

Breaking The Silence Ltd (PBC)

Financial Statements as of December 31 2020

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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 2020 and 2019, 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 2020 and 2019, 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).

Without qualifying our opinion, we draw attention to what is stated in Note 1 regarding the consequences of the corona crisis on the The company's activities.



BEN DAVID SHALVI KOP & CO.
Certified Public Accountants
23 Kanfei Nesharim St. Jerusalem

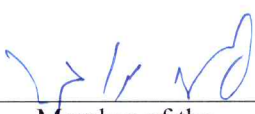
Jerusalem, _____ 2021

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

		As of December 31	
	Note	2020	2019
<u>Current Assets</u>			
Cash and cash equivalents	3	5,995,566	4,163,302
Debtors and debit balances	4	778,548	734,295
		6,774,114	4,897,597
<u>Non-current Assets</u>			
Fixed Assets, Net	5	143,365	225,105
		6,917,479	5,122,702
<u>Current Liabilities</u>			
Suppliers and service providers	6	310,954	273,406
Creditors and credit balances	7	3,652,746	1,898,565
		3,963,700	2,171,971
<u>Non-current Liabilities</u>			
Provision for severance pay, Net	8	46,232	46,274
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
<u>Used for current activities</u>			
Non designated by nonprofit organization		764,175	929,345
Designated by nonprofit organization	9	2,000,000	1,750,000
		2,764,175	2,679,345
<u>Used for fixed assets</u>		143,365	225,105
		2,907,540	2,904,450
<u>Share Capital</u>	10	7	7
		2,907,547	2,904,457
		6,917,479	5,122,702

18/5/21
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)

	<u>Note</u>	<u>Year ended December 31</u>	
		<u>2020</u>	<u>2019</u>
Activities turnover		8,872,395	9,229,842
Cost of activities	11	<u>7,104,496</u>	<u>(*) 7,263,203</u>
Net income from activities		1,767,899	1,966,639
Administrative and general expenses	12	<u>1,535,377</u>	<u>(*) 1,313,086</u>
Net income before financing		232,522	653,553
Financial expenses	13	<u>126,143</u>	<u>75,140</u>
Net Income before other expenses		106,379	578,413
Other expenses - Capital loss	14	<u>103,289</u>	<u>686</u>
Net income for the year		<u>3,090</u>	<u>577,727</u>

(*) Reclassified

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				
	Used for activities				
	Non designated by nonprofit organization	Designated by nonprofit organization*	Used for fixed assets	Share Capital	Total
Balance as of January 1 2019	814,370	1,250,000	262,353	7	2,326,730
<u>Changes during the year</u>					
Net income for the year	577,727	-	-	-	577,727
Amounts designated by nonprofit organizations	(500,000)	500,000	-	-	-
<u>Transfer of unrestricted amounts</u>					
Used for fixed assets	(41,867)	-	41,867	-	-
To cover depreciation expenses	77,729	-	(77,729)	-	-
Amounts released from restrictions	1,386	-	(1,386)	-	-
Balance as of December 31 2019	929,345	1,750,000	225,105	7	2,904,457
<u>Changes during the year</u>					
Net income for the year	3,090	-	-	-	3,090
Amounts designated by nonprofit organizations	(250,000)	250,000	-	-	-
<u>Transfer of unrestricted amounts</u>					
Used for fixed assets	(89,742)	-	89,742	-	-
To cover depreciation expenses	68,193	-	(68,193)	-	-
Amounts released from restrictions	103,289	-	(103,289)	-	-
Balance as of December 31 2020	764,175	2,000,000	143,365	7	2,907,547

* see note 9

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 2021.
- D. As of 2020, the corona virus caused macroeconomic consequences around the world. Many countries, including Israel, are taking significant steps to try to prevent the virus from spreading. In this context, health regulations were issued regarding a ban on gatherings, restrictions on the movement of citizens, and the closure of places of entertainment.

In light of this, there is a decrease in the Company's revenues, and operating results, which is reflected in the financial statements.

As of the date of signing the reports, the crisis has not yet ended and the Association is continually monitoring the consequences and effects of the corona virus on its activities and financial situation.

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.

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

Note 2 - Significant Accounting Policies (Cont.)

C. Presentation of financial statements:

(1) Definitions:

Net assets" - the difference between the assets and liabilities of the Company.

"Restriction" - the restriction on the use of net assets imposed by donors or other external factors.

"Net assets for which there is no restriction" - that part of the net assets of the Company deriving from donations, allocations or other income, the use of which has not been limited by external factors.

(2) In accordance with Opinion No. 69, all the Company's accounts are presented in the financial statements in only one comprehensive framework, while classifying all the balances of the funds under the heading "Net assets."

The classification of the balances included in the net asset group is made by distinguishing between:

- Net assets for which there is no restriction.
- Net assets for which there is a temporary restriction.
- Fixed assets with fixed restrictions.

The net assets for which there is no restriction are presented with a distinction between:

- Net assets used for activities.
- Net assets used to purchase fixed assets.
- Net assets designated by the Company's institutions.

(3) The statement of activities and the statement of changes in net assets:

The activities statement includes all income and all expenses in the reporting period.

"Revenues" includes all income received and accrued in the period without any restriction on their use, as well as that part of the net assets that were restricted and released during the period from the contributing stipulations.

"Expenses" also include expenditures financed from sources restricted by their grant.

The statement of changes in net assets includes, in addition to the net result transferred from the activities statement, all the sources received while limiting their use and the amounts released from the restrictions. Amounts released from the restrictions due to use of activities are transferred as income to the statement of activities.

