

FRIENDS OF THE NEVE SHALOM EDUCATIONAL ASSOCIATION

(REGISTERED ASSOCIATION)

FINANCIAL REPORT

as of DECEMBER 31st, 2022

FRIENDS OF THE NEVE SHALOM EDUCATIONAL ASSOCIATION
(REGISTERED ASSOCIATION)

Financial report as of December 31st, 2022

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Zbeda Yosef – Certified Public Accountants (Isr.)

Independent AUDITORS REPORT

To the members Association of Friends of the Neve Shalom Educational Association (registered association)

We have audited the accompanying balance sheets of Friends of the Neve Shalom Educational Association (registered association) as of December 31st,2022, and of 2021, the statement of activity as well as the statement of changes in net assets and that of cash flows for the years ending on the specified date. These financial reports are the responsibility of the association board and management. Our responsibility is to form an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the generally accepted auditing standards in Israel, including those prescribed by the auditors' regulations (auditor's mode of performance) – 1973. Those standards require that we prepare and perform the audit so as to obtain reasonable assurance as to whether the financial statements are free of material misstatement, whether through reporting or accounting errors. An audit includes examining, by sampling , evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles used and the significant estimates made by board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

The financial statements referred to above are prepared in nominal values. Information as to the effect of the changes in the general purchasing power of the Israeli currency does not appear on the financial statements; in accordance with pronouncements of the Institute of Certified Public Accountants in Israel, it is not included in these financial statements.

In our opinion, except for the information mentioned in the preceding paragraph, the financial statements referred to above present fairly in all material aspect, the financial report of the Association as at December 31st 2022 and 2021 the results of its activities and changes in net assets and changes in cash flows for each of the years ended on those dates, conforming to generally accepted accounting principles in Israel that are conducted on the basis of nominal values.



Zbeda yosef C.P.A (ISR)

September 26th, 2023

**Friends of the Neve
Shalom Educational
Associations (registered
association)**

	<u>Balance Sheet (ILS)</u>	<u>As of December 31st</u>	
	<u>Note</u>	<u>2021</u>	<u>2022</u>
<u>Current Assets</u>			
Cash and cash equivalents	3	3,212,955	3,048,673
Account receivable and debt balance	4	501,456	538,533
Related parties	5	<u>454,753</u>	<u>328,089</u>
		4,169,164	3,915,295
Long term loan	6	<u>40,236</u>	-
Fixed assets, net	7	1,344,019	2,261,544
Total assets		<u>5,553,419</u>	<u>6,176,839</u>
		=====	=====

**Balance
Sheet (in new
Shekels)**

As of
31st,
December

	<u>note</u>	<u>2021</u>	<u>2022</u>
<u>Current Liabilities</u>			
Suppliers and trade account	8	325,157	196,881
Other payables and credits balances	9	434,753	307,418
		759,910	504,299
Liabilities for severance pay	10	236,525	236,525
Total liabilities		996,435	740,824
<u>NET ASSETS</u>			
<u>Unrestricted net assets</u>			
unrestricted for activities not designated		591,734	403,239
Unrestricted for fixed assets		1,344,019	2,261,544
		1,935,753	2,664,783
Restricted funds	11	2,621,231	2,771,233
Total net assets		4,556,984	5,436,016
Total liabilities and net assets		5,553,419	6,176,840

The accompany notes are an integral part of the financial statements


Chair of board


Member of board

Friends of the Neve Shalom Educational Associations (registered association)

Statement of Activities: Income & Expenses

in ILS

as of December 31st

	<u>note</u>	<u>2021</u>	<u>2022</u>
Turnover activities	12	7,421,365	7,872,779
		-----	-----
Operational costs	13	6,354,152	6,909,268
		-----	-----
Net income from activities		1,067,213	963,511
		-----	-----
General and administrative expenses	14	686,744	364,832
		-----	-----
Surplus before financial expenses		380,469	598,679
Financial expenses		271,176	(153,174)
Withholding tax assessment		114,067	22,823
		-----	-----
Surplus for the year		-4,774	729,030
		=====	=====

Friends of the Neve Shalom Educational Associations (registered association)

Statement of Changes in Equity

in new Israeli shekels (NIS)

	<u>For Activities</u>	<u>For fixed Assets</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of January 1 ,2021	811,977	1,132,827	1,151,596	3,096,400
	-----	-----	-----	-----
Addition / (Decrease) during the year	-4,774	-	-	-4,774
	-----	-----	-----	-----
<u>Transfer of unrestricted</u>				
Amount used for depreciation	146,989	-146,989	-	-
Funds released to fixed assets	-358,181	358,181	-	-
Funds with restriction	-	-	1,469,635	1,469,635
	-----	-----	-----	-----
Balance as at December 31 , 2021	591,734	1,344,019	2,621,231	4,556,984
	-----	-----	-----	-----
<u>Addition / (Decrease) during the year</u>	729,030	-	-	729,030
	-----	-----	-----	-----
<u>Transfer of unrestricted sums</u>				
Amount used for depreciation	153,814	-153,814	-	-
Funds released to fixed assets	-1,071,339	1,071,339	-	-
Funds with restriction	-	-	150,002	150,002
	-----	-----	-----	-----
Balance as at December 31 , 2022	403,239	2,261,544	2,771,233	5,436,016
	=====	=====	=====	=====

Notes on Financial Statements

General Notes

The Association was registered on June 22, 1984, under the Associations law, 1980, number 580085612. It commenced operations on November 29, 1984.

