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YAD LEVI ESHKOL (R.A.)

FINANCIAL STATEMENTS

AS AT

DECEMBER 31, 2018

**OMRI CHEN
CERTIFIED PUBLIC ACCOUNTANT**

YAD LEVI ESHKOL (R.A.)

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OMRI CHEN
C.P.A. (Isr.)

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Auditor's Report to the Shareholders
of
Yad Levi Eshkol (R.A.)

I audited the accompanying balance sheets of Yad Levi Eshkol (R.A.) (Hereinafter - the Association) as at December 31, 2018 and 2017, as well as the statements of activities, the statements of changes in net assets and the statements of cash flows for each one of the years ended on said dates. These financial statements are the responsibility of the committee of the Association. It is my responsibility to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Israel, including standards prescribed in the Auditors (Auditor's Mode of Operation) Regulations, 5733-1973. Pursuant to these standards I am required to plan and perform the audit with the objective of obtaining a reasonable level of assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the information in the financial statements. An audit also includes assessing the accounting principles applied and the significant estimates made by the management of the Association, as well as evaluating the overall adequacy of the financial statement presentation. I believe that my audit provides an adequate basis for my opinion.

In my opinion, the aforementioned financial statements adequately reflect, in all material respects, the financial position of the Association as at December 31, 2018 and 2017 and the results of its operations, the changes in its net assets and its cash flows for the each one of the years ended on said dates in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

(-) Signature
Omri Chen
Certified Public Accountant

Gedera, May 22, 2019

YAD LEVI ESHKOL (R.A.)

BALANCE SHEET

		<u>As at December 31</u>	
		<u>2018</u>	<u>2017</u>
	<u>Note</u>	<u>NIS</u>	<u>NIS</u>
<u>Current assets</u>			
Cash in hand and in banks		129,144	312,913
Other accounts receivable	(3)	483,201	441,382
		<u>612,345</u>	<u>754,295</u>
<u>Property, plant and equipment</u>			
	(4)	<u>2,471,681</u>	<u>2,499,924</u>
		<u>3,084,026</u>	<u>3,254,219</u>
<u>Current liabilities</u>			
Checks payable		---	111,084
Trade payables		136,113	471,335
Other accounts payable	(5)	<u>11,124</u>	<u>53,243</u>
		<u>147,237</u>	<u>635,662</u>
<u>Net assets</u>			
Unrestricted net assets			
For use in activities		465,108	118,633
Used for property, plant and equipment		2,471,681	2,499,924
		<u>2,936,789</u>	<u>2,618,557</u>
		<u>3,084,206</u>	<u>3,254,219</u>

Members of the
management committee

(-) Signature

(-) Signature

(-) Signature

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

YAD LEVI ESHKOL (R.A.)
STATEMENT OF ACTIVITIES

	<u>Note</u>	For the year ended December 31	
		2018	2017 (*)
		NIS	NIS
<u>Turnover of activities</u>	(6)	954,629	742,866
<u>Cost of activities</u>			
Activities	(7)	519,015	742,839
Administrative and general expenses	(8)	116,880	142,734
		635,895	885,573
Net revenues (expenses) before financing		318,734	(142,707)
Financing expenses, net	(9)	502	301
Net revenues (expenses) for the year		318,232	(143,008)

(*) Reclassified

The accompanying notes constitute an integral part of this statement.

YAD LEVI ESHKOL (R.A.)

STATEMENT OF CHANGES IN NET ASSETS

	<u>Unrestricted</u>		<u>Restricted</u>	
	<u>For use in activities</u>	<u>Used for property, plant and equipment</u>	<u>Temporarily</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Balance as at January 1, 2017	286,575	2,474,990	---	2,761,565
<u>Disposals during the year</u>				
Net expenses for the year	(143,008)	---	---	(143,008)
Carry forward of unrestricted amounts – used for the acquisition of property, plant and equipment	(81,398)	81,398	---	---
Amounts carried forward to cover depreciation	56,464	(56,464)	---	---
Balance as at December 31, 2017	118,633	2,499,924	---	2,618,557
<u>Additions during the year</u>				
Net revenues for the year	318,232	---	---	318,232
Carry forward of unrestricted amounts – used for the acquisition of property, plant and equipment	(48,928)	48,928	---	---
Amounts carried forward to cover depreciation	77,171	(77,171)	---	---
As at December 31, 2018	<u>465,108</u>	<u>2,471,681</u>	<u>---</u>	<u>2,936,789</u>

The accompanying notes constitute an integral part of this statement.

