

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Association No. 580472959

Financial Statements

As of December 31, 2020

Ahmad Eyaid – Certified Public Accountant (Isr.)

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Financial Statements

As of December 31, 2020

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Auditor's Report to the Members of
IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
(An Association that is registered pursuant to the Association's Law, 1980)
Association No. 580472959

I have audited the attached balance sheets of "**IsraAID - The Israeli Forum For International Humanitarian Aid (R.A.)**" (hereinafter- "the Association") as of December 31, 2020 and 2019 and the statement of operations, the statements of changes in net assets and the statements of cash flows for years ended on those dates. These financial statements are the responsibility of the Members of the Association's Committee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 5733 - 1973. Those standards require that I plan and perform the audit so as 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 the significant estimates made by the Members of the Association's Committee, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The abovementioned financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2020 and 2019, the results of its operations, the changes in its net assets and its cash flows for each of the years ended on those dates, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

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Ahmad Eyaid

Certified Public Accountant

Be'er Sheva, May 27, 2021

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Balance Sheets

As of December 31

(In New Israeli Shekels)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
<u>Current assets</u>			
Cash and cash equivalents	3	15,421,732	10,617,129
Deposits	4	377,620	439,583
		<u>15,799,352</u>	<u>11,056,712</u>
<u>Fixed assets, net</u>			
Fixed assets	5	626,068	345,050
		<u>626,068</u>	<u>345,050</u>
		<u>16,425,420</u>	<u>11,401,762</u>
<u>Liabilities and net assets</u>			
<u>Current liabilities</u>			
Employees and institutions for salary		311,582	602,853
Expenses payable		1,500	1,500
		<u>313,082</u>	<u>604,353</u>
<u>Non-current liabilities</u>			
Liabilities for the termination of employee-employer relationships, net	6	98,533	98,533
<u>Net assets</u>			
Net assets in respect of which no restriction exists:			
Net assets for use in operations:			
Which have not been designated by the Association's institutions		31,957	200,767
Which have been designated by the Association's institutions		300,868	300,868
		<u>332,825</u>	<u>501,635</u>
Net assets used for fixed assets		626,068	345,050
Net assets in respect of which a restriction of a temporary nature exists		15,054,912	9,852,191
		<u>16,013,805</u>	<u>10,698,876</u>
Net assets		<u>16,013,805</u>	<u>10,698,876</u>
		<u>16,425,420</u>	<u>11,401,762</u>

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

June 1, 2021	(Signed)	(Signed)
Date of the approval of the financial statements	Chairman of the Management Committee	Member of the Committee

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Statements of Operations
For the Year Ended December 31
(In New Israeli Shekels)

	<u>Schedule</u>	<u>2020</u>	<u>2019</u>
Turnover from operations			
Amounts released from net assets, which have been restricted to operations		22,248,784	21,403,404
Cost of operations	A	<u>17,575,425</u>	<u>18,495,530</u>
Net revenues from operations		4,673,359	2,907,874
Administrative and general expenses	B	<u>3,706,954</u>	<u>2,604,132</u>
Income (expenses), net before financing		966,405	303,742
Financing expenses, net	C	<u>854,198</u>	<u>217,138</u>
Net income (deficit) for the year		<u>112,207</u>	<u>86,604</u>

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

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Statements of Cash Flows

For the Year Ended December 31

(In New Israeli Shekels)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Net income	112,207	86,604
Adjustments required to present cash flows from operating activities – Appendix A	4,992,978	2,589,166
	<u>5,105,185</u>	<u>2,675,770</u>
Cash flows from investment activities:		
Purchase of fixed assets	(362,546)	(120,304)
Cash flows from financing activities:	-	-
Increase (decrease) in cash balances	4,742,639	2,555,466
Cash balance at the beginning of the year	11,056,712	8,501,246
Cash balance at the end of the year	<u>15,799,351</u>	<u>11,056,712</u>
Appendix A - Adjustments required to present cash flows from operating activities		
Expenses (revenues) not involving cash flows:		
Depreciation and amortization	81,528	37,918
Increase in liability for the termination of employee – employer relationships	-	63,399
Amounts released from net assets, which have been restricted for operations	5,202,721	2,053,016
	5,284,249	2,154,333
Changes in assets and liabilities		
Increase (decrease) in trade and other payables	(291,271)	434,833
	<u>4,992,978</u>	<u>2,589,166</u>