The Association was established to fulfill the idea of intercultural and rapprochement among the peoples living in Israel and to educate towards this ideal.

The association is located at Neve Shalom Cooperative Village, Ltd. , which carries out some of the goals of the association.

Among its aims:

1. Conducting the educational and cultural activity that takes place in Neve Shalom;
2. Raising funds and donations for the institutions in which the activities are carried out and collaborating with other individuals and organizations working toward similar goals;
3. Supporting and assisting activities of the Neve Shalom primary school, kindergarten and preschool;
4. Supporting and assisting activities of various persons and institutions in matters connected with educational activity at Neve Shalom.

There was a fire in the association's buildings and facilities, and thus the Association invested in their renovation, in total 960,460 N.I.S in the year 2022. The renovation is slated to be complete by November 2023.

Note 2 - Accounting principles and reporting rules

1. These financial statements have been prepared in conformity with generally accepted accounting principles on a historical cost basis in nominal values. The effect of the changes in the general purchasing power of the Israeli currency on the financial statements is not included in these financial statements.
 2. The Financial Statements have been presented in conformity, to ordinance 69, regulation 5 for accounting principles and financial reporting, as applicable to non-profit organizations.
 3. Fixed Assets:
Fixed assets are stated at cost, less accumulated depreciation is recorded based on the straight-line method.
-

Note 3 - Cash and cash equivalents

	<u>as of</u> <u>December 31</u>	
	<u>2021</u>	<u>2022</u>
Cash in NIS	208,984	390,660
Bank deposits	3,003,971	2,658,013
	<u>3,212,955</u>	<u>3,048,673</u>
	=====	=====

Note 4 - accounts receivable and debt balance

Cheques - receivable	335,720	256,605
Suppliers advance payments	28,700	226,382
Tax departments	-	-
Employee advance payments	8,400	-
Other debtors	128,636	55,546
	<u>501,456</u>	<u>538,533</u>
	=====	=====

Note 5 - related parties

Neve Shalom Co-Operative Village Ltd	454,753	328,089
	-	-
	<u>454,753</u>	<u>328,089</u>
	=====	=====

Note 6- LONG TERM LOAN

In February 2017 the NGO signed an agreement with the Development

Company for Village Centers and Mate Yehuda Industries Ltd., (hereinafter: the Company) entered into an agreement according to which the NGO loaned the Company funds to purchase a bus. Accordingly, the loan was to be repaid by the provision of transportation service to students. The agreement was for five years for a bus, and began the day bus services were provided to students. The bus was depreciated directly over five years. The loan has been fully repaid in April 2021.

Note 7 - Fixed Assets

	<u>Office furniture</u>	<u>Computer Equipment</u>	<u>Electronic Equipment</u>	<u>Renovation</u>	<u>Building structure</u>	<u>Robert Natan wing</u>	<u>Building under construction</u>	<u>Total</u>
<u>Cost</u>								
Balance as at 31/12/2022	561,605	280,435	244,801	581,508	1,285,486	817,715	--	3,771,550
Addition for the year 2022	11,000	8,744	22,469	68,665	0	0	960,461	1,071,339
End of the year	572,605	289,179	267,270	650,173	1,285,486	817,715	960,461	4,842,889
<u>Accumulated Depreciation</u>								
Balance as at 31/12/2022	413,289	257,372	239,602	366,398	553,908	596,963	--	2,427,532
year	24,819	11,356	3,025	27,011	50,541	37,061	--	153,813
As of 31/12/2022	438,108	268,728	242,627	393,409	604,449	634,024	--	2,581,345
Balance as at December 31 , 2022	134,497	20,451	24,643	256,764	681,037	183,691	960,461	2,261,544
Balance as at December 31 , 2021	46,236	20,087	6,174	20,386	782,124	257,820	--	1,132,827

Note 8 - Suppliers and trade account payable

As of December, 31st

	<u>2021</u>	<u>2022</u>
Suppliers and account payable	146,599	196,881
Cheques payable	178,558	-
	<u>325,157</u>	<u>196,881</u>
	=====	=====

Note - 9 - Other payable and credits

Income in advance	342,325	--
Employees	3,001	201,682
Wages, tuitions	82,595	60,011
Withholding tax	-	43,987
Other credits	<u>6,832</u>	<u>1,738</u>
	<u>434,753</u>	<u>307,418</u>
	=====	=====

Note 10 - Liabilities for severance pay

1. The amount reflects the commitment of the NGO to its workers on their retirement as of the 31 December 2021, which are not covered by amounts paid to insurance companies.
2. The amount required for payment to workers on retirement is calculated on the basis of their last salary on the day of the audit and according to the laws governing retirement pay to workers.

