

**Breaking The Silence Ltd (PBC)**

**Financial Statements as of December 31,  
2016**

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**Auditors' Report**  
**To the shareholders of**  
**Breaking The Silence Ltd (PBC)**

We have audited the accompanying balance sheets of Breaking The Silence Ltd (PBC) (hereinafter: "the Company") as of December 31, 2016 and 2015, the statement of activities and the statement of changes in net assets for each of the years then ended. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by 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 examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Company as of December 31, 2016 and 2015, the results of its activities and the changes in its net assets for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

**Ben David, <sup>BDSK</sup>Shalvi, Kop & Co.**  
**Certified Public Accountants, (Isr.)**

Jerusalem, 27 April 2017



**Breaking The Silence Ltd (PBC)**  
**Balance Sheets**  
**In (New Israeli Shekels)**

		As of December 31	
	Note	2016	2015
<b><u>Current Assets</u></b>			
Cash and cash equivalents	3	2,580,630	1,411,973
Debtors and debit balances	4	-	763,072
		<u>2,580,630</u>	<u>2,175,045</u>
<b><u>Fixed Assets, Net</u></b>			
	5	225,788	259,379
		<u>2,806,418</u>	<u>2,434,424</u>
<b><u>Current Liabilities</u></b>			
Suppliers and service providers	6	81,132	133,764
Creditors and credit balances	7	274,124	890,411
		<u>355,256</u>	<u>1,024,175</u>
<b><u>Long-term Liabilities</u></b>			
Provision for severance pay, Net	8	181,480	159,083
<b><u>Net Assets</u></b>			
<b><u>Unrestricted Net Assets</u></b>			
Used for current activities		1,564,649	991,780
Used for fixed assets		225,788	259,379
		<u>1,790,437</u>	<u>1,251,159</u>
<b><u>Temporarily Restricted Net Assets</u></b>		479,238	-
<b><u>Share Capital</u></b>	9	7	7
		<u>2,269,682</u>	<u>1,251,166</u>
		<u>2,806,418</u>	<u>2,434,424</u>

25/4/17

Date

Chairman of the  
Board

Member of the  
Board

The attached notes are an integral part of these statements.

**Breaking The Silence Ltd (PBC)**  
**Statements of Activities**  
**In (New Israeli Shekels)**

		<b>Year ended December 31</b>	
	<b><u>Note</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Activities turnover	10	7,400,931	4,937,792
Cost of activities	11	5,690,558	4,105,725
Net income from activities		<u>1,710,373</u>	<u>832,067</u>
Administrative and general expenses	12	<u>1,110,433</u>	<u>857,585</u>
Net income (deficit) before financing		599,940	(25,518)
Financial expenses		<u>60,662</u>	<u>43,436</u>
Net income (deficit) for the year		<u><u>539,278</u></u>	<u><u>(68,954)</u></u>

The attached notes are an integral part of these statements.



**Breaking The Silence Ltd (PBC)**  
**Statements of Changes in Net Assets**  
**In (New Israeli Shekels)**

	<u>Unrestricted Net Assets</u>				
	<u>Used for activities</u>	<u>Used for fixed assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Share Capital</u>	<u>Total</u>
<b>Balance as of January 1, 2015</b>	<b>1,091,707</b>	<b>228,406</b>	<b>44,754</b>	<b>7</b>	<b>1,364,874</b>
<u>Changes during the year</u>					
Deficit for the year	(68,954)	-	-	-	(68,954)
Amounts released from restriction to activities	-	-	(44,754)	-	(44,754)
<u>Transfer of unrestricted amounts</u>					
Used for fixed assets	(95,660)	95,660	-	-	-
To cover depreciation expenses	<u>64,687</u>	<u>(64,687)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance as of December 31, 2015</b>	<b>991,780</b>	<b>259,379</b>	<b>-</b>	<b>7</b>	<b>1,251,166</b>
<u>Changes during the year</u>					
Net income for the year	539,278	-	-	-	539,278
Designated donations	-	-	479,238	-	479,238
<u>Transfer of unrestricted amounts</u>					
Used for fixed assets	(38,731)	38,731	-	-	-
To cover depreciation expenses	<u>72,322</u>	<u>(72,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance as of December 31, 2016</b>	<b><u>1,564,649</u></b>	<b><u>225,788</u></b>	<b><u>479,238</u></b>	<b><u>7</u></b>	<b><u>2,269,682</u></b>

The attached notes are an integral part of these statements.

