NEGBA -
CHILDREN AND YOUTH BUILDING THE FUTURE (R.A.)

FINANCIAL STATEMENTS AS OF

DECEMBER 31, 2025

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בן דהן, סמואל, ממן ושות' רואי חשבון
BENDAHAN, SAMUEL, MAMAN & Co. Certified Public Accountants (Isr.)

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דוד ממן - רו"ח
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AUDITORS' REPORT TO THE MEMBERS OF

NEGBA -

CHILDREN AND YOUTH BUILDING THE FUTURE (R.A.)

We have audited the accompanying balance sheets of Negba – children and youth building the future (R.A.) - ("the Association") as of December 31, 2025 and 2024, and the related statements of income and expenses and changes in the funds balance and the statements of cash flows for each of the years ended on those dates. These financial statements are the responsibility of the Association management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance) - 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 significant estimates made by the Association management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2025 and 2024, and the results of its operations and the changes in the funds balance for each of the years ended on those dates, in conformity with generally accepted accounting principle which are accepted in Israel (Israeli GAAP).

Jerusalem, April 28, 2026

Bendahan, Samuel, Maman & Co
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Balance Sheets

	Note	As of December 31 2025	As of December 31 2024
		New Israeli Shekel	New Israeli Shekel
Current Assets			
Cash and cash equivalents		368,720	4,743,783
Securities negotiable	3	4,966,613	2,020,545
Debtor and debit balances	4	429,951	522,642
		5,765,284	7,286,970
Non – current Assets			
Intended deposits	5	4,115,113	2,549,580
Fixed Assets	6	11,302,043	11,637,218
		21,182,440	21,473,768
Current Liabilities			
Suppliers	7	43,345	23,722
Creditors and credit balances	8	503,764	480,596
		547,109	504,318
Long term liabilities			
Liabilities relating to severance pay	9	80,118	44,445
Funds balance			
Unlimited funds			
For current activities		3,135,551	4,060,803
That were designated by the association management	5	4,115,113	2,549,580
For fixed assets		11,302,043	11,637,218
		18,552,707	18,247,601
Net assets temporarily restricted	13	2,002,506	2,677,404
Total net assets		20,555,213	20,925,005
		21,182,440	21,473,768

The accompanying notes are an integral part of the financial statements

Statements of Income and expenses

	For the year ended December 31	
	2025	2024
	New Israeli Shekel	
Operating income - note 10	7,591,550	7,631,757
Operating expenses – note 11	6,477,808	5,833,161
Net operating income	1,113,742	1,798,596
General and managerial expenses – note 12	1,059,890	1,257,771
Net income before financial income	53,852	540,825
Financial income – note 13	311,340	256,580
Financial expenses	(60,086)	(51,322)
Net income after financial income	305,106	746,083
Other income, net	-	27,147
Net income for the year	305,106	773,230

The accompanying notes are an integral part of the financial statements

CHANGES IN FUNDS BALANCE
(NEW ISRAELI SHEKEL)

	Unlimited funds				
	For current activities	That ware designated by association management	Fixed assets	Net temporarily restricted	Total
Balance as of 1.1.2024	2,365,221	3,111,237	11,997,913	2,691,589	20,165,960
Increases during the year:					
Net income for the year	773,230	-	-	-	773,230
Funds relased from sale of fixed assets	11,879	-	(11,879)	-	-
Donations income	-	-	-	1,695,149	1,695,149
Financial income	(75,729)	75,729	-	-	-
Decreases during the year:					
Funds released from limitation	637,386	(637,386)	-	-	-
Transfer of unlimited funds - Used for fixed assets	(119,270)	-	119,270	-	-
Transfer of funds for depreciation	468,086	-	(468,086)	-	-
Funds released from limitation to activities	-	-	-	(1,709,334)	(1,709,334)
Balance as of 31.12.2024	4,060,803	2,549,580	11,637,218	2,677,404	20,925,005
Increases during the year:					
Net income for the year	305,106	-	-	-	305,106
Donations income	-	-	-	1,347,030	1,347,030
Funds designated by the association	(1,400,000)	1,400,000	-	-	-
Financial income	(165,533)	165,533	-	-	-
Decreases during the year:					
Transfer of funds for depreciation	476,904	-	(476,904)	-	-
	(141,729)	141,729	-	-	-
Funds released from limitation to activities	-	-	-	(2,021,928)	(2,021,928)
Balance as of 31.12.2025	3,135,551	4,115,113	11,302,043	2,002,506	20,555,213

