

DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR.)

Netanya, September, 2021

To:

It Works – Empowering People (Registered Amuta/NPO)

Gentlemen:

In accordance with your request, I have audited the financial statements of itworks – Empowering People (Registered Association) as at December 31, 2020.

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
שד' בנימין 30/2, נתניה 4231322
ע.מ. 025255571, מס' חשיון 50028127
טל': 09-8824475

DAVID YEHEZKEL – CERTIFIED PUBLIC ACCOUNTANT (ISR.)

**Auditor's Report to the Members of
It Works - Empowering People (Registered Amuta/NPO)**

I have audited the accompanying Statements of Financial Position of It Works – Empowering People (Registered Association") as at December 31, 2020 & 2019 and the Statements of Activities for the year 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 principle, in all material respects, the financial position of the Registered NPO as it refeleted on December 31, 2020 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.

26.9.2021

Yours Very Truly


דוד יחזקאל - רואה חשבון
שד' בנימין 30/2, נתניה 4231322
ע.מ. 025255571, מס' רשיון 50028127
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David Yehezkel
Certified Public Accountant (ISR.)

It Works - Empowering People (Registered Amuta/NPO)
Statements of Financial Position

(Expressed in New Israel Shekels)

| | | December 31 | |
|--------------------------------------|-------------|--------------------|-------------|
| | Note | 2020 | 2019 |
| <u>Current Assets:</u> | | | |
| Bank – current account | | 2,654,863 | 3,191,237 |
| Bank – Foreign Currency | | 1,368,827 | - |
| Bank - deposit | | 6750 | 4,501 |
| Deposit – rents | | 44,291 | 76,440 |
| Cash, credit cards and checks | | 42,139 | 1780 |
| Income to be received | | 1,052,833 | 1,119,188 |
| Clients | | - | 300,948 |
| Advances to suppliers | | - | 116,143 |
| Investment in a company | | 116,230 | 126,799 |
| | | 5,285,933 | 4,937,036 |
| <u>Fixed Assets:</u> | | | |
| Fixed assets – depreciated cost | 3 | 224,807 | 260,551 |
| | | 5,505,675 | 5,179,587 |
| <u>Current Liabilities:</u> | | | |
| Suppliers and miscellaneous payables | | 98,146 | 224,589 |
| Checks payable | | - | 311,694 |
| Institutions | 4 | 61,894 | 138,274 |
| Employees | | 101,485 | 193,497 |
| Advances from customers | | 127,337 | 347,358 |
| Students' deposits | | 3000 | - |
| | | 391,862 | 1,215,412 |
| <u>Net Assets:</u> | | | |
| Net assets, not use-restricted | | 2,100,000 | 2,100,000 |
| Net assets, use-restricted | | 3,013,814 | 1,882,175 |
| | | 5,113,814 | 3,982,175 |
| | | 5,505,676 | 5,197,587 |

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

Ifat Baron Executive Director

It Works - Empowering People (Registered Amuta/NPO)
Statements of Activities

(Expressed in New Israeli Shekels)

| | | For the Year Ended December 31 | |
|---|-----------------|---|-------------|
| | Schedule | 2020 | 2019 |
| Revenue - turnover | 1 | 5,309,864 | 6,845,496 |
| <u>Costs and expenses</u> | | | |
| Operating expenses | 2 | 2,965,496 | 6,383,480 |
| Management and general expenses | 3 | 1,120,787 | 1,288,904 |
| Financing expense, net | | 95,957 | 14,990 |
| | | 4,182,240 | 7,687,374 |
| | | | |
| Net income for the year (previous year: net loss) | | 1,127,624 | (841,878) |
| Job placements | 4 | 5,583 | 15,784 |
| Retained earnings, end of year | | 165 | - |
| | | 5,748 | 15,784 |
| | | | |
| Revenue Income before tax | | 1,133,372 | (826,094) |
| Taxes | | (1,733) | - |
| Excess Income over former year expenses | | 1,133,639 | (826,094) |
| Total income over expenses | | 5,193,814 | 3,982,175 |

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

Zohar Maimon, ID 028086655
Director

Naama Giladi, ID 026625772
Director

It Works - Empowering People (Registered Amuta/NPO)
Notes to the Financial Statements

(Expressed in New Israel Shekels)

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 NPO is to promote and assimilate communication networks among disadvantaged populations, along with promoting excellence through academies throughout the country.
3. The Registered NPO 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 NPO holds one-third of the paid-up share capital of "Good Cause for Haredi Employment Ltd." (Company Registration Number 515183457)
7. During the year 2018 the amuta started job placement activity. In 2019 the amuta transferred the placement activity into a for-profit company. The amuta holds 100% of the redeemed equity capital of the company. In 2020 was the last year where invoices were made for placement services.

Note 2: Significant Accounting Policies:

A. Accounting policy basis:

The financial statements of the Registered NPO 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.

