

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

FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2022



Haim Bendahan, C.P.A. (Isr.)
Michel Samuel, C.P.A. (Isr.)
David Maman, C.P.A. (Isr.)
David Bendahan, C.P.A (Isr.)

חיים בן דהן - רו"ח
מישל סמואל - רו"ח
דוד ממן - רו"ח
דוד בן דהן - רו"ח



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

FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2022

CONTENTS :

1. Auditors' Report.
2. Balance Sheet.
3. Statement of Income and expenses.
4. Statement of Changes in the funds balance.
5. Statement of cash flows.
6. Appendice to the Financial Statement.



Haim Bendahan, C.P.A. (Isr.)
Michel Samuel, C.P.A. (Isr.)
David Maman, C.P.A. (Isr.)
David Bendahan, C.P.A (Isr.)

חיים בן דהן - רו"ח
מישל סמואל - רו"ח
דוד מממן - רו"ח
דוד בן דהן - רו"ח



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, 2022 and 2021, 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, 2022 and 2021, 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, June 15, 2023

Bendahan, Samuel, Maman & Co
Certified Public Accountants (Isr.)

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

	<u>Note</u>	<u>As of December 31</u>	
		<u>2022</u>	<u>2021</u>
		<u>New Israeli Shekel</u>	
<u>Current Assets</u>			
Cash and cash equivalents	3	1,513,368	3,537,985
Securities negotiable		1,078,881	-
Debtor and debit balances	4	<u>767,102</u>	<u>458,313</u>
		<u>3,359,351</u>	<u>3,996,298</u>
<u>Non – current Assets</u>			
Intended deposits	5	2,905,149	2,939,234
Savings at the bank		<u>1,100,964</u>	<u>1,106,233</u>
		<u>4,006,113</u>	<u>4,045,467</u>
<u>Fixed Assets</u>			
	6	<u>12,235,629</u>	<u>12,374,951</u>
		<u>19,601,093</u>	<u>20,416,716</u>
<u>Current Liabilities</u>			
Suppliers	7	86,659	57,356
Creditors and credit balances	8	<u>464,172</u>	<u>507,895</u>
		<u>550,831</u>	<u>565,251</u>
<u>Long term liabilities</u>			
Liabilities relating to severance pay	9	<u>14,974</u>	<u>20,892</u>
<u>Funds balance</u>			
Unlimited funds			
For current activities		2,151,128	1,851,481
That were designated by the association management	5	2,745,666	2,745,666
For fixed assets		<u>12,235,629</u>	<u>12,374,951</u>
		<u>17,132,423</u>	<u>16,972,098</u>
Net assets temporarily restricted	13	<u>1,902,865</u>	<u>2,858,475</u>
Total net assets		<u>19,035,288</u>	<u>19,830,573</u>
		<u>19,601,093</u>	<u>20,416,716</u>

The accompanying notes are an integral part of the financial statements

Statements of Income and expenses

	<u>For the year ended</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Operating income - note 10	6,452,104	5,941,762
	-----	-----
Operating expenses – note 11	5,312,728	5,071,809
	=====	=====
Net operating income	1,139,376	869,953
General and managerial expenses – note 12	<u>1,069,550</u>	<u>1,092,354</u>
Net income (expenses) before financial income	69,826	(222,401)
Financial income (expenses)	<u>90,499</u>	<u>(283,037)</u>
Net income (expenses) for the year	<u>160,325</u>	<u>(505,438)</u>
	=====	=====

The accompanying notes are an integral part of the financial statements

 

CHANGES IN FUNDS BALANCE
(NEW ISRAELI SHEKEL)

