

Kav Laoved – Worker's Hotline
(Registered Amuta)

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

Kav Laoved – Worker's Hotline
(Registered Amuta)

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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

We have audited the accompanying Statement of Financial Position of Kav Laoved - Worker's Hotline (R.A.) (hereinafter: "**the Amuta**") as of December 31, 2019 and 2018, and the Statements of Activities, Changes in Net Assets and Cash Flows for each of 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 standards prescribed under the Auditor's Regulations (Auditor's 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 examining, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Amuta as of December 31, 2019 and 2018, and the results of its operations, the changes in its net assets and the cash flows for each of two years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Jerusalem, August 12, 2020


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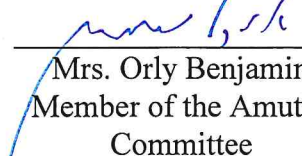
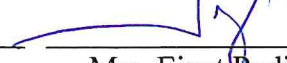
Certified Public Accountants (Isr.)

Kav Laoved – Worker's Hotline (R.A.)

Statement of Financial Position (in NIS)

	<u>Note</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents		1,255,758	916,149
Income receivable	3	617,572	366,930
Debtors and debit balances	4	53,839	47,015
		<u>1,927,169</u>	<u>1,330,094</u>
NON - CURRENT ASSETS			
Fixed assets, net	5	<u>43,413</u>	<u>60,914</u>
		<u>1,970,582</u>	<u>1,391,008</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Suppliers and service providers	6	248,277	94,390
Creditors and credit balances	7	<u>251,621</u>	<u>391,426</u>
		<u>499,898</u>	<u>485,816</u>
NON - CURRENT LIABILITIES			
Provision for cessation of employee-employer relationship, net	8	<u>54,271</u>	<u>37,779</u>
NET ASSETS			
Unrestricted net assets			
Used for operations		862,044	806,499
Used for fixed assets		<u>43,413</u>	<u>60,914</u>
		<u>905,457</u>	<u>867,413</u>
Restricted net assets			
Temporarily restricted	9	<u>510,956</u>	<u>-</u>
		<u>1,416,413</u>	<u>867,413</u>
		<u>1,970,582</u>	<u>1,391,008</u>

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

August 12, 2020		
Date of approval of the financial statements	 Mrs. Orly Benjamin Member of the Amuta's Committee	 Mrs. Einat Podjarny Member of the Amuta's Committee

Kav Laoved – Worker's Hotline (R.A.)

Statement of Activities

(in NIS)

	<u>Note</u>	For the Year Ending	
		<u>31.12.2019</u>	<u>31.12.2018</u>
Operating turnover	10,11	4,605,891	4,546,896
Operating costs	12	<u>3,887,193</u>	<u>3,293,550</u> (*)
Net income from Activities		718,698	1,253,346
Administrative and general expenses	13	<u>553,664</u>	<u>651,560</u> (*)
Net income before financial expenses		165,034	601,786
Net financial expenses		16,342	12,410
Miscellaneous income (expenses) prior years		<u>(110,648)</u>	<u>170,703</u>
Net income for the year		<u>38,044</u>	<u>760,079</u>

(*) Reclassified

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 NIS)

	<u>Unrestricted net assets</u>		<u>Restricted net assets</u>	<u>Total</u>
	<u>Used for operations</u>	<u>Used for fixed assets</u>	<u>Temporarily restricted net assets</u>	
Balance as at January 1, 2018	24,739	82,595	-	107,334
Net expense for the year	760,079	-	-	760,079
Contributions	-	-	1,695,367	1,695,367
Amounts transferred from unrestricted net assets used for acquisition of fixed assets	(4,930)	4,930	-	-
Amounts transferred to cover depreciation expenses	26,611	(26,611)	-	-
Amounts released from restrictions	-	-	(1,695,367)	(1,695,367)
Balance as of December 31, 2018	<u>806,499</u>	<u>60,914</u>	<u>-</u>	<u>867,413</u>
Net income for the year	38,044	-	-	38,044
Contributions	-	-	2,721,727	2,721,727
Amounts transferred to cover depreciation expenses	17,501	(17,501)	-	-
Amounts released from restrictions	-	-	(2,210,771)	(2,210,771)
Balance as of December 31, 2019	<u>862,044</u>	<u>43,413</u>	<u>510,956</u>	<u>1,416,413</u>

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

Kav Laoved – Worker's Hotline (R.A.)

