

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

Netanya, June 15, 2016

To
ITWorks – Empowering People (RA)

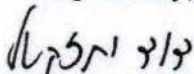
Dear Sirs and Madams,

Following your request, I have audited the financial report of ITWorks – Empowering People (RA) for December 31, 2015.

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

| | <u>Page</u> |
|---|-------------|
| Auditing Accountant's Expression of Opinion | 2 |
| Balance sheets as of December 31, 2015 | 3 |
| Report on activities for the year ending on December 31, 2015 | 4 |
| Notes on the financial reports for December 31, 2015 | 5 |
| Appendices to the financial reports for the year ending on December 31, 2015 | 6 |

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, 2014 and 2015, 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.

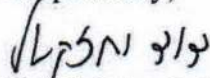
My audit thus included sample testing of evidence that supports the amounts and other data that appear in the financial reports. The audit also included an examination of the accounting rules applied and the significant estimates made by the Association’s board of directors and management, as well as 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, 2014 and 2015, 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.

June 15, 2016

Respectfully,



David Yehezkel
Certified Public Accountant (Isr)

ITWorks – Empowering People (RA)

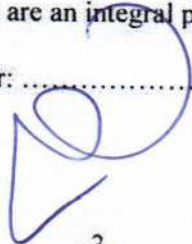
Balance Sheets (in Dollar USA)

| | <u>Note</u> | <u>As of December 31</u> | |
|-----------------------------------|-------------|--------------------------|-------------|
| | | <u>2015</u> | <u>2014</u> |
| <u>Current Assets</u> | | | |
| Bank – checking account | | 369,744 | 784,728 |
| Deposit | | 762,342 | 257,577 |
| Cash and checks at hand | | 4,016 | 3,567 |
| Income receivable | | 79,795 | 68,497 |
| Income in advance | | - | 8,376 |
| Investment in subsidiary company | | 105,331 | - |
| | | 1,321,238 | 1,122,745 |
| | | ----- | ----- |
| <u>Fixed Assets</u> | | | |
| Fixed assets – depreciated cost | 3 | 34,653 | 39,545 |
| | | ----- | ----- |
| | | 1,355,881 | 1,162,290 |
| | | ===== | ===== |
| <u>Current Liabilities</u> | | | |
| Suppliers and creditors | | 93,890 | 65,617 |
| Checks to be cashed | | 75,325 | 13,970 |
| Institutions | 4 | 14,062 | 11,818 |
| Employees | | 21,520 | 15,535 |
| Students' deposits | | 19,503 | 9,967 |
| | | 224,300 | 116,907 |
| | | ----- | ----- |
| <u>Net Assets</u> | | | |
| Net unrestricted assets | | 149,751 | 288,119 * |
| Net restricted assets | | 981,830 | 757,264 * |
| | | 1,131,581 | 1,045,383 |
| | | ----- | ----- |
| | | 1,355,881 | 1,162,290 |
| | | ===== | ===== |

* Recalculated

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

Director:



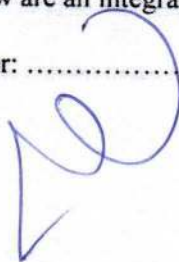
ITWorks – Empowering People (RA)

Report on Activities (in Dollar USA)

| | <u>Appendix</u> | <u>For the year ending</u> <u>On December 31</u> | |
|---|-----------------|---|--------------------|
| | | <u>2015</u> | <u>2014</u> |
| Incomes | 1 | 1,269,551 ----- | 1,193,089 ----- |
| <u>Costs and Expenses</u> | | | |
| Operational costs | 2 | 919,256 | 771,621 |
| Management and general expenses | 3 | 259,357 | 245,550 |
| Net finance expenses | | 1,257 | - |
| Erasure of investment in subsidiary company | | - | 38,622 |
| | | <u>1,179,870</u> | <u>1,055,793</u> |
| | | ----- | ----- |
| Surplus of income over expenses for the year | | 89,681 | 137,296 |
| Surplus of incomes over expenses for the previous year | | 1,041,900 | 908,087 |
| | | ----- | ----- |
| Total surplus of incomes over expenses | | <u>1,131,581</u> | <u>1,045,383</u> |
| | | ===== | ===== |

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

Director:



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.
4. Recalculated – a substantial sum of the Association's budgetary surplus is allocated to specific projects for which the money was contributed. For clearer understanding of the report, starting from 2014, restricted and unrestricted assets are presented separately. This division was provided by Association office holders in charge.

