

Breaking The Silence Ltd (PBC)

Financial Statements as of December 31 2022

Breaking The Silence Ltd (PBC)
Financial Statements as of December 31 2022

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 2022 and 2021, 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 2022 and 2021, 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).

Gilboa Vaisfish, C.P.A
Ben David, Shalvi, Kop &
Co.
Certified Public
Accountants, (Isr.)

Jerusalem, 21/6 2023


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

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

		<u>As of December 31</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>			
Cash and cash equivalents	3	2,963,416	6,111,557
Short term bank deposits - Israeli currency		1,022,185	-
Debtors and debit balances	4	1,144,134	1,058,089
		<u>5,129,735</u>	<u>7,169,646</u>
<u>Non-current Assets</u>			
Fixed Assets, Net	5	196,963	141,471
		<u>5,326,698</u>	<u>7,311,117</u>
<u>Current Liabilities</u>			
Suppliers and service providers	6	216,934	294,120
Creditors and credit balances	7	1,759,379	3,028,326
		<u>1,976,313</u>	<u>3,322,446</u>
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
<u>Used for current activities</u>			
Non designated by the company's management		153,415	847,193
designated by the company's management	10	3,000,000	3,000,000
		<u>3,153,415</u>	<u>3,847,193</u>
<u>Invested in fixed assets</u>		196,963	141,471
<u>Share Capital</u>	11	7	7
		<u>3,350,385</u>	<u>3,988,671</u>
		<u>5,326,698</u>	<u>7,311,117</u>

20.06.2023

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	2022	2021
Activities turnover		11,469,465	11,793,893
Cost of activities	12	10,359,431	8,800,831
Net income from activities		1,110,034	2,993,062
Administrative and general expenses	13	2,007,314	1,758,217
Net (deficit) income before financing		(897,280)	1,234,845
Financial expenses (income)	14	258,994	(153,721)
Net income (deficit) for the year		(638,286)	1,081,124

(*) 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)

	<u>Unrestricted Net Assets</u>				<u>Total</u>
	<u>Used for activities</u>		<u>Invested in fixed assets</u>	<u>Share Capital</u>	
	<u>Non designated by the company's management</u>	<u>designated by the company's management</u>			
Balance as of January 1 2021	764,175	2,000,000	143,365	7	2,907,547
<u>Changes during the year</u>					
Net income for the year	1,081,124	-	-	-	1,081,124
Amounts designated by nonprofit organizations	(1,000,000)	1,000,000	-	-	-
<u>Transfer of unrestricted amounts</u>					
Invested in fixed assets	(55,606)	-	55,606	-	-
To cover depreciation expenses	57,500	-	(57,500)	-	-
Balance as of December 31 2021	847,193	3,000,000	141,471	7	3,988,671

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>					
Deficit for the year	(638,286)	-	-	-	(638,286)
<u>Transfer of unrestricted amounts</u>					
Invested in fixed assets	(102,323)	-	102,323	-	-
To cover depreciation expenses	46,831	-	(46,831)	-	-
Balance as of December 31 2022	<u>153,415</u>	<u>3,000,000</u>	<u>196,963</u>	<u>7</u>	<u>3,350,385</u>

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 2023.

Note 2 - Significant Accounting Policies

- A. The financial statements were prepared according to generally accepted accounting principles for non profit organizations and in accordance with Standard No. 40 of the Israeli Accounting Standard Board, regarding "accounting principles and financial reporting by nonprofit organizations".
- B. Historical Cost Convention
The financial statements were prepared on the basis of the historical cost convention and do not include the effect of changes in the general purchasing power of the Israeli currency on the results of the activities.
- C. Presentation of the financial statements:
 - (1) Definitions:
 - "Net assets" - the difference between the Company's assets and its liabilities.
 - "Restriction" - a restriction on the use of net assets imposed by donors or other external parties
 - "Net assets in respect of which there is no restriction" - that portion of the Company's net assets arising from donations, allowances or other income, the use of which has not been restricted by external parties.
 - (2) In accordance with the guidelines of Accounting Standard 40, all the Company's accounts are presented in the financial statements in only one comprehensive framework, classifying all fund balances under the heading "Net assets".
 - The balances included in the net assets group are sorted with a distinction between:
 - Net assets for which there is no restriction.
 - Net assets for which there is a restriction.
 - Net assets for which there is no restriction are presented with a distinction between:
 - Net assets used for activities - not designated by non-profit institutions.
 - Net assets used for activities - Designated by non-profit institutions.
 - Net assets invested in fixed assets.
 - (3) The report on the activities and the report on the changes in net assets:
 - The statement of activities includes all income and expenses during the reporting period.
 - "Income" includes all income received and accrued in the period without any restriction on their use as well as amounts released from groups of net assets for which there is a restriction

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

Note 2 - Significant Accounting Policies (Cont.)

following the existence, or cancellation, of the restrictions imposed on the use of those net assets.

"Expenses" also include expenses financed from sources restricted by their giver.

