**SHAHARIT – CREATING A COMMON GROUND (REG. NPO)**

**FINANCIAL STATEMENTS TO 31 DECEMBER 2019**

**SHAHARIT – CREATING COMMON GROUND (REG. NPO)**

**FINANCIAL STATEMENTS TO 31 DECEMBER 2019**

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**Auditor’s Report to the Members of the NPO Shaharit – Creating a Common Ground (Reg. NPO)**

We audited the attached Statements of the Financial Position of Shaharit – Creating a Common Ground (Reg. NPO) (hereinafter: “NPO”) to 31 December 2019 and 2018, the Reports on Activities and the Statement of Changes in Net Assets for each of the years ending on those dates. These Financial Statements are the responsibility of the Executive Committee and the Management of the NPO. Our responsibility is to give an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in Israel, including standards set forth in the Accountants’ Regulations (Way of Operating of an Accountant), 5733-1973. According to these standards, we are required to plan and perform the audit with a view to obtaining a reasonable degree of assurance that there is no material misstatement in the financial statements. An audit includes a spot check of the evidence supporting the amounts and information in the financial statements. An audit also includes an evaluation of the accounting policies employed and of the material estimates made by the Executive Committee and the Management, as well as evaluating the appropriateness of the overall presentation of the financial statements. We believe that our audit provides a proper basis for our opinion.

In our opinion, the above Financial Statements adequately reflect the financial position of the NPO in all material respects as of 31 December 2019 and 2018, the results of the activities and changes in its net assets for each of the years ended on the same dates, in accordance with Israeli GAAP.

Bnei Brak, 26 July 2020

Ziv Haft

Accountant

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 Head office: Beit Amot Habituah, 48 Menachem Begin Road, Tel Aviv, 6618001 Email: bdo@bdo.co.il Visit our website: [www.bdo.co.il](http://www.bdo.co.il)

**Shaharit – Creating a Common Ground (NPO)**

**Statements of the Financial Position (in NIS)**

**To 31 December**

**Note 2019 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Current Assets:** |  | |  | |  |
| Cash and cash equivalent | 3 | | 3,615,894 | | 1,374,208 |
| Deposits |  | | 29,991 | | 30,004 |
| Accounts receivable | 4 | | 5,049 | | 35,744 |
|  |  | | 3,650,934 | | 1,439,956 |
|  |  | |  | |  |
| **Fixed Assets** | 5 | | 20,948 | | 25,286 |
|  |  | | . | | . |
|  |  | | 3,671,882 | | 1,465,242 |
|  |  | |  | |  |
| **Current Liabilities:** |  | |  | |  |
| Suppliers and outstanding checks |  | | 58,299 | | 120,167 |
| Other payables | 6 | | 312,699 | | 275,119 |
|  |  | | 370,998 | | 395,286 |
| **Liabilities for End of Employee-Employer Relationship** | | 7 | 13,518 | | 25,955 |
| **Guarantees and Pledges** | 8 | |  | |  |
| **Net Assets:** |  | |  | |  |
| Net assets for which there is no restriction: |  | |  | |  |
| For use for activities not designated by the Executive Committee | | | | 631,183 | 518,715 |
| For use for activities designated by the Executive Committee | | | | 500,000 | 500,000 |
| Used to purchase fixed assets |  | | 20,948 | | 25,286 |
|  |  | | 1,152,131 | | 1,044,001 |
| Net assets for which there is a temporary restriction |  | | 2,135,235 | | - |
|  |  | | 3,287,366 | | 1,044,001 |
|  |  | | . | | . |
|  |  | | 3,671,882 | | 1,465,242 |

26 July 2020 (-) (-)

Date of Approval Moshe Ohiyon Assaf Lapidot

of Financial Statements Chairman and Member of Member of Committee

Committee

**The attached notes constitute an integral part of the Financial Statements.**

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**Shaharit – Creating a Common Ground (NPO)**

