**ALUMA – FOR SOCIAL INVOLVEMENT AND FOR**

**JEWISH IDENTITY**

**(Registered Association)**

**FINANCIAL STATEMENTS**

**TO DECEMBER 31 2019**

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REPORT OF THE AUDITORS TO THE MEMBERS OF THE ASSOCIATION

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

We audited the attached balance sheets of Aluma – for Social Involvement And for Jewish Identity (Reg. Assoc.) (hereinafter – “Association”) to December 31 2019 and 2018, the reports on the activities, the reports on changes in net assets and the reports on cash flows for the years ending on those dates. These financial statements are under the responsibility of the board and the management of the Association. We are responsible for the opinion on these financial statements on the basis of our audit.

We carried out our audit in accordance with the generally accepted accounting principles in Israel (Israeli GAAP), including standards established in the Auditors’ Regulations (Auditor’s Mode of Performance), 5733–1973. According to these standards, we were required to plan the audit and execute it with the aim of achieving a reasonable degree of assurance that there is no substantial misrepresentation in the financial statements. The audit includes a sampling of evidence supporting the amounts and information in the financial statements. The audit also includes an examination of the accounting rules implemented and the substantial estimates made by the board and the management of the Association as well as an assessment of the propriety of the presentation in the financial statements in general. We believe that our audit provides a proper basis for our opinion.

The above-mentioned financial statements have been drawn up with nominal values and were not drawn up with values from reports or adjusted to the general purchasing power of the Israeli currency as required under the GAAP.

In our opinion, with the exception of the non-inclusion of the information mentioned in the previous paragraph, these financial statements, from all significant aspects, properly reflect the financial condition of the Association as of December 31 2019 and 2018 and the results of its activities, the changes in its net assets and its cash flows for the years ending on those dates in accordance with the Israeli GAAP, in nominal values.

Har-Noy, Benita

Accountant

Petach Tikva, September 2020

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

BALANCE SHEETS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | To December 31 | | | |
|  | Note | 2019 | | 2018 | |
|  |  | NIS thousands | | | |
| Assets |  |  | |  | |
| Current assets |  |  |  | |
| Cash and cash equivalent |  | 13,206 | 11,087 | |
| Marketable securities |  | 320 | 312 | |
| Accounts receivable: | (3) |  |  | |
| Receivables for activities |  | 12,502 | 10,200 | |
| Other |  | 386 | 385 | |
|  |  | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | |
|  |  | 26,414 | 21,984 | |
|  |  |  |  | |
| Fixed assets, net | (4) | 1,609 | 1,732 | |
|  |  |  |  | |
| Intangible assets, net | (5) | 35 | 82 | |
|  |  |  |  | |
| Assets attributed to Transferred Activity |  |  | 6,317 | |
|  |  | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | |
|  |  | 28,058 | 30,115 | |
|  |  | ======= | ======= | |
| Net liabilities and assets |  |  |  | |
| Current Liabilities |  |  |  | |
| Accounts Payable: | (6) |  |  | |
| Service Providers |  | 3,210 | 2,525 | |
| Other |  | 10,058 | 8,415 | |
|  |  | \_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
|  |  | 13,268 | 10,940 | |
|  |  | - - - - - - - | - - - - - - - | |
| Long-Term Liabilities |  |  |  | |
| Bat-Ami – Emunah Aluma | (7) | 1,270 | 1,394 | |
| Liabilities for Termination of Employer-Employee Relationship | (8) | 295 | 548 | |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
|  |  | 1,565 | 1,942 | |
|  |  | - - - - - - - | - - - - - - - | |
|  |  |  |  | |
| Liabilities Attributed to Transferred Activity |  |  | 7,658 | |
|  |  |  | - - - - - - - | |
| Guarantees, Encumbrances and Claims | (9) |  |  | |
| Net Assets |  |  |  | |
| Net Assets for which there is No Restriction: |  |  |  | |
| Cumulative Surplus from Activities |  | 11,206 | 8,652 | |
| Used for Fixed Assets and Intangible Assets |  | 1,644 | 1,814 | |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_ | |
|  |  | 12,850 | 10,466 | |
| Net assets for which there is a Temporary Restriction |  | 375 | 449 | |
| Net assets Attributed to Transferred Activity |  |  | (1,340) | |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
|  |  | 13,225 | 9,575 | |
|  |  | - - - - - - - | - - - - - - - | |
|  |  | 28,058 | 30,115 | |
|  |  | ======= | ======= | |

\*Reclassified

The Attached Notes Constitute an Integral Part of The Financial Statements

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Yosef Dremmer – Board Member Yair Reinman – Board Member

