

**KAV LAOVED - WORKER'S HOTLINE**  
**(Registered Amuta)**

**FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2016**

**KAV LAOVED - WORKER'S HOTLINE**  
(Registered Amuta)

**FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2016**

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**AUDITORS' REPORT TO THE MEMBERS OF  
KAV LAOVED - WORKER'S HOTLINE (R"A)**

We have audited the attached Statement of Financial Position of Kav LaOved - Worker's Hotline (R"A) (hereinafter: "the Amuta") as of December 31, 2016 and 2015, and the Statements of Activities, Changes in Net Assets and Cash Flows for the two years then ended. These financial statements are the responsibility of the members of the committee and the management of the Amuta. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed under the Israeli Auditors Regulations (Auditors' Mode of Performance), 1973. These standards require that we plan and perform the audit to obtain reasonable assurance as to 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 assessing the accounting principles used, and significant estimates made, by the members of the committee and the management of the Amuta, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above financial statements present fairly, in all material aspects, the financial position of the Amuta as of December 31, 2016 and 2015, and the results of its operations, the changes in its net assets and the cash flows for the two years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

  
Ziv Haft

Certified Public Accountants (Isr.)

Jerusalem, June 14, 2017



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# **KAV LAOVED - WORKER'S HOTLINE (R"A)**

## **Statement of Financial Position**


(in New Shekels)

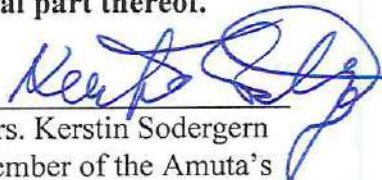
	<u>Note</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents		814,748	738,772
Income receivable	3	331,533	334,019
Debtors and debit balances	4	25,699	26,060
		<u>1,171,980</u>	<u>1,098,851</u>
<b><u>FIXED ASSETS, NET</u></b>	5	<u>93,412</u>	<u>109,463</u>
		<u>1,265,392</u>	<u>1,208,314</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Suppliers and service providers	6	329,637	273,811
Creditors and credit balances	7	204,738	226,811
		<u>534,375</u>	<u>500,622</u>
<b><u>LONG TERM LIABILITIES</u></b>			
Provision for cessation of employee-employer relationship, net	8	<u>24,782</u>	<u>30,793</u>
<b><u>NET ASSETS</u></b>			
<b><u>Unrestricted net assets:</u></b>			
Used for operations		1,868	5,610
Used for fixed assets		<u>93,412</u>	<u>109,463</u>
		95,280	115,073
<b><u>Restricted net assets:</u></b>			
Temporarily restricted	9	<u>610,955</u>	<u>561,826</u>
		<u>706,235</u>	<u>676,899</u>
		<u>1,265,392</u>	<u>1,208,314</u>

The Notes to the Financial Statements are an integral part thereof.

June 14, 2017

Date of approval of the  
financial statements

  
Mrs. Anne Suci  
Member of the Amuta's  
Committee

  
Mrs. Kerstin Soderger  
Member of the Amuta's  
Committee

## **KAV LAOVED - WORKER'S HOTLINE (R" A)**

### **Statement of Activities**

(in New Shekels)

	<u>Note</u>	<u>For the Year Ending</u>	
		<u>31.12.2016</u>	<u>31.12.2015</u>
Operating turnover	10,11	4,104,437	4,990,528
Operating costs	12	<u>3,480,435</u>	<u>4,289,060</u>
<b>Net income from Activities</b>		624,002	701,468
Administrative and general expenses	13	<u>629,797</u>	<u>658,797</u>
<b>Net income (expenses) before financial expenses</b>		(5,795)	42,671
Net financial expenses		<u>(13,998)</u>	<u>(20,153)</u>
<b>Net income (expenses) for the year</b>		<u><u>(19,793)</u></u>	<u><u>22,518</u></u>

**The Notes to the Financial Statements are an integral part thereof.**

# **KAV LAOVED - WORKER'S HOTLINE (R" A)**

## **Statement of Changes in Net Assets**

(in New Shekels)

