

“COMET-ME”

Community, Energy and Technology In The Middle East

(Community Interest Company)

FINANCIAL STATEMENTS

As of December 31, 2019

October 1, 2020

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(Community Interest Company)

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דיק ג'ורג' - רואה חשבון
GEORGE DEEK - C.P.A. (I S R)

1 ,Nahal Hbesour St.

טלפון : 03-5076811
03-6592163

רח' נהל הבשור 1

Tel Aviv - Jaffa

פקס : 03-5076946

תל אביב - יפו

To The Board of Directors
Community, Energy and Technology in the Middle-East (Comet-ME)
(Community Interest Company)

Auditors' Report

We have audited the balance sheet of Community, Energy and Technology in the Middle-East (Comet-ME) as of 31 December 2019 and 2018 and the related statement of activities for the years then ended. These financial statements are the responsibility of the organization's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed by the Auditors, Regulations (Auditor of performance) - 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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 organization's Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The above mentioned financial statements have been prepared in nominal values. Information as to the effect of the changes in the general purchasing power of the Israeli currency on the financial statements, in accordance with the pronouncements of the Institute of Certified Public Accountants in Israel, has not been included in the financial statements.

In our opinion, subject to non-inclusion of the information in the previous paragraph, the aforementioned financial statements present fairly, in conformity with generally accepted accounting principles applicable to non-profit organizations and subject to that stated above, in all material aspects the financial position of Community, Energy and Technology in the Middle-East (Comet-ME) as of December 31, 2019 and 2018 and the results of its operations, for the years then ended, on the basis of historical cost in nominal Israeli currency.


George Deek
Certified Public Accountant (Isr.)

Tel-Aviv-Jaffa
October 1, 2020

**Community, Energy and Technology in the Middle East
(Comet-ME)
Balance Sheet
As of 31 December 2019**

	<u>Note</u>	<u>2019</u> <u>NIS</u>	<u>2018</u> <u>NIS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents		1,528,462	2,191,351
Other debts and debit balances	(3)	<u>736,287</u>	<u>26,395</u>
		<u>2,264,749</u>	<u>2,217,746</u>
FIXED ASSETS	(4)	<u>42,384</u>	<u>57,107</u>
TOTAL ASSETS		<u>2,307,133</u>	<u>2,274,853</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Suppliers and Checks Payable		12,026	44,664
Creditors and Accounts Payable	(5)	<u>1,107,988</u>	<u>1,345,700</u>
Total Current Liabilities		<u>1,120,014</u>	<u>1,390,364</u>
<u>Long Term Liabilities</u>			
Employee benefit liabilities, net		<u>149,551</u>	<u>91,045</u>
Total Liabilities		<u>1,269,565</u>	<u>1,481,409</u>
<u>NET ASSETS:</u>			
Unrestricted Net Assets for activities		995,184	736,337
Net Assets used for Fixed Assets		<u>42,384</u>	<u>57,107</u>
		<u>1,037,568</u>	<u>793,444</u>
TOTAL LIABILITIES AND NET ASSETS		<u>2,307,133</u>	<u>2,274,853</u>

Director

Director

The notes to the financial statements form an integral part thereof

**Community, Energy and Technology in the Middle East
(Comet-ME)
Statement of Activities**

	<u>Note</u>	<u>2019</u> <u>NIS</u>	<u>2018</u> <u>NIS</u>
<u>GROSS INCOME FROM ACTIVITIES:</u>			
Income from donations and activities	(6)	<u>9,703,392</u>	<u>7,917,411</u>
<u>COST OF ACTIVITIES:</u>			
Salaries and Benefits		(549,095)	(568,590)
Material Costs		(5,017,470)	(3,892,163)
Project Managers Salary and Maintenance		(1,278,855)	(878,793)
Service Providers	(7)	(696,632)	(626,287)
Research and Development Expenses	(8)	<u>(584,801)</u>	<u>(299,087)</u>
Total Cost of Activities		<u>(8,126,853)</u>	<u>(6,264,920)</u>
Net Income from Activities		1,576,539	1,652,491
General and Administrative Expenses	(9)	<u>(1,330,800)</u>	<u>(1,249,188)</u>
Net Income (Expense) Before Financial Expenses		245,739	403,303
Financial (Expenses) Income, Net		<u>(1,615)</u>	<u>(4,227)</u>
Net Income After Financial Expenses		<u>244,124</u>	<u>399,076</u>

