

*MASAR - Educational Center (R.S.)*

*Financial Report for 2013*

**MASAR - Educational Center (R.S.)**

**Financial Report for 2013**

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### Independent Auditors' Report to the General Members

We have audited the accompanying balance sheet of the society MASAR - Educational Center (R.S.) as of December 31, 2013 and the related statement of operations for the period ended December 31 2013 . These financial statements are the responsibility of the society's committee and management. Our responsibility is to express an opinion on these financial statements based on our audit .

The amounts presented as comparative previous year were audited by other auditors  
There Opinion on the financial statements referred to above was unqualified

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors Regulations (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 association management, 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 present fairly, in all material respects, the financial position of the Society as of December 31 2013 and the results of its operations for the period ended December 31, 2013, in conformity with generally accepted accounting principles.

30.06.2014

Zuabi nader & co.

Certified Public Accountant



# MASAR - Educational Center (R.S.)


## Assets and Liabilities

	<u>Note</u>	<u>As at December 31</u>	
		<u>2013</u>	<u>2012</u>
		<u>NIS</u>	<u>NIS*</u>
<b><u>ASSETS</u></b>			
<b><u>Current assets</u></b>			
Petty cash		105	537
Current shekels bank account - Mercantile Bank		72,476	-
Deposit in Shekels (NIS)		28,496	2,300
Checks on custody - Mercantile Bank		205,881	219,380
Current euro account - Mercantile Bank		96,626	789,683
Credit card - balances for collection		40,884	24,393
Revenues receivable for study plans, services and groups		-	324,434
Parents receivables		241,092	77,175
Other receivables	3	159,932	35,134
<b>Total current assets</b>		<b>839,492</b>	<b>1,473,036</b>
<b><u>Fixed assets</u></b>	4	<b>19,340</b>	<b>28,011</b>
<b>Total assets</b>		<b>858,832</b>	<b>1,501,047</b>
<b><u>LIABILITIES AND Surplus</u></b>			
<b><u>Current liabilities</u></b>			
Post-dated checks - Mercantile Bank		-	19,075
Employees payable		99,082	56,180
Other payables	5	299,924	111,041
Loan from Mercantile Bank		56,000	56,000
Checks to pay		133,527	15,995
Revenues in advance for study plans and services		-	278,294
<b>Total current liabilities</b>		<b>588,533</b>	<b>536,585</b>
<b><u>Long-term liabilities</u></b>			
Reserve for severance pay - net	6	37,980	73,107
<b>Total long-term liabilities</b>		<b>37,980</b>	<b>73,107</b>
<b><u>Net assets - Surplus</u></b>			
Net assets on which there are no restrictions:			
Used for activities		208,588	84,831
Used for fixed assets		19,340	28,011
Net assets on which there is a restriction:			
Of a temporary nature (Appendix 4)		4,391	778,513
<b>Total net assets</b>		<b>232,319</b>	<b>891,355</b>
<b>Total net assets and liabilities</b>		<b>858,832</b>	<b>1,501,047</b>

\*Restated.

\*Explanations and Notes are an integral part of this Financial Report  
Nazareth, 30.06.2014

  
- Member of Committee

  
- Member of Committee



# MASAR - Educational Center (R.S.)

## Statement of Income and Expenditure

	For the year ended	
	December 31	
	2013	2012
Note	NIS	NIS
<b><u>Turnover from activities</u></b>		
<b><u>Revenues from study plans and services:</u></b>		
Revenues from study plans and services	1,170,400	1,166,400
Less: Discounts "brother pupils"		
& Socio-economic discounts	-137,766	-126,252
Revenues from groups	33,042	25,230
<b>Study plans and services - net</b>	<b>1,065,676</b>	<b>1,065,378</b>
<b><u>Other revenues:</u></b>		
Revenues from donations and support	2,450	2,500
Revenues from earmarked donations	205,380	1,133,821
Revenues from earmarked donations for discounts	61,632	-
Revenues from community and other activities	15,090	12,170
Other Revenues	-	1,700
<b>Total turnover from activities</b>	<b>1,350,228</b>	<b>2,215,569</b>
<b><u>Direct Cost of activities</u></b>		
Total labor expenses	1,185,349	916,924
Direct expenses (Appendix 1)	696,211	210,694
	1,881,560	1,127,618
General and administrative expenses (Appendix 2)	121,709	219,992
Financing expenses, net (Appendix 2)	5,995	9,060
<b>Total cost</b>	<b>2,009,264</b>	<b>1,356,670</b>
<b>Surplus (deficit) for the year of activities</b>	<b>-659,036</b>	<b>858,899</b>

