

**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)**

Financial Statement
December 31, 2020

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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 balance sheets of The Institute for the Advancement of Education in Tel Aviv - Jaffa, a registered non-profit organization (hereinafter the "Institute") as of December 31, 2020 and 2019 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, 2020 and 2019, 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; June 17, 2021

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

Balance Sheet

As of December 31
2020 2019

Note United States Dollars*
Current Assets

Cash and cash equivalents 3 821,521 435,237 Short term investments 4 985,307 930,321
Receivables and collectibles 5 1,044,528 1,543,297 2,851,356 2,908,855

Fixed Assets 6 822,581 790,679

3,673,937 3,699,534

* * *

Current Liabilities

Accounts payable and credit balances 7 991,1011 232,949

Long-term Liabilities

Liability for termination of employer/employee relations, net 8 569,362 550,133

Unrestricted Assets, Net 2(b)

Used for activities 482,184 472,584 Used for fixed assets 822,581 790,679 Designated by management of the Institute 808,709 653,188 2,113,474 1,916,451

3,673,937 3,699,534

* The exchange rate used herein is the rate published by the Bank of Israel on December 31, 2020, i.e., \$1 = 3.215, and is used throughout this document.

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

June 17, 2021 Chaim Hurvitz Yoel Yogev Date of Approval of Statements Board Member
Board Member

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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
2020 2019

Note United States Dollars

Activities Turnover

Donations and participations 9(a) 6,500,081 6,789,436 Income from services provided 9(b)
2,887,593 2,725,506 Government allocations and grants 9(c) 131,187 29,546

9,518,860 9,544,488

Cost of Activities

Operational expenses 9(d) 8,300,985 8,855,303

Net income from activities 1,217,874 689,186

Advertising and fundraising expenses 9(e) 358,295 388,446 Administrative and general expenses 9(f) 618,781 587,328 977,077 975,774

.....

Surplus (previous year deficit) net before financing expenses 240,798 (286,588) Financing
 expenses (previous year income), net 9(g) (43,775) 12,098 Net Surplus (deficit) after
 financing expenses 197,022 (274,491) Loss from deductions of fixed assets ---- (316)
Surplus (deficit) for the year 197,022 (274,807)

Designation (released) of amounts designated by
management of the Institute (155,521) 279,938 Surplus for the year after designation
41,501 5,131 _____

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

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

Statement of Changes in Net Assets

Unrestricted

Designated by
 Used for Used for management of
activities fixed assets the Institute Total

United States Dollars

Balance as of 552,682 705,450 933,126 2,191,258 January 1, 2019

Activity in 2019:

Deficit for the year (274,807) -- -- (274,807) Amounts released 279,938 -- (279,938) --

Transfer of unrestricted amounts:

Used for acquisition of fixed assets (300,337) 300,337 -- -- Deduction of fixed assets 14,601
 (14,601) -- -- Used to cover depreciation expenses 200.508 (200.508) -- --

Balance as of December 31, 2019 472,584 790,679 653,188 1,916,451

Activity in 2020:

Surplus for the year 197,022 -- -- 197,022 Designated amounts (155,521) -- 155,521 --

Transfer of unrestricted amounts:

Used for acquisition of fixed assets (778,766) 778,766 -- -- Used to cover depreciation expenses
242,229 (242,229) -- --

Total changes for the year 9,599 31,902 -- 197,022

Balance as of December 31, 2020 482,184 822,581 808,709 2,113,474 _____

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

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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

2020 2019

United States Dollars

Cash flow from on-going activities:

Surplus (deficit) for the year 197,022 (274,807) Adjustments necessary to present
cash flows from ongoing activities (a) 487,478 214,654

Net cash derived from (used for) ongoing activities 684,500 (60,152)

Cash flow from investment activities:

Acquisition of fixed assets (242,229) (300,337) Acquisition of securities (55,988) -- Proceeds from
sale of securities -- 311,042 Proceeds from deductions of fixed assets -- 7,776

Net cash used for (from) investment activities (298,216) 18,481

Increase (decrease) in cash and cash equivalents 386,284 (41,672) Balance of cash and cash

equivalents, beginning of year 435,237 476,909

Balance of cash and cash equivalents, end of year 821,521 435,237 _____

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

2020 2019

United States Dollars

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

Non-cash income and expenses

Depreciation 210,327 200,508 Equity loss -- 316 Increase in liability for termination of
employer/employee relations, net 19,229 3,672 Increase in value of negotiable securities
(14,978) (51,168) Exchange rate differences and interest accrued on deposits 15,980 17,660

230,557 170,988

.....

