



ZIV HAFT
Certified Public Accountants (Isr.)

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Auditor's Report

To the Members of

Be'er-Sheva

(Association in accordance with Non-Profit Organizations Act - 1980)

We have audited the accompanying balance sheets of Be'er Sova ("the Association") as of December 31, 2008 and 2007, the reports of operations and the reports of changes in net assets of the years ended on those dates. These financial reports are the responsibility of the Association Board Members. Our responsibility is to express an opinion on these financial reports based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed by the Auditor's Regulations (Auditor's Mode of Performance)-1973. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial reports. An audit also includes assessing the accounting principles used and significant estimates made by the Association's Board and Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial reports present fairly, in all material respects, the financial position of the Association as of December 31, 2008 and 2007, the results of its operations and the changes in net assets for the years ended on those dates, in conformity with generally accepted accounting principles.

As explained in Note No.2, the financial statements are presented in reported amounts in accordance with accounting standards pronounced by the Israel Accounting Standards Board.


Ziv Haft, C.P.A. (Isr.)
Be'er-Sheva

Omer, September 2, 2009.

Be'er Sova
Balance Sheets
As at December 31
(New Israeli Shekels)
Reported (1)

	<u>Note</u>	<u>2008</u>	<u>2007</u>
Current Assets			
Cash in Hand in and in Bank		50,736	13,538
Short-term Bank Deposits		428,787	1,025,684
Investment in Debentures		400,555	-
Checks Receivable		10,583	38,685
Trade and other Receivables	(3)	<u>74,510</u>	<u>39,473</u>
		<u>965,171</u>	<u>1,117,380</u>
Fixed Assets			
	(4)	<u>650,064</u>	<u>743,414</u>
		<u>1,615,235</u>	<u>1,860,794</u>

(1) See note 2(b)

THE NOTES TO THE FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THE STATEMENTS.

Be'er Sova
Balance Sheet
As at December 31
(New Israeli Shekels)
Reported (1)

	<u>Note</u>	<u>2008</u>	<u>2007</u>
Current Liabilities			
Liabilities to Suppliers and Services Suppliers	(5)	86,115	39,501
Other Liabilities	(6)	286,694	335,598
		<u>372,809</u>	<u>375,099</u>
Severance Pay Commitment, net	(7)	<u>18,266</u>	<u>14,040</u>
Net Assets			
Unrestricted Net Assets:			
For Use in Activities		574,096	728,241
For Use of Fixed Assets		650,064	743,414
		<u>1,224,160</u>	<u>1,471,655</u>
		<u>1,615,235</u>	<u>1,860,794</u>

(1) See note 2(b)

Prof. Vered Slonim-Nevo
 Chairwoman of
 Association Board

Yael Sonin
 Member of
 Association Board

Be'er Sheva, September 2, 2009.

THE NOTES TO THE FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THE STATEMENTS.

Be'er Sova
Report of Operating Activities
For the Year ended December 31
(New Israeli Shekels)

	<u>Reported (1)</u>		
	<u>Note</u>	<u>2008</u>	<u>2007</u>
Revenue From Operating Activities			
Supportive income	(8)	35,147	59,076
Income from Beneficiaries		165,458	139,030
Income from Donations in Israel	(9)	1,474,517	1,157,476
Income from Donations from Abroad	(10)	508,201	926,678
		<u>2,183,323</u>	<u>2,282,260</u>
Cost of Operating Activities			
Soup Kitchen project	(11)	1,040,395	1,009,489
Sandwich Distribution project		2,166	81,401
School Hot Meal Dishes		-	45,600
After school enrichment program	(12)	122,719	230,568
Volunteers project	(13)	64,615	90,054
Food Packages Distribution for the needy		346,917	133,365
Resource development	(14)	120,015	89,495
Meals on Wheels	(15)	204,027	196,167
Evening Family project	(16)	71,141	23,283
Management and General	(17)	225,673	304,705
Food Security Center	(18)	99,426	42,718
Depreciation		129,484	116,713
		<u>2,426,578</u>	<u>2,363,558</u>
Net expense, prior to Financing Income		<u>(243,255)</u>	<u>(81,298)</u>
Net Finance Revenues/ (Expenses)		(4,240)	2,547
Net expense for the Year		<u>(247,495)</u>	<u>(78,751)</u>

(1) See note 2(b)

THE NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THE STATEMENTS.