**Community, Energy and Technology in the Middle East
(Comet-ME)**

Statement of Changes in Net Assets

	<u>Unrestricted</u>	<u>Net Assets used of Fixed Assets</u>	<u>Total</u>
<u>Balance at January 1, 2018</u>	<u>Unrestricted Net Assets for activities</u>		
	394,368	-	394,368
<u>Additions during the year</u>			
Net Income for the year	399,076	-	399,076
<u>Subtractions during the year</u>			
Net assets released from unrestricted			
Unrestricted assets used for fixed assets (82,619)		82,619	-
Amounts transferred for depreciation coverage	<u>25,512</u> <u>(57,107)</u>	<u>(25,512)</u> <u>57,107</u>	<u>=</u> <u>-</u>
Balance at December 31, 2018	736,337	57,107	793,444
<u>Additions during the year</u>			
Net Income for the year	<u>244,124</u>	-	<u>244,124</u>
<u>Subtractions during the year</u>			
Net assets released from unrestricted			
Unrestricted assets used for fixed assets (5,376)		5,376	-
Amount transferred for depreciation coverage	<u>20,099</u>	<u>(20,099)</u>	<u>=</u>
	<u>14,723</u>	<u>(14,723)</u>	<u>=</u>
Balance at December 31, 2019	<u>995,184</u>	<u>42,384</u>	<u>1,037,568</u>

The notes to the financial statements form an integral part thereof

**Statements of Cash Flows
(Comet-ME)**

	2019	2018
	NIS	NIS
<u>Cash flows generated by operating Activities</u>		
Net Income	244,124	399,076
Adjustments to reconcile Net Income to net cash from operating activities:		
Income and expenses that do not involve cash flows	78,605	102,799
Changes in property items and liabilities	(980,242)	(115,952)
Total adjustments required to present cash flow from operating activities:	(901,637)	(13,153)
Net cash provided by Operating Activities	(657,513)	385,923
<u>Investing Activities</u>		
Fixed assets acquisition	(5,376)	-
Net cash provided by Investing Activities	(5,376)	-
Increase / Decrease in Cash and Cash Equivalents	(662,889)	385,923
Cash and Cash Equivalents for the beginning of the year	2,191,351	1,805,428
Cash and Cash Equivalents for the end of the year	1,528,462	2,191,351
	2019	2018
	NIS	NIS
<u>Income and expenses that do not involve cash flows</u>		
Depreciation and amortization	20,099	25,516
Increase in Employee benefit liabilities, net	58,506	77,283
	78,605	102,799
<u>Changes in property items and liabilities</u>		
Increase in Other debts and debit balances	(1,035,516)	(160,693)
Increase Creditors and Accounts Payable	55,274	44,741
	(980,242)	(115,952)
Total adjustments required to present cash flow from operating activities:	(901,637)	(13,153)

The notes to the financial statements form an integral part thereof

Community, Energy and Technology in the Middle East (Comet-ME)

Notes to Financial Statements

1. Background:

Community, Energy and Technology in the Middle-East (Comet-ME) is an NGO based in Israel – Tsafirrim.

Comet-ME is a Community Interest Company officially registered on 14th September 2009 under registration number 5-143261-07.

The mission of Comet-ME is to facilitate social and economical empowerment in the poorest and most marginalized communities of the occupied Palestinian territories through material support and capacity building. The core of our activity is the provision of basic energy services for off-grid communities using solar and wind power, in a way that is both environmentally and socially sustainable.

Its main initiative is to build renewable energy systems for communities that are not connected to the electricity grid because of political reasons and build local capacity to install and maintain those systems.

1.1 Source of Funds:

Comet-ME sources of funds are donations from international and local organizations and from current activities.

2. Principal Accounting Policies:

- a. The financial statements have been compiled in accordance to audit statement no. 69 of the institute of Certified Public Accountant in Israel and according to standard no. 5 of the institute of accounting standards.
- b. **Cash and cash equivalents** – include bank deposits for up to three months deposit from the balance sheet date.