STATEMENTS OF CASH FLOWS

	For the year ended 31.12.2025	For the year ended 31.12.2024
	N.I.S.	N.I.S.
Cash flows from operating activities:		
Net income from statement of income and expenses	305,106	773,230
Required adjustments to present cash flow from operating activities - appendix A	379,843	451,702
Net cash provided by operating activities	684,949	1,224,932
Cash flows from investing activities:		
Investment in securities	(4,243,385)	2,963,398
Proceeds from the sale of fixed assets	-	39,026
Acquisition of permanent assets	(141,729)	(119,270)
Net cash provided by (used in) investing activities	(4,385,114)	2,883,154
Cash flows from financing activities:		
Contributions with limited funds	1,347,030	1,695,149
Funds released from limitation to activities	(2,021,928)	(1,709,334)
Net cash provided by (used in) financing activities	(674,898)	(14,185)
Increase (decrease) in cash and cash equivalents	(4,375,063)	4,093,901
Cash and cash equivalents at the beginning of the year	4,743,783	649,882
Cash and cash equivalents at the end of the year	368,720	4,743,783

STATEMENTS OF CASH FLOWS

Appendix A – Required adjustments to present

	For the year ended	
	31.12.2025	31.12.2024
	N.I.S.	
Income and expenses that do not involve cash flow:		
Depreciation	476,904	468,086
Securities revaluation	(268,216)	(32,908)
Increase in liabilities relating to severance pay	35,673	15,651
Capital loss	-	(27,147)
Changes in assets and liabilities:		
Decrease other receivables	92,691	36,104
Increase (decrease) in suppliers	19,623	(26,162)
Increase (decrease) in other liabilities	23,168	18,078
	379,843	451,702

MANAGEMENT'S NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In New Israeli Shekels)

Note 1 - G E N E R AL

A. The association was founded in October 2006.

B. The registration number of the association is: 580466928.

C. The purpose of the association is to establish and to manage several homes for "children at risk" in Israel. Providing social services and education to children and youth at risk, from the geographical or social periphey. Contributing to the devlopment of their professional future and being citizens who will lead productive and independent live.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accounting standard n^0 40 of the Institute of Certified Public Accountants in Israel concerning non-profit organizations.
Basic accounting policies are as follows:

A. The financial statements were set in accordance with the accounting principles which are generally accepted in Israel (Israeli GAAP).

B. Cash and Cash Equivalents

Cash equivalents are investments in banks with high liquidity, with an original maturity period not exceeding three months from the date of purchase and where there are no restrictions on their immediate use.

C. Securities:

Presented according to their value on the balance sheet date.

D. Foreign currency:

Balances in foreign currency, have been presented at the representative rate of exchange on the balance sheet date.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

D. Foreign currency: continued

The following is basic data on the CPI and on the exchange rates:

	31.12.25	31.12.24	31.12.23
Exchange rate of the U.S. dollar (in NIS)	3.19	3.647	3.627
Exchange rate of the euro. (in NIS)	3.745	3.7964	4.0016

	Percent Change 2025	Percent Change 2024	Percent Change 2023
Exchange rate of U.S. dollar	(12.5%)	0.6%	3.1%
Exchange rate of the euro (in NIS)	(1.3%)	(5.4%)	6.9%

D. Fixed assets:

1. Depreciation is computed by the straight-line method to the fiscal administration accepted rates.

2. Main annual depreciation rates:.

Buildings	2%.
Fuoniture and equipment	7%-33%.
Leasehold improvement	10%
Vehicles	15%

E. The financial statements included monetary value of volunteer activity in the association.

Note 3 - CASH AND CASH EQUIVALENTS

	As of December 31 2025	2024
In shekels	2,917,878	-
In foreign exchange	2,048,735	2,020,545
	4,966,613	2,020,545

Note 4 - OTHER RECEIVABLES

	As of December 31	
	2025	2024
	New Israeli Shekel	
Receivbale Income	356,972	447,381
Checks from donors	10,596	10,727
Prepaid expenses	56,526	62,603
Other receivables	5,857	1,931
	429,951	522,642

Note 5 - INTENDED DEPOSITS

Amounts intended for the construction are deposited in solid investment.