\*Explanations and Notes are an integral part of this Financial Report

## MASAR - Education Center (R.S.)

### Statements of changes in net assets

	<u>Net assets on which there is no restriction</u>		<u>Net assets on which there are restrictions of a temporary nature</u>	<u>Total</u>
	<u>Used for activities</u>	<u>Used for fixed assets</u>		
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<b>Balance as at January 1, 2012</b>	<u>2,100</u>	<u>32,201</u>	<u>-1,845</u>	<u>32,456</u>
<b><u>Additions during the period</u></b>				
Revenues for the year	73,511	-	785,388	858,899
<b><u>Withdrawals during the period</u></b>				
Transfer of amounts on which there is no restriction - used for fixed assets	-5,000	5,000	-	-
Amounts transferred to cover depreciation expenses	9,190	-9,190	-	-
Release of amounts from restriction - used for activities	5,030	-	-5,030	-
<b>Balance as at January 1, 2013</b>	<b>84,831</b>	<b>28,011</b>	<b>778,513</b>	<b>891,355</b>
<b><u>Additions during the year</u></b>				
Revenues for the year	115,261	-	-774,297	-659,036
<b><u>Withdrawals during the year</u></b>				
Release of amounts from restriction - used for activities	-175		175	
Amounts transferred to cover depreciation expenses	8,671	-8,671	-	-
<b>Balance as at December 31, 2013</b>	<b>208,588</b>	<b>19,340</b>	<b>4,391</b>	<b>232,319</b>

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## MASAR - Educational Center (R.S.)

### Appendix 1

#### Direct expenses, according to activities

	<u>For the year ended December 31</u>					
	<u>2013</u>			<u>2012</u>		
	<u>Total</u>	<u>School</u>	<u>Dedicated</u>	<u>Total</u>	<u>School</u>	<u>Dedicated</u>
	<u>NIS</u>	<u>NIS</u>	<u>activities</u> <u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>activities</u> <u>NIS</u>
Groups and external pupil school activities	43,214	43,214	-	38,403	38,403	-
Food for the pupils	9,186	9,186	-	10,635	10,635	-
Transport and trips for pupils	3,155	3,155	-	-	-	-
Schoolbooks and pedagogic accessories	10,028	9,853	175	8,398	8,398	-
Community activity expenses	-	-	-	10,819	10,819	-
project expenses	630,628	-	630,628	142,439	-	142,439
<b>Total direct expenses</b>	<b>696,211</b>	<b>65,408</b>	<b>630,803</b>	<b>210,694</b>	<b>68,255</b>	<b>142,439</b>

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## MASAR - Educational Center (R.S.)

### Appendix 2

#### General, administrative and financing expenses, according to activities

	For the year ended December 31							
	2013				2012			
	<u>Total</u>	<u>School</u>	<u>Dedicated</u>	<u>Admini- stration</u>	<u>Total</u>	<u>School</u>	<u>Dedicated</u>	<u>Admini- stration</u>
	<u>NIS</u>	<u>NIS</u>	<u>Activities</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>Activities</u>	<u>NIS</u>
Telephone and post	8,830			8,830	5,249	1,050	-	4,199
Cellular phone expenses	6,817			6,817	5,427	1,357	-	4,070
Electricity expenses	2,447			2,447	4,883	1,221	-	3,662
Mineral water expenses	-			-	705	-	-	705
Stationery and printing	-			-	11,283	7,218	-	4,065
Vacating paper waste expenses	-			-	1,437	1,437	-	-
Computer network service and programming	11,180			11,180	2,679	2,009	-	670
Administrative expenses	4,218	2,478		1,740	470	470	-	-
Internet subscription	2,655			2,655	2,979	2,234	-	745
Rent	10,400			10,400	17,551	4,388	-	13,163
Nazareth Municipality taxes	1,931			1,931	2,176	544	-	1,632
Current maintenance and cleaning of office	5,506			5,506	257	-	-	257
Bookkeeping and auditing	24,040			24,040	73,080	62,849	-	10,231
Levies and licenses	2,914			2,914	1,273	-	-	1,273
Institutions, linkage and interest	304	304		-	10,609	10,609	-	-
Legal expenses	-			-	55,800	-	-	55,800
Insurance	3,339			3,339	-	-	-	-
Maintenance of school	1,758	1,758		-	1,070	1,070	-	-
Further study and training	3,566	3,566		-	1,552	1,552	-	-
Bank commissions and expenses	8,854	8,854		-	12,324	11,092	-	1,232
Credit card commissions	2,233	2,233		-	3,323	3,323	-	-
Bank interest	724	724		-	1,606	1,606	-	-
Loan interest	3,041	3,041		-	3,141	3,141	-	-
Less: revenues from short-term deposit interest	-3	-3		-	-63	-63	-	-
Rate of exchange differences and foreign currency balances	14,279			14,279	1,053	-	1,053	-
Depreciation for the year	8,671	2,986		5,685	9,190	4,060	-	5,130
<b>Total general and administrative expenses</b>	<b>127,704</b>	<b>25,941</b>		<b>101,763</b>	<b>229,054</b>	<b>121,167</b>	<b>1,053</b>	<b>106,834</b>

