

**One Family - Registered Association Ltd.**

**Financial Statements  
As of December 31, 2018**

**Financial Statements as of December 31, 2018 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, 2018 and 2017, 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, 2018 and 2017 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.)

\_\_\_ May, 2020 Ramat-Gan,

**Balance Sheet****One Family- Registered Association Ltd.**

	Note	December 31,	
		2018 NIS	2017 NIS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	2,549,920	4,060,849
Trust funds		567,546	790,708
Accrued income		2,163,999	-
Accounts receivable	4	620,633	738,713
		<u>5,902,098</u>	<u>5,590,270</u>
<b>Long –Term Receivables</b>			
Mutual Assistance Fund	5	544,384	544,384
<b>Fixed Assets</b>			
Cost	6	819,781	819,706
Less accumulated depreciation		602,765	510,264
		<u>217,016</u>	<u>309,442</u>
		<b><u>6,663,498</u></b>	<b><u>6,444,096</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short term credit from banking institutions		-	145,608
Trade payables	7	323,845	736,036
Other accounts payable	8	487,492	553,149
		<u>811,337</u>	<u>1,434,793</u>
<b>Long –Term Liabilities</b>			
Accrued severance pay	9	183,363	118,868
<b>Net Assets</b>			
Unrestricted net assets used in operations		705,619	3,834,829
Unrestricted net assets used for fixed assets		418,795	511,222
Restricted net assets		4,544,384	544,384
		<u>5,668,798</u>	<u>4,890,435</u>
		<b><u>6,663,498</u></b>	<b><u>6,444,096</u></b>

Alferd Frei  
Member of the Association Management

Chantal Belzberg  
Exec. Vice Chairman of the Association

\_\_\_\_ May, 2020 Ramat-Gan,

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

	Note	Year ended December 31,	
		2018	2017
<b>Revenues from operations:</b>			
Donations received, net	12a	12,524,479	*9,786,741
Cost of operations:			
Current expenditures	12b	11,218,210	*14,325,573
General and administrative expenses	12c	566,583	449,996
<u>Total cost of operations</u>		<u>11,784,793</u>	<u>14,775,569</u>
Income (expenses) to operations, net		739,686	(4,988,828)
Financing income (expenses), net	12d	<u>38,677</u>	<u>(653,631)</u>
Surplus (Deficit)		<u>778,363</u>	<u>(5,642,459)</u>
(*) Reclassification			

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

**Statements of Changes in Shareholders' Equity One Family - Registered Association Ltd.**

	<u>Unrestricted net assets</u>		<u>Restricted net assets</u>		<u>Total</u>
	<u>Used in operations</u>	<u>Used for fixed assets</u>	<u>Mutual assistance</u>	<u>Purchase a structure</u>	
<b>Balance at January 1, 2017</b>	9,454,893	533,617	544,384	-	10,532,894
Financing Expenses	-	-	-	-	-
Deficit	(5,642,459)				(5,642,459)
Subtractions during the year:					
Transfer of unrestricted amounts used for fixed assets	(99,179)	99,179			-
Amounts used for covering depreciation expenses	<u>121,574</u>	<u>(121,574)</u>			-
<b>Balance at December 31, 2017</b>	<u>3,834,829</u>	<u>511,222</u>	<u>544,384</u>	-	<u>4,890,435</u>
Financing Expenses	-	-	-	-	-
Surplus	778,363				778,363
Subtractions during the year:					
Transfer of unrestricted amounts used for fixed assets	(31,646)	31,646			-
Amounts used for covering depreciation expenses	124,073	(124,073)			-
Assignments to purchase a structure (*)	<u>(4,000,000)</u>			4,000,000	-
<b>Balance at December 31, 2018</b>	<u>705,619</u>	<u>418,795</u>	<u>544,384</u>	<u>4,000,000</u>	<u>5,668,798</u>

(\*) See note 13.

