

Ramot Yehuda (Registered Association)

Financial Statements

As at December 31, 2023

Dan Rabin, CPA
Tel-Aviv

Ramot Yehuda (Registered Association)

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Auditors' Report to the Members of
The Ramot Yehuda Association (Registered Association)

We have audited the attached statements of financial position of the Ramot Yehuda (Registered Association) (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)
Dan Rabin
Certified Public Accountants

Jerusalem, October 13, 2024

Statements of Financial Position

		As at December 31	
		2023	2022 (*)
	Note	New Israeli Shekels	
Current assets			
Cash and cash equivalents	3	987,103	287,082
Designated deposit (**)	4	7,929,527	4,000,000
Other receivables	5	1,633,244	799,479
		10,549,874	5,086,561
Non-current assets			
Fixed assets, net (***)	6	25,405,510	29,821,786
		35,955,384	34,908,347
Current liabilities			
Trade payables	7	864,655	978,374
Other payables	8	1,687,480	715,318
		2,552,135	1,693,692
Non-current liabilities			
Liability in respect of the termination of employee – employer relationships	9	246,492	256,277
Net assets			
Net assets used for operations		(178,280)	(863,408)
Net assets the use of which is not restricted, used for fixed assets		25,405,510	29,821,786
Net assets in respect of which a restriction exists, designated for building	10	7,929,527	4,000,000
		33,156,757	32,958,378
		35,955,384	34,908,347

(*)

Reclassified.

(**) Includes deposits designated for construction in the village.

(***) The fixed assets after deducting grants. See details in Note 5.

Zalman

(Signed)

Grossman
Member of the Committee

(Signed)

Avraham
Member of the Committee

Date of the approval of the financial statements:
Jerusalem, October 13, 2024

The attached notes form an integral part of the financial statements.
Ramat Yehuda (Registered Association)

Statements of Operations

		For the Year Ended December 31	
		2023	2022
	Note	New Israeli Shekels	
Turnover from operations	11	18,309,883	20,044,110
Cost of operations	12	16,180,155	15,412,398
Net income from operations		2,129,728	4,631,712
Administrative and general expenses, net	13	2,195,179	2,294,724
Income (expenses) net before financing income, net		(65,451)	2,336,988
Financing income, net		263,830	431,909
Net surplus from operations for the year		198,379	2,768,897
Surplus for the year		198,379	2,768,897

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

Statements of Changes in Net Assets

	Assets in respect of which no restrictions exist	Assets in respect of which a restriction exists		
	For use in operations	Used for fixed assets		Total
			New Israeli Shekels	
Balance as at January 1, 2023	(863,408)	29,821,786	4,000,000	32,925,378
Additions (derecognitions) during the year:				
Net surplus for the year	198,379	-	-	198,379
Amounts in respect of which a restriction exists for the purchase of fixed assets (*)	(3,929,527)	-	3,929,527	-
Transfer of amounts in respect of which no restriction exists, used for fixed assets, net	(4,237,038)	4,237,038	-	-
Amounts transferred to cover depreciation expenses	2,764,055	(2,764,055)	-	-
Designated donation	5,889,259	(5,889,259)	-	-
Balance as at December 31, 2023	(178,280)	25,405,510	7,929,527	33,156,757

(*) See Note 10 below.

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

Statements of Cash Flows

	For the Year Ended December 31	
	2023	2022
New Israeli Shekels		
Cash flows from operating activities		
Net income for the year	198,379	2,768,897
Adjustments required to present cash flows from operating activities (Appendix A)	2,778,948	1,066,825
Net cash generated by operating activities	2,977,327	3,835,722
Cash flows from investment activities		
Investment in fixed assets	(4,237,038)	(4,029,486)
Receipt of a grant for the purchase of fixed assets	5,889,259	-
Change in the net assets designated for construction for investment in fixed assets	-	(4,300,000)
Net cash generated (absorbed) by investment activities	1,652,221	(8,329,486)
Increase (decrease) in cash and cash equivalents	4,629,548	(4,493,764)
Balance of cash and cash equivalents at the beginning of the year	4,287,082	8,780,849
Balance of cash and cash equivalents at the end of the year	8,916,630	4,287,082

(*) The cash balance includes the deposits that are designated for construction.

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

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:		
Decrease in liability for the termination of employee – employer relationships, net	(9,785)	(401,147)
Depreciation expenses	2,764,055	2,928,818
	2,754,270	2,527,671

Changes in asset and liability items		
Decrease (increase) in other receivables	(833,765)	132,667
Increase (decrease) in employees and institutions payables	972,162	(36,516)
Increase (decrease) in trade receivables and checks payable	(113,719)	(1,556,997)
	24,678	(1,460,846)
	2,778,948	1,066,825

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

Note 1 - General

- A. The Association was established and registered with the Registrar of Associations on March 15, 1995 of the Associations Law – 1980 and its number is 58-025-981-0
- B. The Association's main objectives are the establishment, development and operation of treatment communities for people who have harmed by drugs in Israel and the treatment of youth at risk of descending into drug taking, helping their families and using their assistance, as well as promoting knowledge, research and skills on the subject of the handling of treatment communities for drug addicts, whilst cooperating with and arranging meetings between professionals in Israel and abroad.
- C. The Association operates the "Zoharim" village.