**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 1 - General**

- A. Breaking The Silence Ltd (PBC) (hereinafter: "the company") was established in July 2004. The company works in documentation and publication of evidence of IDF soldiers during military operations and trying to fight and prevent human rights violations against the civilian population. The official number is 513564724.
- B. The company is recognized as a Not for Profit Organization by the V.A.T. Authorities and as a "public institution" as defined in section 9(2) of the Income Tax Ordinance.
- C. The company has a valid "Proper Managing" authorization from The Registrar of Associations in Israel for the year 2017.

**Note 2 - Significant Accounting Policies**

- A. The financial statements were prepared according to generally accepted accounting principles for non-profit institution and according to Standard No. 5 of the Israel Accounting Standard Board, regarding "accounting principles and financial reporting by non profit organizations."
- B. Historical Cost Convention  
The financial statements are presented in nominal (historical) Israeli Shekels and do not take into account the effect of changes in the purchasing power of the Israeli Shekel.
- C. Cash and Cash Equivalents  
The company considers all highly liquid investments, including short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.
- D. Fixed Assets  
Fixed assets are stated at cost and are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Vehicles	15%
Furniture and equipment	7% - 15%
Computers	10% - 33%
Leasehold improvement	10%



**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 2 - Significant Accounting Policies (Cont.)**

E. Indexation to Foreign Currency

Balances in or indexed to foreign currency are included in the financial statements at the representative exchange rate published by the bank of Israel as the balance sheet date. The exchange rates for the dates of the financial statement are as follows:

	<b>As of December 31</b>	
	<b>2016</b>	<b>2015</b>
US Dollar	3.845	3.902
CAD	2.851	2.814
EURO	4.043	4.246
POUND	4.725	5.784
CHF	3.767	3.924

**Note 3 - Cash and cash equivalents**

	<b>As of December 31</b>	
	<b>2016</b>	<b>2015</b>
Cash in the bank - Israeli currency	2,469,412	607,480
Cash in the bank - Foreign currency	16,861	588,284
Cash on hand	89,629	164,399
Short term bank deposits - Foreign currency	4,728	51,810
	<b>2,580,630</b>	<b>1,411,973</b>

**Note 4 - Debtors and debit balances**

	<b>As of December 31</b>	
	<b>2016</b>	<b>2015</b>
Checks receivable	-	409,235
Prepaid expenses	-	353,837
	<b>-</b>	<b>763,072</b>



**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 5 - Fixed Assets, Net**

	<u>Vehicles</u>	<u>Furniture and equipment</u>	<u>Computers</u>	<u>Leasehold improvement</u>	<u>Total</u>
<u>Cost</u>					
Balance as of January 1, 2016	27,000	205,414	369,870	39,471	641,755
Additions during the year	-	3,048	35,683	-	38,731
Balance as of December 31, 2016	<b>27,000</b>	<b>208,462</b>	<b>405,553</b>	<b>39,471</b>	<b>680,486</b>
<u>Accumulated Depreciation</u>					
Balance as of January 1, 2016	6,003	130,730	241,180	4,463	382,376
Depreciation for the year	4,050	14,874	49,450	3,948	72,322
Balance as of December 31, 2016	<b>10,053</b>	<b>145,604</b>	<b>290,630</b>	<b>8,411</b>	<b>454,698</b>
<b>Fixed Assets, Net as of December 31, 2016</b>	<b><u>16,947</u></b>	<b><u>62,858</u></b>	<b><u>114,923</u></b>	<b><u>31,060</u></b>	<b><u>225,788</u></b>
<b>Fixed Assets, Net as of December 31, 2015</b>	<b><u>20,997</u></b>	<b><u>74,684</u></b>	<b><u>128,690</u></b>	<b><u>35,008</u></b>	<b><u>259,379</u></b>