**Reports on Activities (in NIS)**

**For the Year Ending on**

**31 December**

**Note 2019 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Activity turnover | 9 | | 4,009,699 | | 4,625,018 |
| Cost of activities | 10 | | 3,147,802 | | 3,606,488 |
| Net income from activities |  | | 861,897 | | 1,018,530 |
| Administrative and general expenses | 11 | | 667,004 | | 681,811 |
| Net income before financing |  | | 194,893 | | 336,719 |
| Financing expenses, net | 12 | | 86,763 | | 5,458 |
| Net income for year |  | | 108,130 | | 331,261 |
|  |  | |  | |  |
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**The attached notes constitute an integral part of the Financial Statements.**

3

**Shaharit – Creating a Common Ground (NPO)**

**Statements of Changes in Net Assets (in NIS)**

**For Which There Is No Restriction**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For Use for Undesignated Activities** | | | | **For Use for**  **Activities Designated by the Executive Committee** | | **Used for Fixed Assets** | | **For Which There Is a Temporary Restriction** | | **Total .** | |
| **Balance to 1 January 2018** | 531,987 | | | 150,000 | | 30,753 | | - | | 712,740 | |
| **Changes during 2018:** |  | | |  | |  | |  | |  | |
| Net income for year | 331,261 | | | - | | - | | - | | 331,261 | |
| Amounts designated by the Executive Committee | (350,000) | | | (350,000) | | - | | - | | - | |
| Releasing of amounts designated by the Executive Committee | | | - | - | | - | | - | | - | |
| Amounts transferred to cover depreciation costs | 5,467 | | | - | | (5,467) | | - | | - | |
| **Balance to 31 December 2018** | | 518,715 | | 500,000 | | 25,286 | | - | | 1,044,001 | |
| **Changes during 2019:** |  | | |  | |  | |  | |  | |
| Donations | - | | | - | | - | | 2,135,235 | | 2,135,235 | |
| Net income for year | 108,130 | | | - | | - | | - | | 108,130 | |
| Release of amounts designated by the Executive Committee | | | - | - | | - | | - | | - | |
| Amounts transferred to cover depreciation costs | 4,338 | | | - | | (4,338) | | - | | - | |
| **Balance to 31 December 2019** | | 631,183 | | 500,000 | | 20,948 | | 2,135,235 | | 3,287,366 | |

**The attached notes constitute an integral part of the Financial Statements.**

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 1 – General:**

1. Shaharit – Creating a Common Ground (Nonprofit Organization – NPO) (hereinafter: “NPO”) was established on 25 May 2011 and began its activity in July 2012. Its number in the Registry of NPOs is 580543361.
2. The NPO deals in the advancement of the vision of a State of Israel which connects all parts of society – a shared social, environmental, economic, cultural and political vision for the welfare of the whole population of Israel.

The NPO works to advance its ideas in various ways, including: the writing of position papers and research, the development of leadership and various initiatives in Israeli society.

1. The NPO acts as a “public institution” pursuant to Clause 9(2) of the Income Tax Regulation and as a non-profit organization in the matter of the Value Added Tax Law.
2. The NPO did not receive donations from foreign state entities in the years 2019 and 2018.

**Note 2 – Principles of the Accounting Policy:**

1. **Definitions:**

The NPO - Shaharit – Creating a Common Ground (NPO) (hereinafter:

“NPO”).

Index - The Consumer Price Index as published by the Central Bureau of

Statistics

Net Assets - The differential between the assets of the NPO and its liabilities.

Restriction - A restriction on the use of net assets as determined by the stipulations of donors, supporters or the givers of grants to the NPO.

Temporary restriction - A restriction which expires or is removed upon the occurrence of a certain incident, or with the passage to time, or which may be complied with or removed by executing certain actions, in accordance with the instructions of the donor or the external bodies which gave the sources.