YAD LEVI ESHKOL (R.A.)

STATEMENT OF CASH FLOWS

	For the year ended	
	December 31	
	2018	2017
	NIS	NIS
<u>Cash flows from operating activities</u>		
Net revenues (expenses) according to the Statement of Activities	318,232	(143,008)
Adjustments required to reconcile net income to net cash from operating activities, Appendix 'A'	(453,073)	172,389
Net cash provided by (used in) operating activities	(134,841)	29,381
	-----	-----
<u>Cash flows from operating activities</u>		
Acquisition of property, plant and equipment	(48,928)	(81,389)
	-----	-----
Increase (decrease) in cash and cash equivalents	(183,769)	(52,017)
Balance of cash and cash equivalents at beginning of period	312,913	364,930
Balance of cash and cash equivalents at end of period	129,144	312,913
	-----	-----

The accompanying notes constitute an integral part of this statement

YAD LEVI ESHKOL (R.A.)

**APPENDIX 'A' – ADJUSTMENTS REQUIRED TO RECONCILE NET
INCOME TO NET CASH FROM OPERATING ACTIVITIES**

	For the year ended December 31	
	2018	2017
	NIS	NIS
Revenues and expenses not involving cash flows:		
Depreciation	77,171	56,464
Changes in asset and liability items:		
Decrease (increase) in checks for collection	---	52,900
Decrease (increase) in other accounts receivable	(41,819)	(369,647)
Increase (decrease) in checks payable	(111,084)	66,034
Increase (decrease) in trade payables	(335,222)	315,461
Increase (decrease) in other accounts payable	(42,119)	51,177
	<u>(453,073)</u>	<u>172,389</u>

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

- a. Yad Levi Eshkol (R.A.) was founded on December 26, 1990.
- b. The main objects of the Association are:
To collect, compile, sort, record, edit and publish the writings, the letters, the speeches, the documents and other documentary material pertaining to the biography and memory of the late Levi Eshkol, of blessed memory. To engage in the arrangement and compilation of the archive of the late Levi Eshkol, of blessed memory, preservation of the first home of the Prime Minister and the structure of the Levi Eshkol house, which shall serve as a center for realizing the above objects and for passing on the achievements, the values and the legacy of Levi Eshkol, of blessed memory.
- c. The Association has been recognized as a representative body for the purpose of commemorating the presidents and prime ministers of Israel in accordance with Decision No. 6 of the Council for Commemorating the Memory of the Presidents and Prime Ministers of Israel at the Prime Minister's Office from its meeting on 15.1.95.
- d. The Association has a public institution certificate for the purpose of donations pursuant to Section 46 of the Income Tax Ordinance. The certificate is valid from 1/12/2014 to 31/12/2020.

Note 2 – Significant Accounting Policies

The significant accounting policies that were applied in the preparation of the financial statements are as follows:

- a. The financial statements were presented in accordance with Opinion 69 of the Institute of Certified Public Accountants in Israel and in accordance with Standard 5 of the Israel Accounting Standards Board and financial reporting by non-profit organizations.
- b. Discontinuation of adjustment of financial statements and financial reporting in reported amounts as at December 31, 2004 and for the year ended on said date

In 2001, the Israel Accounting Standards Board published Accounting Standard Number 12, with regard to the discontinuation of the adjustment of financial statements. In accordance with this standard (and its amendment by Accounting Standard Number 17), the adjustment of financial statements for inflation is to be discontinued as of January 1, 2004. The Association did not apply the provisions of the standard.