Be'er Sova
Reports of Changes in Net Assets
(New Israeli Shekels)

Reported (1)

	<u>Unrestricted Net Assets</u> For Use of		<u>Restricted</u> <u>net Assets</u>	<u>Total</u>
	<u>For Use in</u> <u>Activities</u>	<u>Fixed</u> <u>Assets</u>	<u>temporarily</u>	
Balance at January 1, 2007	837,485	495,625	103,822	1,436,932
Additional Revenues during the year:				
Donation by the Claims Conference	-	-	38,474	38,474
Donation by the Rashi Foundation	-	-	75,000	75,000
Reductions during the year:				
Net expense for the year	(78,751)	-	-	(78,751)
Transfer of restricted Amounts for the Purchase of Fixed Assets	-	217,296	(217,296)	-
Transfer of Unrestricted Amounts for the Purchase of Fixed Assets	(147,206)	147,206	-	-
Amounts transferred to cover Depreciation Expenses	116,713	(116,713)	-	-
Balance at December 31, 2007	<u>728,241</u>	<u>743,414</u>	<u>-</u>	<u>1,471,655</u>
Reductions during the year:				
Net expense for the year	(247,495)	-	-	(247,495)
Transfer of Unrestricted Amounts for the Purchase of Fixed Assets	(36,134)	36,134	-	-
Amounts transferred to cover Depreciation Expenses	129,484	(129,484)	-	-
Balance at December 31, 2008	<u>574,096</u>	<u>650,064</u>	<u>-</u>	<u>1,224,160</u>

(1) See note 2(b)

Be'er Sova

Notes to the Financial Statements

Note 1 - General

Be'er Sova is an Association, registered in accordance with Non-Profit Organizations Act-1980 on December 14, 1999 and its registration number is 58-035218-5. The purposes of the Association is to initiate, found and operate and/or manage Restaurants and Soup Kitchens for the needy, assist them and co-operate with Institutions, Organizations and other Bodies to help the needy.

Note 2- Accounting Policies and significant Reporting Principles

a. Generally accepted accounting principles (Israeli "GAAP")

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Israel.

b. Discontinuance of the adjustments of financial statements

Discontinuance of the adjustment of financial statements for the effect of inflation and financial reporting in reported amounts:

In 2001 the Israel Accounting Standards Board published Accounting Standard No. 12 with respect to discontinuance of the adjustment of financial statements ("standard No. 12"). According to this standard (as amended by Accounting Standard No. 17), the adjustment of the financial statements for the effect of inflation should be ceased on January 1, 2004. The Association applied the provisions of the standard, and accordingly, the adjustment for the effect of inflation was discontinued as from January 1, 2004.

1. Starting point for the preparation of the financial statements:

- i. In the past the Association prepared its financial statements on the basis of the historical cost convention with no adjustments for the changes in the general purchasing power of the Israeli currency.
- ii. The financial statements as of December 31, 2003 have been adjusted for the changes in the Israeli Consumers Price Index ("Israeli CPI"). These adjusted amounts, as included in the financial statements as of December 31, 2003 (the "transition date"), serve as a starting point for nominal financial reporting beginning January 1, 2004; additions made after the transition date are included at nominal values.
- iii. The amounts for non-monetary assets do not necessarily represent realizable or current economic value, but only the reported amounts of those assets.
- iv. In the financial statements "cost" represents cost in the reported amounts (see 2 (i) below).
- v. All comparative data for previous periods are presented after adjustments for the Israeli CPI as of the transition date (the Israeli CPI for December 2003).

Notes to the Financial Statements

NOTE 2 - Accounting Policies and significant Reporting Principles (continued)

b. Discontinuance of the adjustments of financial statements: (continued)

2. Financial statements in reported amounts:

i. Definitions:

•**Adjusted amount**- historical nominal amount adjusted for the Israeli CPI as of December 2003, according to provisions of Opinions No. 23 and No. 34 of the Institute of Certified Public Accountants in Israel.

•**Reported amount**- adjusted amount as of the transition date, plus additions in nominal values to, less deductions from, such amount made subsequent to the transition date. The amounts deducted after the transition date are in historical nominal values, adjusted amounts as of the transition date or in combination of historical nominal values and adjusted amounts as of the transition date, according to the relevant situation.

ii. Balance sheet

•Non-monetary items are presented in reported amounts.

•Monetary items are presented in nominal values as of the balance sheet date.

iii. The report of operating activities

•Which income and expenses accounted for as the changes in the carrying amounts of the underlying assets and provisions between beginning and end of a reported period, are presented as the changes between the reported amounts in opening balance and the reported amounts in closing balance of the underlying assets and provisions.

•Other items in the statement of operations are presented in nominal values.

c. Depreciation:

Depreciation is calculated by the straight-line method based on the estimated economic life of the assets. The annual rates of depreciation are as follows:

	<u>%</u>
Leasehold improvements	10
Machinery and equipment	7-33
Motor vehicles	20

d. In-kind donations and support

(1) Since 2007 the Association has kept records of the estimated financial value of the work carried out by volunteers and the financial value of food products it receives from different businesses, vendors and others as a donation that the Association uses in its charity work.

