

**THIS IS AN ENGLISH TRANSLATION CREATED UNOFFICIALLY
BASED UPON THE ORIGINAL HEBREW AUDITED STATEMENT.**

**A COPY OF THE ORIGINAL DOCUMENT, SIGNED BY DAVID ITZICHESCU,
CERTIFIED PUBLIC ACCOUNTANT (ISRAEL), IS AVAILABLE UPON REQUEST**

**Institute for the Advancement of Education in Tel Aviv – Jaffa
(Registered Non-profit Organization)**

Report of Financial Situation
December 31, 2023

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ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Auditor's Report

To the Members of the Board of Directors of
The Institute for the Advancement of Education in Tel Aviv- Jaffa
(Registered Non-profit Organization)

We audited the accompanying financial situation reports of The Institute for the Advancement of Education in Tel Aviv - Jaffa, a registered non-profit organization (hereinafter the "Institute") as of December 31, 2023 and 2022 and the Statements of Operations, Changes in Net Assets, and the Statements of Cash Flow for each of the years that ended on those dates. The Board of Directors and the management of the Institute are responsible for these financial statements. Our responsibility is to express an opinion regarding these statements based on the audit we performed.

We carried out our audit in accordance with generally accepted accounting procedures in Israel, including those set forth in the Accountants' Regulations (Procedures for Accountants) - 1973. These procedures require me to plan and carry out the audit with the goal of reaching a reasonable measure of confidence that there are no significant misleading representations in the financial statements. The audit includes taking random samples of information that support the amounts and the representations included in the financial statements. The audit also includes an evaluation of the accounting principles adopted and the estimations made by the Board of Directors and the management of the Institute in the financial statements and their overall presentation. We believe our audit provides a sufficient basis for expressing our opinion.

In our opinion, the above financial statements represent fairly, in accordance with generally accepted accounting principles in Israel (Israeli GAAP), in all significant respects, the financial condition of the Institute as of December 31, 2023 and 2022, and the results of its operations, changes in net assets, and its cash flow for each of the years then ended, based on the agreed nominal historical cost convention.

David Itzichescu
Certified Public Accountant (Israel)

Jerusalem; May 20, 2024

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ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Financial Situation Report

		<u>As of December 31</u>	
		<u>2023</u>	<u>2022</u>
<u>Current Assets</u>	<u>Note</u>	<u>NIS</u>	
Cash and cash equivalents	3	3,423,514	1,490,940
Short term investments	4	2,372,607	2,503,205
Receivables and collectibles	5	<u>3,926,827</u>	<u>3,755,917</u>
		9,722,948	7,750,062
 <u>Fixed Assets</u>	 6	 <u>6,453,137</u>	 <u>5,662,264</u>
		 16,176,085	 13,412,326
		<hr/>	<hr/>
	* * *		
<u>Current Liabilities</u>			
Accounts payable and credit balances	7	4,201,915	3,588,227
	
<u>Non-Current Liabilities</u>			
Liability for termination of employer/employee relations, net	8	1,640,304	1,529,780
	
<u>Unrestricted Assets, Net</u>	2(b)		
Used for activities		171,847	623,173
Invested in fixed assets		6,453,137	5,662,264
Designated by management of the Institute		<u>3,708,882</u>	<u>2,008,882</u>
		10,333,866	8,294,319
		<hr/>	<hr/>
		<u>16,176,085</u>	<u>13,412,326</u>

[* The exchange rate used in this translation for 2022 amounts is the rate published by the Bank of Israel on December 31, 2022, i.e., \$1 = 3.519. The exchange rate used in this translation for 2023 amounts is the rate published by the Bank of Israel on December 31, 2023, i.e., \$1 = 3.627. These rates are used throughout this document].

The attached notes are an integral part of the financial statements.