The statement of changes in net assets, including in addition to the net result transmitted from the statement of activities, also all the sources obtained while restricting their use and the amounts released from restrictions. Amounts released from restrictions due to use for operations or acquisition of fixed assets that can be used are transferred as income to the statement of activities.

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>2022</u>	<u>2021</u>
US Dollar	3.519	3.11
CAD	2.597	2.442
EURO	3.753	3.52
GBP	4.238	4.203
CHF	3.815	3.405
DKK	0.505	0.473
Australian Dollar	2.391	2.26

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	
	2022	2021
Cash in the bank - Israeli currency	912,071	3,635,489
Cash in the bank - foreign currency	2,040,591	2,471,017
Cash on hand	10,754	5,051
	2,963,416	6,111,557

Note 4 - Debtors and debit balances

	As of December 31	
	2022	2021
Income receivable	973,338	624,210
	85,492	325,773
Deposits in others	70,895	70,895
Supplier advance	-	23,800
Prepaid expenses	14,409	13,411
	1,144,134	1,058,089

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 2022	13,000	227,393	624,744	5,600	870,737
Additions during the year	-	6,771	95,552	-	102,323
Balance as of December 31 2022	13,000	234,164	720,296	5,600	973,060
<u>Accumulated Depreciation</u>					
Balance as of January 1 2022	13,000	158,682	556,688	896	729,266
Depreciation for the year	-	7,752	38,519	560	46,831
Balance as of December 31 2022	13,000	166,434	595,207	1,456	776,097
Fixed Assets, Net as of December 31 2022	-	67,730	125,089	4,144	196,963
Fixed Assets, Net as of December 31 2021	-	68,711	68,056	4,704	141,471

Note 6 - Suppliers and service providers

	<u>As of December 31</u>	
	<u>2022</u>	<u>2021</u>
Open accounts	155,769	39,432
Checks payable	61,165	254,688
	216,934	294,120

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

Note 7 - Creditors and credit balances

	As of December 31	
	2022	2021
Prepaid income	1,195,733	2,367,700
Employees and related institutions	193,118	454,773
Expenses payable	370,528	205,853
	1,759,379	3,028,326

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. Therefore no provision was made in the financial statements.

Note 9 - Liabilities

In 2021, two lawsuits were filed against the company for libel in the total amount of 3.8 million NIS. According to the assessment of the Company's legal counsel, the claims are in the initial stages and the realization of the claims cannot be assessed and therefore no provision has been made in the financial statements.

Note 10 - designated by the company's management

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 will designate amounts as an organizational reserve, in addition, the company's management will designate amounts for legal claims pending against the company, see note 9 above.

Note 11 - 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 12 - Cost of activities

	Year ended December 31	
	2022	2021
Salaries, payments for lecturers and related expenses	3,929,144	3,486,542
Public activity	2,841,505	2,108,523
Testimony collection and production	1,267,517	1,360,175
Tours and transportation	955,275	645,488
Legal advice	533,857	476,056
Educational activity	434,306	476,418
Communication and computing	194,545	155,009
Overseas travel	156,451	35,120
Depreciation	46,831	57,500
	<u>10,359,431</u>	<u>8,800,831</u>

Note 13 - Administrative and general expenses

	Year ended December 31	
	2022	*2021
Salaries and related expenses	1,173,115	974,658
Rent, maintenance and management fees	496,163	438,008
Professional services	121,935	84,005
Office expenses	72,859	59,082
Taxes and fees	53,231	55,319
Communication and mail	53,001	35,509
Resources development	23,599	98,210
Insurance	13,411	13,426
	<u>2,007,314</u>	<u>1,758,217</u>

* Reclassified

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

Note 14 - Financial expenses (income)

	Year ended December 31	
	2022	2021
Revenues (expenses) exchange rate differentials	321,677	(81,749)
Deposit interest income (expenses)	1,195	(5)
Fees	(63,878)	(71,967)
	258,994	(153,721)

Note 15 - Details of funds donated in the year 2022

List of funds donated in the year 2022:

<u>Name of fund</u>	<u>Amount</u>
New Israel Fund	2,815,515
UNDP	1,782,216
NGO Development Center	1,638,387
Swiss Foreign Ministry	796,458
Rockefeller Bros. Fund	659,000
Sigrid Rausing Trust	587,228
Open Society	483,000
Misereor	341,361
Dan Church Aid	203,208
CAFOD	166,800
Trocaire	157,928
Broderlijk Delen	142,469
European Endowment for Democracy	146,404
SIVMO	90,752
Medico International	49,761
	10,060,487

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 2022 from foreign state entity:

<u>Name of donor</u>	<u>Amount</u>
UNDP	1,768,714
NGO Development Center	1,167,561
Swiss Foreign Ministry	771,798
Misereor	340,712
Dan Church Aid	203,208
CAFOD	166,800
TROCAIRE	157,956
BROEDERLIJK DELEN	142,469
European Endowment for Democracy	124,797
Medico International	49,593
	<u>4,893,608</u>

Breaking The Silence Ltd (PBC)

In (New Israeli Shekels)