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

REPORTS ON ACTIVITIES

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | | For the year ending on | | | |
|  |  | | December 31 | | | |
|  |  | | 2019 | | 2018\* | |
|  | Note | | NIS thousands | | | |
|  |  | |  | |  | |
|  |  | |  |  | |
| Turnover of Activities | (10A) | | 44,608 | 40,622 | |
|  |  | |  |  | |
| Cost of Activities | (10B) | | 38,993 | 35,838 | |
|  |  | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
| Net Income from Activities |  | | 5,615 | 4,784 | |
|  |  | |  |  | |
| Administrative and General Expenses | (10C) | | 3,233 | 2,458 | |
|  |  | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
| Net Income before Financing |  | | 2,382 | 2,326 | |
|  |  | |  |  | |
| Financing income (expenses), net |  | | 2 | (44) | |
|  |  | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
| Profit for Year before Transferred Activity Profits (losses) | |  | 2,384 | 2,282 | |
|  |  | |  |  | |
| Net Profit (Loss) From Transferred Activity |  | | 1,340 | (814) | |
|  |  | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
| Surplus for Year |  | | 3,724 | 1,468 | |
|  |  | | ======= | ======= | |

\*Reclassified

The Attached Notes Constitute an Integral Part of the Financial Statements

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

REPORTS ON CHANGES IN NET ASSETS

For Which There is No Restriction

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Used for Activities  NIS thousand | | | | | | | | Used for Fixed Assets and Intangible Assets  NIS thousand | | For Which There is a Temporary Restriction  NIS thousand | | Attributed to Transferred Activity  NIS thousand | | Total  NIS thousands | |
|  |  | | | | | | | |  | |  | |  | |  | |
| Balance to January 1 2018 | | 6,197 | | | | | | 1,987 | | 306 | | (457) | | 8,033 | |
|  |  | | | | | | |  | |  | |  | |  | |
| Additions During the Year: | | |  | | | | |  | |  | |  | |  | |
| Donations |  | | | | | | |  | | 3,776 | | 605 | | 4,381 | |
| Allocations |  | | | | | | |  | | 1,577 | |  | | 1,577 | |
| Surplus (deficit) for Year | | | | 2,282 | | | |  | |  | | (814) | | 1,468 | |
|  | | | |  | | | |  | |  | |  | |  | |
| Deficit During the Year | | | |  | | | |  | |  | |  | |  | |
| Amounts Freed from Restriction | | | | |  | | |  | |  | |  | |  | |
| Used for Activity |  | | | | | | |  | | (5,210) | | (674) | | (5,884) | |
| Transfer of Amounts for Which There is No Restriction: | | | | | | |  |  | |  | |  | |  | |
| Used for Fixed Assets | | | (126) | | | | | 126 | |  | |  | |  | |
| Amounts Transferred to Cover Depreciation Expenses | | | | | | 299 | | (299) | |  | |  | |  | |
|  | \_\_\_\_\_\_\_ | | | | | | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Balance to December 31 2018 | | | | | 8,652 | | | 1,814 | | 449 | | (1,340) | | 9,575 | |
|  |  | | | | | | |  | |  | |  | |  | |
| Additions During the Year: | |  | | | | | |  | |  | |  | |  | |
| Allocations |  | | | | | | |  | | 1,994 | |  | | 1,994 | |
| Donations |  | | | | | | |  | | 2,682 | |  | | 2,682 | |
| Surplus for Year | 2,384 | | | | | | |  | |  | | 1,340 | | 3,724 | |
|  |  | | | | | | |  | |  | |  | |  | |
| Deficit During the Year: |  | | | | | | |  | |  | |  | |  | |
| Amounts Freed from Restriction | | | | |  | | |  | |  | |  | |  | |
| Used for Activity |  | | | | | | |  | | (4,750) | |  | | (4,750) | |
| Transfer of Amounts for Which There is No Restriction: | | |  | | | | |  | |  | |  | |  | |
| Used for Fixed Assets | (126) | | | | | | | 126 | |  | |  | |  | |
| Amounts Transferred to Cover Depreciation Expenses | | | 296 | | | | | (296) | |  | |  | |  | |
|  | \_\_\_\_\_\_\_ | | | | | | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Balance to 12. 31.19 | 11,206 | | | | | | | 1,644 | | 375 | | -- | | 13,225 | |
|  | ======= | | | | | | | ======= | | ======== | | ======= | | ======= | |