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Schedules to the Statements of Operations

For the Year Ended December 31

(In New Israeli Shekels)

Schedule A: Cost of operations

Composition	2020	2019
Japan project	-	108,996
China project	84,063	-
Puerto Rico project	411,903	-
South Sudan project	1,661,168	2,288,010
Kenya project	967,915	1,173,201
USA aid project	344,060	1,516,567
Philippines project	3,571	224,245
Columbia project	1,112,727	426,531
Guatemala aid project	879,643	681,531
Uganda project	353,403	261,811
Nepal project	-	191,630
Vanuatu project	809,322	549,250
Greece project	1,543,410	1,742,112
Italy aid project	129,803	281,845
Civilian aid in the Middle East project	1,791,106	603,434
Germany assistance project	333,272	1,181,138
Dominica project	1,404,427	2,574,880
Mexico project	169,474	715,574
Bangladesh project	-	123,176
Bahamas aid project	1,975,559	916,749
Mozambique aid project	2,113,121	918,131
Various projects and common costs	397,793	777,356
Resources development	1,089,685	1,239,363
Total operating costs	17,575,425	18,495,530

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Schedules to the Statements of Operations

For the Year Ended December 31

(In New Israeli Shekels)

Schedule B: Administrative and general expenses

Composition	2020	2019
Salaries and social benefits	2,121,853	1,291,109
Professional services	305,677	303,230
Office rental and municipal taxes expenses	414,229	467,801
Telecommunications, travel and sundry	46,596	101,880
Advertising and internet website maintenance	474,918	143,550
Office expenses	30,565	52,657
Insurance expenses	27,336	26,796
Excess expenses, refreshments and sundry	120,373	36,988
Office maintenance expenses	53,167	46,035
Municipal taxes expenses	29,162	94,668
Fees	1,550	1,500
Depreciation expenses	81,528	37,918
Total administrative and general expenses	<u>3,706,954</u>	<u>2,604,132</u>

Schedule C: Financing expenses

Composition	2020	2019
Interest and commissions	67,495	91,484
Exchange differences	786,703	125,654
Total financing expenses	<u>854,198</u>	<u>217,138</u>

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)

Statements of Changes in Net Assets

As of December 31, 2020

(In New Israeli Shekels)

	<u>In respect of which no restriction exists</u>			<u>In respect of which a restriction of a temporary nature exists</u>	<u>Total</u>
	<u>Net assets used for operations</u>	<u>Net assets designated by the Association's institutions</u>	<u>Net assets used for fixed assets</u>		
Balance as of January 1, 2019	196,547	300,868	262,665	7,799,175	8,559,255
Additions during the year:					
Net income (deficit) for the year	86,604	-	-	-	86,604
Donations restricted temporarily	-	-	-	23,456,420	21,456,420
Derecognitions in the year:					
Designated by the Association's institutions	-	-	-	-	-
Amounts released from restrictions for operations	-	-	-	(21,403,404)	(21,403,404)
Amounts used for the purchase of fixed assets	(120,304)	-	120,304	-	-
Amounts transferred to cover depreciation	37,920	-	(37,920)	-	-
Balance as of December 31, 2019	200,767	300,868	345,050	9,852,191	10,698,875
Additions during the year:					
Net income (deficit) for the year	112,207	-	-	-	112,207
Donations	-	-	-	27,451,505	27,451,505
Derecognitions in the year:					
Amounts released from restrictions for operations	-	-	-	(22,248,784)	(22,248,784)
Amounts used for the purchase of fixed assets	(362,546)	-	362,546	-	-
Amounts transferred to cover depreciation	81,529	-	(81,529)	-	-
Balance as of December 31, 2020	31,957	300,868	626,068	15,054,912	16,013,805

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

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 1 - General

The Association was incorporated pursuant to the Associations Law, 5740 – 1980, was registered with the Registrar of Associations in March 2007 and commenced its operations in January 2008. The Association's number is 580472959.