Statement of Cash Flows

(in NIS)

	<u>For the Year Ending</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>Cash flows from operating activities</u>		
Net income for the year	38,044	760,079
Adjustments to reconcile to net cash from operating activities (Schedule 1)	<u>(2,420,162)</u>	<u>(1,764,004)</u>
Net cash used for operating activities	<u>(2,382,118)</u>	<u>(1,003,925)</u>
<u>Cash flow from investment activities</u>		
Purchase of fixed assets	<u>-</u>	<u>(4,930)</u>
Net cash used for investment activities	<u>-</u>	<u>(4,930)</u>
<u>Cash flow from Financing Activities</u>		
Restricted contributions	<u>2,721,727</u>	<u>1,695,367</u>
Net cash provided by financial activities	<u>2,721,727</u>	<u>1,695,367</u>
Increase in cash and cash equivalents	339,609	686,512
Cash and cash equivalents at the beginning of the year	<u>916,149</u>	<u>229,637</u>
Cash and cash equivalents at the end of the year	<u>1,255,758</u>	<u>916,149</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 NIS)

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

	For the Year Ending	
	<u>31.12.2019</u>	<u>31.12.2018</u>
Amounts released from temporarily restricted	(2,210,771)	(1,695,367)
Depreciation	17,501	26,611
Increase (Decrease) in severance pay reserve, net	16,492	(18,318)
Changes in assets and liabilities:		
Increase in income receivable	(250,642)	(45,258)
Increase in debtors and debit balances	(6,824)	(3,198)
Increase (Decrease) in suppliers and service providers	153,887	(235,333)
Increase (Decrease) in creditors and credit balances	<u>(139,805)</u>	<u>206,859</u>
	<u><u>(2,420,162)</u></u>	<u><u>(1,764,004)</u></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, 2019

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, 2019

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:

	<u>31.12.2019</u>	<u>31.12.2018</u>
CPI (in points)	100.8	100.2
U.S. dollar (in Shekels to 1 Dollar)	3.456	3.748

	<u>Rate of change (%) for the year ended on</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
CPI	0.60	0.80
U.S. dollar	(7.79)	8.10

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.

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

Note 2 - Significant Accounting Policies (contd.):

E. 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

F. 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.

G. 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.

H. Donations Receivable

Donations, allocations, bequests and gifts that were pledged but not received as at financial statement date, are recorded as income, or as additions to restricted net assets, if all of the following conditions exist:

- An irrevocable and unconditional pledge by the donor and related reporting period.
- The pledge was realized subsequent to financial statement date.
- Realization of the promise is not conditional on the occurrence of a future event.

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 3 - Income receivable:

	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
	<u>NIS</u>	<u>NIS</u>	<u>\$</u>	<u>\$</u>
Ministry of work and welfare	113,371	320,244	32,804	85,444
Shapiro Foundation	84,812	-	24,541	-
Yad Hanadiv	50,000	-	14,468	-
The European Union	125,388	-	36,281	-
Israel Innovation Authority	62,087	-	17,965	-
National Insurance Institute	158,000	-	45,718	-
CIMI	23,914	-	6,920	-
UNISON	-	33,530	-	8,946
Others	-	13,156	-	3,510
	<u>617,572</u>	<u>366,930</u>	<u>178,697</u>	<u>97,900</u>

Note 4 - Debtors and Debit Balances:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Advances to suppliers	28,500	28,500
Checks payable	2,061	3,980
Others	23,278	14,535
	<u>53,839</u>	<u>47,015</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 5 - Fixed Assets, Net:

		Computers and peripheral equipment		Total	
	Furniture and fixtures		Leasehold improvements	2019	2018
<u>Cost:</u>					
Balance at January 1	399,185	411,277	125,609	936,071	931,141
Acquisitions	-	-	-	-	4,930
Balance at December 31	<u>399,185</u>	<u>411,277</u>	<u>125,609</u>	<u>936,071</u>	<u>936,071</u>
<u>Accumulated depreciation</u>					
Balance at January 1	371,867	380,050	123,240	875,157	848,546
Depreciation	6,485	8,996	2,020	17,501	26,611
Balance at December 31	<u>378,352</u>	<u>389,046</u>	<u>125,260</u>	<u>892,658</u>	<u>875,157</u>
Fixed assets, net at December 31	<u>20,833</u>	<u>22,231</u>	<u>349</u>	<u>43,413</u>	<u>60,914</u>

Note 6 - Suppliers and Service Providers:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Post-dated checks	16,236	17,540
Expenses payable	119,865	29,064
Suppliers and service Providers	<u>112,176</u>	<u>47,786</u>
	<u>248,277</u>	<u>94,390</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019
(in NIS)

Note 7 - Creditors and Credit Balances:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Institutions	108,438	79,209
Provision for audit	23,400	23,400
Vacation pay liability	119,783	124,129
Income in advance	-	164,688
	<u>251,621</u>	<u>391,426</u>

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

	<u>31.12.2019</u>	<u>31.12.2018</u>
Provision for severance pay	57,841	40,975
Less – Deposits in severance pay funds	<u>(3,570)</u>	<u>(3,196)</u>
	<u>54,271</u>	<u>37,779</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 9 - Temporarily Restricted Net Assets:

	<u>Balance as at January 1, 2019</u>	<u>Restricted Contributions</u>	<u>Amounts released from restrictions</u>	<u>Balance as of December 31, 2019</u>
The European Union	-	620,711	(179,295)	441,416
UNHCR	-	161,230	(161,230)	-
Yad Hanadiv	-	95,000	(95,000)	-
CIMI	-	72,938	(72,938)	-
Un Slavery Fund	-	54,255	(54,255)	-
Saba Fund	-	340,000	(340,000)	-
The New Israel Fund	-	51,668	(16,668)	35,000
Goldman Sachs Philanthropy Fund	-	177,879	(177,879)	-
Israel Innovation Authority	-	159,264	(159,264)	-
Catherine Fund	-	35,331	(35,331)	-
Arkin Family Fund	-	90,000	(90,000)	-
Rosa Luxemburg Fund	-	83,712	(83,712)	-
Genesis Fund	-	34,540	-	34,540
Bader Philanthropic fund East Jerusalem	-	72,250	(72,250)	-
Private donor	-	77,571	(77,571)	-
Ministry of Work and Welfare	-	320,224	(320,224)	-
	-	275,154	(275,154)	-
Total	-	<u>2,721,727</u>	<u>(2,210,771)</u>	<u>510,956</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 10 - Operating Turnover:

Composition according to donor

	For the Year Ending	
	31.12.2019	31.12.2018
Donations from Funds (see Note 11)	1,549,432	2,083,106
Donations from private donors (see Note 11)	765,089	220,492
	<u>2,314,521</u>	<u>2,303,598</u>
Income from handling claims	997,772	1,125,557
Donations in kind (*)	692,890	777,598
Membership fees	2,950	6,150
Allocations(**)	597,758	333,993
	<u>4,605,891</u>	<u>4,546,896</u>

(*) Consisting of:

	For the Year Ending	
	31.12.2019	31.12.2018
Volunteers' activities (1)	677,890	762,598
Volunteers' insurance	15,000	15,000
	<u>692,890</u>	<u>777,598</u>

(1) Volunteers' activities – taking into account the hours donated, the number of volunteers and an estimate of value of a volunteer's hour at 29.12 NIS.

