DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR.)

Netanya, August 13, 2019

To:

It Works – Empowering People (Registered Association)

Gentlemen:

In accordance with your request, I have audited the financial statements of itworks – Empowering People (Registered Association) as at December 31, 2018.

In this regard, I am honored to provide you with my report and the following documents, as detailed below:

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Yours Very Truly,

David Yehezkel,
Certified Public Accountant (Isr.)

דוד יחזקאל - רואה חשבון
אלון צבי 20, נתניה
ע.מ. 025255571, מס' רישיון 50028127

DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR.)

Auditor's Report to the Members of
It Works - Empowering People (Registered Association)

I have audited the accompanying Statements of Financial Position of It Works – Empowering People (Registered Association") as at December 31, 2018 and 2017, and the Statements of Activities for the years then ended. These financial statements are the responsibility of the Registered Association's Management Committee and Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, including those prescribed by Auditors' Regulations (Auditor's Mode of Performance) - 1973. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Registered Association's Management Committee and Management, as well as evaluating the overall financial statement presentation.

The financial statements are prepared on the basis of the historical cost convention in nominal terms.

In my opinion, the financial statements referred to above, present fairly, in accordance with generally accepted accounting principles, in all material respects, the financial position of the Registered Association as at December 31, 2017 and 2016, and the result of its activities for the years then ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP), on the basis of the historical cost convention in nominal terms.

13.8.2019

Yours Very Truly,

David Yehezkel,
Certified Public Accountant (Isr.)

It Works - Empowering People (Registered Association)
Statements of Financial Position

(Expressed in New Israel Shekels)

	Note	December 31, 2018	2017
Current Assets:			
Bank – current account		3,689,066	3,182,291
Bank - deposit		-	1,053,962
Deposit – rents		76,440	76,440
Cash, credit cards and checks		2,444	565,118
Prepaid expenses		75,410	-
Income received		1,791,203	-
Clients		247,577	-
Advances to suppliers		214,107	-
		6,096,247	4,877,811
Fixed Assets:			
Fixed assets – depreciated cost	3	294,791	303,701
		6,391,038	5,181,512
Current Liabilities:			
Suppliers and miscellaneous payables		617,950	230,961
Checks payable		296,935	64,981
Institutions	4	174,168	219,032
Employees		235,676	218,733
Advances from customers		247,012	-
Student deposits		11,028	-
		1,582,769	733,707
Net Assets:			
Net assets, not use-restricted		2,100,000	1,597,805
Net assets, use-restricted		2,708,269	2,850,000
		4,808,269	4,447,805
		6,391,038	5,181,512

The accompanying notes are an integral part of the financial statements.

Zohar Maimon, ID 028086655
Board Chairman

Naama Giladi, ID 026625772
Board Member

It Works - Empowering People (Registered Association)
Statements of Activities

(Expressed in New Israel Shekels)

	Schedule	For the Year Ended December 31, 2018	2017
Revenue - turnover	1	8,242,445	7,370,250
Costs and expenses			
Operating expenses	2	6,738,742	5,385,922
Management and general expenses	3	1,307,931	1,319,812
Financing expense. net	4	(178,690)	220,295
		7,867,983	6,926,029
Net income for the year (previous year: net loss)		374,462	444,221
Job placements		(13,998)	-
Retained earnings, previous year		4,447,805	4,003,584
Retained earnings, end of year		4,808,269	4,447,805

The accompanying schedules are an integral part of the financial statements.

Zohar Maimon, ID 028086655
Director

Naama Giladi, ID 026625772
Director

Note 1 – General:

1. It Works - Empowering People (Registered Association), was founded on 21.9.2006 and began operations on the same date.

2. The main goal of the Registered Association is to promote and assimilate communication networks among disadvantaged populations, along with promoting excellence through academies throughout the country.

3. The Registered Association was registered as a "non-profit institution" for Value Added Tax purposes and is registered in the Registrar of Associations under file number 580466464.

4. The breakdown of expenses between operating expenses and management and general expenses is made by the authorized forums of the Registered Association.

5. The breakdown between restricted net assets and non-restricted net assets is made by the authorized forums of the Registered Association.

6. Investment in a company – the Registered Association holds one-third of the paid-up share capital of "Good Cause for Haredi Employment Ltd." (Company Registration Number 515183457)

7. During the year the association started job placement activity. During 2019 the association transferred the placement activity into a for-profit company. The association holds 100% of the redeemed equity capital of the company.

Note 2: Significant Accounting Policies:

A. Accounting policy basis:

The financial statements of the Registered Association are prepared in accordance with generally accepted accounting principles, in accordance with Standard 5 issued by the Israel Accounting Standards Board.

B. Fixed assets:

Fixed assets are recorded at historical cost. Depreciation is calculated using the straight-line method and is recognized over the asset's life.

Note 3 - Fixed Assets – Depreciated Cost:

			December 31,	
			2018	2017
	Cost	Accumulated Depreciation	Undepreciated Cost	
Equipment	475,920	204,920	270,923	288,360
Leasehold improvements	26,298	26,298	23,868	15,341
	528,754	225,053	294,791	303,701

Note 4 – Institutions:

	December 31,	
	2018	2017
Income tax – deductions	34,071	42,645
National Insurance Institute - deductions	34,438	44,615
Provision for social benefits	105,659	131,772
	174,168	219,032

	For the Year Ended December 31, 2018	2017
Schedule 1 – Revenue Turnover:		
Government ministries	741,636	2,123,911
Local authorities	-	10,632
Participation in courses	21,170	292,732
Israel funds	440,599	555,313
Participation – Public Benefit Company	4,554,450	2,252,323
Business sector	(257,327)	337,448
Foreign funds	2,670,243	1,561,326
Consulates and embassies	-	192,451
Related companies	-	44,114
In-kind support	71,674	-
	8,242,445	7,370,250
Schedule 2 – Operating Expenses:		
Salaries and benefits	3,427,853	3,201,778
Seminars	2,242,176	1,318,623
Course advertising	434,837	386,025
Equipment depreciation	39,621	28,311
Office	31,992	11,745
Computerization	69,075	185,938
Course hospitality	110,632	69,926
Insurance	24,000	20,000
Mobile phone (net of implicit mobile tax value of NIS 3,378)	19,032	9,211
Conferences	19,766	37,524
Vehicle maintenance (net of implicit vehicle tax value of NIS 31,816)	88,802	116,841
Legal fees	21,000	-
Office rent and maintenance	162,206	-
Reimbursement of fee to participants	57,750	-
	6,738,742	5,385,922

It Works - Empowering People (Registered Association)
Schedules to the Financial Statements

(Expressed in New Israel Shekels)

	For the Year Ended December 31	
	2018	**2017**
Schedule 3 – Management and General Expenses:		
Salaries and benefits	848,558	815,215
Fundraising	70,339	88,808
Office	12,918	7,729
Accounting and audit	79,268	33,535
Mobile and landline phones (net of implicit mobile tax value of NIS 1,260)	27,817	17,176
Fees	2,469	1,865
Office rental and maintenance	60,907	241,991
Municipal taxes	17,684	39,076
Leasehold improvements amortization	2,172	34,683
Vehicle maintenance (net of implicit vehicle tax value of NIS 45,660)	17,937	15,334
Hospitality	16,094	24,400
Preparation for tenders	134,369	-
Legal fees	2,991	-
Office insurance	14,454	-
	1,307,931	1,319,812

Schedule 4 – Financing Costs, Net:

The Registered Association holds foreign currency cash balances.

As at December 31, 2018, a total of NIS 206,517of financing expenses resulted from the revaluation of the foreign currency balances.