Life" project	-	238,008
	11,159,859	10,915,360
C. General and administrative expenses:		
Salary and related expenses	181,452	107,872
Rent	23,128	19,874
Office expenses	18,209	12,236
Maintenance, municipal taxes and insurance	28,621	22,079
Depreciation of fixed assets	118,192	108,671
Professional fees	23,400	29,500
Computer maintenance	10,902	12,168
Professional and training	2,504	1,251
Gifts, hosting and fines	4,961	2,218
	411,369	315,869

Note 12- Supplementary Information to Statement of Operation (cont'd)

	Year ended December 31,	
	2016	2015
	N.I.S	
Financing expenses, net:		
Financing income	-	503
Less- financing expenses	(237,050)	(181,026)
	<u>(237,050)</u>	<u>(180,523)</u>