\*Explanations and Notes are an integral part of this Financial Report



**MASAR - Educational Center (R.S.)**  
**Appendix 3**  
**Statements of activities, according to activities**

	For the year ended December 31							
	2013				2012			
	<u>Total</u>	<u>School</u>	<u>Dedicated</u>	<u>Admini-</u>	<u>Total</u>	<u>School</u>	<u>Dedicated</u>	<u>Admini-</u>
	<u>NIS</u>	<u>NIS</u>	<u>Activities</u>	<u>stration</u>	<u>NIS</u>	<u>NIS</u>	<u>Activities</u>	<u>stration</u>
			<u>NIS</u>	<u>NIS</u>			<u>NIS</u>	<u>NIS</u>
<b>Revenues from study and service programs:</b>								
Study and service programs	1,170,400	1,170,400	-	-	1,166,400	1,166,400	-	-
Less: Discounts to "brother pupils"								
& Socio-economic discounts	-137,766	-137,766	-	-	-126,252	-126,252	-	-
Revenues from group activities	33,042	33,042	-	-	25,230	25,230	-	-
<b>Study plans and services - net</b>	<b>1,065,676</b>	<b>1,065,676</b>	<b>-</b>	<b>-</b>	<b>1,065,378</b>	<b>1,065,378</b>	<b>-</b>	<b>-</b>
<b>Other revenues:</b>								
Revenues from donations	2,450	-	-	2,450	2,500	-	-	2,500
Revenues from earmarked donations	205,380	-	205,380	-	1,133,821	-	962,821	171,000
Revenues from earmarked donations for discounts	61,632	61,632	-	-	-	-	-	-
Revenues from community activities	15,090	15,090	-	-	12,170	12,170	-	-
Other revenues	-	-	-	-	1,700	-	-	1,700
<b>Total revenues from activities</b>	<b>1,350,228</b>	<b>1,142,398</b>	<b>205,380</b>	<b>2,450</b>	<b>2,215,569</b>	<b>1,077,548</b>	<b>962,821</b>	<b>175,200</b>
<b>Cost of activities</b>								
Total labor expenses	1,185,349	676,528	348,874	159,947	916,924	773,779	33,941	109,204
Direct expenses (Appendix 1)	696,211	65,408	630,803	-	210,694	68,255	142,439	-
General administrative expenses (Appendix 2)	121,709	19,946	-	101,763	219,992	113,158	-	106,834
Net financing expenses (Note 10)	5,995	5,995	-	-	9,060	8,007	1,053	-
<b>Total cost of activities</b>	<b>2,009,264</b>	<b>767,877</b>	<b>979,677</b>	<b>261,710</b>	<b>1,356,670</b>	<b>963,199</b>	<b>177,433</b>	<b>216,038</b>
<b>Surplus (deficit from activities)</b>	<b>-659,036</b>	<b>374,521</b>	<b>-774,297</b>	<b>-259,260</b>	<b>858,899</b>	<b>114,349</b>	<b>785,388</b>	<b>-40,838</b>

