

**NALAGA'AT (DO TOUCH) - AMUTA**  
**FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014**

NALAGA'AT (DO TOUCH) - AMUTA  
FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

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**AUDITORS' REPORT TO THE MEMBERS OF  
NALAGA'AT (DO TOUCH) - AMUTA**

We have audited the attached Statement of Financial Position of Nalaga'at (Do Touch) - Amuta (hereinafter the "Amuta"), as of December 31, 2014 and 2013, and the related Statements of Activities, Changes in Net Assets for the years then ended. These financial statements are the responsibility of the management. 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material aspects, the financial position of Nalaga'at (Do Touch) - Amuta as of December 31, 2014 and 2013, and the results of its operations and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in Israel (Israeli GAAP).

Jerusalem, June 18, 2015



Ziv Haft

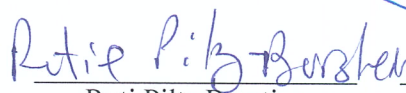
Certified Public Accountants (Isr.)



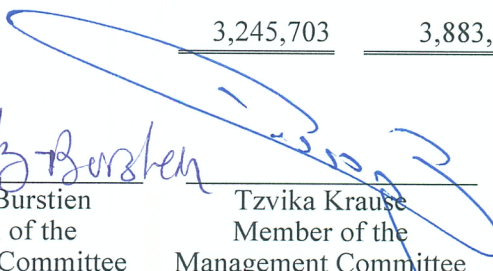
**NALAGA'AT (DO TOUCH) - AMUTA**  
**BALANCE SHEET AS AT DECEMBER 31, 2014**

	<u>Note</u>	<u>December 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>N.I.S.</u>	<u>N.I.S.</u>
<b><u>CURRENT ASSETS:</u></b>			
Cash and cash equivalents	3	581,786	657,004
Debtors and debit balances		98,442	83,035
Customers	4	187,477	160,808
Inventory		13,556	8,550
		881,261	909,397
<b><u>FIXED ASSETS</u></b>			
Fixed assets, net	5	2,364,442	2,973,901
		3,245,703	3,883,298
<b><u>CURRENT LIABILITIES:</u></b>			
Suppliers and service providers	6	802,631	687,771
Creditors and credit balances	7	648,578	844,467
		1,451,209	1,532,238
<b><u>NON CURRENT LIABILITIES:</u></b>			
Provision for severance pay	8	423,285	463,400
<b><u>NET ASSETS:</u></b>			
Unrestricted net assets:			
For operations		(993,233)	(1,086,241)
For fixed assets		2,364,442	2,973,901
		1,371,209	1,887,660
		3,245,703	3,883,298

Date of approval of the financial statements:  
June 18, 2015



Ruti Piltz Burstien  
Chairman of the  
Management Committee

  
Tzvika Krause  
Member of the  
Management Committee

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

**NALAGA'AT (DO TOUCH) - AMUTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Note / Appendix</u>	<u>For the Year Ended December 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>N.I.S.</u>	<u>N.I.S</u>
Operating Turnover	9	9,129,705	10,186,880
Cost of Operations	10,A	<u>8,771,337</u>	<u>9,864,192</u>
Surplus of income over cost of operations		358,368	322,688
General and administrative expenses	B	<u>791,984</u>	<u>689,608</u>
Deficit surplus before finance expenses, net		(433,616)	(366,920)
Financial expenses, net	11	(62,326)	(41,801)
Other income		<u>(20,509)</u>	<u>18,918</u>
Deficit for the current year		<u>(516,451)</u>	<u>(389,803)</u>

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

NALAGA'AT (DO TOUCH) - AMUTA

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted Net Assets</u>		
	<u>For operations</u>	<u>For fixed</u>	<u>Total</u>
	<u>N.I.S.</u>	<u>assets</u>	<u>N.I.S.</u>
	<u>N.I.S.</u>	<u>N.I.S.</u>	<u>N.I.S.</u>
Balance as at January 1, 2013	(1,437,478)	3,714,941	2,277,463
Deficit for the current year	(389,803)	-	(389,803)
Amounts released for the purchase of fixed assets	(61,219)	61,219	-
Amounts transferred to cover depreciation expense	802,259	(802,259)	-
Balance as at December 31, 2013	(1,086,241)	2,973,901	1,887,660
Deficit for the current year	(516,451)	-	(516,451)
Amounts released for selling fixed assets	60,509	(60,509)	-
Amounts released for the purchase of fixed assets	(262,530)	262,530	-
Amounts transferred to cover depreciation expense	811,480	(811,480)	-
Balance as at December 31, 2014	(993,233)	2,364,442	1,371,209

