

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)

Netanya, August 27, 2015

To
ITWorks – Empowering People (RA)

Dear Sirs and Madams,

Following your request, I have audited the financial report of ITWorks – Empowering People (RA) for December 31, 2014.

In accordance, I am pleased to present to you my audit report and the following documents as detailed below:

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Respectfully,



David Yehezkel
Certified Public Accountant (Isr)

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)

Auditing Accountant's Report for Members of
ITWorks – Empowering People (RA)

I have audited the attached balance sheets of ITWorks – Empowering People (RA) (hereafter, “the Association”) for December 31, 2013 and 2014, as well as the reports on activities for the years ending on these dates. These financial reports are under the responsibility of the Association’s board of directors and management. It is my responsibility to provide my opinion on these financial reports based on my audit.

I have conducted my audit based on accepted Israeli auditing standards, including standards set forth in the Auditors’ Regulations (Auditor’s Mode of Performance), 1973. These standards require me to design my audit and conduct it so as to attain a reasonable degree of confidence that the financial reports involve no material misrepresentation. My audit thus included sample testing of evidence that supports the amounts and other data that appear in the financial reports. The audit also included an examination of the accounting rules applied and the significant estimates made by the Association’s board of directors and management, as well as an evaluation of the appropriateness of presentation in the entire financial reports.

The above-mentioned financial statements were prepared based on the convention of the historical cost in nominal values.

I find that these financial reports are an accurate reflection, in accordance with generally accepted accounting regulations and in all material respects, of the Association’s financial status as of December 31, 2013 and 2014, as well as the outcomes of its activities for the years ending on these dates – based on the convention of historical cost in nominal values.

August 28, 2015

Respectfully,



David Yehezkel

Certified Public Accountant (Isr)

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)

ITWorks – Empowering People (RA)

Balance Sheets
(in Dollar USA)

	<u>Note</u>	<u>As of December 31</u>	
		<u>2014</u>	<u>2013</u>
<u>Current Assets</u>			
Bank – checking account		784,728	662,326
Deposit		257,577	560,290
Cash and checks at hand		3,567	26,169
Investment in subsidiary company	3	-	28,818
Income receivable		68,497	-
Income in advance		8,375	-
		<u>1,122,744</u>	<u>1,277,603</u>
		-----	-----
<u>Fixed Assets</u>			
Fixed assets – depreciated cost	4	39,545	56,011
		<u>1,162,290</u>	<u>1,333,614</u>
		=====	=====
<u>Current Liabilities</u>			
Suppliers and creditors		65,617	163,007
Checks to be cashed		13,970	61,215
Institutions	5	11,818	15,922
Employees		15,535	43,560
Students' deposits		9,967	32,172
		<u>116,907</u>	<u>315,876</u>
		-----	-----
<u>Net Assets</u>			
Net unrestricted assets		1,045,383	1,017,738
		<u>1,162,290</u>	<u>1,333,614</u>
		=====	=====

The notes attached below are an integral part of the financial reports

Director:

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)
ITWorks – Empowering People (RA)

Report on Activities
(in Dollar USA)

		<u>For the year ending</u>	
		<u>On December 31</u>	
<u>Appendix</u>		<u>2014</u>	<u>2013</u>
Incomes	1	1,193,088	1,750,781
		-----	-----
 <u>Costs and Expenses</u>			
Operational costs	2	771,621	1,450,617
Management and general expenses	3	245,550	292,285
Erasure of investment in subsidiary company		38,622	-
Net finance expenses (expenses in previous year)		-	23,346
		-----	-----
		1,055,793	1,766,247
		-----	-----
Surplus of income over expenses for the year (surplus expenses in previous year)		137,295	(15,466)
Surplus of incomes over expenses for the previous year		908,087	1,033,205
		-----	-----
Total surplus of incomes over expenses		1,045,383	1,017,738
		=====	=====

The appendixes attached below are an integral part of the financial reports

Director:

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)
ITWorks – Empowering People (RA)

Notes to the Financial Reports
(in Dollar USA)

Note no. 1 – General

1. The Association was founded on September 21, 2006, and began its business activities on that date.
2. The Association's main goal is to advance and assimilate communication networks among disadvantaged populations, while promoting excellence by operating academic centers throughout Israel.
3. The Association was registered as a "non-profit organization" for value-added tax purposes, and its number at the Registrar of Associations is 580466464.

Note no. 2 – Accounting Policy Principles

1. The Basis for Accounting Measurements – The Association's financial reports are presented according to the generally accepted accounting regulations in accordance with Standard No. 5 of the Israel Accounting Standards Board
2. Fixed assets – Fixed assets are recorded by historical cost prices. Depreciation is calculated according to the straight-line method and is deducted during the asset's lifetime.

Note no. 3 – Investment in subsidiary company

The Association holds 100% of the stock of the company "Unique Significant Placement LTD", Private Company 514487404. The company engaged in job placement for the Association's graduates. On December 31, 2014 the subsidiary company ended its business activities and therefore the investment was categorized as "Erasure of investment in subsidiary company" under Report on Activities.

For December 31st
2014 2013

Note no. 4 – Fixed Assets – Depreciated Cost

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated cost</u>	
Equipment	105,773	78,136	27,637	40,953
Office Repair	15,279	3,371	11,908	11,908
	=====	=====	=====	=====
	121,052	83,416	39,545	56,011

Note no. 5 – Institutions

Income tax - deductions	4,825	4,008
National insurance deductions	2,590	4,968
Social benefits provisions	4,402	6,946
	=====	=====
	11,818	15,922

דוד יחזקאל - רואה חשבון
DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR)
ITWorks – Empowering People (RA)

Appendices to the Financial Reports
(in Dollar USA)

	<u>For the year ending on</u>	
	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Appendix no. 1 – Tax-exempt Incomes		
Current income	1,128,460	1,750,781
Finance income, net	64,628	-
	<u>1,193,088</u>	<u>1,750,781</u>
Appendix no. 2 – Operational Costs		
Salaries and accompanying costs	224,032	762,604
Conducting workshops	486,058	485,186
Advertising of courses	14,947	46,599
Translation services	-	355
Equipment depreciation	10,381	13,952
Office expenses	2,833	3,337
Student transportation	3,201	24,467
Computer software	2,413	21,911
Refreshment for courses	1,940	21,364
Presents	94	35
Insurance	2,344	4,099
Cellular phones (offset by value of cellular phone in the sum of 4,961 NIS)	5,085	2,930
Students' events	6,841	41,311
Vehicle maintenance (offset by value of vehicle in the sum of 21,794 NIS)	11,454	22,468
	<u>771,621</u>	<u>1,450,617</u>
Appendix no. 3 – Management and General Expenses		
Salaries and accompanying costs	128,879	143,680
Fundraising activities	40,184	23,540
Office expenses	1,324	3,926
Accounting and auditing	13,986	16,898
Cellular phone (offset by value of cellular phone in the sum of 1,165 NIS)	4,570	3,734
Tolls	452	372
Legal costs	180	-
Scholarships	-	38,571
Office rental and utilities	40,309	42,874
Service – software	238	265
Municipal taxes	9,707	10,203
Depreciation of renovations in rental	1,528	1,712
Vehicle maintenance (offset by value of vehicle in the sum of 48,458 NIS)	1,997	6,509
Refreshments	2,198	-
	<u>245,550</u>	<u>292,285</u>