**\*Explanations and Notes are an integral part of this Financial Report**

## MASAR - Educational Center (R.S.)

### Appendix 4

#### Net assets on which there is a restriction, balances and changes

	<u>Total</u>	<u>EFP</u>	<u>Ana</u>	<u>E.U</u>	<u>Exchange</u>	<u>Welfare</u>	<u>Euro</u>
		<u>Project</u>	<u>frank</u>	<u>Project</u>	<u>students</u>		<u>Med</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Balance as at January 1, 2013	778,513	-5,373	-3,671	789,477	-	-	-1,920
Revenues during 2013	205,380	-	-	-	23,438	162,026	19,916
<b>Total sources</b>	<b>983,893</b>	<b>-5,373</b>	<b>-3,671</b>	<b>789,477</b>	<b>23,438</b>	<b>162,026</b>	<b>17,996</b>
<u>Direct expenses</u>							
Total labor expenses	348,874	-	-	306,849	-	42,025	-
Cost of activities	630,628	-	-	447,407	19,348	131,992	31,881
Total cost of activities	979,502	-	-	754,256	19,348	174,017	31,881
<b>Balance as at December 31, 2013</b>	<b>4,391</b>	<b>-5,373</b>	<b>-3,671</b>	<b>35,221</b>	<b>4,090</b>	<b>-11,991</b>	<b>-13,885</b>

- Income from EU project was revenue in 2012 ,  
While the project's expenditures were recorded in 2013

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## **MASAR - Educational Center (R.S.)**

### **Notes to the financial report for 2013**

#### **1. General**

- a. The MASAR Society is registered as Society No. 58-034-187-3 as 09.03.2000
- b. The objects of the MASAR Society:
  - 1) To contribute to the development of culture which respects and values differences both in the Arab society and in society in general.
  - 2) To contribute to the development and promotion of a new approach to education.
  - 3) To promote system changes in government policies and that of the Ministry of Education in order to provide the educational and social needs of the Arab society in Israel.
- c. In order achieve these objects, the MASAR Society develops and forms an alternative educational environment by:
  1. Documentation, research and development of educational activities in the MASAR school in the elementary and high schools stages.
  2. Documentation, research and development in the process of training the team of teachers for alternative teaching and the development of a different educational environment.
  3. Connections with institutions (such as academic and others) and/or individuals engaged in education in general and alternative education in particular.
  4. Change in the policy and procedures of the central and local authorities for managing educational systems by creating a different culture of management with the MASAR school.
  5. Distribution of know-how formulated by providing consulting and support to new initiatives and/or the distribution of documents for systems engaged in education, including the Ministry of Education and the local authority.

Therefore, the flagship project, the school, is considered an engine which operates the other activities, in the research field, training teachers, changing policy and disseminating know-how.

d. In the year that started on 1/9/2012, the school had 289 students.

E. In 2013 the Organization has 32 employees .

#### **2. Accounting policies**

##### **a. Discontinuation of the adjustment of the financial statements:**

In 2001 the Israel Accounting Standards Board published Accounting Standard No. 12, the discontinuation of the adjustment of the financial statements. According to this standard - after the implementation starting date was amended according to Standard 17 published in October 2002, the adjustment of the financial statements to inflation was discontinued as from January 1, 2004.



**b. Starting point for the preparation of financial statements:**

1. The Society prepared its balance sheet as at December 31, 2003 on the basis of historical cost adjusted to the consumer price index. This adjusted amount, included in the balance sheet as at December 31, 2003 (the transition date) served as a starting point for nominal financial reporting as from January 1, 2004. Additions made during the year were included at their nominal values.
2. In the balance sheet as at December 31, 2004, "cost" means cost in reported amounts.
3. Comparative figures in the balance sheet - as at December 31, 2003 - are presented after being adjusted to the index of the previous reporting period (i.e., the index of the transition date, the index for December 2003).

**c. The financial statements in reported amounts:**

1. Definitions

**Transition date** - December 31, 2003.

**Adjusted amount** - the nominal historical amount adjusted according to the provisions of Pronouncements 23 and 36.

**Reported amount** - the adjusted amount on the transition date plus amounts in nominal values added after the transition date, and less amounts after the transition date (withdrawal of amounts after the transition date were made in nominal historical value, in adjusted values on the transition date, or a combination of nominal historic amounts adjusted to the transition date, whichever relevant).

2. Balance sheet

- a. Non-monetary items are presented at their reported amounts.
- b. Monetary items are presented in the balance sheet at their nominal historical amounts on the balance sheet date.

3. Statement of activities

All the items of the statement of activities are presented in nominal historical amounts.

