

With divine help

Education Campus - Migdal Ohr (R.A.)

Financial Statements

As at December 31, 2023

Education Campus - Migdal Ohr (R.A.)

Financial Statements

As at December 31, 2023

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**Auditors' Report to the Members of
The Education Campus - Migdal Ohr (R.A.) Association**

We have audited the attached statements of financial position of the Education Campus - Migdal Ohr (R.A.) (hereinafter- "the Association") as at December 31, 2023 and 2022 and the statements of operations, the statements of changes in net assets and the statements of cash flows for each of the years ended on those dates. These financial statements are the responsibility of the Members of the Association's Committee. 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, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 5733 - 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 the significant estimates made by the Members of the Association's Committee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the abovementioned financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023 and 2022, the results of its operations, the changes in its net assets and its cash flows for each of the years ended on those dates, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

(Signed)

David Itzichescu
Certified Public Accountants

Jerusalem, August 15, 2024

Education Campus - Migdal Ohr (R.A.)

Statements of Financial Position

		As at December 31	
	Note	2023	2022
			New Israeli Shekels
Current assets			
Cash and cash equivalents		344,401	597,312
Investments designated to cover liabilities	3	10,228,486	11,117,543
Advances to suppliers and prepaid expenses		3,517,733	1,463,434
Other receivables	4	3,845,429	2,673,103
		17,936,049	15,851,392
Non-current assets	5		
Fixed assets, net		85,734,865	63,693,844
Investments for fixed assets		92,120,846	103,086,732
		177,855,711	166,780,576
		195,791,760	182,631,968
Current liabilities			
Loans from banking corporations	7	1,901,076	-
Payables	8	10,063,115	8,544,520
		11,964,191	8,544,520
Non-current liabilities			
Provision for employees' rights, net	9	8,481,496	9,861,843
Net assets			
In respect of which no restriction exists	2C		
Used for operations		(2,509,638)	(2,554,971)
Invested in fixed assets		85,734,865	63,693,844
Which have been designated by the Association for fixed assets		7,439,584	9,388,542
In respect of which a restriction exists		84,681,262	93,698,190
		175,346,073	164,225,605
		195,791,760	182,631,968

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

October 30, 2024
28th of Tishre 5785 (Signed) (Signed)
Date of the approval of the financial Ben Zion Harris Akiva Selah
statements Member of the Committee Member of the Committee

Education Campus - Migdal Ohr (R.A.)

Statements of Operations

For the Year Ended December
31

2023

2022

Note

New Israeli Shekels

Turnover from operations

Allocations	10A	45,472,010	45,076,969
Donations and participations		32,748,857	30,921,009

		78,220,867	75,997,978
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Cost of operations	10B	(74,414,989)	(71,280,457)
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Net income from operations		3,805,878	4,717,521
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Administrative and general expenses	10C	(1,711,181)	(1,699,823)
Public relations and fundraising expenses	10D	(7,515,229)	(7,276,801)
		(9,226,410)	(8,976,624)

Deficit before financing		(5,420,532)	(4,259,103)
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Exchange differences and financing, net		2,404,109	1,359,092
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Deficit for the year		(3,016,423)	(2,900,011)
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The attached notes form an integral part of the financial statements.

Education Campus - Migdal Ohr (R.A.)

Statements of Changes in Net Assets

	Assets used in operations	in respect of fixed assets	of which no restrictions exist	Assets used in respect of which the Association designates by the Association	in respect of which a restriction exists
New Israeli Shekels					
Balance as at January 1, 2022	(4,550,975)	69,455,597	5,896,914	5,896,914	61,238,176
Movements in the year 2022					
Financing	-	-	292,093	8,957,346	
Receipts and internal transfers	(3,199,535)	-	3,199,535	23,502,668	
Financing for monies designated for employees' rights	2,333,797	-	-	-	
Deficit for the year	(2,900,011)	-	-	-	
Transfers of amounts in respect of which no restriction exists					
Fixed assets received without consideration	(95,000)	95,000	-	-	
Invested in fixed assets	(782,140)	782,140	-	-	
Used to cover depreciation expenses	6,638,893	(6,638,893)	-	-	
Balance as at December 31, 2022	(2,554,971)	63,693,844	9,388,542	9,388,542	93,698,190
Movements in the year 2023					
Receipts and financing	-	-	263,571	(12,309,807)	
Internal transfers	23,539,264	-	(2,212,529)	(21,326,735)	
Financing for monies designated for employees' rights	1,563,513	-	-	-	
Deficit for the year	(3,016,423)	-	-	-	
Transfers of amounts in respect of which no restriction exists					
Invested in fixed assets	(28,521,365)	28,521,365	-	-	
Used to cover depreciation expenses	6,480,344	(6,480,344)	-	-	
Total changes in the year	45,333	22,041,021	(1,948,958)	(1,948,958)	(9,016,928)
Balance as at December 31, 2023	(2,509,638)	85,734,865	7,439,584	7,439,584	84,681,262

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

Education Campus - Migdal Ohr (R.A.)

