

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

Financial Statements

As of December 31, 2020

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

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TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

AUDITORS' REPORT TO THE MEMBERS OF TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

We have audited the accompanying balance sheet of Transparency International - Israel (Registered Association, not-for-profit organization) (hereafter - "the association") as of December 31, 2020 and 2019, the related statements of operations and the statements of changes in assets, net for each for the years ended on those dates. These financial statements are the responsibility of the management of the association. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Israel Auditors Regulations (Auditor's Mode of Performance) - 1973. Those standards require that we 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 management of the association, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 association as of December 31, 2020 and 2019, and the results of its operations and the changes in its assets, net for each for the years ended on those dates in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Knobel Beltzer & Co
Knobel Beltzer & Co.
Certified Public Accountants (Isr.)

Tel-Aviv June 17, 2021.

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TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

BALANCE SHEET

	<u>Note</u>	<u>New Israeli shekel</u>	
		<u>December 31,</u>	
		<u>2 0 2 0</u>	<u>2 0 1 9</u>
Current Assets			
Cash and cash equivalents		84,504	99,811
Other debtors and debit balances		<u>--</u>	<u>13,455</u>
		<u>84,504</u>	<u>113,266</u>
Non-current assets			
Fixed assets, net	3	<u>--</u>	<u>--</u>
		<u>--</u>	<u>--</u>
		<u>84,504</u>	<u>113,266</u>
Current Liabilities			
Other creditors and credit balances	4	<u>14,461</u>	<u>47,913</u>
Net Assets			
Unrestricted assets:			
Used for operations		<u>70,043</u>	<u>65,353</u>
		<u>70,043</u>	<u>65,353</u>
		<u>84,504</u>	<u>113,266</u>

Date of approval of the financial statements: June 17, 2021.


Board Member


Board Member

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

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

RELATED STATEMENT OF OPERATIONS

	<u>Note</u>	<u>New Israeli shekel</u> <u>For the year ended</u> <u>December 31,</u>	
		<u>2 0 2 0</u>	<u>2 0 1 9</u>
Income	5	316,914	342,293
Cost of operations	6	<u>(294,142)</u>	<u>(380,399)</u>
Net income (expenses) from operations		22,772	(38,106)
Administrative and General expenses		<u>(15,845)</u>	<u>(19,857)</u>
Net income (expenses) before finance		6,927	(57,963)
Net Financial costs		<u>(2,237)</u>	<u>(2,709)</u>
Net income (deficit) for the year		<u>4,690</u>	<u>(60,672)</u>

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

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

STATEMENTS OF CHANGES IN ASSETS, NET

	<u>New Israeli Shekel</u>		
	<u>Unrestricted assets</u>		
	<u>Used for</u> <u>Operations</u>	<u>Used for</u> <u>Fixed</u> <u>Assets</u>	<u>Total</u>
Balance as of January 1, 2019	124,408	1,617	126,025
<u>Additions during the year:</u>			
Net Deficit for the year	(60,672)	--	(60,672)
To Cover Depreciation Expenses	<u>1,617</u>	<u>(1,617)</u>	<u>--</u>
Balance as of December 31, 2019	65,353	--	65,353
<u>Additions during the year:</u>			
Net Income for the year	<u>4,690</u>	--	<u>4,690</u>
Balance as of December 31, 2020	<u>70,043</u>	<u>--</u>	<u>70,043</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - General

- a. Transparency International - Israel (R. A) (hereafter - "the Association") was registered on January 26, 1999. Its registration number is 58-033-257-5.
- b. The organization's goals are to encourage organizational transparency in society, government and the economy, to develop and implement ethics and social responsibility programs, to reduce corruption, and to encourage cooperation in Israeli and international coalitions for similar purposes.
- c. The association is classified as a non-profit organization for the purpose of VAT.
- d. The Association is recognized by the Tax Authorities as a Charitable Institution for donors tax benefit purposes. The recognition has been extended until December 31, 2023.
- e. The Association has the certificate of Good Governance from Israeli Ministry of Justice until December 31, 2021.
- f. **Substantial events after the reporting date - Impact of the Corona Virus spread:**

The continued spread of the Corona virus and the operations taken by the countries of the world and Israel dynamically to defeat it, including restrictions on civilian movement, domestic isolation, significant reductions in manpower (especially in the private sector), business closures, etc., cause major economic uncertainty including, among others, slowdown in business activity, operational limitations, a huge increase in the unemployment rates, sharp volatility in foreign exchange rates, declines in the capital markets in Israel and worldwide and a decline in the general mood of the population.

According to the association's estimation, the most significant possible consequences of the event and its duration, which may adversely affect fundraising for the association, are:

- A. Impairment of the financial strength of the donors that may lead to financial losses among private and other donors to the association.
- B. Restriction of gatherings in public places that may prevent conferences and fundraising events.