	<u>Unrestricted net assets</u>		<u>Restricted net assets</u>	
	<u>Used for operations</u>	<u>Used for fixed assets</u>	<u>Temporarily restricted net assets</u>	<u>Total</u>
<b>Balance as at January 1, 2015</b>	<b>916</b>	<b>91,639</b>	<b>290,909</b>	<b>383,464</b>
Net income for the year	22,518	-	-	22,518
Contributions	-	-	3,148,760	3,148,760
Amounts transferred from unrestricted net assets used for acquisition of fixed assets	(48,883)	48,883	-	-
Amounts transferred to cover depreciation expenses	31,059	(31,059)	-	-
Amounts released from restrictions	-	-	(2,877,843)	(2,877,843)
<b>Balance as of December 31, 2015</b>	<b><u>5,610</u></b>	<b><u>109,463</u></b>	<b><u>561,826</u></b>	<b><u>676,899</u></b>
Net expense for the year	(19,793)	-	-	(19,793)
Contributions	-	-	2,130,658	2,130,658
Amounts transferred from unrestricted net assets used for acquisition of fixed assets	(20,091)	20,091	-	-
Amounts transferred to cover depreciation expenses	36,142	(36,142)	-	-
Amounts released from restrictions	-	-	(2,081,529)	(2,081,529)
<b>Balance as of December 31, 2016</b>	<b><u>1,868</u></b>	<b><u>93,412</u></b>	<b><u>610,955</u></b>	<b><u>706,235</u></b>

**The Notes to the Financial Statements are an integral part thereof.**

# **KAV LAOVED - WORKER'S HOTLINE (R"A)**

## **Statement of Cash Flows**

(in New Shekels)

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
<b><u>Cash flows from operating activities</u></b>		
Net income for the year	(19,793)	22,518
Adjustments to reconcile to net cash from operating activities (Schedule 1)	<u>(2,014,798)</u>	<u>(2,771,290)</u>
Net cash used for operating activities	<u>(2,034,591)</u>	<u>(2,748,772)</u>
<b><u>Cash flow from investment activities</u></b>		
Purchase of fixed assets	<u>(20,091)</u>	<u>(48,883)</u>
Net cash (used for) investment activities	<u>(20,091)</u>	<u>(48,883)</u>
<b><u>Cash flow from Financing Activities</u></b>		
Restricted contributions	<u>2,130,658</u>	<u>3,148,760</u>
Net cash provided by financial activities	<u>2,130,658</u>	<u>3,148,760</u>
<b>Increase in cash and cash equivalents</b>	75,976	351,105
<b>Cash and cash equivalents at the beginning of the year</b>	<u>738,772</u>	<u>387,667</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>814,748</u>	<u>738,772</u>

The Notes to the Financial Statements are an integral part thereof.

# **KAV LAOVED - WORKER'S HOTLINE (R"A)**

## **Schedule to the Statement of Cash Flows**

(in New Shekels)

### **Schedule 1 - Adjustments required to present cash flows from operating activities**

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Amounts released from temporarily restricted	(2,081,529)	(2,877,843)
Depreciation	36,142	31,059
Decrease in severance pay reserve, net	(6,011)	(21,203)
<b>Changes in assets and liabilities:</b>		
Decrease in income receivable	2,486	34,138
Decrease in debtors and debit balances	361	408
Increase in suppliers and service providers	55,826	39,821
Increase (Decrease) in creditors and credit balances	<u>(22,073)</u>	<u>22,330</u>
	<u>(2,014,798)</u>	<u>(2,771,290)</u>

**The Notes to the Financial Statements are an integral part thereof.**

## **KAV LAOVED - WORKER'S HOTLINE (R"A)**

### **Notes to the Financial Statements as of December 31, 2016**

#### **Note 1 - General:**

- A. The Amuta, Kav LaOved - Worker's Hotline (R"A), was founded in 1991 as a non-profit association under the Amutot Law - 1980 and was registered as Amuta No. 580175545.
- B. The main objectives of the Amuta include protecting the rights and welfare of poorer workers employed in Israel.
- C. The Amuta is recognized as a public institution according to section 9(2) of the Income Tax Ordinance.
- D. The Amuta is recognized as a non-profit organization according to section 46 of the Israeli Income Tax Ordinance regarding contributions.
- E. The Amuta is classified as a non-profit organization for Value Added Tax purposes.

#### **Note 2 – Significant Accounting Policies:**

##### **A. Definitions**

In these financial statements:

The Amuta	- Kav LaOved - Worker's Hotline (R"A)
Net assets	- The difference between the assets and liabilities.
Restriction	- A restriction on the use of net assets set by the conditions imposed by donors, supporters or those giving grants to the Amuta.
Temporary restriction	- A restriction that expires or is removed upon the occurrence of a specific event or with the passage of time, or that can be fulfilled or removed with the performance of specific activities, all of which are contingent upon the conditions imposed by the donors or the outside factors which provided the funds.