(**) Consisting of:

	For the Year Ending	
	31.12.2019	31.12.2018
National Insurance Institute	372,474	-
Israel Innovation Authority	97,177	-
Tel Aviv Municipality	14,736	13,749
Ministry of Work and Welfare	113,371	320,244
	<u>597,758</u>	<u>333,993</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 11 – Donations from Institutions and Private Donors:

	For the Year Ending	
	<u>31.12.2019</u>	<u>31.12.2018</u>
The New Israel Fund	16,668	10,213
The European Union	179,295	548,936
The Samuel Sebba Charitable Trust	340,000	320,000
United Nation High Commissioner for Refugees	161,230	201,376
Un slavery fund	54,255	52,993
FELM	-	145,249
CIMI	59,781	43,854
UNISON International Development Fund	-	91,895
Goldman Sachs Philanthropy Fund	177,879	272,629
Namati Inc	-	35,329
Catherine Fund	35,331	34,046
Arkin Family Fund	90,000	100,000
P.E.F Israel Endowment Fund Inc	-	72,626
Rosa Luxemburg Fund	107,801	41,581
New Australia Fund	-	26,314
New Israel Fund of Emergency Donation to Refugees	-	26,314
Bader Philanthropic fund through the AJDC Committee for refuge seekers	-	52,996
Embassy of Canada	-	4,232
SHAPIRO FOUNDATION	84,812	-
SIVMO	7,782	-
Peretz Naftali fund	30,000	-
Bader Philanthropic fund East Jerusalem	72,250	-
Yad Hanadiv	95,000	-
Genesis Fund	37,348	-
Manof Fund	-	2,523
	<u>1,549,432</u>	<u>2,083,106</u>
Donations via the Internet and private donation	571,281	148,626
Private Donation via PEF	46,148	-
Donations from businesses and companies	-	34,237
Donation from abroad	147,660	37,629
	<u>765,089</u>	<u>220,492</u>
	<u>2,314,521</u>	<u>2,303,598</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 12 - Operating Costs:

	For the Year Ending	
	<u>31.12.2019</u>	<u>31.12.2018</u>
Salaries and related expenses	2,145,260	1,542,386
Volunteers' work	677,890	762,598
Assistance and legal guidance	6,899	6,534
Rent and maintenance of the association's branches	340,006	379,118
Communications	43,407	54,396
Travel	71,449	78,251
Information activities	88,270	113,502
Corporation project	60,023	-
Safety Officer	54,990	-
Crowdfunding expenses	52,903	-
Computers maintenance	51,162	49,685
Insurance (see Note 10)	15,000	15,000
Conferences and workshops	10,749	155,885
Depreciation	12,251	18,628
National Service	57,932	117,567
Development and programming of the system	199,002	-
	<u>3,887,193</u>	<u>3,293,550</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 13 – Administrative and General Expenses:

	<u>For the Year Ending</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
Advertising and printing	3,597	-
Professional literature	4,778	-
National Service	23,782	-
Salaries and related expenses	354,723	472,931
Rental and building maintenance	38,096	48,010
Communications	6,520	6,597
Office expenses and computer maintenance	17,652	12,157
Professional services	41,561	32,397
Refreshments and gifts to volunteers	7,998	7,847
Fees	1,351	1,537
Travel	1,138	2,732
Legal expenses	15,325	15,318
Depreciation	5,250	7,983
Others	27,029	40,366
Fundraising	4,864	3,685
	<u>553,664</u>	<u>651,560</u>

Kav Laoved – Worker's Hotline (R.A.)

Notes to the Financial Statements as of December 31, 2019

(in NIS)

Note 14 – Recipients of the highest wages:

<u>Name</u>	<u>ID No.</u>	<u>Position</u>	<u>Annual salaries cost</u>	
			<u>2019</u>	<u>2018</u>
Adv. Khaled Dukhi	024733917	Employment lawyer	205,504	188,000
Adv. Nicola Gadir	021829791	Nazareth branch coordinator	196,021	186,431
Bar Iris	057673832	Haifa branch coordinator	-	158,158
Adv. Tager Michal	034097501	Employment lawyer	197,471	177,736
Meital Ruso	040967689	Lawyer	181,028	-
Noa Kaufman	039409420	Refugees Coordinator	-	149,831
Adi Maoz	036103281	CEO	197,471	-