

Breaking The Silence Ltd (PBC)

Financial Statements as of December 31 2017

Breaking The Silence Ltd (PBC)

Financial Statements as of December 31 2017

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheets	2
Statements of Activities	3
Statements of Changes in Net Assets	4-5
Notes to the Financial Statements	6-13

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 2017 and 2016, 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 2017 and 2016, 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, Shalvi, Kop & Co.
Certified Public Accountants, (Isr.)


Jerusalem, 19/3/ 2018

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

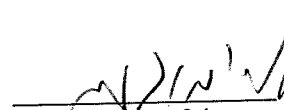
		As of December 31	
	Note	2017	2016
<u>Current Assets</u>			
Cash and cash equivalents	3	2,719,502	2,580,630
Income receivable		235,444	-
		2,954,946	2,580,630
<u>Fixed Assets, Net</u>	4	208,615	225,788
		3,163,561	2,806,418
<u>Current Liabilities</u>			
Short-term credit		19,454	-
Suppliers and service providers	5	100,044	81,132
Creditors and credit balances	6	953,256	274,124
		1,072,754	355,256
<u>Long-term Liabilities</u>			
Provision for severance pay, Net	7	93,196	181,480
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
<u>Used for current activities</u>			
Non designated by nonprofit organization		788,989	1,564,649
Designated by nonprofit organization	8	1,000,000	-
		1,788,989	1,564,649
Used for fixed assets		208,615	225,788
		1,997,604	1,790,437
<u>Temporarily Restricted Net Assets</u>		-	479,238
<u>Share Capital</u>	9	7	7
		1,997,611	2,269,682
		3,163,561	2,806,418

19/3/18

 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)

		Year ended December 31	
	Note	2017	2016
Activities turnover	10	7,041,230	7,400,931
Cost of activities	11	5,547,984	5,690,558
Net income from activities		<u>1,493,246</u>	<u>1,710,373</u>
Administrative and general expenses	12	<u>1,221,908</u>	<u>1,110,433</u>
Net income before financing		271,338	599,940
Financial expenses		<u>64,171</u>	<u>60,662</u>
Net income for the year		<u><u>207,167</u></u>	<u><u>539,278</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)

	Net Assets					
	Unrestricted			Restricted		Total
	Used for activities			Temporarily	Share Capital	
Non designated by nonprofit organization	Designated by nonprofit organization*	Used for fixed assets				
Balance as of January 1 2016	991,780	-	259,379	-	7	1,251,166
<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	72,322	-	(72,322)	-	-	-
Balance as of December 31 2016	1,564,649	-	225,788	479,238	7	2,269,682

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)

Changes
during the
year

Net income for the year	207,167	-	-	-	-	207,167
Amounts designated by nonprofit organizations	(1,000,000)	1,000,000	-	-	-	-
Amounts released from restriction to activities	-	-	-	(479,238)	-	(479,238)
<u>Transfer of unrestricted amounts</u>						
Used for fixed assets	(58,549)	-	58,549	-	-	-
To cover depreciation expenses	<u>75,722</u>	<u>-</u>	<u>(75,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of December 31 2017	<u>788,989</u>	<u>1,000,000</u>	<u>208,615</u>	<u>-</u>	<u>7</u>	<u>1,997,611</u>

* see note 8

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 2018.

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 Equivalent
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:

	As of December 31	
	2017	2016
US Dollar	3.4670	3.845
CAD	2.7648	2.851
EURO	4.1526	4.043
GBP	4.6819	4.725
CHF	3.5546	3.767

F. Statement of Changes in Cash Flow

The financial statements do not include a statement of cash flow, as such a statement would not add significant financial information to that already included in the financial statements.