May 20, 2024
Date of Approval of Statements

Chaim Hurvitz
Board Member

Yoel Yogev
Board Member

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Statement of Operations

For the year ended December 31

2023 2022

	<u>Note</u>	<u>NIS</u>	
<u>Activities Turnover</u>			
Donations and participations	9(a)	28,833,034	23,689,983
Income from services provided	9(b)	9,411,971	9,142,586
Government allocations and grants	9(c)	<u>12,017</u>	<u>76,534</u>
<u>Cost of Activities</u>			
Operational expenses	9(d)	<u>32,941,080</u>	28,723,845
<u>Net income from activities</u>		5,315,942	4,185,258
	
Advertising and fundraising expenses	9(e)	1,340,521	1,440,727
Administrative and general expenses	9(f)	<u>1,999,326</u>	<u>2,075,511</u>
		3,339,847	3,516,238
	
<u>Net Income before financing expenses</u>		1,976,095	669,020
Financing expenses (last year income), net	9(g)	<u>(5,180)</u>	<u>88,251</u>
<u>Net Income after financing expenses</u>		165,038	71,940
Other Income		58,272	---
<u>Net Income for the year</u>		2,039,547	580,769
Amount designated by management of the Institute		<u>(1,700,000)</u>	<u>(500,000)</u>
<u>Net Income for the year after designation</u>		<u>339,547</u>	<u>80,769</u>
		_____	_____

The attached notes are an integral part of the financial statements.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Statement of Changes in Net Assets

Net Unrestricted Assets

	<u>Used for activities</u>	<u>Invested in fixed assets</u>	<u>Designated by management of the Institute</u>	<u>Total</u>
	<u>NIS</u>			
<u>Balance as of January 1, 2022</u>	1,177,161	5,027,507	1,508,882	7,713,550
<u>Activity in 2022:</u>				
Net income for year	580,769	--	--	580,769
Designated amounts	(500,000)	--	500,000	--
<u>Transfer of unrestricted amounts:</u>				
Used for acquisition of fixed assets	(693,055)	693,055	--	--
Realization of fixed assets	7,200	7,200	--	--
Assets received without payment and recognized as income	(324,397)	324,397	--	--
Used to cover depreciation expenses	375,495	(375,495)	--	--
<u>Balance as of December 31, 2022</u>	623,173	5,662,264	2,008.882	8,294,319

<u>Activity in 2022:</u>				
Net income for the year	2,039,547	--	--	2,039,547
Designated amounts	(1,700,000)	--	1,700,000	--
<u>Transfer of unrestricted amounts:</u>				
Invested in fixed assets	(1,382,253)	1,382,253	--	--
Resulting from realization of fixed assets	56,014	(56,014)	--	--
Used to cover depreciation expenses	<u>535,366</u>	<u>(535,366)</u>	--	--
<u>Total changes for the year</u>	(451,326)	790,873	--	2,039,547

<u>Balance as of December 31, 2023</u>	<u>171,847</u>	<u>6,453,137</u>	<u>3,708.882</u>	<u>10,333.866</u>

The attached notes are an integral part of the financial statements.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa
Statement of Cash Flow

For the year ended December 31

	<u>2023</u>	<u>2022</u>
	<u>NIS</u>	
Cash flow from on-going activities:		
Net income for the year	2,039,547	580,769
Adjustments necessary to present cash flows from ongoing activities (a)	<u>2,969,592</u>	<u>318,181</u>
Net cash derived from ongoing activities	2,969,592	898,950

Cash flow from investment activities:		
Acquisition of fixed assets	(1,382,253)	(1,017,452)
Withdrawal of deposits	(369,051)	64,800
Proceeds from sale of securities	(600,000)	--
Proceeds from realization of fixed assets	114,286	7,200

Net cash used for investment activities	(1,037,018)	(945,452)
<u>Increase (Decrease) in cash and cash equivalents</u>	(1,037,018)	(46,502)
Balance of cash and cash equivalents, beginning of year	<u>1,490,940</u>	<u>1,537,442</u>
<u>Balance of cash and cash equivalents, end of year</u>	<u>3,423,514</u>	<u>1,490,490</u>
	_____	_____

The attached notes are an integral part of the financial statements.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Statement of Cash Flow

For the year ended
December 31

2023 2022

NIS

a. Adjustments necessary to present cash flow from ongoing activities:

Non-cash income and expenses

Depreciation	535,366	375,495
Increase (decrease) in liability for termination of employer/employee relations, net	110,524	27,635
Increase (decrease) in value of negotiable securities	(79,474)	142,281
Capital Gains	–	58,272
Exchange rate differences and interest accrued on deposits	<u>20,877</u>	<u>93,939</u>
	487,267	451,472

Changes in assets and liabilities

Decrease (increase) in receivables and collectibles	(170,910)	374,349
Decrease (increase) in accounts payable and credit balances	<u>613,688</u>	<u>(507,640)</u>
	<u>442,778</u>	<u>(133,291)</u>

	<u>930,045</u>	<u>318,181</u>
	_____	_____

The attached notes are an integral part of the financial statements.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Notes to the Financial Statement

Note 1- General

The Institute was established on March 14, 1983 and its number as listed with the Registry of Non-Profit Organizations is 58-003-811-5. The main objectives of the Institute are to establish and manage community centers and educational and cultural centers for children, youth and adults, and to provide educational enrichment to youth at risk and to needy families. The Institute was recognized as a public organization according to paragraphs 9(2) and 46 of the Income Tax Ordinance.

Note 2 – Policy and Accounting Principles

a. General

The financial statements were prepared in accordance with Accounting Standard Number 40 of the Israel Accounting Standards Board in reference to accounting and financial reporting by non-profit organizations.

b. Net assets

Funds in the financial statements are presented as Assets, net as follows:

Unrestricted net assets

The component of Assets, net, of the organization, upon which there is no permanent or temporary restriction set by donors and other funders.

Net assets – designated by management of the organization

The component of Assets, net, of the organization, deriving from donations or allocations or other sources of funds, for which the use was designated by the management of the organization for increasing activity in enrichment projects, building an Autotech program and improvements and equipment in the activity centers for children at risk.

c. Cash equivalents

Cash equivalents are defined by the organization as investments with high liquidity, including short term bank deposits for periods of 3 months or less from the date of investment and that are unrestricted by any liens.

d. Securities

Marketable securities are presented at market value. The change in value is included in financing expenses.

Notes to the Financial Statement

Note 2 – Policy and Accounting Principles - continued

e. Fixed Assets

1. Fixed Assets – are included in the Balance Sheets at cost less accumulated depreciation
2. Depreciation is calculated by the straight-line method at annual rates as follows:

	<u>%</u>
Equipment and furniture	7 – 33
Improvements to leased properties	12.5
Vehicles	15

f. Recognition of income

Income from donations, services and allocations was recognized on the accrual basis, in accordance with the designation of the donors.

g. Accumulated profits designated as severance pay

The amount of accumulated profits and losses in severance pay funds reduces the severance pay expenses.

h. Exchange rates and linkage

Assets in foreign currency, or linked to it, were included at the exchange rates published by the Bank of Israel in effect at the date of the balance sheet.

December 31, 2023	\$ 1 = 3.627
December 31, 2022	\$ 1 = 3.519

Assets linked to the cost of living index were included based on the cost of living index set by the Central Bureau of Statistics.

Increase in Cost of Living Index for the year 2023 – 3%
Increase in Cost of Living Index for the year 2022 – 5.3%

i. Fundraising expenses

Costs of raising donations which are designated for specific projects, are presented as costs of the project.

Costs for raising donations for general ongoing activities, not designated for a specific project, are presented as costs of advertising and fundraising.

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Notes to the Financial Statement

As of December 31
2023 2022
NIS

Note 3 – Cash and Cash Equivalents

Cash in shekels	1,687,731	1,367,867
Cash in foreign currency	1,735,783	123,073
	<u>3,423,514</u>	<u>1,490,040</u>
	_____	_____

Note 4 – Short-term investments

Deposits in dollars	1,131,801	741,873
Marketable Securities	<u>1,240,806</u>	<u>1,761,332</u>
	<u>2,372,607</u>	<u>2,503,205</u>
	_____	_____

The deposits are pledged as collateral to banks to secure credit lines and guarantees.

As of December 31, 2023 guarantees totaled \$271,594 and on December 31, 2022 guarantees totaled \$247,058.