2. Principal Accounting Policies: (continued)

- c. **Fixed assets** – include computers, furniture and office equipment. The annual rates of depreciation are between 6% and 33%, improvements to rented premises are amortized on a straight line method over the rental contract period, which does not exceed the estimated useful life of the improvements.
- d. Below are the details of consumer price index and the Euro rate of exchange:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
Consumer price index (average base 1998)	142.1	141.3
EURO currency (N.I.S for 1 Euro)	3.4560	3.7480
U.S Dollar	3.8782	4.2916

3. Other debts and debit balances:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Advances to suppliers	709,027	-
Attorney deposit	<u>27,260</u>	<u>26,395</u>
	<u>736,287</u>	<u>26,395</u>

4. Fixed Assets:

	<u>Leasehold Improvement</u>	<u>Machinery and Equipment</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<u>Cost</u>			
Balance at January 1, 2019	64,684	147,446	212,130
Additions during the year	<u>-</u>	<u>5,376</u>	<u>5,376</u>
Balance at December 31, 2019	<u>64,684</u>	<u>152,822</u>	<u>217,506</u>
<u>Depreciation</u>			
Balance at January 1, 2019	40,404	114,619	155,023
Additions during the year	<u>6,468</u>	<u>13,631</u>	<u>20,099</u>
Balance at December 31, 2019	<u>46,872</u>	<u>128,250</u>	<u>175,122</u>
Reduced cost as of December 31,2019	<u>17,812</u>	<u>24,572</u>	<u>42,384</u>
Reduced cost as of December 31,2018	<u>24,280</u>	<u>32,827</u>	<u>57,107</u>

5. Creditors and Accounts Payables:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Income in advance *	983,725	1,262,103
Institutions	76,165	20,891
Employees	2,973	3,586
Other creditors	<u>45,125</u>	<u>59,120</u>
	<u>1,107,988</u>	<u>1,345,700</u>

*The article income in advance includes income received at the current year for activities to be implemented in the year after.

6. Gross Income:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Donations from foreign funds	9,200,545	7,634,370
Income from current activities	<u>502,847</u>	<u>283,041</u>
	<u>9,703,392</u>	<u>7,917,411</u>

Donations from Foreign Funds:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Ministry of Foreign Affairs of The Netherlands	3,231,888	3,406,040
The Federal Republic of Germany	3,181,092	1,896,633
British Foreign and Commonwealth office	1,539,677	851,158
Irish Aid	594,362	307,585
The Rockefeller Brothers Foundation	196,443	191,976
Dan Church Aid	155,582	210,544
The Osprey Foundation	144,228	536,684
Swiss Olive Oil Campaign	69,758	87,677
Firedoll Foundation	-	83,130
Other funds from abroad	<u>87,515</u>	<u>62,943</u>
<u>Total Donations from Foreign Funds</u>	<u>9,200,545</u>	<u>7,634,370</u>

The detailed income submitted by the Dutch Ministry of Foreign affairs as well as the Republic of Germany are after income in advance.

7. Service Provider's

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Technical coordinator	(420,000)	(381,596)
Fundraiser	(168,632)	(172,691)
Finance Manager	<u>(108,000)</u>	<u>(72,000)</u>
	<u>(696,632)</u>	<u>(626,287)</u>

8. Research and Development Expenses

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Research and Development Expenses	<u>(584,801)</u>	<u>(299,087)</u>

** The clause pertaining to expenses for Research and Development are expenses incurred for the development of a solar water pump for agricultural purposes.

9. General and Administrative Expenses:

	<u>31 December</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS</u>	<u>NIS</u>
Management Salary	473,320	377,305
Communication Expenses	21,795	13,763
Office Supplies Expenses	15,013	9,626
Business & equipment maintenance	68,350	67,202
Refreshments Expenses	15,192	7,145
Travel Expenses	394,729	530,874
Travel Abroad Expenses	12,218	2,069
Fees and Membership	5,713	1,488
Professional Literature	7,750	-
Depreciation Expenses	20,099	25,512
Legal Expenses	273,207	190,790
Audit and Bookkeeping Expenses	<u>23,414</u>	<u>23,414</u>
	<u>(1,330,800)</u>	<u>(1,249,188)</u>