

Breaking The Silence Ltd (PBC)

Financial Statements as of December 31 2018

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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 2018 and 2017, 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 2018 and 2017, 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, 6/6/ 2019

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

	Note	As of December 31	
		2018	2017
<u>Current Assets</u>			
Cash and cash equivalents	3	2,987,026	2,719,502
Income receivable		461,755	235,444
		<u>3,448,781</u>	<u>2,954,946</u>
<u>Fixed Assets, Net</u>	4	262,353	208,615
		<u>3,711,134</u>	<u>3,163,561</u>
<u>Current Liabilities</u>			
Short-term credit		-	19,454
Suppliers and service providers	5	157,344	100,044
Creditors and credit balances	6	1,136,093	953,256
		<u>1,293,437</u>	<u>1,072,754</u>
<u>Long-term Liabilities</u>			
Provision for severance pay, Net	7	90,967	93,196
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
<u>Used for current activities</u>			
Non designated by nonprofit organization		814,370	788,989
Designated by nonprofit organization	8	1,250,000	1,000,000
		<u>2,064,370</u>	<u>1,788,989</u>
Used for fixed assets		262,353	208,615
		<u>2,326,723</u>	<u>1,997,604</u>
<u>Share Capital</u>	9	7	7
		<u>2,326,730</u>	<u>1,997,611</u>
		<u>3,711,134</u>	<u>3,163,561</u>

26/5/19
Date

Chairman of the
Board

Miki Kratsman

Member of the
Board

Avi Mograbi

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	2018	2017
Activities turnover	11	8,400,483	7,041,230
Cost of activities	12	6,658,068	5,547,984
Net income from activities		1,742,415	1,493,246
Administrative and general expenses	13	1,309,796	1,221,908
Net income before financing		432,619	271,338
Financial expenses		66,306	64,171
Net Income before other expenses		366,313	207,167
Other expenses - Capital loss	14	37,194	-
Net income for the year		329,119	207,167

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		
	Used for activities				
	Non designated by nonprofit organization	Designated by nonprofit organization *	Used for fixed assets	Temporarily	Share Capital
Balance as of January 1 2017	1,564,649	-	225,788	479,238	7
Changes during the year					
Net income for the year	207,167	-	-	-	-
Amounts designated by nonprofit organizations	(1,000,000)	1,000,000	-	-	-
Amounts released from restriction to activities	-	-	-	(479,238)	-
Transfer of unrestricted amounts	(58,549)	-	58,549	-	-
Used for fixed assets	75,722	-	(75,722)	-	-
To cover depreciation expenses					
Balance as of December 31 2017	788,989	1,000,000	208,615	-	7
					1,997,611

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>Changes during the year</u>					
Net income for the year	329,119	-	-	-	329,119
Amounts designated by nonprofit organizations	(250,000)	250,000	-	-	-
<u>Transfer of unrestricted amounts</u>					
Used for fixed assets	(169,846)	-	169,846	-	-
To cover depreciation expenses	76,114	-	(76,114)	-	-
<u>Amounts released from restrictions</u>	39,994	-	(39,994)	-	-
Balance as of December 31 2018	814,370	1,250,000	262,353	7	2,326,730

* 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 2019.

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:

	As of December 31	
	2018	2017
US Dollar	3.748	3.467
CAD	2.752	2.765
EURO	4.292	4.153
GBP	4.794	4.682
CHF	3.807	3.555

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	
	2018	2017
Cash in the bank - Israeli currency	2,840,221	1,847,365
Cash in the bank - foreign currency	32,372	784,287
Cash on hand	75,429	87,850
Short term bank deposits - foreign currency	39,004	-
	<u>2,987,026</u>	<u>2,719,502</u>