Changes in assets and liabilities

Decrease (increase) in receivables and collectibles 498,769 (177,273) Decrease (increase) in
accounts payable and credit balances (241,849) 220,939 256,921 43,666

.....

487,478 214,654

b. Non-cash activities in the reporting period

Obligations for deductions of fixed assets -- 6,509 _____

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. The approval is valid until December 31, 2020.

Note 2 – Policy and Accounting Principles

a. General

The financial statements were prepared in accordance with Accounting Standard Number 5 of the Israel Accounting Standards Board and Accounting Standard Number 36 (which replaced Opinion 69 of the Israel Accountants Association) 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 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.

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

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:

%

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, 2020 \$ 1 = 3.215

December 31, 2019 \$ 1 = 3.456

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 2020 – 0.69%

Increase in Cost of Living Index for the year 2019 – 0.6%

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

2020 2019

United States Dollars

Note 3 – Cash and Cash Equivalents

Cash in shekels 821,521 229,054 Cash in foreign currency -- 206,183

821,521 435,237

Note 4 – Short-term investments

Deposits in dollars 228,365 244,345 Marketable Securities 756,941 685,975

985,307 930,321

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

As of December 31, 2020 guarantees totaled 283,895 NIS and on December 31, 2019 guarantees totaled NIS 265,265.

Note 5 – Receivables and Collectibles

Services provided receivable 606,959 747,573 Donations receivable *) 311,077 614,502
Government allocations receivable -- 25,935 Prepaid expenses 120,422 145,808 Advance
payments to suppliers and other obligations 6,070 9,478

1,044,528 1,543,297

*) Donations designated for 2020 that were received at the beginning of 2021.

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Notes to the Financial Statement

Note 6 – Fixed Assets

Equipment & Leasehold
Furniture Improvements Vehicles Total

United States Dollars

Costs

Balance at January 1, 2020 1,161,761 1,428,357 65,286 2,655,404 Acquisitions this year 37,451 127,699
77,080 242,229 Balance at December 31, 2020 1,199,212 1,556,056 142,365 2,897,633

Accumulated Depreciation

Balance at January 1, 2020 888,376 960,657 15,693 1,864,725 Depreciation this year 79,775 118,739
11,813 210,327 Balance at December 31, 2020 968,151 1,079,396 27,506 2,075,052

Depreciated cost at December 31, 2020 231,062 476,660 114,859 822,581 Depreciated cost at
December 31, 2019 273,386 467,700 49,593 790,679

As of December 31

2020 2019

United States Dollars

Note 7 – Accounts payable and credit balances

Checks payable 118,959 209,195 Employees and institutions for salary 491,403 512,257
Suppliers 362,172 436,516 Income in advance -- 50,389
Expenses payable 8,709 14,980 Miscellaneous payables 9,857 9,613

991,101 1,232,949

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Notes to the Financial Statement

As of December 31

2020 2019

United States Dollars

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

Reserves amount 2,461,610 2,298,756 Less amounts deposited in severance pay funds (1,892,248)
(1,748,623) 569,362 550,133

For the year ended

December 31

2020 2019

United States Dollars

Note 9 – Details of sections of Statement of Operations

a. Donations and participations

Donations from Israel 2,785,197 2,488,879 Donations from abroad 3,659,768 4,203,860
Participation from parents 55,116 74,488 Participation from “Technology Leadership” -- 22,209

6,500,081 6,789,436

b. Services provided

Ministry of Welfare 599,684 566,533 City of Tel Aviv 1,216,890 1,139,596 City of Bat Yam 737,737
709,648 City of Yehud 244,662 224,329 City of Holon 88,619 85,400