Note 11 - Permanently restricted Net Assets Restricted funds

	<u>as of</u>	
	<u>December 31st</u>	
	<u>2021</u>	<u>2022</u>
Permanently restricted Nnet assets	2,621,231	2,771,233
	=====	=====

Note - 12 -Turnover activities

	<u>2021</u>	<u>2022</u>
Donations from friends' organizations and funds	5,405,532	4,576,800
Parents' participation	772,292	1,374,929
Other	597,635	1,473,772
Revenue from courses and seminars	159,410	333,557
Revenue from local authority	486,496	113,641
	7,421,365	7,872,779
	=====	=====

Note - 13 - Operation costs

	<u>As of</u> <u>December, 31st</u> <u>2021</u>	<u>2022</u>
Salaries & related expenses	3,556,340	3,862,635
Projects and developments	769,305	779,986
Students' transportation	931,157	1,033,471
Depreciation	146,989	153,814
Workshops & cultural activities	121,363	130,142
Maintenance & Equipment	828,998	949,220
	<hr/> 6,354,152	<hr/> 6,909,268
	=====	=====

Note - 14 - General & administrative expenses

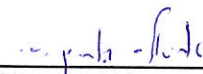
Salaries & related expenses	77,500	33,489
Professional services	261,827	22,500
Office maintenance	208,830	49,014
Office expenses & education equipment	17,504	20,449
Communications	41,215	15,956
Hosting & gifts	29,587	-
Security expenses	-	181,690
Advertising & fund raising	30,245	41,734
Legal expenses & fees	20,036	-
Bank commission	-	-
	<hr/> 686,744	<hr/> 364,832
	=====	=====


Note - 15 - Financial expenses

Interest & bank fees	(271,176)	(38,458)
Exchange rate differences	-	191,632
	<hr/> (271,176)	<hr/> 153,174
	=====	=====

Note - 16 - Distribution of activities by segments

	2022			2021	
	Educational sys & foreign relation	school for peace	pluralistic spiritual center	Total 2022	2021
Turnover activity					
Donation from friends' organization & funds	3,040,058	1,382,204	154,618	4,576,880	5,405,530
Parents' participation	1,374,929	-	-	1,374,929	597,635
other	1,288,422	0	185,350	1,473,772	772,292
Revenue from local Authority	113,641	-	-	113,641	486,496
turnover from courses and seminars	-	333,557	-	333,557	159,412
	<u>5,817,050</u>	<u>1,715,761</u>	<u>339,968</u>	<u>7,872,779</u>	<u>7,421,365</u>
Operational cost					
Salaries & related expenses	2,817,851	932,213	112,571	3,862,635	3,556,339
Projects and courses	0	779,986	0	779,986	769,305
students' transportation	1,033,471	-	-	1,033,471	931,158
Depreciation	112,558	36,175	5,081	153,814	146,989
Work & cultural activities	0	0	130,142	130,142	121,363
Maintenance & equipment	378,632	484,104	86,484	949,220	828,998
	<u>4,342,512</u>	<u>2,232,478</u>	<u>334,278</u>	<u>6,909,268</u>	<u>6,354,152</u>
Net income from activities	<u>1,474,538</u>	<u>-516,717</u>	<u>5,690</u>	<u>963,511</u>	<u>1,067,213</u>
General & administrative expenses					
Salaries & related expenses	33,489	-	-	33,489	77,500
Professional services	22,500	-	-	22,500	261,827
Office expenses	9,979	10,470	-	20,449	17,504
maintenance office	49,014	-	-	49,014	208,830
communication	15,956	-	-	15,956	41,215
Refreshment & gifts	-	-	-	-	0
Withholding tax assessment	22,823	-	-	22,823	114,067
Security expenses	181,690	-	-	181,690	29,587
Advertising & fund raising	41,734	-	-	41,734	30,245
Taxes & fees	-	-	-	-	0
Legal expenses & fees	-	-	-	-	20,036
Total	<u>377,185</u>	<u>10,470</u>	<u>0</u>	<u>387,655</u>	<u>800,811</u>
Expenses before financial expenses	<u>1,097,353</u>	<u>-527,187</u>	<u>5,690</u>	<u>575,856</u>	<u>266,402</u>
Financial expenses	<u>-153,174</u>	<u>0</u>	<u>-</u>	<u>-153,174</u>	<u>271,176</u>
Surplus(deficit) for the year	<u>1,250,527</u>	<u>-527,187</u>	<u>5,690</u>	<u>729,030</u>	<u>-4,774</u>


Chair of the board


Member of the board