Be'er Sova

Notes to the Financial Statements

(New Israeli Shekels)

Reported (1)

NOTE 2 - Accounting Policies and significant Reporting Principles (continued)

d. In-kind donations and support (continued)

The value of the volunteers work in the years ended December 31, 2008 and 2007 were estimated as per minimum wages to have saved the Association NIS 476,921 and NIS 465,167, resp.

The sums above were included in the financial report as a donation and as an expense on volunteer work (see notes 9, 11, 12 and 13).

The estimated value of the food stuffs that the Association received as donations in the years ended December 31, 2008 and 2007 were NIS 39,045 and NIS 63,164, resp.

The sums above were included in the financial report as a donation and as an expense (see notes 9, 11, 12 and 13).

(2) In the years 2008 and 2007 the Association received continuous food supplies from L'atet Organization Israeli Humanitarian Aid that were estimated at NIS 84,540 and NIS 117,953, resp. The sums were included in the financial report as a donation and as an expense for food packages to the needy.

Note 3- Trade and other Receivables

	<u>As at</u> <u>31.12.2008</u>	<u>As at</u> <u>31.12.2007</u>
Income to receive	51,409	20,985
Prepaid expenses	23,101	18,488
	<u>74,510</u>	<u>39,473</u>

(1) See note 2(b)

Be'er Sova
Notes to the Financial Statements
(New Israeli Shekels)

Reported (1)

Note 4- Fixed Assets

	<u>As at December 31, 2008</u>			<u>As at</u>
	<u>Cost</u>	<u>Accrued</u> <u>Depreciation</u>	<u>Depreciated</u> <u>cost</u>	<u>31.12.2007</u> <u>Depreciated</u> <u>cost</u>
Leasehold improvements	474,486	111,182	363,304	381,703
Machinery and Equipment	450,442	257,375	193,267	233,553
Motor Vehicles	230,769	137,276	93,493	128,158
	<u>1,155,897</u>	<u>505,833</u>	<u>650,064</u>	<u>743,414</u>

Note 5- Accounts Payable

	<u>As at</u> <u>31.12.2008</u>	<u>As at</u> <u>31.12.2007</u>
Bills Payable	65,844	16,497
Checks Payable	20,271	23,004
	<u>86,115</u>	<u>39,501</u>

Note 6- Other Liabilities

	<u>As at</u> <u>31.12.2008</u>	<u>As at</u> <u>31.12.2007</u>
Employees and institutions	67,739	52,334
Accrued expenses	19,570	8,243
Income tax withheld	3,935	6,334
Income in advance	193,150	268,687
Other creditors	2,300	-
	<u>286,694</u>	<u>335,598</u>

(1) See note 2(b)

Be'er Sova

Notes to the Financial Statements

(New Israeli Shekels)

Reported (I)

Note 7 - Severance Pay Commitment, net

	<u>As at</u> <u>31.12.2008</u>	<u>As at</u> <u>31.12.2007</u>
Severance Pay Commitment	61,532	57,714
Severance Pay deposit	<u>(43,266)</u>	<u>(43,674)</u>
Severance Pay Commitment, net	<u>18,266</u>	<u>14,040</u>

Note 8 - Supportive Income

Income from government controlled organizations and/or local authorities

Note 9 - Income from Donations in Israel

	<u>For the year ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Donations each exceeding NIS 20,000:		
Latet Organization	84,540	117,934
New Israel Fund	72,225	63,862
IFCJ	266,648	35,000
Discount Investment Corporation	25,000	-
Yad Hanadiv Foundation	40,486	-
Donations each under NIS 20,000	<u>469,652</u>	<u>412,349</u>
	<u>958,551</u>	<u>629,165</u>
Food stuffs by "Meir Panim - the power to give" *	-	54,938
Food stuffs by others *	39,045	8,226
Volunteer work *	<u>476,921</u>	<u>465,147</u>
	<u>515,966</u>	<u>528,311</u>
	<u>1,474,517</u>	<u>1,157,476</u>

* See note 2d(1)

(1) See note 2(b)

Be'er Sova
Notes to the Financial Statements
(New Israeli Shekels)

Reported (1)

Note 10 - Income from Donations from Abroad

	<u>For the year ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Donations each exceeding NIS 20,000:		
Mazon (USA)	39,810	39,000
Bnei Brith, Australia	*-	27,135
Conference of Jewish Material Claims Against Germany	67,214	74,060
Alexander Berger	-	287,674
Verein Judischer National Fonds	30,319	-
Nash Family Foundation	48,000	32,000
Moskowitz	-	103,750
Myriam's Dream	39,875	39,000
Steinhardt	-	67,200
Christian Organizations	*-	97,322
Sobell	-	20,245
Shusterman	118,677	-
Darty Bernard	24,917	-
Christadelphian MEAL-A-DAY Fund	32,500	-
Donations each under NIS 20,000	<u>106,889</u>	<u>139,292</u>
	<u>508,201</u>	<u>926,678</u>

(1) See note 2(b)

*In the year 2008 the Association received donations under NIS 20,000.