Note 5 – Receivables and Collectibles

Income from allocations and services provided receivable	2,386,969	2,037,643
Income from donations receivable *)	1,185,330	1,184,144
Prepaid expenses	327,187	440,952
Advance payments to suppliers and other obligations	<u>27,341</u>	<u>93,178</u>
	<u>3,926,827</u>	<u>3,755,917</u>
	_____	_____

*) Donations designated for 2023 that were received at the beginning of 2024.

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Notes to the Financial Statement

Note 6 – Fixed Assets

	<u>Equipment & Furniture</u>	<u>Leasehold Improvements</u>	<u>Vehicles</u>	<u>Total</u>
	<u>NIS</u>			
<u>Costs</u>				
Balance at January 1, 2023	4,437,133	8,328,167	461,725	13,227,025
Acquisitions this year	319,516	705,281	357,456	1,382,253
Disposed this year			(149,692)	(149,692)
Balance at December 31, 2023	4,756,649	9,033,448	669,489	14,459,586

<u>Accumulated Depreciation</u>				
Balance at January 1, 2023	3,512,864	3,866,727	185,170	2,145,110
Depreciation this year	182,428	277,631	75,307	535,366
Disposed this year			(93,678)	(93,678)
Balance at December 31, 2023	3,695,292	4,144,358	166,799	8,006,449

<u>Depreciated cost at December 31, 2023</u>	1,061,357	4,889,090	502,690	6,453,137
<u>Depreciated cost at December 31, 2022</u>	924,269	4,461,440	276,555	5,662,264

As of December 31
2023 2022
NIS

Note 7 – Accounts payable and credit balances

Checks payable	336,736	290,211
Employees and institutions for salary	1,703,873	1,522,182
Suppliers and building contractors	2,095,299	1,706,812
Expenses payable	31,400	30,072
Miscellaneous payables	<u>34,607</u>	<u>38,950</u>
	<u>4,201,915</u>	<u>3,588,227</u>
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ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
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Notes to the Financial Statement

	<u>As of December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>NIS</u>	
<u>Note 8 - Liability for termination of employer/employee relations, net</u>		
Reserves amount	9,147,299	8,186,092
Less amounts deposited in severance pay funds	(7,506,995)	(6,656,312)
	<u>1,640,304</u>	<u>1,529,780</u>
	_____	_____
	For the year ended	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>NIS</u>	
<u>Note 9 – Details of sections of Statement of Operations</u>		
<u>a. Donations and participations</u>		
Donations from Israel	10,011,027	10,185,171
Donations from abroad	18,639,964	13,341,625
Participation from parents	<u>182,043</u>	<u>163,187</u>
	<u>28,833,034</u>	<u>23,689,983</u>
	_____	_____
<u>b. Services provided</u>		
Ministry of Welfare	2,292,068	2,462,611
City of Tel Aviv	3,118,529	2,875,328
City of Bat Yam	2,594,439	2,734,148
City of Yehud	1,076,122	823,282
City of Holon	<u>330,813</u>	<u>247,217</u>
	<u>9,411,971</u>	<u>9,142,586</u>
	_____	_____
<u>c. Allocations and Grants</u>		
Estates Committee	--	50,000
Ministry of Employment and National Insurance	--	2,197
Ministry of Justice Forfeiture Fund	--	9,473
City of Tel Aviv	<u>12,017</u>	<u>14,864</u>
	<u>12,017</u>	<u>76,534</u>
	_____	_____

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Notes to the Financial Statement

For the year ended
December 31
2023 2022
NIS

Note 9 – Details of sections of Statement of Operations - continued

d. Operational expenses

Salaries and social benefits	16,573,291	15,339,395
Volunteer Work Equivalent	353,806	356,619
Food distribution	5,456,641	4,753,898
Enrichment and welfare projects	3,183,256	2,696,413
Scholarships and assistance *)	1,906,312	478,258
Meals	1,579,969	1,750,774
Rent **)	888,499	770,855
Electricity	89,751	92,518
Maintenance and cleaning	221,539	304,596
City taxes and water	235,811	251,992
Communications	77,312	72,455
Office and computer expenses	50,607	54,902
Transportation of children	182,631	202,997
Travel and transportation	315,283	190,866
Advertising, public relations and fundraising for specific projects	1,166,583	912,784
Insurance and miscellaneous	141,600	138,469
Depreciation	<u>518,189</u>	<u>356,054</u>
	<u>32,941,080</u>	<u>28,723,845</u>
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

*) Between the months of 7/2023-12/2023, evacuees and soldiers received aid in the amount of 1,337,626 NIS

**) Rental contracts have renewal options, some of which are exercised or renewed yearly.

Breakdown by Activity Areas – See Note 10.