The Association's objectives are:

- (A) To amalgamate, to consolidate and to represent organizations in Israel, which are engaged in the field of international humanitarian aid and in the sustainable promotion and development of humanity.
- (B) To train, to educate and to teach people who are engaged in, who support and who are interested in international humanitarian aid and the sustainable promotion of humanity.
- (C) To cooperate with the public at large, voluntary organizations, governmental and international institutions, student and other organizations, which are connected to and engaged in fields that are relevant to the Association's objectives.
- (D) To encourage volunteering and to initiate and to operate paid operators and volunteers for the promotion of the Association's objectives.
- (E) The initiation of activity and financial and human support for humanitarian operations outside of Israel, in emergency situations and in situations that develop from those emergencies.
- (F) The recruitment of financial and other resources, with the objective of assisting in the realization of the Association's objectives in Israel and abroad.

Note 2 - Principal accounting policies

New Standards that have not been implemented yet:

Accounting Standard Number 40 – Accounting Principles for and Financial Reporting by Charities

Publishing requirement

Accounting Standard Number 40 – Accounting Principles for and Financial Reporting by Charities (hereinafter: "The Standard") was published on August 13, 2020. The Standard replaces the existing provisions in the combined version of Statement of Opinion 69 and Accounting Standard Number 5 and the revisions thereto as well as Accounting Standard Number 9. The Standard contains numerous changes as compared with the existing standards, primarily in connection with the principles for recognition of the revenues of charities including donations of fixed assets and of cash for investment and assets and services that have been received for no consideration, principles for recognition and measurement of works of art, historical assets and similar assets, classification of items within the context of the statement of cash flows, the cancellation of the distinction between net assets in respect of which a temporary restriction exists and net assets in respect of which a permanent restriction exists, and etcetera.

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 2 - Principal accounting policies (Continued)

New Standards that have not been implemented yet (Continued)

The start of the transition provisions (Continued)

The Standard is to be implemented for annual periods commencing on January 1, 2021, with the possibility of early adoption. The impact of the adoption of the measurement provisions in this Standard at the time of the initial implementation is to be reported as an adjustment of the balance of the net assets at the beginning of the period in which the Standard is first implemented.

The principal accounting policies that have been implemented in the preparation of the financial statements are as follows:

(A) Financial statements in reported amounts

The Association's financial statements have been prepared in nominal amounts under the historical cost convention and not in reported amounts as required pursuant to Accounting Standard Number 12 of the Israeli Accounting Standards Board, since in the Association's management opinion, such amounts would not add significant additional financial information.

(B) Principal accounting policy and reporting principles

The Association records its revenues and its expenses on an accruals basis, pursuant to Standard 5 of the Israeli Accounting Standards Board, which integrates Statement of Opinion 69 of the Institute of Certified Public Accountants in Israel.

(C) Fixed assets

The fixed assets are presented at cost less accumulated depreciation. The depreciation has been calculated under the straight-line method on a cost basis, at rates that are considered to be sufficient to depreciate the assets over their useful lifetimes.

Item	<u>Depreciation rate %</u>
Furniture and equipment	7% - 33%
Leasehold improvements	10% - 25%

(D) Definitions

Net assets – the difference between the total assets and the total liabilities.

Restrictions - a determination by a donor or some other external party, which is more specific than the general restrictions deriving from the very nature of a charity, the environment in which it operates or other external factors.

Net assets without restrictions – that part of the net assets on which no permanent or temporary restriction has been placed on use, which has been determined by the donors or other external parties.

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 2 - Principal accounting policies (Continued)

(E) Taxes

The Association operates as a public institution pursuant to Section 9(2) of the Income Tax Ordinance and as a charity for the purposes of the Value Added Tax Law.

(F) Cash equivalents

Cash equivalents include deposits in banks for immediate withdrawal and fixed-term deposits where there is no restriction on their use, and marketable securities, whose repayment times does not exceed three months as the time of the investment in them.

(G) The use of estimates

At the time of the preparation of the financial statements, and the presentation thereof in accordance with generally accepted accounting principles, the Association's management is required to make and to assume assumptions that affect the figures that are presented in the financial statements and the accompanying notes thereto. By the very nature of estimates and assumptions, the actual results may be different from them.

(H) Confirmation of proper management

The Association holds confirmation from the Registrar of Associations on the subject of proper management, which is valid until December 31, 2021.