Statements of Cash Flows

	For the Year Ended December 31	
	2023	2022
New Israeli Shekels		
Cash flows from operating activities		
Deficit for the year	(3,016,423)	(2,900,011)
Adjustments required to present cash flows from operating activities (Appendix A)	4,955,481	7,600,322
Net cash generated by operating activities	1,939,058	4,700,311
Cash flows from investment activities		
Investment in fixed assets	(28,521,366)	(877,140)
Deposits in short-term investments	889,057	530,700
Net investments designated for fixed assets	23,539,264	(3,199,535)
Net cash absorbed by investment activities	(4,093,045)	(3,545,975)
Cash flows from financing activities		
Receipt (repayment) of banking loans, net	1,901,076	(1,600,090)
Net cash generated (absorbed) by investment activities	1,901,076	(1,600,090)
Decrease in cash and cash equivalents	(252,911)	(445,754)
Balance of cash and cash equivalents at the beginning of the year	597,312	1,043,066
Balance of cash and cash equivalents at the end of the year	344,401	597,312

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

Education Campus - Migdal Ohr (R.A.)

Statements of Cash Flows

Appendix A- Adjustments required to present cash flows from operating activities

	For the Year Ended December 31	
	2023	2022
New Israeli Shekels		
Revenues and expenses not involving cash flows:		
Depreciation and amortization	6,480,345	6,638,893

Changes in liabilities for employee rights, net	183,166	1,233,881
	6,663,511	7,872,774
Changes in asset and liability items		
Decrease (increase) in other receivables	(3,226,625)	387,904
Increase (decrease) in other payables	1,518,595	(660,356)
	(1,708,030)	(272,452)
	4,955,481	7,600,322

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

Note 1 - General

A. The Education Campus – Migdal Ohr Association was registered as an association on the 11th of Shevat, 5743 (January 25, 1983) and its number with the Registrar of Associations is 58-004-575-5

On the 28th of Adar, 5770 (March 14, 2010), the Association changes its name to "The Education Campus – Migdal Ohr (R.A.)".

B. The Association operates in the field of schooling and the distribution of education and Jewish values among weakened groups of young people.

Within the framework of its activity, it operates an array of institutions and community activities, which include, *inter alia*:

Kindergartens and day centres. Primary schools, junior high schools, high schools, a yeshiva for young people, a Jewish studies centre style boarding school, a scientific yeshiva, professional training for young people in the hostelry field, rehabilitation of prisoners in prisons, informal activity in the community and charitable activity and acts of kindness.

C. The Association's main objectives are: the provision of schooling and education, the embedding of values among various groupings of young people.

D. The Association's activities have been recognized as charitable activities and accordingly it has been recognized as a public institution for the purposes of Section 46 of the Income Tax Ordinance. The Association is registered as a charity in the Value Added Tax Department.

Note 2 - Principal Accounting Policies

A. The impact of the decrease in the general purchasing power of the Israeli currency

The Association's financial statements have been prepared on a historical cost basis. The amounts of the non-monetary assets, which are presented at cost, do not represent the value in use of the updated economic value.

B. The basis for recording

Expenses are recorded on an accruals basis.

Revenues from participations are recorded on a cash basis. Revenues from donations are recorded on a cash basis except for donations that have been assured in the following year and which have been received by the date of the approval of the financial statements.

C. Net assets

The Association implements Standard 40 of the Israeli Accounting Standards Board regarding accounting and financial reporting principles for charities. Accordingly, the net assets section in the financial statements is presented in three main categories:

1. Net assets, in respect of which no restriction exists

The component of net assets, in respect of which no fixed or temporary restriction, which has been set by the donors or the party providing the budget, exists.

Note 2 - Principal Accounting Policies (Continued)

C. Net assets (Continued)

2. Net assets, which have been designated for fixed assets by the Association

The component of net assets, which derives from donations, allocations or other injections of assets, the use of which is designated for investment in the Association's fixed assets.

3. Net assets, in respect of which a restriction exists

The component of net assets, which derives from donations, the use of which has been restricted by the donors for the objective of building the institutional buildings, including child care centres and the development thereof.

D. Cash equivalents

Highly liquid investments, which include short-term deposits in banks, for periods which do not exceed three months from the time of their investment and which are not restricted by a lien, are deemed to be cash equivalents by the Association.

E. Fixed assets

1. The fixed assets that were purchased up to December 31, 1996 are presented in the statement of financial position at a symbolic value. Fixed assets that have been purchased after that date have presented at cost less accumulated depreciation.

2. The depreciation has been calculated under the straight-line method at the following annual rates:

%

Buildings	4
Equipment and furniture	7 – 33
Improvements in buildings	10
Motor vehicles	15

F. Exchange rates and linkage

Assets that are denoted in foreign currency or which are linked thereto have been recorded in accordance with the exchange rates that have been published by the Bank of Israel as at the date of the statement of financial position, as follows:

	As at December 31	
	2023	2022
1 US dollar	3.6270	3.5190
1 pound sterling	4.2209	4.2376

Note 3 - Investments designated to cover liabilities

	As at December 31	
	2023	2022
	New Israeli Shekels	
Balances to cover liabilities	10,228,486	11,117,543

The Association has designated these balances as collateral for the Association's liabilities.