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS

c. Services received without consideration

The Association is assisted by its members, who contribute their experience and their time to further its objects. Since the proper value of the described services cannot be estimated, they are not reflected in the financial statements.

In accordance with a term sheet with the Society for the Protection of Nature in Israel (SPNI) that was signed in the month of July 2014, which pertains to joint use of the Levi Eshkol house that is located at 46 Ben Maimon Street Jerusalem, it was prescribed between the parties that SPNI would be responsible for the management of the construction work for completing the building and that it would bear the costs associated with the operation and regular maintenance of said building. According to the data presented, the total SPNI investment in the structure amounts to approximately NIS 4.9 million. These costs and SPNI expenses to maintain the structure were not included in the financial statements.

It was further prescribed in the term sheet that if the Association shall have to vacate SPNI from the structure in the course of the next 25 years, the Association shall have to return to SPNI the amounts invested by SPNI for the construction of the structure, less depreciation that shall be calculated in respect of the period of use.

In accordance with the agreement with SPNI that was signed on 5.9.2017, the memorandum of understanding was expanded and completed and certain changes were also made therein.

It was decided that the Association and SPNI would work together in a joint venture to commemorate the memory and legacy of the late Prime Minister Levi Eshkol, of blessed memory.

SPNI would run the building and the joint venture and would manage them for a period of 24 years and 11 months as of 1.1.2017 and until 30.11.2041.

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 3 – Other accounts receivable

The Composition:

	As at December 31	
	2018	2017
	NIS	NIS
Income tax	12,965	12,965
Accrued income	469,636	426,816
Miscellaneous and prepaid expenses	600	1,601
	<u>483,201</u>	<u>441,382</u>

Note 4 – Property, plant and equipment

a. General:

In 1994 and 2002 funds received from State estates and designated for the restoration of the Levi Eshkol house in Jerusalem were deposited with Amidar, which undertook the management of the project. The investment amount represents the expenses of renovating and restoring the Levi Eshkol house, which were actually performed in 1994-2010 through Amidar, as well as the investments that were made by the Association after Amidar had returned the balance of the funds that had not yet been utilized. In 2016, the Association began to use the structure and to recognize depreciation on the construction expenses.

b. The composition:

	Furniture and equipment	Structure	Total
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Cost			
As at January 1, 2018	119,445	2,486,306	2,605,751
Additions in the accounting year	<u>48,928</u>	---	<u>48,928</u>
As at December 31, 2018	<u>168,373</u>	<u>2,486,306</u>	<u>2,654,679</u>
Depreciation			
As at January 1, 2018	7,299	98,528	105,827
Provision in the accounting year	<u>25,622</u>	<u>51,549</u>	<u>77,171</u>
As at December 31, 2018	<u>32,921</u>	<u>150,077</u>	<u>182,998</u>
Amortized cost			
As at December 31, 2018	<u>135,452</u>	<u>2,336,229</u>	<u>2,417,681</u>
Amortized cost			
As at December 31, 2017	<u>112,146</u>	<u>2,387,778</u>	<u>2,499,924</u>

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 5 – Other accounts payable

The Composition:

	As at December 31	
	2018	2017
	NIS	NIS
Employees and institutions, payroll	7,029	49,733
Miscellaneous and accrued expenses	4,095	3,510
	<u>11,124</u>	<u>53,243</u>

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 6 – Turnover of activities

The composition:

	For the year ended December 31	
	2018	2017
	<u>NIS</u>	<u>NIS</u>
<u>State funding</u>		
Regular funding	495,596	422,690
	-----	-----
<u>Donations</u>		
	75,000	---
	20,000	20,000
	75,000	---
	75,000	---
	100,000	---
NIS 20,000	3,814	950
	<u>348,814</u>	<u>20,950</u>
	-----	-----
<u>Participation in activities and others</u>		
The Society for the Protection of Nature in Israel	50,000	250,000
Others	60,219	49,226
	<u>110,219</u>	<u>299,226</u>
	-----	-----
	<u>954,629</u>	<u>742,866</u>
	=====	=====