Note 3 - Cash and cash equivalents

	As of December 31	
	2017	2016
Cash in the bank - Israeli currency	1,847,365	2,469,412
Cash in the bank - foreign currency	784,287	16,861
Cash on hand	87,850	89,629
Short term bank deposits - foreign currency	-	4,728
	2,719,502	2,580,630

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

Note 4 - 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 2017	27,000	208,462	405,553	39,471	680,486
Additions during the year	-	5,803	42,801	9,945	58,549
Balance as of December 31 2017	27,000	214,265	448,354	49,416	739,035
<u>Accumulated Depreciation</u>					
Balance as of January 1 2017	10,053	145,604	290,630	8,411	454,698
Depreciation for the year	4,050	12,167	55,214	4,291	75,722
Balance as of December 31 2017	14,103	157,771	345,844	12,702	530,420
Fixed Assets, Net as of December 31 2017	<u>12,897</u>	<u>56,494</u>	<u>102,510</u>	<u>36,714</u>	<u>208,615</u>
Fixed Assets, Net as of December 31 2016	<u>16,947</u>	<u>62,858</u>	<u>114,923</u>	<u>31,060</u>	<u>225,788</u>

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

Note 5 - Suppliers and service providers

	As of December 31	
	2017	2016
Open accounts	64,659	73,483
Checks payable	35,385	7,649
	100,044	81,132

Note 6 - Creditors and credit balances

	As of December 31	
	2017	2016
Prepaid income	592,986	-
Employees and related institutions	342,720	206,572
Expenses payable	17,550	67,552
	953,256	274,124

Note 7 - 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 8 - Designated by nonprofit organization

As part of the Company's assessment of the performance in times of emergency, that may result from the loss of strategic donors or a dramatic increase in the Company's expenses, it was determined that the Company must hold a reserve for a period of three months. Therefore, at the Directors Board meeting on July 17, 2016 it was decided that due to the increase in the budget, beginning from the year 2017 the company will designate amounts to the organizational reserve until reaching an amount of 2,000,000 NIS.

Note 9 - Share Capital

	Registered	Issued and Paid
Regular Shares at 1 NIS par value	100	7

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

Note 10 - Activities turnover

	Year ended December 31	
	2017	2016
Donations	6,561,992	7,400,931
Amounts released from restriction for activities	479,238	-
	<u>7,041,230</u>	<u>7,400,931</u>

Note 11 - Cost of activities

	Year ended December 31	
	2017	2016
Salaries, payments for lecturers and related expenses	2,367,921	2,357,980
Public activity	1,545,913	1,565,558
Tours and transportation	580,804	565,193
Testimony collection and production	466,492	276,791
Communication and computing	251,633	283,191
Legal advice	167,229	416,786
Overseas travel	92,270	152,737
Depreciation	75,722	72,322
	<u>5,547,984</u>	<u>5,690,558</u>

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

Note 12 - Administrative and general expenses

	Year ended December 31	
	2017	2016
Salaries and related expenses	817,623	600,959
Rent, maintenance and management fees	207,119	340,469
Professional services	58,598	58,342
Vehicle maintenance	43,321	38,877
Office expenses	35,758	23,631
Refreshments	22,128	19,301
Telephone and communication	11,969	8,515
Taxes and fees	11,739	6,389
Insurance	9,770	9,030
Gifts	3,883	4,920
	<u>1,221,908</u>	<u>1,110,433</u>

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 2017 over 20,000 NIS:

Donations received on a cash basis:

<u>Name of donor</u>	<u>Amount</u>
The New Israel Fund	958,440
International Human Rights and Humanitarian Law Secretariat	742,699
Delegation of the European Union to Israel	481,495
Sigrid Rausing Trust	416,889
Institut for Auslandsbeziehungen zivik Funding Programme	410,878
CCFD	387,359
Ministry of Foreign Affairs Switzerland	336,260
Fondation Pro Victimis	336,107
Misereor	305,049
Open Society Foundation	223,447
Trocaire	205,449
Rockefeller Brothers Fund	181,135
Bertha Foundation	175,095
Dan ChurchAid	164,947
Broederlijk Delen	157,324
AECID	140,000
Moriah Fund	111,228
CAFOD	105,913
PL-Fonden	61,187
medico international	60,533
SIVMO	57,778
Foundation for Middle East Peace	54,616
Sabba family	50,000
Bread for The World	39,557

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 2017 from foreign state entity:

<u>Name of donor</u>	<u>amount</u>
International Human Rights and Humanitarian Law Secretariat	746,486
Delegation of the European Union to Israel	391,248
Institut für Auslandsbeziehungen zivik Funding Programme	410,878
Ministry of Foreign Affairs Switzerland	263,384
Misereor	310,260
Trocaire	127,375
Dan ChurchAid	164,957
Broederlijk Delen	157,324
CAFOD	105,711
medico international	60,533
Bread for The World	3,766