

**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, 2024

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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, 2024 and 2023 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, 2024 and 2023, 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 7, 2025

Ki'ach Building No. 418-421, Agripas 42 St.
P.O.B. 28003, Jerusalem 9128001 Israel
E-mail: idadpa@idadpa.com
Tel. 972-2-625-9003 Fax. 972-2-623-4599

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>2024</u>	<u>2023</u>
	<u>Note</u>	<u>NIS</u>	
<u>Current Assets</u>			
Cash and cash equivalents	3	932,540	3,423,514
Short term investments	4	3,072,347	2,372,607
Receivables and collectibles	5	<u>3,003,239</u>	<u>3,926,827</u>
		7,008,126	9,722,948
<u>Fixed Assets</u>			
	6	<u>7,977,542</u>	<u>6,453,137</u>
		14,985,668	16,176,085
		<hr/>	<hr/>
	* * *		
<u>Current Liabilities</u>			
Accounts payable and credit balances	7	3,734,948	4,201,915
	
<u>Non-Current Liabilities</u>			
Liability for termination of employer/employee relations, net	8	1,401,571	1,640,304
	
<u>Unrestricted Assets, Net</u>			
	2(b)		
Used for activities		146,285	171,847
Invested in fixed assets		7,977,542	6,453,137
Designated by management of the Institute		<u>1,725,322</u>	<u>3,708,882</u>
		9,849,149	10,333,866
		<hr/>	<hr/>
		<u>14,985,668</u>	<u>16,176,085</u>

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

May 7, 2025

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 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, 2023</u>	623,173	5,662,264	2,008,882	8,294,319
<u>Activity in 2023:</u>				
Net income for year	2,039,547	--	--	2,039,547
Designated amounts	(1,700,000)	--	1,700,000	--
<u>Transfer of unrestricted funds:</u>				
Used for acquisition of fixed assets	(1,382,253)	1,382,253	--	--
Realization of fixed assets	56,014	(56,014)	--	--
Used to cover depreciation expenses	535,366	(535,366)	--	--
<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>
<u>Activity in 2024:</u>				
Deficit for the year	(484,717)	--	--	(484,717)
Release of designated amounts used for activities	510,000	--	(510,000)	--
<u>Transfer of unrestricted amounts:</u>				
Release of designated amounts	1,473,560		(1,473,560)	
Invested in fixed assets	(2,284,569)	2,284,569	--	--
Resulting from realization of fixed assets	122,143	(122,143)	--	--
Used to cover depreciation expenses	<u>638,021</u>	<u>(638,021)</u>	--	--
<u>Total changes for the year</u>	<u>(25,562)</u>	<u>1,524,405</u>	<u>(1,983,560)</u>	<u>(484,717)</u>
<u>Balance as of December 31, 2024</u>	<u>146,285</u>	<u>7,977,542</u>	<u>1,725,322</u>	<u>9,849,149</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>2024</u>	<u>2023</u>
	<u>NIS</u>	
Cash flow from on-going activities:		
Deficit (net income) for the year	(484,717)	2,039,547
Adjustments necessary to present cash flows from ongoing activities (a)	<u>875,121</u>	<u>930,045</u>
Net cash derived from ongoing activities	<u>390,404</u>	<u>2,969,592</u>

Cash flow from investment activities:		
Acquisition of fixed assets	(2,284,569)	(1,382,253)
Withdrawal of deposits	(596,809)	(369,051)
Proceeds from sale of securities	--	600,000
Proceeds from realization of fixed assets	--	114,286
Net cash used for investment activities	<u>(2,881,378)</u>	<u>(1,037,018)</u>
 <u>Increase (Decrease) in cash and cash equivalents</u>	 (2,490,974)	 1,932,574
Balance of cash and cash equivalents, beginning of year	<u>3,423,514</u>	<u>1,490,940</u>
<u>Balance of cash and cash equivalents, end of year</u>	<u>932,540</u>	<u>3,423,514</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 that ended
December 31