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 2 – Principles of the Accounting Policy: (continued)**

1. **Basis of the Recording Report:**

The NPO records its assets, liabilities, income and expenses on a cumulative basis in accordance with the rules stated in Opinion Number 69 of the Institute of Certified Public Accountants in Israel and Accounting Standard Number 5 of the Israel Accounting Standards Board, which deals with accounting rules and financial reporting by non-profit organizations.

1. **Linked Assets and Liabilities Linked to or in a Foreign Currency:**
2. Assets and liabilities in a foreign currency or linked to it are shown according to the representative rate to the date of the balance sheet.
3. Assets and liabilities linked to the Index are shown according to the linkage conditions of each balance.
4. Linkage and exchange rate differentials are recorded in the Financial Statements at the time they are created.
5. Income and expenses and other activities in foreign currency are recorded in accordance with the exchange rate at the time of the execution of the activity.
6. **Cash and Cash Equivalent:**

Investments the liquidity of which is high are considered as cash equivalents. They include, *inter alia*, short-term deposits which were deposited in banks, the use of which is not limited and which are not encumbered, and the period until their realization at the time of the investment does not exceed 3 months.

This section does not include short-term cash and deposits in banks the use of which has been restricted by donors for particular uses or which are designated by the Committee of the NPO for specific uses or which are encumbered.

1. **Fixed Assets:**

The fixed assets are shown according to cost less accumulated depreciation. The depreciation is calculated according to the “straight line method” on the basis of the estimated period of use of the assets. An allocation for the decrease in value is included when the book amount of the asset rises above its value to the business (which is generally considered as its value-in-use or the value of use by it, whichever is higher).

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 2 – Principles of the Accounting Policy: (continued)**

1. **Reports on Cashflows:**

Statements on cashflows were not included in these Financial Statements since, in the opinion of the Management of the NPO, they do not add significant information to the information included in these Statements.

1. **Use of Estimates:**

During the preparation of financial statements, their writing and presentation according to generally accepted accounting principles, the Management of the NPO was required to make estimates and assumptions which affect the data shown in the Financial Statements and in the Notes accompanying them. Due to the very nature of estimates and assumptions, the actual results are liable to be different from them.

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 3 – Cash and Cash Equivalent:**

**To 31 December**

**2019 2018**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **In Shekels:** | |  | |  | |  | |
| Cash in banks | |  | | 1,578,985 | | 1,161,306 | |
| Deposit in bank | |  | | 10,002 | | 10,002 | |
|  | |  | | 1,588,987 | | 1,171,308 | |
|  | |  | |  | |  | |
|  | |  | |  | |  | |
|  | |  | |  | |  | |
| **In Foreign Currency:** | |  | |  | |  | |
| Cash in banks | |  | | 2,026,907 | | 202,900 | |
|  | |  | | 2,026,907 | | 202,900 | |
|  | |  | | . | | . | |
|  | |  | | 3,615,894 | | 1,374,208 | |

**Note 4 - Accounts Receivable:**

**To 31 December**

**2019 2018**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Outstanding checks | |  | | 850 | | | 32,244 | |
| Advance to supplier | |  | | 4,199 | | | 3,500 | |
|  | |  | | 5,049 | 35,744 | |

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 5 – Fixed Assets**

**A. Composition:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Computers** | | | | **Website** | | **Furniture & Equipment** | | **Improvements in Rented Property** | | **Total** | |
| **Cost:** |  | | |  | |  | |  | |  | |
| Balance to 1 January 2019 | 16,807 | | | 32,356 | | 24,181 | | 22,019 | | 95,363 | |
|  |  | | |  | |  | |  | |  | |
| **Accumulated Depreciation:** |  | | |  | |  | |  | |  | |
| Balance to 1 January 2019 | 16,807 | | | 32,356 | | 10,266 | | 10,648 | | 70,077 | |
| Additions during the year | - | | | - | | 2,136 | | 2,202 | | 4,388 | |
| Balance to 31 December 2019 | | 16,807 | | 32,356 | | 12,402 | | 12,850 | | 74,415 | |
|  |  | | |  | |  | |  | |  | |
| **Depreciated Cost to 31 December 2019** | | | - | - | | 11,779 | | 9,169 | | 20,948 | |
| **Depreciated Cost to 31 December 2018** | | | - | - | | 13,915 | | 11,371 | | 25,286 | |
|  | | |  |  | |  | |  | |  | |
| **B. Rate of Depreciation in Percent** | | | 33 | 33 | | 7-15 | | 10 | |  | |