Note 2 - Principal Accounting Policies

The principal accounting policies, which have been implemented in the preparation of the financial statements are as follows:

- A. In August 2020, the Israeli Accounting Standards Board published Accounting Standard Number 40 regarding accounting and financial reporting principles for charities. The Standard replaced Statement of Opinion number 69 of the Institute of Certified Public Accountants in Israel and the amendments thereto and Accounting Standard number 9 on the subject of financial statements of institutes of higher education.

In November 2021, the Israeli Accounting Standards Board published Accounting Standard Number 40 (Updated 2021) regarding accounting and financial reporting principles for charities (hereinafter: "Standard 40 updated 2021" or the "Standard") with the objective of updating Accounting Standard Number 40, which had been published in August 2020, as mentioned above.

The Standard applies to the financial statements of charities for annual periods commencing on January 1, 2021.

- B. Revenues and expenses have been recorded in the financial statements on an accruals basis, independent participation by patients has been recorded on a cash basis.
- C. Fixed assets have been recorded at cost less accumulated depreciation. The depreciation has been calculated under the straight-line method at annual rates, which are deemed to be sufficient in order to depreciate the fixed assets over the period of their estimated useful lifetimes.
- D. Cash equivalents – highly liquid investments, which include, inter alia, short-term deposits, which have been deposited in a bank, whose period to redemption does not exceed three months at the time of the investment, are deemed to be cash equivalents.
- E. At the time of the preparation of the financial statements and the presentation thereof in accordance with generally accepted accounting principles, the management is required to prepare estimates and to assume assumptions, which affect the figures that are presented in the financial statements and in the accompanying notes thereto. By the very nature of estimates and assumptions, the actual results may be different from the estimates.
- F. Provision for doubtful debts – the provision is determined specifically for debts the collection of which is in doubt.

G. Foreign currency and linkage

Assets and liabilities, which are linked to the Consumer Prices Index have been recorded based on the last index that has been published before the reporting date.

Assets and liabilities, which are denoted in foreign currency or which are linked thereto, have been recorded in accordance with the representative exchange rate as published by the Bank of Israel and which are in effect as of the reporting date.

The following are details of the Consumer Prices Index, the exchange rates of US dollar and the euro and the changes therein

	As at December 31		Change %	
	2023	2022	2023	2022
The Consumer Prices Index (in points)	126.88	123.19	3.0	5.3
Exchange rate of the US dollar (in NIS)	3.627	3.519	3.07	13.15
Exchange rate of the Euro (in NIS)	4.016	3.753	7.0	6.62

(*) In accordance with a basis for the average for 2008 = 100.

Note 3 - Cash and cash equivalents

	As at December 31	
	2023	2022
New Israeli Shekels		
Cash and cash equivalents (including foreign currency)	987,103	287,082

Note 4 - Designated deposit

In the accounting year there are deposits that are designated for the construction of the village in an overall amount of NIS 7,929,527 (NIS 4,000,000 in the previous year).

Note 5 - Other receivables

	As at December 31	
	2023	2022
New Israeli Shekels		
Cash box and checks for collection	-	69,039
Banking check and advances to suppliers	1,633,244	730,440
	1,633,244	799,479

Note 6 - Fixed assets, net

A. Comprise:

	Equipment and religious articles	Motor vehicles	Self construction	-	Buildings, planning and licensing	Land and brokerage fees	Total
New Israeli Shekels							
Cost							
Balance as at January 1, 2023	4,643,750	740,225	40,958,570		1,612,781	282,627	48,237,953
Derecognitions in the accounting year	-	-	-		-	-	-
Grants	-	-	(5,886,269)		-	-	(5,886,269)
Additions in the accounting year	238,041	-	3,999,002		-	-	4,237,043
As at December 31, 2023	4,881,791	740,225	39,071,303		1,612,781	282,627	46,588,737
Accumulated depreciation							
As at January 1, 2023	2,846,012	463,461	14,739,762		366,932	-	18,416,167
Derecognitions in the accounting year	-	-	-		-	-	-
Additions in the accounting year	293,222	103,397	2,183,970		183,466	-	2,794,055
As at December 31, 2023	3,139,234	566,858	16,923,732		550,398	-	21,180,222
Net book value							
As at December 31, 2023	1,742,547	173,367	22,147,571		1,062,383	282,627	25,408,510
As at December 31, 2022	1,797,738	276,764	26,218,808		1,245,849	282,627	29,821,786

B.

The depreciation rates that have been claimed are 6% to 33%.

C.

Land

On December 2, 2007, the Israel Lands Administration approved the Association's application for the allocation of land that is known as Block 34122 with an area of 43,919 square metres, under a 49 year lease – up to December 1, 2056. The discounted leasing fees including levies and purchase tax amount to NIS 275,233.