**Note 6 - Suppliers and service providers**

	<u>As of December 31</u>	
	<u>2016</u>	<u>2015</u>
Open accounts	73,483	132,184
Checks payable	7,649	1,580
	<b><u>81,132</u></b>	<b><u>133,764</u></b>

**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 7 - Creditors and credit balances**

	<b>As of December 31</b>	
	<b>2016</b>	<b>2015</b>
Prepaid income	-	591,151
Employees and related institutions	206,572	277,589
Expenses payable	67,552	21,671
	<b>274,124</b>	<b>890,411</b>

**Note 8 - Provision for severance pay, Net**

The provision for severance pay is calculated according to the last salary of the employees and their seniority. The obligations for terminating the employee-employer relationship stated in the balance sheet, together with the pension plan cover the company's obligations upon termination of the employee-employer relations as of the date of the balance sheet.

**Note 9 - Share Capital**

	<b>Registered</b>	<b>Issued and Paid</b>
Regular Shares at 1 NIS par value	<b>100</b>	<b>7</b>

**Note 10 - Activities turnover**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Donations	7,400,931	4,893,038
Amounts released from restriction for activities	-	44,754
	<b>7,400,931</b>	<b>4,937,792</b>



**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 11 - Cost of activities**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Salaries, payments for lecturers and related expenses	2,357,980	2,059,981
Public activity	1,565,558	737,930
Tours and transportation	565,193	444,583
Legal advice	416,786	179,970
Communication and computing	283,191	157,183
Testimony collection and production	276,791	301,752
Overseas travel	152,737	159,640
Depreciation	72,322	64,686
	<b><u>5,690,558</u></b>	<b><u>4,105,725</u></b>

**Note 12 - Administrative and general expenses**

	<b>Year ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Salaries and related expenses	600,959	402,161
Rent, maintenance and management fees	340,469	176,777
Professional services	58,342	43,881
Vehicle maintenance	38,877	29,645
Office expenses	23,631	26,480
Refreshments	19,301	16,217
Insurance	9,030	8,175
Telephone and communication	8,515	17,601
Taxes and fees	6,389	7,547
Gifts	4,920	1,661
Resources development	-	127,440
	<b><u>1,110,433</u></b>	<b><u>857,585</u></b>

**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 13 - Details of Donators over 20,000 NIS**

List of donors who donated during 2016 over 20,000 NIS:

Donations received on a cash basis:

<b><u>Name of Donor</u></b>	<b><u>Amount</u></b>
New Israel Fund	1,135,233
International Human Rights and Humanitarian Law Secretariat	1,070,947
Misereor	662,077
Delegation of the European Union to Israel	508,905
Sigrid Rausing Trust	413,180
Foundation for Pro-Victimis	406,258
CCFD	387,122
Open Society Foundations	833,709
Swiss Foreign Ministry	283,753
Broederlijk Delen	273,680
Rockefeller Brothers Fund	203,264
Dan Church Aid	195,049
MWC/ACW LLC	167,613
Spanish Agency for International Development Cooperation	257,950
Moriah Fund	116,429
Trocaire	105,865
Medico International	83,532
CAFOD	57,407
SIVMO	53,306
Bread for the World	75,560
Debra Pell	39,100
Foundation for Middle East Peace	38,922
Front Line Defenders	31,517
Brann- Jacoby	28,539
Robert and Nurit Pindyck	27,166
Die Schwelle	21,531



**Breaking The Silence Ltd (PBC)**  
**Notes to the Financial Statements**  
**In (New Israeli Shekels)**

**Note 14 - Details of Donations from a foreign political entity**

List of donations received during the 2016 from foreign political entity:

<b><u>Name of Donor</u></b>	<b><u>Amount</u></b>
International Human Rights and Humanitarian Law Secretariat	1,070,947
Misereor	662,077
Swiss Foreign Ministry	283,753
Broederlijk Delen	273,680
Spanish Agency for International Development Cooperation	257,950
Dan Church Aid	195,049
Trocaire	105,865
Medico International	83,532
Bread for the World	75,560
CAFOD	57,407
Front Line Defenders	31,517
Tresorerie Du Senat	2,905