**Note 6 – Other Payables:**

**To 31 December**

**2019 2018**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Employees and institutions for salary | |  | | 218,824 | | 161,281 |
| Allocation for vacation | |  | | 93,875 | | 113,664 |
| Various payables | |  | | - | | 174 |
|  | |  | | 312,699 | 275,119 |

**Note 7 – Liability for End of Employer-Employee Relationship, Net:**

The liabilities of the NPO for payment of severance pay to its employees are partly covered by current deposits in the name of the employees for a pension fund. The amounts deposited as stated are not included in the balance sheet since they are not under the control and management of the NPO.

The amount of the liability for retirement compensation included in the balance sheet expresses the liability balance which is not covered by the above-mentioned deposits.

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 8 – Guarantees and Pledges:**

The NPO has provided bank guarantees totaling NIS 30,000 in favor of the lessor of the NPO’s offices. The deposits of the NPO are pledged in favor of the guarantees.

**Note 9 – Activity Turnover:**

**For the Year Ending On**

**31 December**

**2019 2018**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Donations | |  | | 4,009,699 | | 4,621,118 |
| Other income | |  | | - | | 3,900 |
|  | |  | | 4,009,699 | 4,625,018 |

**Note 10 – Cost of Activities:**

**For the Year Ending On**

**31 December**

**2019 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| Salaries and benefits |  | 1,691,871 | 1,924,251 |
| 120 – National Political Leadership Program |  | 431,856 | 537,460 |
| Local Community Organization Project |  | 115,659 | 344,022 |
| Circle Project |  | 562,538 | 366,440 |
| Idea Infrastructure Project – Thinktank |  | 204,057 | 284,202 |
| Rental, maintenance and communications |  | 138,351 | 145,739 |
| Depreciation |  | 3,470 | 4,374 |
|  |  | 3,147,802 | 3,606,488 |
|  |  |  |  |

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**Shaharit – Creating a Common Ground (NPO)**

**Notes to the Financial Statements (in NIS)**

**Note 11 – Administrative and General Expenses:**

**Composition:**

**For the Year Ending On**

**31 December**

**2019 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| Salaries and benefits |  | 462,425 | 498,339 |
| Professional services |  | 95,338 | 103,177 |
| Rent and maintenance |  | 29,715 | 31,111 |
| Recruitment of donations |  | 33,031 | 24,272 |
| Travel and errands |  | 35,427 | 16,229 |
| Office needs |  | 6,562 | 3,177 |
| Mail, telephone and telecommunications |  | 1,810 | 2,147 |
| Taxes and fees |  | 1,828 | 2,266 |
| Depreciation |  | 868 | 1,093 |
|  |  | 667,004 | 681,811 |

**Note 12 – Financing Expenses, Net:**

**Composition:**

**For the Year Ending On**

**31 December**

**2019 2018**

|  |  |  |  |
| --- | --- | --- | --- |
| Exchange rate differentials |  | 78,927 | 841 |
| Bank fees |  | 7,836 | 4,617 |
|  |  | 86,763 | 5,458 |

**Note 13 – Incidents after the Date of the Balance Sheet:**

In December 2019, the outbreak of the Covid-19 virus became known, and it was declared an international pandemic by the World Health Organization in March 2020.

The Management of the NPO believed that in the short term this would not have a significant effect on the NPO and it was too soon to estimate and anticipate the long-term implications of the outbreak.

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