	<u>Unlimited funds</u>				
	<u>For current activities</u>	<u>That were designated by association management</u>	<u>Fixed assets</u>	<u>Net temporarily restricted</u>	<u>Total</u>
Balance as of 1.1.2021	1,870,106	2,800,000	12,807,430	2,265,390	19,742,926
Donations income	-	-	-	945,750	945,750
<u>Decreases during the year:</u>					
Net expenses for the year	(505,438)	-	-	-	(505,438)
Transfer of unlimited funds - Used for fixed assets	(24,283)	(54,334)	78,617	-	-
Transfer of funds for depreciation	511,096	-	(511,096)	-	-
Funds released from limitation to activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(352,665)</u>	<u>(352,665)</u>
Balance as of 31.12.2021	1,851,481	2,745,666	12,374,951	2,858,475	19,830,573
<u>Increases during the year:</u>					
Net income for the year	160,325	-	-	-	160,325
Donations income	-	-	-	388,270	388,270
<u>Decreases during the year:</u>					
Transfer of unlimited funds - Used for fixed assets	(363,893)	-	363,893	-	-
Transfer of funds for depreciation	503,215	-	(503,215)	-	-
Funds released from limitation to activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,343,880)</u>	<u>(1,343,880)</u>
Balance as of 31.12.2022	<u><u>2,151,128</u></u>	<u><u>2,745,666</u></u>	<u><u>12,235,629</u></u>	<u><u>1,902,865</u></u>	<u><u>19,035,288</u></u>

STATEMENTS OF CASH FLOWS

	For the year ended	
	<u>31.12.2022</u>	<u>31.12.2021</u>
	N.I.S.	
<u>Cash flows from operating activities:</u>		
Net income (expenses) from statement of income and expenses	160,325	(505,438)
<u>Required adjustments to present cash flow from operating activities - appendix A</u>	<u>174,088</u>	<u>533,743</u>
Net cash provided by operating activities	<u>334,413</u>	<u>28,305</u>
	-----	-----
<u>Cash flows from investing activities:</u>		
Investments in intended deposits	39,354	(7,733)
Acquisition of permanent assets	<u>(363,893)</u>	<u>(78,617)</u>
Net cash used in investing activities	<u>(324,539)</u>	<u>(86,350)</u>
	-----	-----
<u>Cash flows from financing activities:</u>		
Contributions with limited funds	388,270	945,750
Funds released from limitation to activities	<u>(1,343,880)</u>	<u>(352,665)</u>
Net cash used in (provided by) financing activities	<u>(955,610)</u>	<u>593,085</u>
	=====	=====
<u>Increase (decrease) in cash and cash equivalents</u>	<u>(945,736)</u>	<u>535,040</u>
<u>Cash and cash equivalents at the beginning of the year</u>	<u>3,537,985</u>	<u>3,002,945</u>
<u>Cash and cash equivalents at the end of the year</u>	<u>2,592,249</u>	<u>3,537,985</u>
	=====	=====

STATEMENTS OF CASH FLOWS

Appendix A – Required adjustments to present

For the year ended	
<u>31.12.2022</u>	<u>31.12.2021</u>
N.I.S.	

Income and expenses that do not involve cash flow:

Depreciation	503,215	511,096
Decrease in liabilities relating to severance pay	(5,918)	(43,661)

Changes in assets and liabilities:

(Increase) decrease other receivables	(308,789)	30,727
Increase in suppliers	29,303	11,054
Increase (decrease) in other liabilities	<u>(43,723)</u>	<u>24,527</u>
	<u>174,088</u>	<u>533,743</u>

MANAGEMENT'S NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In New Israeli Shekels)

Note 1 - GENERAL

- 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 periphery. Contributing to the development 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^o 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:

	<u>31.12.22</u>	<u>31.12.21</u>	<u>31.12.20</u>
Exchange rate of the U.S. dollar (in NIS)	3.519 =====	3.11 =====	3.215 =====
Exchange rate of the euro. (in NIS)	3.753 =====	3.5199 =====	3.9441 =====
	Percent Change <u>2022</u>	Percent Change <u>2021</u>	Percent Change <u>2020</u>
Exchange rate of U.S. dollar	13.2% =====	(3.3%) =====	(7%) =====
Exchange rate of the euro. (in NIS)	6.6% =====	(10.8%) =====	1.7% =====

D. Fixed assets:

- Depreciation is computed by the straight-line method to the fiscal administration accepted rates.
- Main annual depreciation rates:

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

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

Note 3 - CASH AND CASH EQUIVALENTS

	<u>As of December 31</u>	
	<u>2022</u>	<u>2021</u>
In shekels	1,125,564	463,660
In foreign exchange	387,804	3,074,325
	<u>1,513,368</u> =====	<u>3,537,985</u> =====

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

Note 4 - OTHER RECEIVABLES

	<u>As of December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Receivable Income	693,928	353,770
Checks from donors	18,524	30,432
Prepaid expenses	53,657	60,156
Other receivables	993	13,955
	<u>767,102</u>	<u>458,313</u>

Note 5 - INTENDED DEPOSITS

Amounts intended for the construction are deposited in solid investment.