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Institute for the Advancement of Education in Tel Aviv – Jaffa

Notes to the Financial Statement

For the year ended
December 31
2023 2022
NIS

Note 9 – Details of sections of Statement of Operations - continued

e. Advertising and fundraising expenses

Salaries and social benefits	942,358	1,059,569
Maintenance and cleaning	8,307	3,140
Travel	15,964	18,385
Postage/Communications	60,991	43,139
Rent *	178,733	171,003
Taxes and fees	17,370	14,446
Electricity and water	17,000	20,987
Advertising/Public relations	30,756	38,062
Refreshments	15,705	19,544
Office expenses	43,822	33,525
Insurance, guard services and others	2,230	10,536
Depreciation	<u>7,285</u>	<u>8,391</u>
	<u>1,340,521</u>	<u>1,440,727</u>

f. Administrative and general expenses

Salaries and social benefits	1,629,001	1,691,525
Professional training	45,606	43,099
Insurance, Maintenance and Cleaning	11,197	7,712
Transportation and travel	4,312	22,513
Rent *	178,733	171,003
Postage/Communications	20,362	15,435
Taxes and fees	31,085	15,997
Electricity and water	17,000	20,986
Office and computer expenses	29,072	47,325
Refreshments and others	23,066	28,874
Depreciation	<u>9,892</u>	<u>11,042</u>
	<u>1,999,326</u>	<u>2,075,511</u>

* Rental contracts have renewal options, some of which are exercised or renewed each year.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Notes to the Financial Statement

For the year ended
December 31
2023 2022
NIS

Note 9 – Details of sections of Statement of Operations - continued

g. Financing (income) expenses, net

Income from interest and deposits	20,877	5,805
Exchange rate differentials, net and re-evaluation of securities	<u>79,474</u>	<u>75,999</u>
	100,351	81,804

<u>Less:</u>		
Bank and credit card fees	37,290	27,774
Exchange rate differentials, net and re-evaluation of securities	<u>57,881</u>	<u>142,281</u>
	95,171	170,055
	<u>.....</u>	<u>.....</u>
	<u>5,180</u>	<u>(88,2510)</u>
	<u>—————</u>	<u>—————</u>

Note 10 – Breakdown of expenses by activities

Afternoon activity centers and youth training	15,048,872	13,109,203
Dormitories for children and youth	4,669,241	4,693,214
Assistance to families in need	10,167,924	7,903,249
Parent-Child Centers	2,194,485	2,073,140
Scholarships	282,885	318,318
Project development	<u>577,673</u>	<u>626,721</u>
	<u>32,941,080</u>	<u>28,723,845</u>
	<u>—————</u>	<u>—————</u>

Classification and categorization of the activities and inclusion of general expenses into various line items is according to the assessment of the management of the Institute.

ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
Institute for the Advancement of Education in Tel Aviv – Jaffa

Notes to the Financial Statement

	<u>NIS</u>	
	<u>2023</u>	<u>2022</u>
<u>Note 11 - Monetary value of in-kind donations</u>		
Food	835,594	329,811
Volunteers*)	353,806	356,618
Rights to use buildings from municipalities	591,600	637,200
Discounts in city taxes from municipalities	211,542	197,912
Materials and office supplies	--	33,642
Furniture and equipment	--	324,397
Wartime assistance	<u>617,775</u>	–
Total	<u>2,610,317</u>	<u>1,879,580</u>

*) Value of volunteer work

Many volunteers work at the Institute for many hours without receiving any monetary compensation. The value of their time is recorded by the management of the Institute according to the minimum hourly wage.