

Translated from Hebrew

WIKIMEDIA ISRAEL (R" A)

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

WIKIMEDIA ISRAEL (R" A)

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

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AUDITORS' REPORT TO THE MEMBERS OF WIKIMEDIA ISRAEL (R"A)

We have audited the accompanying balance sheet of WIKIMEDIA ISRAEL (R"A) (hereinafter: "the Organization") as of December 31, 2012 and the related statement of activities, changes in net assets and cash flows for the year ended December 31, 2012. These financial statements are the responsibility of the executive committee and the management of the Organization. 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. 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 executive committee and the management of the organization as well as evaluating the overall financial statement preparation. We believe that our audit provides a fair basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2012, and the results of operations and changes in net assets and cash flows for the year ended December 31, 2012, in accordance with generally accepted accounting principles in Israel – (Israeli GAAP).

Yoel Shor
Certified Public Accountants (Isr.)

Tel-Aviv, 3 March, 2013

BALANCE SHEET (In Thousands New Israeli Shekels)

31.12.2012

CURRENT ASSETS:

Cash and cash equivalents	117
Accounts receivable	<u>2</u>
	<u>119</u>

CURRENT LIABILITIES:

Current liabilities	<u>7</u>
	<u>7</u>

NET ASSETS:

Unrestricted net assets:	
For use in operations	112
Used for investment in fixed assets	<u>-</u>
	<u>112</u>
	<u>119</u>

Tomer Ashur

Itzik Edri

3 March ,2013
**Date of approval of
financial statements**

The accompanying notes to the financial statements form an integral part thereof.

WIKIMEDIA ISRAEL (R" A)

STATEMENT OF ACTIVITIES (In Thousands New Israeli Shekels)

	<u>Note</u>	<u>For the year ended December 31 2012</u>
Income:		
Donations		7
Sponsorships		38
Total income		<u>45</u>
Cost of activities	3	<u>188</u>
Excess of cost of activities over income		(143)
Administrative and general expenses		<u>7</u>
Excess of expenses over income before financial income		(150)
Financial income, net		<u>1</u>
Excess of expenses over income for the year		<u>(151)</u>

The accompanying notes to the financial statements form an integral part thereof.

WIKIMEDIA ISRAEL (R" A)

STATEMENT OF CHANGES IN NET ASSETS (In Thousands New Israeli Shekels)

	Unrestricted net assets, For use in operations
Balance January 1, 2012	263
Changes during 2012:	
Excess of expenses over income	(151)
	<hr/>
Balance, December 31, 2012	<u>112</u>

The accompanying notes to the financial statements form an integral part thereof.

WIKIMEDIA ISRAEL (R" A)

STATEMENT OF CASH FLOWS (In Thousands New Israeli Shekels)

	For the year ended December 31 <u>2012</u>
Cash flows from operating activities:	
Expenses over income	(151)
Adjustments required to reflect the cash flows from operating activities (Appendix A)	<u>(4)</u>
Net cash provided by operating activities	<u>(155)</u>
Decrease in cash and cash equivalents	(155)
Balance of cash and cash equivalents at beginning of year	<u>272</u>
Balance of cash and cash equivalents at end of year	<u><u>117</u></u>

APPENDIX A - Adjustments required reflecting the cash flows from operating activities:

	For the year ended December 31, 2012
Changes in operating assets and liabilities:	
Increase in accounts receivable	(2)
Decrease in other current liabilities	<u>(2)</u>
	<u>(4)</u>

The accompanying notes to the financial statements form an integral part thereof.

WIKIMEDIA ISRAEL (R"A)

NOTES TO THE FINANCIAL STATEMENTS (In Thousands New Israeli Shekels)

NOTE 1 - GENERAL:

A. The goals of the organization:

1. Promoting knowledge and education in Israel by gathering, creating and distributing free content.
2. Promoting equal opportunities in access to knowledge.
3. Promoting the gathering and distribution of free content and especially through the various projects of the Wikimedia Foundation.
4. Promoting discussion and research and furthering of social, cultural, and practical aspects of free content.
5. Promoting volunteer work for the above purposes.

B. The Organization is a non-profit organization (a Registered Amuta - R"A) which seeks to achieve public goals which are not aimed at earning income, and all of its assets and revenues serve the promotion of its public goals.

C. In 2012 the organization did not receive donations from political foreign entity.

D. The financial statements for the year ended December 31, 2012 are the first audited financial statements of the organization, therefore there are no comparison numbers.

NOTE 2 - ACCOUNTING POLICIES:

The principle accounting policies applied in the financial statements are as follows:

A. Definitions:

The Organization - WIKIMEDIA ISRAEL (R"A)

Net assets - The difference between the assets and the liabilities of the Organization.

B. Basis of report of the registering:

1. The amounts of non-monetary assets do not necessarily represent realization value or current economic value, but only the reported amounts of such assets.
2. In these financial statements, the term "cost" signifies cost in reported amounts.
3. Balance:
 - A) Non-monetary Items (such as: fixed capital and net assets), are represented in the reported amounts.
 - B) Financial items are represented in the nominal historical values to the date of the balance.

NOTES TO THE FINANCIAL STATEMENTS (In Thousands New Israeli Shekels)

WIKIMEDIA ISRAEL (R" A)

4. Statement of activities:

A) Incomes and expenses which result from non-monetary items as mentioned above or from certain allocations included in the balance are cut from the movement between the amount reported by the opening balance and amount reported in the closing balance.

B) All remaining components of the Statements of activities are represented in the nominal values.

C. Assets and Liabilities Linked or in Foreign Currency:

1. Balances in or linked to foreign currency were valued according to the exchange rate on the balance sheet date.
2. Balances linked to the consumer price index were adjusted according to the latest known index at the balance sheet date.
3. Linkage and exchange rate differences are charged to the statement of activities as incurred.
4. Incomes and expenses and other actions in foreign currency are recorded according to the exchange rates at the time of the execution of the actions.

D. Cash and Cash Equivalents:

Cash and cash equivalents includes current account bank balances available for immediate withdrawal and deposits in banks available for immediate withdrawal, or deposits for a period not in excess of three months.

E. Fixed Assets and Investments:

Fixed assets are presented at cost, net of accumulated depreciation, which is calculated according to the straight line method.

F. Basis of Recognition of Income and Expenses:

Income and expenses are recorded on the accrual basis in accordance with generally accepted accounting principles.

G. Using Estimations:

The preparation of the financial statements, their preparation and presentation in accordance with generally accepted accounting principles, requires that management make estimates and assumptions which effect the data in the financial statements and the related notes. Due to the nature of the estimates and assumptions the actual results can be different than the estimates.

H. Net assets for use in operations:

Not assigned amounts - reflect amounts for any future use.

WIKIMEDIA ISRAEL (R" A)

NOTES TO THE FINANCIAL STATEMENTS (In Thousands New Israeli Shekels)

Note 3 - Cost of activities:

Composition:

	For the year ended December 31,
	2012
WML	75
5th Wikiacademy	14
Wikimania Scholarships	49
Strategy Seminar	15
Chapters Conference	5
Editors' meeting	3
GLAM	2
Salaries and social benefits	13
Marketing and PR	12
Total	188

Note 4 - Income Taxes:

The Organization is a "public foundation" in accordance with paragraph 9(2) of the income tax Ordinances (new version) 1961