##### **B. The effect of changes in the general purchasing power of the Israeli currency**

The financial statements were prepared according to generally accepted accounting principles based on historic cost, and not on the basis of reported sums as defined in Standard No. 12 of the Israeli Accounting Standards Institution.

## **KAV LAOVED - WORKER'S HOTLINE (R"A)**

### **Notes to the Financial Statements as of December 31, 2016**

#### **Note 2 - Significant Accounting Policies (contd.):**

##### **C. Linkage to the Index or foreign currency**

1. Assets and liabilities in foreign currency or linked thereto are presented according to the representative exchange rate on the Statement of Financial Position.
2. Assets and liabilities linked to the Consumer Price Index are presented according to the index terms of each balance.
3. Income and expenditure and other activities in foreign currency are recorded according to the exchange rates at the time transactions accrued.
4. Linkage and exchange rate differentials are recorded in the financial statements prevailing at the time that the transaction occurred.
5. Below are details of the indices and foreign currency exchange rates on the balance sheet date:

	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
CPI (in points)	98.9	99.1
U.S. dollar (in Shekels to 1 Dollar)	3.845	3.902

	<b><u>Rate of change (%) for the year ended on</u></b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
CPI	(0.20)	(1.00)
U.S. dollar	(1.46)	0.33

##### **D. Cash and cash equivalents**

Cash equivalents include bank account balance and short term deposits available for immediate withdrawal deposits readily realizable into cash, and whose duration at the time of investment does not exceed three months.

##### **E. Marketable Securities**

Marketable securities held for short term investment are presented at their value on the Tel-Aviv Stock Exchange as of the balance sheet date. All changes in value are recognized in the Statement of Activities.

## **KAV LAOVED - WORKER'S HOTLINE (R"A)**

### **Notes to the Financial Statements as of December 31, 2016**

#### **Note 2 - Significant Accounting Policies (contd.):**

##### **F. Fixed assets**

Fixed assets are presented at cost less accumulated depreciation. Depreciation is calculated by the straight-line method, at equal annual rates, considered to sufficiently depreciate the assets over the period of anticipated use.

<u>Rate of depreciation</u>	<u>%</u>
Computers	33
Furniture and fixtures	7-15
Leasehold improvements	10

##### **G. Income recognition**

The Amuta records its income on the accrual basis. Contributions are recorded upon receipt; or, in cases where a non-recourse pledge is made by the donor to the Amuta which relates to the period of the Financial Statements.

Services provided by volunteers accepted without consideration are recorded as income and expenditure based on the minimum wage.

##### **H. Estimates and assumptions**

The preparation of the financial statements and the presentation thereof in accordance with generally accepted accounting principles, require that the Amuta's committee make estimates and assumptions which affect the data in the financial statements and the related notes. Due to the nature of the estimates and assumptions, actual results may differ from those estimates.

## **KAV LAOVED – WORKER'S HOTLINE (R" A)**

### **Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

#### **Note 3 - Income receivable:**

	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>NIS</u>	<u>NIS</u>	<u>\$</u>	<u>\$</u>
Ministry of Economy	259,508	248,980	67,492	63,808
Estates committee	25,000	-	6,502	-
Human Rights & IHL Secretariat	-	46,307	-	11,868
UNISON International Development Fund	18,250	-	4,746	-
Others	9,753	4,152	2,537	1,064
The New Israeli Fund	19,022	19,580	4,947	5,018
CIMI	-	15,000	-	3,844
	<u>331,533</u>	<u>334,019</u>	<u>86,224</u>	<u>85,602</u>

#### **Note 4 - Debtors and Debit Balances:**

	<u>31.12.2016</u>	<u>31.12.2015</u>
Advances to suppliers	<u>25,699</u>	<u>26,060</u>