Note 6 - FIXED ASSETS

	<u>Cost as of 31.12.2022</u>	<u>Accumulated depreciation 31.12.2022</u>	<u>Balance as of 31.12.2022</u>	<u>Balance as of 31.12.2021</u>
Building	12,100,377	1,154,028	10,946,349	11,224,568
Renovations in buildings	886,002	585,317	300,685	327,381
Equipment and furniture	1,017,577	507,744	509,833	576,856
Computers	346,601	332,079	14,522	37,802
Cars	294,789	184,006	110,783	154,010
Solar facility	362,520	9,063	353,457	54,334
	<u>15,007,866</u>	<u>2,772,237</u>	<u>12,235,629</u>	<u>12,374,951</u>

Note 7 - SUPPLIERS

	<u>As of December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Open accounts	67,570	40,162
Checks payable	19,089	17,194
	<u>86,659</u>	<u>57,356</u>

Note 8 - OTHER LIABILITIES

	<u>As of December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Employees and institutions	422,872	477,895
Other liabilities and expenses payable	41,300	30,000
	<u>464,172</u>	<u>507,895</u>

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

	<u>For the Year Ended</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Donations	2,134,497	2,440,291
Income from local authorities	579,373	680,133
Funds released from limitation to activities	995,579	352,665
Funds released from limitation to fixed assets	348,301	-
Ministry of social affairs	1,895,290	1,808,634
Education ministry - (1) cash equal	374,016	480,219
Revenue participations	125,048	138,090
	<u>6,452,104</u>	<u>5,900,032</u>
Haapotropus & Ezvonot	-	41,730
	<u>6,452,104</u>	<u>5,941,762</u>

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

In addition there are volunteer hours.

Note 11 - OPERATING EXPENSES

	<u>For the Year Ended</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Salaries and related expenses	3,358,406	3,282,418
Workshops	571,042	416,179
Teaching equipments	36,954	29,724
Food	555,850	463,698
Rent	25,000	30,800
Maintenance	179,938	270,525
Transportation	9,393	13,972
Communication	22,359	20,585
Charity activity	22,500	9,098
Gifts for volunteers	6,124	5,509
Insurances	65,174	62,424
Depreciation	459,988	466,877
	<u>5,312,728</u>	<u>5,071,809</u>

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

Note 12 - GENERAL AND MANAGERIAL EXPENSES

	<u>For the Year Ended</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekel</u>	
Salaries and related expenses, net	950,161	924,270
Public relations	35,725	86,983
Car expenses	(776)	(1,570)
Professional fees	55,384	52,884
Communication	1,392	1,029
Taxes and fees	2,577	3,546
Insurances	3,795	7,664
Office expenses	21,292	17,548
	<u>1,069,550</u>	<u>1,092,354</u>

Note 13 - NET ASSETS TEMPORARILY RESTRICTED

	<u>Construction</u>	<u>Grossman's projects</u>	<u>Music room</u>	<u>Educational assistance</u>	<u>Environmental quality project</u>	<u>Cigognes</u>	<u>Total</u>
Balance as of 1.1.2021	2,233,541	18,439	-	13,410	-	-	2,265,390
Temporarily restricted	120,000	-	-	-	282,240	543,510	945,750
Funds released from limitation	<u>(311,430)</u>	<u>(18,439)</u>	<u>-</u>	<u>(11,761)</u>	<u>(11,035)</u>	<u>-</u>	<u>(352,665)</u>
Balance as of 31.12.2021	2,042,111	-	-	1,649	271,205	543,510	2,858,475
Temporarily restricted	177,000	-	103,050	-	108,220	-	388,270
Funds released from limitation	<u>(608,937)</u>	<u>-</u>	<u>(62,649)</u>	<u>-</u>	<u>(128,784)</u>	<u>(543,510)</u>	<u>(1,343,880)</u>
Balance as of 31.12.2022	<u>1,610,174</u>	<u>-</u>	<u>40,401</u>	<u>1,649</u>	<u>250,641</u>	<u>-</u>	<u>1,902,865</u>