\* Reclassified

The Attached Notes Constitute an Integral Part of the Financial Statements

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

REPORTS ON CASH FLOWS

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | For the year ending on | | | | |
|  |  | December 31 | | | | |
|  |  | 2019 | | | 2018\* | |
|  |  | NIS thousands | | | | |
|  |  |  | | |  | |
| Cash Flows from Current Activity: |  |  | |  | |
| Surplus for year |  | 2,384 | | 2,282 | |
|  |  |  | |  | |
| Adjustments Required in Order to Present Cash Flows | |  | |  | |
| from Current Activity (Addendum A) | | (4,425) | | (5,797) | |
|  | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Cash Used for Current Activity | | (2,041) | | (3,515) | |
|  | | - - - - - - - | | - - - - - - - | |
|  | |  | |  | |
| Cash Flows from Investment Activity: | |  | |  | |
| Consideration from Sale of Marketable Securities | | 12 | |  | |
| Purchase of Fixed Assets and Intangible Assets | | (126) | | (125) | |
|  | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Cash Used in Investment Activity | | (114) | | (125) | |
|  | | - - - - - - - | | - - - - - - - | |
|  | |  | |  | |
| Cash Flows from Financing Activity: | |  | |  | |
| Donations and Allocations Credited to Temporarily Restricted Net Assets | | | 4,274 | 5,353 | |
|  | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Cash Derived from Financing Activity | | 4,274 | | 5,353 | |
|  | | - - - - - - - | | - - - - - - - | |
| Increase in Cash and Cash Equivalent | | 2,119 | | 1,713 | |
|  | |  | |  | |
| Balance of Cash and Cash Equivalent to Start of Year | | 11,087 | | 9,374 | |
|  | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Balance of Cash and Cash Equivalent to End of Year | | 13,206 | | 11,087 | |
|  | | ======= | | ======= | |

\*Reclassified

The Attached Notes Constitute an Integral Part of the Financial Statements

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

REPORTS ON CASH FLOWS

Addendum A

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | For the year ending on | | | | |
|  |  | December 31 | | | | |
|  |  | 2019 | | | 2018\* | |
|  |  | NIS thousands | | | | |
| Adjustments Required in Order to Show Cash Flows from Current Activity: |  |  | |  | |
|  |  |  | |  | |
| Income and Expenses not Involved in Cash Flows: |  |  | |  | |
| Depreciation and Amortization | | 172 | | 175 | |
| Increase (decrease) in Liabilities for Employee-Employer Relationships | | | (253) | 26 | |
| Amounts Released from Restricted Net Assets for Activity | | (4,750) | | (5,210) | |
| Revaluation of Marketable Securities | | (21) | | 25 | |
|  | |  | |  | |
| Changes in Asset and liability items | |  | |  | |
|  | |  | |  | |
| Increase in Accounts Receivable | | (1,901) | | (1,567) | |
| Increase in Creditors and Credit Balance | | 2,328 | | 754 | |
|  | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
|  | | (4,425) | | (5,797) | |
|  | | ======= | | ======= | |

Addendum B – Non-Cash Activities During Report Period

1. Decrease in long-term liabilities to Bat Ami–Emunah Aluma amounting to NIS 124 thousand against depreciation expenses (2018 – NIS 124,000).
2. Change in liability surplus on assets for transferred activity amounting to NIS 1,340 thousand (2018 – NIS 884,000).

\*Reclassified

The Attached Notes Constitute an Integral Part of the Financial Statements

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General

1. Aluma – For Social Involvement And For Jewish Identity (Reg. Assoc.) was registered as an association under the Associations Law, 5740-1980 on 3 January 1983 with the following purposes: the education of the younger generation in the Land of Israel in the spirit of Torah values and work and deepening Jewish identity, volunteer recruitment and referral and volunteers for national civil and social service, the promotion and operation of educational projects to assist and reduce social gaps, social mobility and the encouragement of social involvement. The establishment and operation of guidance, counseling and training centers which deal in the preparation of young men and women from a variety of populations for significant service in the military or in the framework of National Service and the accompaniment of those serving. The Association has confirmations of its status as a non-profit organization with the VAT authorities and as a public institution under Clause 9(2) of the Income Tax Regulation as well as an income tax confirmation in the matter of donations under Clause 46 of the Income Tax Regulation.
2. The activity of the Association is concentrated in the field of education, and in the framework of this activity the Association encourages young people from the social-geographic periphery, young religious people, Ethiopian youth and young people from Arab society to join frameworks of activity and contribution while preserving their values and unique ways of life by means of 12 national programs in partnership with government ministries, various funds and donors; every year, more than 30 thousand young men and women between the ages of 16 and 26 participate in the various programs.
3. Up to the end of the previous year, in addition to its social activity, the Association worked in the field of National Service by providing recruitment, integration and operational services for volunteers in the framework of National Service in the educational system according to the principles of national religious education.