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 7 – Activities

The composition:

	For the year ended December 31	
	2018	2017 (*)
	NIS	NIS
a. <u>Archive and library</u>		
Payroll and lecturer fees	101,565	120,031
Documentation	---	25,000
Advertising and production	---	20,000
Film digitization	1,287	4,422
Literature	160	1,267
Office	6,899	---
Maintenance	602	344
Municipal taxes	4,063	1,270
Depreciation	33,290	12,596
Miscellaneous	---	419
	<u>147,866</u>	<u>185,349</u>

b. Events in his memory

Lectures, workshops and instruction	13,580	108,613
Event coordination and operation	---	80,000
Public relations	---	46,800
Payroll and lecturer fees	119,776	5,811
Rent	---	5,000
Sound and lighting	---	6,646
Documentation	---	1,500
Refreshments and hospitality	5,821	7,199
Municipal taxes	4,589	1,434
Depreciation	8,660	8,657
Miscellaneous	978	1,584
	<u>153,404</u>	<u>273,244</u>

c. Commemoration of Levi Eshkol

Lectures, workshops and instruction	---	22,000
Print	51,438	50,605
Advertising and production	---	1,755
Transportation	---	4,797
Maintenance	---	54
Municipal taxes	10,977	3,429
Depreciation	20,716	20,711
Miscellaneous	925	4,800
	<u>84,056</u>	<u>108,151</u>

(*) Reclassified

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 7 – Activities (continuation)

The composition:

	For the year ended	
	December 31	
	2018	2017 (*)
	NIS	NIS
d. <u>Website</u>	13,449	25,278
Website operation	-----	-----
e. <u>Research and publishing</u>		
Payroll and lecturer fees	12,209	73,740
Research	15,000	60,000
Print	64,682	16,615
Typing	11,500	---
Linguistic editing	15,925	---
Miscellaneous	924	462
	<u>120,240</u>	<u>150,817</u>
	<u>519,015</u>	<u>742,839</u>

(*) Reclassified

YAD LEVI ESHKOL (R.A.)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

Note 8 – Administrative and general expenses

The composition:

	For the year ended	
	December 31	
	2018	2017 (*)
	NIS	NIS
Personnel	85,000	96,370
Professional	7,020	6,669
Legal	---	13,865
Office	956	6,912
Municipal taxes	7,686	2,400
Fees	1,303	1,299
Refreshments, hospitality and gifts	329	644
Miscellaneous	81	73
Depreciation	14,505	14,502
	<u>116,880</u>	<u>142,734</u>

Note 9 – Financing expenses

The composition:

	For the year ended	
	December 31	
	2018	2017 (*)
	NIS	NIS
Bank fees	<u>502</u>	<u>301</u>

(*) Reclassified

Members of the
management committee

(-) Signature

(-) Signature

(-) Signature

OMRI CHEN
C.P.A. (Isr.)

Gedera 70700, 5 Nahal Kidron St. Tel. 08-8592407 Fax. 08-8596636

Auditor's Opinion

I have examined the adjustment of Yad Levi Eshkol for the tax year 2018 (to which there were attached the forms marked by me for the sake of identification), which adjusts the excess of revenues over expenses according to the statement of activities for the year ended on December 31, 2018, to the excess of revenues over expenses declared by it for income tax purposes, for said tax year.

The examination of the expenses specified in the regulations with regard to "Conditions for Deducting Certain Expenses", the calculations required pursuant to Section 3(j) of the Income Tax Ordinance and the satisfaction of the conditions specified in Section 32A of the Ordinance, were done in the scope agreed between the Income Tax Commission and the Institute of Certified Public Accountants in Israel, with all that this entails.

In my opinion, subject to the aforesaid in the previous paragraph, the aforementioned adjustment was prepared in accordance with the provisions of the Income Tax Ordinance and the Income Tax (Inflationary Adjustments) Law, 5745-1985.

(-) Signature
Omri Chen
Certified Public Accountant

Gedera, May 22, 2019