The accompanying notes are an integral part of the financial statement

	Year ended December 31,	
	2018	2017
	<u>N.I.S.</u>	
<b><u>Cash flow from current operating activities:</u></b>		
Surplus (Deficit)	778,363	(5,642,459)
Adjustments required to reconcile surplus to net cash used by current operating activities (A):	<u>(2,335,201)</u>	<u>295,167</u>
Net cash used by operating activities	(1,556,838)	(5,347,301)
<b><u>Cash flow from investing activities:</u></b>		
Purchase of fixed assets	<u>(31,646)</u>	<u>(99,179)</u>
Net cash used for investing activities	<u>(31,646)</u>	<u>(99,179)</u>
<b><u>Cash flow from financing activities:</u></b>		
Decrease (increase) in trust funds	223,163	(790,708)
Credit from banking institutions, net	<u>(145,608)</u>	<u>145,608</u>
Net cash used in financing activities	<u>77,555</u>	<u>(645,100)</u>
Decrease in cash and cash equivalents	(1,510,928)	(5,347,301)
Cash and cash equivalents at beginning of the year	<u>4,060,849</u>	<u>10,152,429</u>
<b>(A) Cash and cash equivalents at end of year</b>	<u><u>2,549,920</u></u>	<u><u>4,060,849</u></u>
<u>Adjustments required to reconcile surplus to net cash provided by operating activities</u>		
<u>Revenue and expenses not involving cash flow:</u>		
Depreciation	124,073	121,574
Increase in accrued severance pay	64,495	8,445
<u>Changes in asset and liability items:</u>		
Decrease (increase) in accrued income	(2,163,999)	294,282
Decrease (increase) in accounts receivable	118,080	(27,483)
Decrease trade payables and other accounts payable	<u>(477,850)</u>	<u>(101,651)</u>
	<u><u>(2,335,201)</u></u>	<u><u>295,167</u></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, 2019. 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 to provide financial and logistical support to organizations that are engaged in providing assistance to victims of terrorism.

Set up approximately 60 permanent volunteers and other occasional volunteers to assist in the work of the Association. The volunteers` main activities are 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 restrictions, either permanent or temporary, by donors.

**2. Restricted net assets:**

Reflects net assets that are subject to restrictions, 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 vehicle	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 asset's 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,	<u>Israeli CPI For December points</u>	<u>Representative Exchange rate of USD1 NIS</u>
2018	101.2	3.748
2017	100.4	3.467
<b>Change during the year ended</b>	<u>%</u>	<u>%</u>
2018	0.8	8.1
2017	0.4	(9.83)

**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**

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
	<u>NIS</u>	
By currency:		
In NIS	1,516,651	270,762
In foreign currency	<u>1,033,269</u>	<u>3,790,087</u>
	<u>2,549,920</u>	<u>4,060,849</u>

**NOTE 4: ACCOUNTS RECEIVABLE**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS</b>	
Prepaid expenses	102,981	84,081
Check payable and credit cards	253,458	390,308
Institutions	64,550	64,550
Rental deposit (see note 11)	105,818	105,818
Other receivables	93,826	93,956
	<u>620,633</u>	<u>738,713</u>

**NOTE 5: MUTUAL ASSISTANCE LOAN FUND**

In 2002, the Association in collaboration with the Organization of Israel's Terror Victims - Hayatzig" founded a Mutual Assistance Fund, "the Fund" with the purpose of "Irgun 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.