4. Statement of changes in net assets

- a. On the dates and periods of report up to December 31, 2003, this statement was presented in nominal historic amounts plus adjusted amounts as required by the pronouncements of the Institute of Certified Public Accountants in Israel, which are presented jointly and separately, whichever relevant.
- b. On the dates and periods of report after December 31, 2003, this statement is presented in reported amounts.

**3. Other receivables**

**Description**

	<b><u>As at December 31</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Balance of returned checks	31,176	31,176
Supplies and debit	125,476	543
Balance of Hadas severance pay	3,280	3,280
Current dollar account	-	135
<b>Total</b>	<b><u>159,932</u></b>	<b><u>35,134</u></b>



#### 4. Fixed assets

Description	Adjusted cost	Accumulated adjusted depreciation	Adjusted depreciated balance
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Electrical Equipment	120,516	110,402	10,114
Office Furniture	16,330	9,843	6,487
Musical Instruments	46,127	43,388	2,739
Total	182,973	163,633	19,340

#### 5. Other payables

<u>Description</u>	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Suppliers	251,024	39,874
Government agencies	29,239	11,328
Eligible for membership fees	6,300	-
Further Study Fund - First International Bank	3,643	3,712
Menorah Mivtahim	9,718	56,127
<b>Total</b>	<b>299,924</b>	<b>111,041</b>

#### 6. Severance pay reserve - net

The following are the amounts of reserve and funded amount of severance pay for those employees, on the balance sheet date:

<u>Description</u>	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Reserve for severance pay	381,107	300,400
Funded amount for severance pay	-343,127	-227,293
<b>Deficit (net reserve)</b>	<b>37,980</b>	<b>73,107</b>

**7. Reserve for doubtful debts**

The amount of the reserve for doubtful debts relates to that part of total debts of the school's pupils' parents, for study programs, services and groups, up to the balance sheet date for the years 2012 and 2013. The amount of the reserve for doubtful debts is estimated according to an aged list of parents' debts and a review of the development up to the date of signing the financial statements. The list was prepared by the Society's management and on its responsibility.

**8. Revenues from donations and support**

Composition of revenues from donations, according to the donors, is as follows:

<u>Description</u>	<u>Nature of Donation</u>	<u>2013</u> <u>NIS</u>	<u>2012</u> <u>NIS</u>
Friends of the Society	Not earmarked	-	2,500
EFP Germany	Earmarked	-	65,977
Exchange students	Earmarked	23,438	-
Welfare Association	Earmarked	162,026	-
Ana frank	Earmarked	-	71,343
Herms	Earmarked	-	9,820
Once upon today	Earmarked	-	26,204
Nazareth Fund	Earmarked	-	150,000
Euro Med	Earmarked	19,916	-
E.U	Earmarked	-	789,477
Friends of the Society	Earmarked	-	21,000
<b>Total</b>		<b>205,380</b>	<b>1,136,321</b>

Contribution for the sum of "exchange students" 23,438 NIS

WELFARE contribution from a joint project with Hiwar

Contribution from Euro med 19,916 NIS

Donation from Nazareth Fund 150,000 NIS intended to finance development department programs and activities

EU PROJECT - the first payment is received at the end of 2012, for a multi-year project and staff training in the field of research which starts at 01.01.2013.

Donation 21,000 NIS was earmarked to finance the legal expenses in connection with the claim against The association

Other contributions were earmarked for projects that revenues and expenses in respect thereof listed in Appendix 4.

## **9. Revenues from Nazareth municipality**

As of 04/2011 part of high school teachers were about getting their salaries Directly from the Nazareth municipality . in 2012 and in 2013 the association Did not receive income from Nazareth municipality .

## **10. Financing expenses, net**

<b><u>Description</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Bank interest	724	1,606
Interest and commissions for credit cards	2,233	3,323
Interest on loans	3,041	3,141
Revenues from short-term deposit interest	-3	-63
Rate-of-exchange differences on foreign currency balances	-	1,053
<b>Total</b>	<b><u>5,995</u></b>	<b><u>9,060</u></b>

## **11. Contingent Liabilities**

At the end of 2011, filed a legal demand in Nazareth Court by the parents of students against the Ministry of Education and the Association of Masar, seeking reimbursement of the amount of total interest ₪152,534 and linkage

Two statements of defense were filed both by the Ministry of Education and by the Association, for outstanding claims and is at the Nazareth Court.

It should be noted that parents , and the association filed a petition against the returns regarding payments of parents

At The balance sheet date has not yet received a ruling regarding.