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 over the asset's lifetime.

| | For December 31st | | | |
|---|-------------------------------------|--|--------------------------------|--------------|
| | <u>2015</u> | <u>2014</u> | | |
| Note no. 3 – Fixed Assets – Depreciated Cost | | | | |
| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Depreciated cost</u> | |
| Equipment | 110,052 | 85,744 | 24,308 | 27,637 |
| Office Repair | 15,228 | 4,883 | 10,345 | 11,908 |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
| | 125,280 | 90,627 | 34,653 | 39,545 |

Note no. 5 – Institutions

| | | |
|-------------------------------|--------------|--------------|
| Income tax - deductions | 5,574 | 4,825 |
| National insurance deductions | 3,864 | 2,590 |
| Social benefits provisions | 4,624 | 4,403 |
| | <u>=====</u> | <u>=====</u> |
| | 14,062 | 11,818 |

ITWorks – Empowering People (RA)

Appendices to the Financial Reports (in Dollar USA)

| | <u>For the year ending on December 31</u> | |
|---|---|------------------|
| | <u>2015</u> | <u>2014</u> |
| Appendix no. 1 – Tax-exempt Incomes | | |
| Government ministries | 525,374 | 310,673 |
| Local authorities | 15,300 | 65,848 |
| Participation fees | 23,453 | 83,326 |
| Israeli foundations | 145,668 | 88,792 |
| Public benefit companies | 109,510 | 124,084 |
| Private sector | 60,226 | - |
| Overseas foundations | 372,181 | 426,059 |
| Consulates and embassies | - | 29,679 |
| Associated companies | 17,839 | - |
| Finance income, net | - | 64,628 |
| | <u>1,269,551</u> | <u>1,193,089</u> |
| Appendix no. 2 – Operational Costs | | |
| Salaries and accompanying costs | 299,701 | 224,032 |
| Conducting workshops | 544,839 | 486,058 |
| Advertising of courses | 11,233 | 14,947 |
| Equipment depreciation | 7,870 | 10,381 |
| Office expenses | 5,022 | 2,833 |
| Student transportation | 5,807 | 3,201 |
| Computer software | 4,820 | 2,413 |
| Refreshment for courses | 1,045 | 1,940 |
| Presents | - | 94 |
| Insurance | 7,569 | 2,344 |
| Cellular phones (offset by value of cellular phone in the sum of 5,793 NIS) | 6,955 | 5,085 |
| Students' events | 13,893 | 6,841 |
| Vehicle maintenance (offset by value of vehicle in the sum of 33,000 NIS) | 10,502 | 11,452 |
| | <u>919,256</u> | <u>771,621</u> |

**For the year ending on
December 31**

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|--------------------|
| Appendix no. 3 – Management and General Expenses | | |
| Salaries and accompanying costs | 151,817 | 128,879 |
| Fundraising activities | 22,744 | 40,184 |
| Office expenses | 832 | 1,324 |
| Accounting and auditing | 12,173 | 13,986 |
| Cellular phone (offset by value of cellular phone in the sum of 1,260 NIS) | 3,768 | 4,570 |
| Tolls | 412 | 452 |
| Legal costs | - | 180 |
| Office rental and utilities | 40,029 | 40,307 |
| Service – software | 540 | 238 |
| Municipal taxes | 9,815 | 9,707 |
| Depreciation of renovations in rental | 1,523 | 1,528 |
| | | |
| Vehicle maintenance (offset by value of vehicle in the sum of 49,920 NIS) | 13,116 | 1,997 |
| Refreshments | 2,588 | 2,198 |
| | <u>259,357</u> | <u>245,550</u> |
| | ===== | ===== |