It Works - Empowering People (Registered Amuta/NPO)
Notes to the Financial Statements

(Expressed in New Israel Shekels)

Note 3 - Fixed Assets – Depreciated Cost:

| | Cost | Accumulated Depreciation | December 31 | |
|------------------------|---------|-----------------------------|------------------|---------|
| | | | 2020 | 2019 |
| | | | Depreciated Cost | |
| Equipment | 482,520 | 282,243 | 200,277 | 238,884 |
| Leasehold improvements | 26,298 | 6,833 | 19,465 | 21,667 |
| | 508,818 | 289,076 | 219,742 | 260,551 |

Note 4 – Institutions:

| | December 31 | |
|---|-------------|---------|
| | 2020 | 2019 |
| Income tax – deductions | 19,094 | 73,588 |
| National Insurance Institute - deductions | 15,783 | 26,635 |
| Provision for social benefits | 25,695 | 38,051 |
| Tax VAT Expenses | 1,322 | - |
| | 61,894 | 138,274 |

It Works - Empowering People (Registered Amuta/NPO)
Notes to the Financial Statements

(Expressed in New Israel Shekels)

| | For the Year Ended | |
|--|---------------------------|------------------|
| | December 31 | |
| | 2020 | 2019 |
| <u>Schedule 1 – Revenue Turnover:</u> | | |
| Foreign donations funds | 1,827,504 | 1,351,406 |
| Government offices | 7,379 | 5,188 |
| Donations for courses | 183,368 | 335,249 |
| Local municipalities | - | 50,020 |
| Courses Participation fees | 8,400 | 8,400 |
| Israel philanthropy funds | 181,737 | 114,413 |
| Participation – Public Benefit Company | 2,485,016 | 4,412,204 |
| Business sector | 356,405 | 125,683 |
| Job placements | 1,112,688 | - |
| Companies | - | 195,220 |
| Consulates and embassies | 65,130 | 31,851 |
| Government In-kind support | 185,925 | 173,862 |
| Scholarship donations | 9,000 | - |
| Income from Services | 8,400 | 50,400 |
| | 5,309,864 | 6,804,496 |
| <u>Schedule 2 – Operating Expenses:</u> | | |
| Salaries and benefits | 1,478,188 | 2,285,789 |
| Seminars and professional training | 1,111,774 | 3,057,356 |
| Marketing | 188,161 | 301,417 |
| Equipment depreciation | 52,157 | 40,598 |
| Office | 11,954 | 18,924 |
| Computerization | 34,509 | 12,131 |
| Course refreshments hospitality | 26,893 | 158,204 |
| Mobile phone (net of implicit mobile tax value of NIS 3,378) | 24,721 | 8,451 |
| Insurance | - | 24,000 |
| Conferences | - | 84,655 |
| Travels | 6859 | - |
| Vehicle maintenance | - | 34,057 |
| Legal fees | - | 10,678 |
| Office rent and maintenance | 30,280 | 347,220 |
| | 2,965,496 | 6,383,480 |

It Works - Empowering People (Registered Amuta/NPO)
Schedules to the Financial Statements

(Expressed in New Israel Shekels)

| | For the Year Ended December 31 | |
|--|-----------------------------------|-----------|
| | 2020 | 2019 |
| <u>Schedule 3 – Management and General Expenses:</u> | | |
| Salaries and benefits | 823,222 | 886,167 |
| Deprecation in rental property | 2,202 | 2,202 |
| Fundraising | 7,214 | 42,900 |
| Office | 17,267 | 16,090 |
| Accounting and audit | 38,025 | 41,150 |
| Mobile and landline phones (net of implicit mobile tax value of NIS 1,260) | (15) | 21,448 |
| Office rental and maintenance | 145,212 | 152,715 |
| Municipal taxes | 32,754 | 18,196 |
| Vehicle maintenance (net of implicit vehicle value of NIS 31,900) | 37,002 | 9,541 |
| Preparation for tenders | 134,369 | - |
| Public Tenders applications and prep. | - | 36,815 |
| Legal fees | 7,779 | 43,297 |
| Office insurance | 3,036 | 12,677 |
| Refreshments and gifts | 7,089 | 5,706 |
| | 1,120,787 | 1,288,904 |

Schedule 4 – Financing Costs, Net:

In 2018 the Amuta started a placement services, Hereby the profit/gain from this activity. Only in 2019 these activities were separated as a company service.

| | 2020 | 2019 |
|-----------------------------|---------|-----------|
| Job Placement Services 2018 | | |
| Income | 12,369 | 400,039 |
| Salaries and benefits | - | (384,255) |
| Job Placement expenses | (6,786) | - |
| | 5,583 | 15,784 |

Schedule 5 – Capital Gain:

During the tax year 2020 the Amuta sold office furniture, hereby the gain from the sale.

Income: 3,915

Depreciation cost: 3,750

Total gain: 165