Note 4 - Other receivables

	As at December 31	
	2023	2022
	New Israeli Shekels	
Checks for collection	2,695,283	1,761,853
Other receivables	1,150,146	911,250
	3,845,429	2,673,103

Note 5 - Fixed assets and investments designated for construction and development

	Purchases up to 31/12/1996	Buildings	Furniture & equipment	Total
				New Israeli Shekels
Cost				
Balance as at January 1, 2023	1	138,777,609	23,063,104	161,840,714
Additions in the year	-	27,719,700	801,666	28,521,366
	1	166,497,309	23,864,770	190,362,080
Accumulated depreciation				
Balance as at January 1, 2023	-	79,853,578	18,293,292	98,146,870
Depreciation in the year	-	5,576,038	904,307	6,480,345
Balance as at December 31, 2023	-	85,429,616	19,197,599	6,480,345
Net book value				
Balance as at December 31, 2023	1	81,067,693	4,667,171	85,734,865
Other investments that are restricted to investment in fixed assets				92,120,846
Total fixed assets and investments in construction and development as at December 31, 2023				177,855,711
Balance as at December 31, 2022	1	58,924,031	4,769,812	63,693,844
Other investments that are restricted to investment in fixed assets				103,086,732
Total fixed assets and investments in construction and development as at December 31, 2022				166,780,576

Education Campus - Migdal Ohr (R.A.)

Notes to the Financial Statements

Note 6 - Liens and guarantees

- A. Banking guarantees have been provided in order to collateralize the Association's commitments to external bodies.
- B. The balances in foreign currency are deposited in a bank as collateral for the Association's liabilities to the bank.

Note 7 - Credit from banking corporations

	As at December 31	
	2023	2022
	New Israeli Shekels	
Loan and overdraft from a bank	1,901,076	-

The loan bears interest at a variable rate interest rate of Prime + 1.75%.

Note 8 - Payables

	As at December 31	
	2023	2022
Employees and institutions for salary	3,811,981	3,455,390
Trade payables and checks payable	3,626,789	2,896,226
Other payables and expenses payable	2,624,345	2,192,904
	10,063,115	8,544,520

Note 9 - Provision for employees' rights, net

	As at December 31	
	2023	2022
Amount of the liability	48,791,186	46,158,202
Less:		
Deposits in insurance companies	(20,063,680)	(17,430,696)
Bank accounts designated for employees' rights	(20,246,010)	(18,865,663)
Total assets to cover liabilities	(40,309,690)	(36,296,359)
	8,481,496	9,861,843

Note 10 - Details for items in the statements of operations

A. Allocations

	For the Year Ended December 31	
	2023	2022
The Ministry of Education	37,139,493	37,227,017
The Ministry of Welfare	4,510,824	4,640,390
The Ministry of Industry, Trade and Science	2,655,124	1,937,622
The Authority for the Development of the Galilee and local authorities	1,166,569	1,271,940
	45,472,010	45,076,969

B. Cost of operations

	For the Year Ended December 31	
	2023	2022
Salaries and social benefits	41,869,176	39,951,063
Food and kitchen expenses	3,217,123	3,235,948
Higher study hall	1,979,850	1,497,482
Electricity, water and gas	1,709,269	2,505,513
Maintenance and cleaning	3,126,777	3,512,101
"Hag Sheva" donations drive and assistance	4,133,260	3,531,099
Telecommunications and computers	1,297,515	1,279,478
Elementary insurance and security	692,933	684,317
Transport for pupils and transportation	3,310,398	1,995,981
Clothing, study materials and consumable equipment	888,568	809,391
Health insurances and medical expenses	995,977	899,434
Activities, clubs and sundry	4,713,799	4,748,751
Depreciation	6,480,344	6,629,899
	74,414,989	71,280,457

Note 10 - Details for items in the statements of operations (Continued)

C. Administrative and general expenses

For the Year Ended December
31
2023 2022
New Israeli Shekels

Salaries and social benefits	1,236,498	1,162,202
Postage and telephone	9,733	29,338
Office expenses	296,295	275,133
Professional fees	129,482	202,563
Levies, taxes and sundry	39,173	21,593
Depreciation	-	8,994
	1,711,181	1,699,823

D. Public relations and fundraising expenses

For the Year Ended December
31
2023 2022
New Israeli Shekels

Salaries and social benefits	2,393,426	2,314,511
Advertising and public relations	4,999,163	4,892,811
Foreign travel	122,640	69,479
	7,515,229	7,276,801

Note 11 - Donations in monies' worth

The association has received donations in monies' worth on amounts that have been evaluation by it, as follows:

As at December 31
2023 2022
New Israeli Shekels

Food products	106,167	548,882
Car rental and maintenance	144,000	132,000
Maintenance and other	91,170	80,228
Total	341,337	761,110

Donations of services and products have been recorded under donations in the revenues turnover in the statement of operations.