Be'er Sova

Notes to the Financial Statements

(New Israeli Shekels)

Reported (1)

Note 11 - Soup Kitchen Project

	For the year ended December 31	
	2008	2007
Salaries and supplements	176,445	149,816
Purchase of Food and Dishes	319,771	347,853
Kitchen maintenance	94,018	87,647
Telephone	3,266	4,693
Transportation	1,751	5,438
Rent and maintenance	67,059	56,721
Sewage and water	11,314	2,485
Insurance	8,682	7,543
	<u>682,306</u>	<u>662,196</u>
Food stuffs *	-	5,005
Volunteer work *	<u>358,089</u>	<u>342,288</u>
	<u>358,089</u>	<u>347,293</u>
	<u>1,040,395</u>	<u>1,009,489</u>

* See note 2d(1)

(1) See note 2(b)

Be'er Sova
Notes to the Financial Statements
For the year ended December 31
(New Israeli Shekels)

Reported (1)

Note 12- After school enrichment program

	<u>2008</u>	<u>2007</u>
Salaries and supplements	67,905	134,641
Maintenance and insurance	6,293	10,138
Telephone	4,193	10,498
Supplies	717	2,089
Transportation (incl. expense as per note 2d(1))	1,604	3,907
Field trips, activities and miscellaneous	9,968	22,957
	<u>90,680</u>	<u>184,230</u>
Stationery and enrichment materials *	-	2,162
Volunteer work *	32,039	44,176
	<u>32,039</u>	<u>46,338</u>
	<u>122,719</u>	<u>230,568</u>

* See note 2d(1)

Note 13- Volunteers Project

	<u>2008</u>	<u>2007</u>
Salaries and supplements	46,831	42,485
Transportation	10,803	9,692
Communication	2,727	5,815
Holiday Gifts to volunteers	936	26,955
Other costs (incl. expense as per note 2d(1))	3,318	5,107
	<u>64,615</u>	<u>90,054</u>

(1) See note 2(b)

Be'er Sova
Notes to the Financial Statements
For the year ended December 31
(New Israeli Shekels)

Reported (1)

Note 14- Resource Development

	<u>2008</u>	<u>2007</u>
Salaries and supplements	108,242	73,456
Mail, telephone, communication	3,247	3,762
Advertising	6,887	8,453
Professional enrichment and miscellaneous	<u>1,639</u>	<u>3,824</u>
	<u>120,015</u>	<u>89,495</u>

Note 15- Meals on Wheels

	<u>2008</u>	<u>2007</u>
Salaries and supplements	70,207	82,369
Telephone	1,595	625
Van maintenance	65,544	44,456
Other costs	<u>3,657</u>	<u>389</u>
	<u>141,003</u>	<u>127,839</u>
Volunteer work *	<u>63,024</u>	<u>68,328</u>
	<u>204,027</u>	<u>196,167</u>

* See note 2d(1)

Note 16- Evening Family Project

	<u>2008</u>	<u>2007</u>
Salaries and supplements	32,084	8,689
Transportation	6,114	1,605
Food stuffs and equipments	<u>9,174</u>	<u>2,634</u>
	<u>47,372</u>	<u>12,928</u>
Volunteer work *	<u>23,769</u>	<u>10,355</u>
	<u>71,141</u>	<u>23,283</u>

* See note 2d(1)

(1) See note 2(b)

Be'er Sova
Notes to the Financial Statements
For the year ended December 31
(New Israeli Shekels)

Reported (1)

Note 17- Management and General

	<u>2008</u>	<u>2007</u>
Salaries and supplements	172,528	251,257
Facility maintenance	11,481	10,371
Communication and Mail Expenses	16,547	15,950
Office Expenses	3,336	5,603
Professional Services	10,800	10,800
Continuing Education Program	-	650
Taxes and Rates	1,118	1,903
Advertising	1,629	-
Insurance	7,374	7,351
Other costs	860	820
	<u>225,673</u>	<u>304,705</u>

Note 18 - Food Security Center

	<u>2008</u>	<u>2007</u>
Salaries and supplements	88,688	41,630
Maintenance	10,738	1,088
	<u>99,426</u>	<u>42,718</u>

(1) See note 2(b)

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