In addition, as of the signing of the financial statements has not yet provided the organization refuses the information about the Fund data for 2018 so the numbers shown are the data of the Fund as presented in the previous year

**NOTE 5: MUTUAL ASSISTANCE FUND (Cont.)**

**B. Composition:**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>NIS</b>	
<b>Cash</b>	71,882	71,882
Bank deposits	-	-
	<u>71,882</u>	<u>71,882</u>
Loans granted (see c below)	1,056,459	1,056,459
Debit/ (Loan) from community fund	(48,111)	(48,111)
Less – doubtful accounts	-	-
	<u>1,080,230</u>	<u>1,080,230</u>
Less the share of the Organization of Israel's Terror Victims	540,115	540,115
	<u>540,115</u>	<u>540,115</u>

**C. Following are maturity dates of loans granted:**

First year	719,409	719,409
Second year	310,030	310,030
Third year	32,340	32,340
	<u>1,061,779</u>	<u>1,061,779</u>

**Note 6- FIXED ASSETS**

	Furniture and equipment	Computers	Motor vehicles	Total
	NIS			
Cost:				
Balance at January 1, 2018	190,509	275,217	322,409	788,135
Additions during the year	14,755	16,891	-	31,646
Subtractions during the year	-	-	-	-
Balance at December 31, 2018	<u>205,264</u>	<u>292,108</u>	<u>322,409</u>	<u>819,781</u>
Accumulated depreciation:				
Balance at January 1, 2018	82,286	164,346	232,060	478,692
Additions during the year	20,712	54,999	48,362	124,073
Subtractions during the year	-	-	-	-
Balance at December 31, 2018	<u>102,998</u>	<u>219,345</u>	<u>280,422</u>	<u>602,765</u>
Depreciated cost at December 31, 2018	<u><u>102,266</u></u>	<u><u>72,763</u></u>	<u><u>41,987</u></u>	<u><u>217,016</u></u>
Depreciated cost at December 31, 2017	<u><u>108,223</u></u>	<u><u>110,870</u></u>	<u><u>90,349</u></u>	<u><u>309,442</u></u>

**Note 7 – TRADE PAYABLES**

	December 31,	
	2018	2017
	NIS	
Open balances	115,991	280,210
Checks payable	<u>207,854</u>	<u>455,826</u>
	<u><u>323,845</u></u>	<u><u>736,036</u></u>

**NOTE: 8- OTHER ACCOUNTS PAYABLE**

	<b>Year ended</b>	
	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>N.I.S</b>	
Accrued expenses	45,643	43,795
Employees and payroll accruals	441,849	509,354
	<u>487,492</u>	<u>553,149</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 31/12/2018 (NIS 220,604) 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 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, 2019 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,	
	2018	* 2017
	N.I.S	
<b>A. Donations received, net:</b>		
Donations in foreign currency	7,817,926	5,305,913
Donations in NIS (*)	4,706,553	4,480,828
	<u>12,524,479</u>	<u>9,786,741</u>
(*) In 2018, donations include volunteers value of Nis 639 thousands.		
<b>B. Current expenditures:</b>		
Financial assistance to families	1,135,318	4,426,860
Tangible assistance	128,054	116,951
Emotional and rehabilitative assistance for adults, including retreats and workshops	4,234,221	4,181,128
Therapeutic trips for groups overseas	568,611	406,312
Emotional support for children, young adults, and orphans, including retreats and workshops	3,012,952	3,087,979
"Step to the Future" project	178,880	291,809
Fundraising and communications in Israel	1,960,174	1,814,534
	<u>11,218,210</u>	<u>14,325,573</u>
<b>C. General and administrative expenses:</b>		
Salary and related expenses	278,697	220,804
Rent	24,938	21,616
Office expenses	6,673	9,889
Maintenance and insurance	36,402	37,646
Depreciation of fixed assets	124,073	121,574
Car maintenance	42,004	-
Professional fees	29,542	23,400
Computer maintenance	22,967	13,076
Professional and training	1,287	1,287
Gifts, hosting and fines	-	704
	<u>566,583</u>	<u>449,996</u>

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

	<b>Year ended</b>	
	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>N.I.S</b>	
<b>Financing income (expenses), net:</b>		
Financing income	97,662	-
Less- financing expenses	<u>(58,985)</u>	<u>(653,631)</u>
	<u>38,677</u>	<u>(653,631)</u>

**Note 13- Events after balance sheet date**

In May 2020, the association decided to assignments \$ 4 million to purchase a structure for association activities.