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 2018	27,000	214,265	448,354	49,416	739,035
Additions during the year	-	34,345	73,167	62,334	169,846
Subtractions during the year	(14,000)	-	-	(49,416)	(63,416)
Balance as of December 31 2018	13,000	248,610	521,521	62,334	845,465
<u>Accumulated Depreciation</u>					
Balance as of January 1 2018	14,103	157,771	345,844	12,702	530,420
Depreciation for the year	3,105	13,216	54,772	5,021	76,114
Subtractions during the year	9,088	-	-	14,334	23,422
Balance as of December 31 2018	8,120	170,987	400,616	3,389	583,112
Fixed Assets, Net as of December 31 2018	4,880	77,623	120,905	58,945	262,353
Fixed Assets, Net as of December 31 2017	12,897	56,494	102,510	36,714	208,615

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

Note 5 - Suppliers and service providers

	As of December 31	
	2018	2017
Open accounts	120,136	64,659
Checks payable	37,208	35,385
	157,344	100,044

Note 6 - Creditors and credit balances

	As of December 31	
	2018	2017
Prepaid income	726,758	592,986
Employees and related institutions	295,822	342,720
Expenses payable	113,513	17,550
	1,136,093	953,256

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 - Guarantees

The Company has bank guarantees in the amount of NIS 39,624.62.

Note 11 - Activities turnover

	Year ended December 31	
	2018	2017
Donations	8,400,483	6,561,992
Amounts released from restriction for activities	-	479,238
	8,400,483	7,041,230

Note 12 - Cost of activities

	Year ended December 31	
	2018	2017
Salaries, payments for lecturers and related expenses	2,843,034	2,367,921
Public activity	1,815,142	1,545,913
Tours and transportation	737,234	580,804
Testimony collection and production	667,898	466,492
Communication and computing	189,997	251,633
Legal advice	176,023	167,229
Overseas travel	152,626	92,270
Depreciation	76,114	75,722
	6,658,068	5,547,984

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

Note 13 - Administrative and general expenses

	Year ended December 31	
	2018	2017
Salaries and related expenses	642,901	817,623
Rent, maintenance and management fees	316,416	207,119
Resources development	128,021	-
Professional services	66,044	58,598
Vehicle maintenance	54,531	43,321
Office expenses	27,264	35,758
Taxes and fees	25,650	11,739
Refreshments	15,112	22,128
Telephone and communication	14,767	11,969
Insurance	11,477	9,770
Gifts	7,613	3,883
	<u>1,309,796</u>	<u>1,221,908</u>

Note 14 - Other expenses - Capital loss

The capital loss in 2018 is for the sale of the Company's motorcycle at a loss of NIS 2,112 and for the realization of leasehold improvements.

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

Note 15 - Details of Donators over 100,000 NIS

List of main donors who donated during 2018:

<u>Name of donor</u>	<u>Amount</u>
New Israel Fund	1,378,563
Dutch Representative Office in Ramallah	796,768
Danish Representative Office in Ramallah	731,380
Open Society Foundation	705,030
Delegation of the European Union to Israel	647,187
Misereor	445,885
Sigrid Rausing Trust	417,986
Pro-Victimis Foundation	360,578
Bertha Foundation	310,671
Swiss Foreign Ministry	292,418
Dan Church Aid	269,622
Rockefeller Brothers Fund	213,960
Broederlijk Delen	164,762
Trocaire	108,669
Moriah Fund	101,049
CAFOD	92,587
medico international	62,520
SIVMO- Steuncomité Israëlische Mensenrechten en Vredesorganisaties organization	57,735
CCFD- Comité catholique contre la faim et pour le développement	42,771
Foundation for Middle East Peace	34,702
Die Schwelle	21,293

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

Note 16 - Details of Donations from a foreign political entity

List of donations received during the 2018 from foreign state entity:

<u>Name of donor</u>	<u>Amount</u>
Dutch Representative Office in Ramallah	755,915
Danish Representative Office in Ramallah	746,070
Delegation of the European Union to Israel	712,037
Misereor	400,686
Swiss Foreign Ministry	219,000
Dan Church Aid	269,642
Broederlijk Delen	166,888
Trocaire	108,401
CAFOD	92,587