# **KAV LAOVED – WORKER'S HOTLINE (R" A)**

## **Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

### **Note 5 - Fixed Assets, Net:**

				<u>Total</u>	
	<u>Furniture and fixtures</u>	<u>Computers and peripheral equipment</u>	<u>Leasehold improvements</u>	<u>2016</u>	<u>2015</u>
<u>Cost</u>					
Balance at January 1	386,599	377,724	125,609	889,932	841,049
Acquisitions	585	19,506	-	20,091	48,883
Balance at December 31	<u>387,184</u>	<u>397,230</u>	<u>125,609</u>	<u>910,023</u>	<u>889,932</u>
<u>Accumulated depreciation</u>					
Balance at January 1	332,044	334,006	114,419	780,469	749,410
Depreciation	9,740	22,230	4,172	36,142	31,059
Balance at December 31	<u>341,784</u>	<u>356,236</u>	<u>118,591</u>	<u>816,611</u>	<u>780,469</u>
Fixed assets, net at December 31	<u>45,400</u>	<u>40,994</u>	<u>7,018</u>	<u>93,412</u>	<u>109,463</u>

### **Note 6 - Suppliers and Service Providers:**

	<u>31.12.2016</u>	<u>31.12.2015</u>
Post-dated checks	44,041	-
Expenses payable	<u>285,596</u>	<u>273,811</u>
	<u>329,637</u>	<u>273,811</u>

**KAV LAOVED – WORKER'S HOTLINE (R" A)**

**Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

**Note 7 - Creditors and Credit Balances:**

**Composed of:**

	<u>31.12.2016</u>	<u>31.12.2015</u>
Institutions	66,957	89,597
Rights of the employees represented by the Amuta	13,247	4,311
Sundry creditors and credit-balances	523	1,736
Vacation pay liability	<u>124,011</u>	<u>131,167</u>
	<u>204,738</u>	<u>226,811</u>

**Note 8 - Provision for Cessation of Employee-Employer Relationship, Net:**

	<u>31.12.2016</u>	<u>31.12.2015</u>
Provision for severance pay	38,915	66,787
Less – Deposits in severance pay funds	<u>(14,133)</u>	<u>(35,994)</u>
	<u>24,782</u>	<u>30,793</u>

**KAV LAOVED – WORKER'S HOTLINE (R”A)****Notes to the Financial Statements as of December 31, 2016****(in New Shekels)****Note 9 - Temporarily Restricted Net Assets:**

	<b>Balance as at January 1, 2016</b>	<b>Restricted Contributions</b>	<b>Amounts released from restrictions</b>	<b>Balance as of December 31, 2016</b>
The European Union	482,665	919,786	(791,496)	610,955
Christian Aid	21,450	282,095	(303,545)	-
United Nation High Commissioner for Refugees	-	201,602	(201,602)	-
FNV Mondiaal	-	1,254	(1,254)	-
UNISON International Development Fund	47,711	47,339	(95,050)	-
FELM	-	145,530	(145,530)	-
Bader Philanthropic fund through AJDC for the renovation of reception area in Tel Aviv	-	28,097	(28,097)	-
CIMI	10,000	102,097	(112,097)	-
Un slavery fund	-	57,144	(57,144)	-
The Hadassah Foundation	-	57,592	(57,592)	-
Royal Thai Embassy	-	50,000	(50,000)	-
Bader Philanthropic fund through AJDC for agricultural workers	-	65,266	(65,266)	-
Bader Philantropies	-	96,072	(96,072)	-
Bader Philanthropic fund through AJDC for contractor teachers in Nazareth	-	76,784	(76,784)	-
<b>Total</b>	<b>561,826</b>	<b>2,130,658</b>	<b>(2,081,529)</b>	<b>610,955</b>

## **KAV LAOVED – WORKER'S HOTLINE (R" A)**

### **Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

#### **Note 10 - Operating Turnover:**

##### **Composition according to donor**

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Donations from institutions (see Note 11)	2,389,107	3,213,285
Donations from private donors (see Note 11)	163,902	202,214
	<u>2,553,009</u>	<u>3,415,499</u>
Income from handling claims	693,033	574,315
Donations in kind (*)	528,397	592,834
Membership fees	8,550	6,600
Allocations(**)	321,448	401,280
	<u>4,104,437</u>	<u>4,990,528</u>

(\*) Consisting of:

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Volunteers' activities (1)	513,397	577,834
Volunteers' insurance	15,000	15,000
	<u>528,397</u>	<u>592,834</u>

(1) Volunteers' activities – taking into account the hours donated, the number of volunteers and an estimate of value of a volunteers hour at 23 NIS.