2024 2023

NIS

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

Non-cash income and expenses

Depreciation	638,021	535,366
Increase (decrease) in liability for termination of employer/employee relations, net	(238,733)	110,524
Increase (decrease) in value of negotiable securities	(78,166)	(79,474)
Capital Gains (Losses)	122,143	(58,272)
Exchange rate differences and interest accrued on deposits	<u>(24,765)</u>	<u>(20,877)</u>
	418,500	487,267

Changes in assets and liabilities

Decrease (increase) in receivables and collectibles	923,588	(170,910)
Decrease (increase) in accounts payable and credit balances	<u>(466,967)</u>	<u>613,688</u>
	<u>456,621</u>	<u>442,778</u>

	<u>875,121</u>	<u>930,045</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, 2024	\$ 1 = 3.647
December 31, 2023	\$ 1 = 3.627

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 2024 – 3.24%
Increase in Cost of Living Index for the year 2023 – 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
2024 2023
NIS

Note 3 – Cash and Cash Equivalents

Cash in shekels	593,978	1,687,731
Cash in foreign currency	338,562	1,735,783
	<u>932,540</u>	<u>3,423,514</u>

Note 4 – Short-term investments

Deposits in shekels	1,753,375	1,131,801
Marketable Securities	<u>1,318,972</u>	<u>1,240,806</u>
	<u>3,072,347</u>	<u>2,372,607</u>

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

As of December 31, 2024 guarantees totaled \$246,656 and on December 31, 2023 guarantees totaled \$271,594.

Note 5 – Receivables and Collectibles

Income from allocations and services provided receivable	1,883,417	2,386,969
Income from donations receivable *)	454,851	1,185,330
Prepaid expenses	647,438	327,187
Advance payments to suppliers and other obligations	<u>17,533</u>	<u>27,341</u>
	<u>3,003,239</u>	<u>3,926,827</u>

*) Donations designated for 2024 that were received at the beginning of 2025.

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

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, 2024	4,756,649	9,033,448	669,489	14,459,586
Acquisitions this year	562,275	1,716,561	5,733	2,284,569
Disposed this year	(211,002)	(77,286)	- -	(288,288)
Balance at December 31, 2024	5,107,922	10,672,723	675,222	16,455,867

<u>Accumulated Depreciation</u>				
Balance at January 1, 2024	3,695,292	4,144,358	166,799	8,006,449
Depreciation this year	225,498	312,800	99,723	638,021
Disposed this year	(115,020)	(51,125)	- -	(166,145)
Balance at December 31, 2024	3,805,770	4,406,033	266,522	8,478,325

<u>Depreciated cost at December 31, 2024</u>	1,302,152	6,266,690	408,700	7,977,542
<u>Depreciated cost at December 31, 2023</u>	1,061,357	4,889,090	502,690	6,453,137

As of December 31
2024 2023
NIS

Note 7 – Accounts payable and credit balances

Checks payable	290,515	336,736
Employees and institutions for salaries	1,659,580	1,703,873
Suppliers and expenses payable	1,765,822	2,126,699
Miscellaneous payables	<u>19,031</u>	<u>34,607</u>
	<u>3,734,948</u>	<u>4,201,915</u>

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Notes to the Financial Statement

As of December 31
2024 2023
NIS

Note 8 - Liability for termination of employer/employee relations, net

Reserves amount	8,904,312	9,147,299
Less amounts deposited in severance pay funds	(7,502,741)	(7,506,995)
	<u>1,401,571</u>	<u>1,640,304</u>

For the year ended
December 31
2024 2023
NIS

Note 9 – Details of sections of Statement of Operations

a. Donations and participations

Donations from Israel	9,662,051	10,011,027
Donations from abroad	16,107,937	18,639,964
Payments from parents	<u>180,450</u>	<u>182,043</u>
	<u>25,950,438</u>	<u>28,833,034</u>

b. Services provided

Ministry of Welfare	2,119,564	2,292,068
City of Tel Aviv	3,254,425	3,118,529
City of Bat Yam	2,950,518	2,594,439
City of Yehud	1,211,116	1,076,122
City of Holon	<u>- -</u>	<u>330,813</u>
	<u>9,535,623</u>	<u>9,411,971</u>

c. Allocations and Grants

Estates Committee	16,058	- -
City of Tel Aviv	<u>12,124</u>	<u>12,017</u>
	<u>28,182</u>	<u>12,017</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 that ended
December 31
2024 2023
NIS