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

Note 2 - Significant Accounting Policies (Cont.)

D. 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.

E. 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%

F. 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:

	<u>2020</u>	<u>2019</u>
US Dollar	3.215	3.456
CAD	2.522	2.654
EURO	3.944	3.878
GBP	4.392	4.560
CHF	3.650	3.575
DKK	0.53	0.519
Australian Dollar	2.483	2.423

G. 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.

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

Note 3 - Cash and cash equivalents

	As of December 31	
	2020	2019
Cash in the bank - Israeli currency	4,240,391	2,018,827
Cash in the bank - foreign currency	1,604,760	2,016,627
Cash on hand	150,415	88,831
Short term bank deposits - Israeli currency	-	39,017
	5,995,566	4,163,302

Note 4 - Debtors and debit balances

	As of December 31	
	2020	2019
Income receivable	592,131	730,397
Prepaid expenses	135,522	3,898
Deposits in others	50,895	-
	778,548	734,295

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 2020	13,000	254,089	552,057	65,438	884,584
Additions during the year	-	51,475	32,667	5,600	89,742
Subtractions during the year	-	(91,093)	(2,664)	(65,438)	(159,195)
Balance as of December 31 2020	13,000	214,471	582,060	5,600	815,131
<u>Accumulated Depreciation</u>					
Balance as of January 1 2020	10,070	181,382	458,128	9,899	659,479
Depreciation for the year	2,930	13,005	50,285	1,973	68,193
Subtractions during the year	-	(42,125)	(2,245)	(11,536)	(55,906)
Balance as of December 31 2020	13,000	152,262	506,168	336	671,766
Fixed Assets, Net as of December 31 2020	-	62,209	75,892	5,264	143,365
Fixed Assets, Net as of December 31 2019	2,930	72,707	93,929	55,539	225,105

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

Note 6 - Suppliers and service providers

	As of December 31	
	2020	2019
Open accounts	67,669	53,076
Checks payable	243,285	220,330
	310,954	273,406

Note 7 - Creditors and credit balances

	As of December 31	
	2020	2019
Prepaid income	3,191,988	1,558,325
Employees and related institutions	392,188	321,988
Expenses payable	68,570	18,252
	3,652,746	1,898,565

Note 8 - Provision for severance pay, Net

According to Section 14 of the 1963 law regarding severance payments, the company's ongoing contributions to pension funds and insurance companies on behalf of employees exempt the company from any further liability for severance payments. With the exception of one employee who completed his work on 12/2020, accordingly, the retirement compensation reserve reflects the amount of the company's liability to that employee only.

Note 9 - 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, the company will designate amounts to the organizational reserve until reaching an amount of 2,000,000 NIS. At the Board meeting on August 12, 2020, the amount was updated to a ceiling of 3,000,000 NIS, a reserve for a period of four months.

Note 10 - Share Capital

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

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

Note 11 - Cost of activities

	Year ended December 31	
	2020	2019
Salaries, payments for lecturers and related expenses	3,314,997	(*) 3,310,415
Public activity	1,843,749	1,603,470
Testimony collection and production	824,513	752,331
Tours and transportation	635,859	(*) 894,820
Legal advice	193,559	238,365
Communication and computing	187,566	186,455
Depreciation	68,193	77,729
Overseas travel	36,060	199,618
	7,104,496	7,263,203

(*) Reclassified

Note 12 - Administrative and general expenses

	Year ended December 31	
	2020	2019
Salaries and related expenses	830,534	(*) 724,422
Rent, maintenance and management fees	306,361	257,197
Resources development	134,149	133,275
Professional services	107,112	73,993
Taxes and fees	66,014	42,646
Office expenses	29,147	18,511
transportation	16,261	(*) 1,439
Refreshments	14,397	28,706
Insurance	12,715	11,486
Telephone and communication	9,778	13,368
Gifts	8,909	8,043
	1,535,377	1,313,086

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

Note 13 - Financial expenses

	Year ended December 31	
	2020	2019
Exchange rate differentials	68,760	12,631
Fees	52,824	62,509
Interest expenses	4,559	-
	126,143	75,140

Note 14 - Other expenses - Capital loss

The capital loss in 2020 is due to the depreciation of assets that no longer exist in the company's assets.

(*) Reclassified

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

Note 15 - Details of funds donated in the year 2020

List of funds donated in the year 2020:

<u>Name of fund</u>	<u>Amount</u>
NGO Development Center	1,719,376
New Israel Fund	1,238,242
Danish Representative Office in Ramallah	1,152,852
Open Society Foundation	690,000
UNDP	632,374
Swiss Foreign Ministry	599,074
Pro-Victimis Foundation	550,292
Misereor	391,020
Delegation of the European Union to Israel	389,256
Bertha Foundation	282,885
Dan Church Aid	236,922
Trocaire	117,381
Broderlijk Delen	105,968
AECID	99,996
CAFOD	89,212
medico International	56,535

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 2020 from foreign state entity:

<u>Name of donor</u>	<u>Amount</u>
Danish Representative Office in Ramallah	1,670,994
NGO Development Center	1,601,026
Swiss Foreign Ministry	842,268
UNDP	716,783
Delegation of the European Union to Israel	581,791
Misereor	390,500
Dan Church Aid	236,921
Broderlijk Delen	140,752
Trocaire	118,350
AECID	98,987
CAFOD	89,710
medico International	56,535