Note 3 - Cash and cash equivalents

	As of December 31	
	2020	2019
Cash in a current account in a bank in Shekels	277,628	200,781
Cash in hand	695,187	391,180
Cash in a current account in a bank in foreign currency	14,448,917	10,025,168
	15,421,732	10,617,129

Note 4 - Deposits

	As of December 31	
	2020	2019
Deposits in Shekels	200,129	249,122
Deposits in foreign currency	177,491	190,461
	377,620	439,583

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 5 - Fixed assets

	Furniture and equipment	Leasehold improvements	Software	Total
Cost:				
Balance as of January 1, 2020	224,700	235,689	-	460,389
Additions	57,712	-	304,834	362,546
Balance as of December 31, 2020	<u>282,412</u>	<u>235,689</u>	<u>304,834</u>	<u>822,935</u>
Accumulated depreciation:				
Balance as of January 1, 2020	23,081	92,258	-	115,339
Depreciation for the year	52,409	29,119	-	81,528
Balance as of December 31, 2020	<u>75,490</u>	<u>121,377</u>	<u>-</u>	<u>196,867</u>
Net book value				
Balance as of December 31, 2020	<u>206,922</u>	<u>114,312</u>	<u>304,834</u>	<u>626,068</u>
Balance as of December 31, 2019	<u>201,619</u>	<u>143,431</u>	<u>-</u>	<u>345,050</u>

Note 6 - Liability for the termination of employee-employer relationships, net

- Pursuant to the labor laws and the labor agreements that are in force, the Association is required to pay severance pay to employees who are dismissed or who resign from their work in certain circumstances. The Association's liability for the payment of severance pay is covered primarily by routine deposits in the employees name in personal severance pay funds. The amounts that have been deposited, as aforesaid, are not recorded in the balance sheet, since they are not under the Association's control and management. The balance of the deposit for severance pay reflects the amount of the deposit that has accumulated in the central severance pay fund.
- The amount of the liability for severance pay that is included in the balance sheet expresses the balance of the liability that is not covered by deposits, as stated in Section 1 above, pursuant to the existing labor agreements.

Note 7 - Guarantees

The association has provided a guarantee through a bank guarantee in an overall amount of NIS 199,164 as collateral for credit and tenders.

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 8 - Donations from foreign state entities

- (1) A foreign country, including:
 - (a) A union, organization or league of foreign nations (in this section - a union of foreign countries);
 - (b) An organ, authority or representative of a foreign country or of a union of foreign countries;
 - (c) A local or district authority, a government authority of a foreign country or of a country that is a members of a treaty of countries in a foreign country (in this section a foreign body);
 - (d) A union, organization or league of foreign bodies;
- (2) The Palestinian Authority, within the meaning of that term in the Law for the Extension of the Validity of Emergency Regulations (Judaea and Samaria – Jurisdiction over Transgressions and Legal Assistance, 5728 – 1967.
- (3) A corporation that was incorporated by the legislator of one of the bodies that are set forth in paragraphs (1) or (2) or where such body holds more than half of a certain type of means of control in a corporation or which has appointed the corporation to act in its name. For this purpose, "means of control", "which holds" – within the meaning of those terms in the Securities Law, 5728 – 1968.
- (4) A foreign company whose turnover in the last financial year for which it was required to submit a financial report, was for the most part from the bodies that are enumerated in paragraphs (1) to (3).

<u>Donor's name</u>	<u>Objectives of the donation</u>	<u>Amount of the donation</u>
The German Ministry of Education (through Zentralwohlfahrtsstelle der Juden in Deutschland)	Training of psychosocial teams for refugee refuges in Germany	443,790
	Response to Hurricane Ata in Guatemala	215,690
	Response to Cyclone Harold in Vanuatu	272,539
		<u>932,019</u>
UNICEF	Response to Hurricane Dorian in the Bahamas	167,475
	Programs for safeguarding children's rights and educational programs in Dominica	70,324
		<u>237,798</u>
Federal Ministry for Economic Cooperation and Development [Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)]	Psycho-social support in Mozambique	1,121,279

IsraAID - The Israeli Forum for International Humanitarian Aid (R.A.)
Notes to the Financial Statements
(In New Israeli Shekels)

Note 8 - Donations from foreign state entities (Continued)

<u>Donor's name</u>	<u>Objectives of the donation</u>	<u>Amount of the donation</u>
UMCOR	Provision of protection in an emergency for affected communities in Southern Sudan	410,926
	Sustainable management of groundwater sources in the Bahamas	548,832
	Provision of protection in an emergency for affected communities in Southern Sudan	141,142
		<u>1,100,882</u>
UNDP	Programs for safeguarding children's rights and educational programs in Dominica	<u>102,109</u>