(\*\*) Consisting of:

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Estates committee	25,000	-
Tel Aviv Municipality	36,940	36,595
Ministry of Economy	259,508	346,685
	<u>321,448</u>	<u>383,280</u>

# **KAV LAOVED – WORKER'S HOTLINE (R”A)**

## **Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

### **Note 11 – Donations from Institutions and Private Donors:**

	<b>For the Year Ending</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
The New Israel Fund	19,022	38,734
The European Union	791,494	1,274,673
Friendship Foundation	18,715	-
Christian Aid	303,545	749,202
The Samuel Sebba Charitable Trust	270,000	120,000
The Fritz Naftali	-	40,000
<del>NGO Development Center</del>	95,051	-
UNISON International Development Fund	201,602	9,542
United Nation High Commissioner for Refugees	1,255	221,723
FNV Mondiaal	-	66,431
Signing Anew	-	47,875
Human Rights & IHL Secretariat	-	200,611
Bader philanthropies	96,072	-
Weinberg fund through PEF	-	145,648
Un slavery fund	57,144	58,437
FELM	145,530	87,970
Royal Thai Embassy	50,000	43,000
The Hadassah Foundation	57,432	57,539
CIMI	112,098	50,000
Bader Philanthropic fund through the AJDC Committee for agricultural workers	65,266	-
Bader Philanthropic fund through the AJDC Committee for the renovation of reception area in Tel Aviv	28,097	-
Bader Philanthropic fund through the AJDC committee for contractor teachers in Nazareth	76,784	-
Funds from other donations	-	1,900
	<u>2,389,107</u>	<u>3,213,285</u>
Private donation through the American Jewish Distribution Committee – for Agricultural Workers	-	19,207
Donations through the Internet and private	115,739	101,993
IBI Amben Investment House	-	25,000
Private Donation Through PEF	38,163	-
Donations from businesses and companies	10,000	18,405
Private donation through CIMI – For migrant Bulgarian workers	-	37,609
	<u>163,902</u>	<u>202,214</u>
	<u>2,553,009</u>	<u>3,415,499</u>

## **KAV LAOVED - WORKER'S HOTLINE (R" A)**

### **Notes to the Financial Statements as of December 31, 2016**

(in New Shekels)

#### **Note 12 - Operating Costs:**

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Salaries and related expenses	1,887,193	2,256,091
Volunteers' work (see Note 10)	513,397	577,834
Volunteers' activities	13,153	14,919
Assistance and legal guidance	67,605	302,941
Rent and maintenance of the association's branches	392,257	423,317
Communications	104,092	96,586
Travel	117,906	118,825
Information activities	200,161	281,643
Computers maintenance	20,998	28,125
Insurance (see Note 10)	15,000	15,000
Conferences and workshops	15,065	47,739
Depreciation	25,299	21,741
National Service	108,309	82,049
Professional Fees	-	20,000
Others	-	2,250
	<u>3,480,435</u>	<u>4,289,060</u>

#### **Note 13 - Administrative and General Expenses:**

	<b>For the Year Ending</b>	
	<b><u>31.12.2016</u></b>	<b><u>31.12.2015</u></b>
Salaries and related expenses	487,795	506,744
Rental and building maintenance	50,118	52,728
Communications	15,197	13,818
Office expenses and computer maintenance	17,442	25,004
Professional services	29,402	29,673
Refreshments and gifts to volunteers	7,548	7,261
Fees	1,303	1,314
Depreciation	10,843	9,318
other	10,149	12,937
	<u>629,797</u>	<u>658,797</u>

**KAV LAOVED – WORKER'S HOTLINE (R" A)**

**Notes to the Financial Statements as of December 31, 2016**

**(in New Shekels)**

**Note 14 – Recipients of the highest wages:**

<u>Name</u>	<u>ID No.</u>	<u>Position</u>	<u>Annual salaries cost</u>	
			<u>2016</u>	<u>2015</u>
Ala khatib	58962804	CEO	200,850	199,515
Adv. Khaled Dukhi	024733917	Managing lawyer of Employment Law	179,867	179,303
Adv. Nicola Gadir	021829791	Nazareth branch coordinator	176,484	175,558
Bar Iris	0057673832	Haifa branch coordinator	-	156,396
Adv. Tager Michal	34097501	Lawyer of employment law	176,516	169,037
Lebovitz Shaked Idit	0034377549	Caregivers coordinator	161,538	-