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

d. Operational expenses

Salaries and social benefits	16,694,745	16,573,291
Volunteer Work Equivalent	261,435	353,806
Food distribution	5,781,743	5,456,641
Enrichment and welfare projects	3,110,311	3,183,256
Scholarships and assistance	1,169,321	1,906,312
Meals	1,530,351	1,579,969
Rent *)	831,046	888,499
Electricity	90,200	89,751
Maintenance and cleaning	376,307	221,539
City taxes and water	247,739	235,811
Communications	73,177	77,312
Office and computer expenses	33,316	50,607
Transportation of children	210,600	182,631
Travel and transportation	357,248	315,283
Advertising, public relations and fundraising for specific projects	1,164,235	1,166,583
Insurance and miscellaneous	176,347	141,600
Depreciation	<u>618,462</u>	<u>518,189</u>
	<u>32,726,583</u>	<u>32,941,080</u>

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

Breakdown by Activity Areas – See Note 10.

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

Notes to the Financial Statement

For the year that ended

December 31

2024 2023

NIS

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

e. Advertising and fundraising expenses

Salaries and social benefits	705,443	942,358
Maintenance and cleaning	7,577	8,307
Travel	18,959	15,964
Postage/Communications	32,153	60,991
Rent *	195,074	178,733
Taxes and fees	21,315	17,370
Electricity and water	22,236	17,000
Advertising/Public relations	23,031	30,756
Refreshments	21,508	15,705
Office expenses	37,361	43,822
Insurance, security and miscellaneous	3,232	2,230
Depreciation	<u>7,964</u>	<u>7,285</u>
	<u>1,095,853</u>	<u>1,340,521</u>

f. Administrative and general expenses

Salaries and social benefits	1,690,911	1,629,001
Professional training	82,655	45,606
Insurance, Maintenance and Cleaning	10,840	11,197
Transportation and travel	9,592	4,312
Rent *	195,075	178,733
Postage/Communications	21,462	20,362
Taxes and fees	24,569	31,085
Electricity and water	22,235	17,000
Office and computer	43,639	29,072
Refreshments and others	21,505	23,066
Depreciation	<u>11,597</u>	<u>9,892</u>
	<u>2,134,080</u>	<u>1,999,326</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 that ended

December 31

2024

2023

NIS

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

g. Financing income net

Income from interest and deposits	80,682	20,877
Exchange rate differentials, net and re-evaluation of securities	<u>78,166</u>	<u>79,474</u>
	158,848	100,351

<u>Less:</u>		
Bank and credit card fees	32,417	37,290
Exchange rate differentials, net and re-evaluation of securities	<u>46,732</u>	<u>57,881</u>
	79,149	95,171
	<u>.....</u>	<u>.....</u>
	<u>79,699</u>	<u>5,180</u>

h. Other net expenses

Expenses connected with payments for moving equipment from the pre-nursery play group in the reporting year.

Note 10 – Breakdown of expenses by activities

Afternoon activity centers and youth training	15,164,045	15,048,872
Dormitories for children and youth	4,128,412	4,669,241
Assistance to families in need	10,152,620	10,167,924
Parent-Child Centers	2,312,861	2,194,485
Scholarships	333,870	282,885
Project development	<u>634,776</u>	<u>577,673</u>
	<u>32,726,583</u>	<u>32,941,080</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

Note 11 - Monetary value of in-kind donations and volunteer work

In-kind donations

The Institute received In-kind donations in amounts it evaluates as follows:

	<u>NIS</u>	
	<u>2024</u>	<u>2023</u>
<u>Note 11 - Monetary value of in-kind donations</u>		
Food	1,634,904	835,594
Volunteers*)	261,435	353,806
Rights to use buildings from municipalities	591,600	591,600
Discounts in city taxes from municipalities	207,541	211,542
Materials and office supplies	62,432	--
Wartime assistance	<u>--</u>	<u>617,775</u>
Total	<u>2,757,912</u>	<u>2,610,317</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.