It shall be clarified, that at this stage in view of the fact, that this is an ongoing and dynamic event, characterized by high level of uncertainty, the association does not have neither the ability to anticipate all possible effects in the world as a whole and in Israel in particular and the additional actions to be taken by the relevant authorities, nor to predict the extent of the various effects of the COVID-19 spread on the results of its activities in the immediate, medium and long term.

In the association's estimation, true for the date of publication of the financial statements, the association's conduct and the actions taken by it will enable it to act optimally in the circumstances described above, and to reduce the impact of the event on the results of its activities.

g. Cash flows

Statements of cash flows have not been presented. In the opinion of the Association's management, their introduction would not provide any significant additional information.

NOTES TO FINANCIAL STATEMENTS

Note 1 - General (continue)

h. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

i. Definitions

The Association - Transparency International - Israel (R.A).

Net assets - the difference between the assets of the Association and its liabilities.

Restriction - restriction on the use of net assets determined by the stipulations of donors, supporters or grant grants to the Association.

Index - Consumer Price Index.

Dollar - US Dollar.

Note 2 - Accounting Principles

The significant accounting policies that were applied in the financial statements, on a consistent basis, are:

a. Basis of reporting of the financial statements

The financial statements are stated in reported values (In terms of the Association: nominal values) per accounting standards of the Israel Accounting Standards Board.

b. Cash equivalents

Cash equivalents are considered by the Association as investments in high liquidity, including short term deposits in banks, in which the original deposit period is no longer than 3 months from the date of the investment, and those investments are not limited in use or under general line.

c. Fixed assets

Fixed assets are stated at cost net of accumulated depreciation.

Depreciation is calculated by the straight-line method at rates which are deemed adequate to depreciate the assets over their estimated useful lives, as follows:

Computers, software and website	<u>%</u> 33
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d. Revenue recognition

Revenues are recognized on a cumulative basis. Donations are recognized on the date of their receipt or in cases where an irrevocable obligation was created by the donor towards the Association, which relates to the reporting period.

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

NOTES TO FINANCIAL STATEMENTS (continue)

Note 2 - Accounting Principles (continue)

e. Services received without charge

In the financial statements, the Association includes services that it received, without consideration, both as income and as expenses, at their fair value (hereafter - "Valuable operations").

f. Changes that have occurred during the reported years of the rates of exchange and the consumer price index:

	Official rate of exchange of <u>U.S \$</u> <u>NIS</u>	<u>Consumer</u> <u>Price index</u> <u>Points (*)</u>
<u>As of:</u>		
December 31, 2020	3.215	119.64
December 31, 2019	3.456	120.48
	<u>%</u>	<u>%</u>
<u>Rate of change during the year</u> <u>ended:</u>		
At December 31, 2020	(6.97)	(0.69)
At December 31, 2019	(7.79)	0.60

(*) By average base of 2006 = 100 points.

Note 3 - Fixed Assets - net

	<u>Software</u> <u>and</u> <u>website</u>	<u>Total</u>
<u>Cost</u>		
At January 1, 2020	15,093	15,093
Additions during the year	--	--
At December 31, 2020	15,093	15,093
	-----	-----
<u>Accumulated depreciation</u>		
At January 1, 2020	15,093	15,093
Additions during the year	--	--
At December 31, 2020	15,093	15,093
	-----	-----
Depreciated cost as of December 31, 2020	<u> --</u>	<u> --</u>
Depreciated cost as of December 31, 2019	<u> --</u>	<u> --</u>

TRANSPARENCY INTERNATIONAL - ISRAEL (R.A)

NOTES TO FINANCIAL STATEMENTS (continue)

Note 4 - Other Creditors and credit balances

	New Israeli shekel December 31,	
	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Employees and Institutions	--	23,063
Other	<u>14,461</u>	<u>24,850</u>
	<u>14,461</u>	<u>47,913</u>

Note 5 - Income

	New Israeli shekel For the year ended December 31,	
	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Membership fees	3,030	2,208
Donations	213,348	308,849
Valuable operations	<u>100,536</u>	<u>31,236</u>
	<u>316,914</u>	<u>342,293</u>

Note 6 - Cost of operations

	New Israeli shekel For the year ended December 31,	
	<u>2 0 2 0</u>	<u>2 0 1 9</u>
Vocational operations (*)	284,485	343,187
Maintenance of internet web site	7,452	7,020
Payroll and related expenses	--	23,000
Other	<u>2,205</u>	<u>7,192</u>
	<u>294,142</u>	<u>380,399</u>
(*) Including Valuable operations	<u>100,536</u>	<u>31,236</u>

Note 7 - Administrative and General expenses

The division of expenses between management and general expenses and the cost of the activities was carried out according to the assessment of the management of the Association.

Note 8 - Additional Information

The bookkeeping is carried out by the accounting department of the auditing firm.