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

NALAGA'AT (DO TOUCH) - AMUTA

COST OF OPERATIONS:

APPENDIX A

	<u>For the Year Ended</u>	
	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Salaries and related expenses	4,491,112	5,330,751
Office expenses	74,875	33,963
Transportation	447,926	472,508
Advertising, marketing and public relations	144,022	113,480
Consultants' fees	58,915	157,183
Events production and hall renting	242,587	354,948
Purchase and changes in inventory	833,383	932,209
Equipment and Maintenance	554,864	724,749
Seminars for performers	-	1,648
Communication expenses	85,671	104,288
Vehicle maintenance	18,142	92,380
Fees and Insurance	47,806	69,986
Abroad travels	355,010	247,096
Depreciation	794,782	785,561
Rent and maintenance	603,923	419,710
Gifts	18,319	23,732
Total Cost of operation	<u>8,771,337</u>	<u>9,864,192</u>

NALAGA'AT (DO TOUCH) - AMUTA

GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

APPENDIX B

	For the Year Ended December 31,	
	<u>2014</u>	<u>2013</u>
	<u>N.I.S.</u>	<u>N.I.S.</u>
Salaries and related expenses	566,425	443,193
Vehicle maintenance	48,863	70,010
Mail and Telephone	2,584	13,900
Office expenses	18,529	10,333
Professional fees	130,495	126,262
Insurance	484	604
Depreciation	16,698	16,698
Software support	<u>7,906</u>	<u>8,608</u>
Total general and administrative expenses	<u><u>791,984</u></u>	<u><u>689,608</u></u>



## NALAGA'AT (DO TOUCH) - AMUTA

### NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

#### 1. GENERAL:

The Amuta was registered in December 2002 as an Amuta in accordance with the Law of Amutot 1980 and began its activity in January 2003. The Amuta has been classified as a "Public Institution" by the Income Tax Commission and as a Not for Profit Institution for Value Added Tax (VAT) purposes. Similarly, the Amuta has received recognition as an institution for which contributions made to it entitle the donor to a tax credit per paragraph 46 of the Income Tax Ordinance.

The main objectives of the Amuta are:

The training of deaf and blind individuals in the various fields of the arts so that they will be employed in a modern cultural center which will serve as a place of entertainment and performances for seeing and hearing audiences from all over Israel. The theatre company will be at the hub of the center.

During the years 2003 to 2006, as stage one, a theatre company of deaf-blind performers began activity and put on a theatrical play at various theatres throughout Israel and abroad.

In 2006 the Amuta began renovating the new center which it has rented for the purpose of establishing the aforementioned cultural center.

During the year 2007 the new center was established including, among other things, a theater hall, the Restaurant of Darkness, a coffee shop, and in November 2007 the center was opened.

In the center there is a theater of deaf blind actors performing, the Restaurant of Darkness is run by a group of blind waiters and waitresses and the coffee shop is run by a staff of blind individuals.

#### 2. SIGNIFICANT ACCOUNTING POLICIES:

##### A. Definitions:

"The Amuta" - Nalaga'at (Do Touch) - Amuta

"Net Assets" - The difference between the assets and the liabilities:

##### B. Statement of Cash Flows:

A Statement of Cash Flows was not prepared since it would not have added any significant information.

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

- C. Recording Basis:  
The Amuta records all its assets, liabilities, income and expenses on the actual basis.
- D. Presentation of Financial Statements:
1. The Unrestricted Net Assets are classified as follows:
    - Net Assets used for operations
    - Net Assets used for fixed assets
  2. The Statement of Activities includes all income and expense items for the reporting period. "Income" includes all revenues received and earned during the period which are unrestricted in nature. "Expenses" also include those expenses which were financed from sources that were restricted by their donors.
  3. The Statement of Changes in Net Assets includes, transfers between the Unrestricted Net Assets for Operations and the Unrestricted Net Assets for Fixed Assets, due to amounts used during the year for the purchase of fixed assets, amounts resulting from the sale of fixed assets in the current year and amounts transferred in the current year to cover depreciation expenses.
- E. Foreign Currency and Linkage:
1. Balances in foreign currencies, or those linked to them, are stated at the representative rates of exchange published by the Bank of Israel at financial statement date.
  2. Transactions in foreign currencies are recorded at the representative rates of exchange prevailing at the time of each transaction.
  3. Exchange rate and linkage differences are recorded in the financial statements when they occur.