Note 7 - Trade payables

	As at December 31	
	2023	2022
	New Israeli Shekels	
Open debts	788,781	388,609
Checks payable	75,874	589,765
	864,655	978,374

Note 8 - Other payables

	As at December 31	
	2023	2022
	New Israeli Shekels	
Employees for salary	364,215	339,187
Institutions for salary	176,670	161,961
Provision for vacation pay	239,495	214,170
Expenses payable	907,100	-
	1,687,480	715,318

Note 9 - Deposit less liabilities for the termination of employee – employer relationships, net

A. Composition:

	As at December 31	
	2023	2022
	New Israeli Shekels	
Provision for vacation pay	1,875,816	1,625,180
Expenses payable	(1,629,324)	(1,368,903)
	246,492	256,277

B. The liability reflects the Association's entire liability to its employees in respect of the termination of employee – employer relationships, less the liability that is covered by insurance policies in pension funds. The amounts that have accumulated in the pension funds are neither held nor managed by the Association and therefore they are not given expression in the financial statements.

Note 10 - Net assets in respect of which a restriction exists, which are designated for construction

The amounts are designated for the construction of buildings, buildings for the boarding school and buildings for the development school and for the stables. An amount of NIS 3,929,527 was received in the accounting year for the purposes of the construction of buildings as mentioned above. An amount of NIS 4,300,000 was released in the previous year.

Notes to the Financial Statements

Note 11 - Turnover from Operations

	For the Year Ended December 31	
	2023	2022
Revenues from donations	4,075,037	4,156,128
Ministry of Education – Boarding Schools	13,823,047	14,722,322
Participation by the Ort Network	306,800	935,800
Participations and supports	-	75,400
Revenues from agricultural products and sundry income	104,999	154,460
	18,309,883	20,044,110

Note 12 - Operating costs

	For the Year Ended December 31	
	2023	2022
Salaries and social benefits	5,602,164	5,542,460
Food and boarding school expenses	978,679	1,018,156
Maintenance of the village	1,047,352	1,225,903
Electricity and fuel	368,357	295,197
Watchmen and security for pupils	1,618,766	1,553,948
Expenses for pupils	1,554,841	1,724,533
Water and municipal taxes	250,629	199,230
Organization and operations – authorities and construction	1,995,312	831,815
Depreciation expenses	2,764,055	2,928,818
Retention of contacts with Alumni expenses	-	92,338
	16,180,155	15,412,398

Note 13 - Administrative and general expenses

	For the Year Ended December 31	
	2023	2022
Salaries and social benefits	803,141	817,220
Motor vehicle maintenance	260,279	307,284
Professional services	97,295	85,340
Taxes, levies and fines	1,215	3,766
Insurance	148,632	122,280

Office expenses	26,783	206,862
Fundraising expenses, public relations and advertising	857,834	751,972
	2,195,179	2,294,724

Ramot Yehuda (Registered Association)

Notes to the Financial Statements

Note 14 - Certification as a public institution for the purpose of donations

The Association has been recognized as a public institution for the purpose of donations pursuant to Section 46 of the Income Tax Ordinance by the Income Tax authorities. The certificate is in effect until December 31, 2027

Note 15 - Certification pursuant to the Public Bodies Transactions Law and exemption from the deduction of tax at source

- A. The Association holds certification from the Commissioner of Income Tax for the purposes of the Public Bodies Transactions Law (Enforcement of the maintenance of accounts and the payment of tax debts) – 1976. The certificate is in effect until March 31, 2025.
- B. The Association has certification for an exemption from the deduction of tax at source, which is in effect until March 31, 2025.

Note 16 - Confirmation of proper management

The Association has confirmation of proper management from the Registrar of Associations for the year 2024.

Note 17 - Value Added Tax

The Association has been classified as a charity by the Value Added Tax authorities.

Ramot Yehuda (R.A) 580259810
 Statement of Adjustment for Tax Purposes
 For the 2023 Tax Year

	New Shekels	Israeli Shekels
Surplus for the year from operations	198,379	
Adjustments	-	
Exempt income pursuant to Section 9(2) for a public institution	198,379	

(Signed)	(Signed)
Zalman Grossman	Avraham
Member of the Committee	Member of the Committee

Auditors' Opinion

We have examined the statement of adjustment of Ramot Yehuda (Registered Association) for the 2023 tax year, which adjusts the Company's income in accordance with its statement of income for the year ended December 31, 2023 to the income that has been declared by it for tax purposes for the said tax year.

The examination of the expenses that are detailed in the Regulations regarding "the deduction of certain expenses" and the calculations that are required in accordance with Section 3 (J) of the Income Tax Ordinance and the compliance with the conditions that are detailed in Section 32 A of the Ordinance, were done to the extent that has been agreed between the Income Tax Commissioner and the Institute of Certified Public Accountants in Israel, with all that is implied thereby.

In our opinion, subject to what is stated in the previous paragraph, the abovementioned statement of adjustment has been prepared in accordance with the provisions of the Income Tax Ordinance.

(Signed)

Dan Rabin

Certified Public Accountants

Jerusalem, October 13, 2024