2,887,593 2,725,506

c. Allocations and Grants

National Insurance Institute 31,104 -- Ministry of Employment 87,115 -- Estates Committee --
25,935 Ministry of Justice Forfeiture Fund 8,631 -- City of Tel Aviv and others 4,336 3,611

131,187 29,546

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Notes to the Financial Statement

For the year ended

December 31

2020 2019

United States Dollars

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

d. Operational expenses

Salaries and social benefits 4,284,101 4,656,403 Volunteer Work Equivalent 65,925 109,795
Food distribution *) 1,347,507 1,194,143 Enrichment and welfare projects 693,336 864,850
Scholarships and assistance 244,527 154,639 Meals 472,166 597,645 Rent **) 402,951
392,018 Electricity 28,500 28,810 Maintenance and cleaning 60,594 124,992 City taxes and
water 70,045 65,467 Communications 22,765 18,498 Office and computer expenses 15,870
14,694 Transportation of children 13,905 59,728 Travel and transportation 66,142 74,083
Advertising, public relations and fundraising for specific projects 284,445 274,805 Insurance
19,228 26,433 Professional fees 1,856 1,674 Miscellaneous 856 1,693 Depreciation 206,264
194,931

8,300,985 8,855,303

Breakdown by Activity Areas – See Note 10.

*) In 2020, the Institute distributed food packages to the needy which were estimated in the following amounts: Passover food packages in the amount of NIS 835,560 and Rosh HaShana food packages in the amount of NIS 784,520.

**) Rental contracts have renewal options, some of which are exercised or renewed yearly. - 12

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Notes to the Financial Statement

For the year ended

December 31

2020 2019

United States Dollars

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

e. Advertising and fundraising expenses

Salaries and social benefits 231,912 255,548 Maintenance and cleaning 3,938 4,004 Travel 3,730 5,767 Postage/Communications 25,193 28,777 Rent * 51,775 51,159 Taxes and fees 4,620 922 Electricity and water 7,324 6,719 Advertising/Public relations 10,011 11,237 Refreshments 3,540 3,480 Office expenses 14,222 16,164 Insurance, guard services and others 304 622 Depreciation 1,726 4,049

358,295 388,446

f. Administrative and general expenses

Salaries and social benefits 503,371 474,010 Professional training 9,013 13,747 Insurance, Maintenance and Cleaning 4,866 9,726 Transportation and travel 5,405 4,254 Rent * 51,339 51,159 Postage/Communications 6,620 6,082 Taxes and fees 5,658 4,983 Electricity and water 7,324 6,719 Office and computer expenses 13,835 9,523 Refreshments and others 9,013 5,597 Depreciation 2,337 1,528

618,781 587,328

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

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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

2020 2019

United States Dollars

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

g. Financing expenses (previous year income), net

Bank and credit card fees 10,065 11,721 Exchange rate differentials, net 46,445 30,072
56,510 41,793

.....

Less:

Income from interest and deposits 1,059 2,722 Exchange rate differentials, net and
revaluation of securities 11,676 51,168 12,735 53,891

.....

43,775 (12,098)

Note 10 – Breakdown of expenses by activities

Afternoon activity centers and youth training 3,860,068 4,370,581 Dormitories for children
and youth 1,304,457 1,580,161 Parent-Child Center 493,848 409,488 Assistance to
families in need 2,202,175 2,102,687 "Musical Minds" 44,072 66,170 Scholarships 216,750
122,354 Project development 179,618 203,862

8,300,985 8,855,303

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.

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ENGLISH TRANSLATION FROM THE HEBREW ORIGINAL
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Notes to the Financial Statement

Note 11 - In-kind donations with monetary value and value of volunteer work

Donations with monetary value

The Institute received in-kind donations with monetary value that it estimated in the following amounts:

United States Dollars

2020 2019

Food 83,229 110,597 Volunteers*) 65,925 109,796 Rights to use buildings from
municipalities 202,302 202,302 Discounts in city taxes from municipalities 59,742 55,109

Materials and office supplies -- 678

Total 411,197 478,481 _____

These donations do not influence the results from activities, as they were taken into account both in activities turnover as well as in costs of activities.

*) 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.