Note 6 - FIXED ASSETS

	Cost as of 31.12.2025	Accumulated depreciation 31.12.2025	Balance as of 31.12.2025	Balance as of 31.12.2024
Building	12,392,877	1,997,284	10,395,593	10,677,703
Renovations in buildings	1,024,165	792,333	231,832	249,344
Equipment and furniture	881,722	528,787	352,935	381,227
Computers	398,878	323,228	75,650	37,941
Cars	65,789	64,457	1,332	10,050
Solar facility	362,520	117,819	244,701	280,953
	15,125,951	3,823,908	11,302,043	11,637,218

Note 7 - SUPPLIERS

	As of December 31	
	2025	2024
	New Israeli Shekel	
Open accounts	39,607	19,457
Checks payable	3,738	4,265
	43,345	23,722

Note 8 - OTHER LIABILITIES

	As of December 31	
	2025	2024
	New Israeli Shekel	
Employees and institutions	468,764	441,596
Other liabilities and expenses payable	35,000	39,000
	503,764	480,596

Note 9 - LIABILITIES RELATING TO SEVERANCE PAY

The association's liability for severance pay for its employees is partially covered by deposits into a managerial insurance fund.

Note 10 - INCOME

	For the Year Ended December 31	
	2025	2024
	New Israeli Shekel	
Donations	2,274,608	2,670,017
Income from local authorities	683,790	705,455
Funds released from limitation to activities	2,021,927	1,709,334
Ministry of social affairs	1,858,187	1,848,790
Education ministry - (1) cash equal	592,244	543,057
Revenue participations	160,794	155,104
	7,591,550	7,631,757

(1) The association receive free hours of help from education ministry.

In addition there are volunteer hours.

Note 11 - OPERATING EXPENSES

	For the Year Ended December 31	
	2025	2024
	New Israeli Shekel	
Salaries and related expenses	4,255,222	3,689,583
Workshops	748,307	816,450
Teaching equipments	31,484	36,044
Food	573,903	532,874
Rent	8,000	1,800
Maintenance	218,207	194,072
Transportation	14,003	13,145
Communication	55,659	26,094
Charity activity	26,140	2,405
Gifts for volunteers	9,658	9,335
Insurances	69,039	64,586
Depreciation	468,186	446,773
	6,477,808	5,833,161

Note 12 - GENERAL AND MANAGERIAL EXPENSES

	For the Year Ended December 31	
	2025	2024
	New Israeli Shekel	
Salaries and related expenses, net	903,177	942,586
Public relations	37,358	193,904
Car expenses	11,875	19,739
Professional fees	59,517	69,034
Communication	35,031	1,140
Taxes and fees	1,084	2,303
Insurances	2,848	5,250
Office expenses	9,000	23,815
	1,059,890	1,257,771

Note 13 - FINANCIAL INCOME

	For the Year Ended December 31	
	2025	2024
	New Israeli Shekel	
Security revaluation	70,213	73,154
Deposit interest	241,127	183,426
	311,340	256,580

Note 14 – NET ASSETS TEMPORARILY RESTRICTED

	Construction	Music room	Educational assistance	Environmental quality project	Learning pages	The graduate project	Cigognes	Total
Balance as of 1.1.2024	1,090,019	72,791	1,649	333,944	26,694	145,775	1,020,717	2,691,589
Temporarily restricted	74,133	11,658	-	50,000	10,957	7,000	1,541,401	1,695,149
Funds released from limitation	(380,223)	(84,449)	-	(200,561)	(23,384)	-	(1,020,717)	(1,709,334)
Balance as of 31.12.2024	783,929	-	1,649	183,383	14,267	152,775	1,541,401	2,677,404
Temporarily restricted	-	7,200	-	194,000	9,000	-	1,136,830	1,347,030
Funds released from limitation	(382,625)	(7,200)	-	(67,784)	(22,919)	-	(1,541,400)	(2,021,928)
Balance as of 31.12.2025	401,304	-	1,649	309,599	348	152,775	1,136,831	2,002,506