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued):

E. Foreign Currency and Linkage (continued):

4. Following are the details of the US dollar exchange rates as at December 31, and the Consumer Price Index (CPI) for the month of December:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
US dollar exchange rate (NIS to US\$ 1)	3.889	3.471
Annual rate of change in US dollar	12.04%	(7.02)%
CPI (in points)	102.1	102.3
Annual rate of change in CPI	(0.20)%	1.82%

F. Cash and cash equivalents:

Cash and cash equivalents include current bank account balances available for immediate withdrawal and deposits in banks available for immediate withdrawal and the period till realization when invested was not longer than three months.

G. Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation.

H. Recognition of Income and Changes in Net Assets:

1. Income and changes in restricted net assets are recorded on the accrual basis.
2. The Amuta chose not to include in its financial statements services received free of charge.

I. Estimates and Assumptions:

The Preparation of the financial statements and the presentation thereof in accordance with generally accepted accounting principles, require that management 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.

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

3. CASH AND CASH EQUIVALENTS:

	December 31,	
	2014	2013
	<u>N.I.S.</u>	<u>N.I.S.</u>
<b>In N.I.S:</b>		
Cash on hand and in bank accounts	476,670	545,235
Short-term deposits	100,104	58,513
	-----	-----
	576,774	603,748
<b>In Foreign Currency:</b>		
In bank accounts	5,012	53,256
	-----	-----
Total	<u>581,786</u>	<u>657,004</u>

4. CUSTOMERS:

	December 31,	
	2014	2013
	<u>N.I.S.</u>	<u>N.I.S.</u>
Checks - receivable	71,762	36,980
Credit cards	115,715	123,828
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	<u>187,477</u>	<u>160,808</u>

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

5. FIXED ASSETS, NET:

	<u>Rate of Depreciation</u> %	<u>Cost</u> N.I.S.	<u>Accumulated Depreciation</u> N.I.S.	<u>Undepreciated balance</u> N.I.S.
<u>December 31, 2014</u>				
Vehicles	15	31,055	3,399	27,656
Furniture and equipment	7-12	1,474,984	1,042,101	432,883
Computers	33.33	445,493	408,451	37,042
Electronic devices	15	352,949	213,280	139,669
Leasehold improvements	10	<u>5,758,952</u>	<u>4,031,760</u>	<u>1,727,192</u>
Total		<u>8,063,433</u>	<u>5,698,991</u>	<u>2,364,442</u>
<u>December 31, 2013</u>				
Vehicles		111,323	34,519	76,804
Furniture and equipment	7-12	1,462,162	886,618	575,544
Computers	33.33	443,116	376,706	66,410
Electronic devices	15	337,397	165,855	171,542
Leasehold improvements	10	<u>5,558,229</u>	<u>3,474,628</u>	<u>2,083,601</u>
Total		<u>7,912,227</u>	<u>4,938,326</u>	<u>2,973,901</u>

6. SUPPLIERS AND SERVICE PROVIDERS:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>N.I.S.</u>	<u>N.I.S.</u>
Open accounts	681,338	661,981
Checks - payable	<u>121,293</u>	<u>25,790</u>
Total	<u>802,631</u>	<u>687,771</u>

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

7. CREDITORS AND CREDIT BALANCES:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>N.I.S.</u>	<u>N.I.S</u>
Provision for vacation pay	179,561	236,179
Employees payroll	298,159	342,568
Institutions	155,858	248,943
Credit card companies	-	1,777
Expenses payable	<u>15,000</u>	<u>15,000</u>
Total	<u><u>648,578</u></u>	<u><u>844,467</u></u>

8. PROVISSION FOR SEVERANCE PAY :

A.

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
	<u>N.I.S.</u>	<u>N.I.S</u>
Provision for severance pay	805,205	962,590
<u>Less: Deposits in severance pay funds</u>	<u>(381,920)</u>	<u>(499,190)</u>
Total	<u><u>423,285</u></u>	<u><u>463,400</u></u>

B. The majority of the Amuta's liability for severance pay, retirement and pensions of its employees, is covered by regular deposits in pension funds, severance funds and insurance schemes. The accumulated deposits are neither under the control nor the management of the Amuta, and are therefore not reflected in these financial statements. The liability reflected in these financial statements for severance pay, retirement and pension reflects that amount that is not covered by the above funds.

NALAGA'AT (DO TOUCH) - AMUTA

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

10. FINANCIAL EXPENSES, NET:

	For the Year Ended December 31,	
	<u>2014</u>	<u>2013</u>
	<u>N.I.S.</u>	<u>N.I.S</u>
Interest from institution	298	-
Bank fees	51,645	40,635
Exchange and linkage differences	10,011	1,166
other	<u>372</u>	<u>-</u>
Total financial expenses, net	<u><u>62,326</u></u>	<u><u>41,801</u></u>