The activity is carried out in the framework of tenders published by government ministries, after which contracts are signed with the state, through the ministries for the provision of the above-mentioned services, as well as by means providing services to institutions and others directly by the Association.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General (cont.)

C. Continued

The activity of the Association was carried out together with the Bat Ami–Emunah Aluma Association (previously – National Service for Young Women of Emunah), bodies recognized as “a body dealing in the handling and preparation of young women in voluntary National Service” in the matter of Clause 5 of the National Insurance Law (Consolidated Version), by means of a unified center called Bat Ami, which was operated in the framework of the Association.

The division of responsibility regarding the National Service activity was 50:50, and accordingly, the financial statements of the Association included 50% of the activity of Bat Ami.

1. In the previous reporting year, following the approval of the Civil Service Law, 5777–2017, according to which only a body whose primary purpose is dealing with the locating, referral and accompaniment of volunteers, so that its additional activity which is not National Service is limited to up to 18% of the entire scope of its activity, may receive recognition as a recognized body (in the matter of National Service), the Association, together with the Bat Ami–Emunah Aluma Association, and with the accompaniment of the regulatory bodies, including the Registrar of Associations, the Income Tax Authority and the National Service Administration, reached an agreement according to which all the National Service activity would be transferred to the Bat Ami–Emunah Aluma Association.

In the framework of the agreement, the name of the Association as stated above was changed, and the Articles of Association of the Association were changed while granting a special status to the Association and to Emunah the National Religious Women’s Movement as founding associations, each of which is entitled to appoint half of the members of the board and members of the general meeting in the Bat Ami–Emunah Aluma Association.

The transfer of the National Service activity to the Bat Ami–Emunah Aluma Association began on January 1 2019, so that no later than the National Service year starting on September 1 2019, all the National Service activities, together with its employees, assets and liabilities would be transferred to the Bat Ami–Emunah Aluma Association.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General (cont.)

D. Continued

It was also agreed that all the financial activity of the National Service, including income and expenses to be executed in the Association starting from January 1 2019 and up to September 1 2019 would be transferred and considered as a part of the activity of the Bat Ami–Emunah Aluma Association.

The National Service activity which is transferred to the reporting year has been shown together with the other activities of the Association in the framework of the financial statements as assets and liabilities from transferred activity and as a loss from transferred activity. Data regarding the assets, liabilities and reports on the activity of the transferred activity for 2018 are given in Note 11 below.

1. After the date of the financial statements, following the outbreak of the Coronavirus pandemic, beginning in March 2020, the government of Israel took various actions for the prevention of the spread of the disease, including limitations on the movement of citizens and meetings, a reduction in the number of workers authorized to go to places of work, etc. As a result of these limitations, and with the aim of preserving the work routine, the Association transferred some of its activity to working via technologies; moreover, following the closing of educational institutions, the Association placed about 20% of its employees on unpaid leave; as of the date of the financial statements, these employees have returned to work after the reopening of the educational institutions.

In addition, the Association has been harmed in its contractual connections with the government ministries. The activity of the Zahala Program was halted from March 2020 until its renewal in July and August 2020. There is doubt regarding the continuation of this activity after August 2020. In the female Teacher-Soldier Program, the contractual budget was reduced by about 50% compared with the parallel period in 2019, and as of the date of approval of the financial statements, the connection with Female Teacher-Soldiers Jewish Culture has ceased. In addition, in December 2019, two programs which the Association operated, the income from which in 2019 amounted to approximately NIS 4.5 million, terminated, as well as the Zinuk Ba’aliya Program, which prepares Ethiopian youth for service and integration into Israeli society and the Nitzotz Program,

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General (cont.)

E. Continued

which operated at the authority level for the provision of a comprehensive response to youth at risk before and during their military service and afterward.

Note 2 – Principles of the Accounting Policy

1. Bat Ami National Service Activity

The financial statements include 50% of the assets, liabilities, income and expenses of the Bat Ami service (see Notes 1 and 11). The mutual balances, income and expenses between the Association and Bat Ami were cancelled in the financial statements.

1. Use of Estimates in the Drawing up of the Financial Statements

In the drawing up of the financial statements in accordance with the GAAP, the management was required to make use of estimates, and the assessments are liable to influence the data reported on assets and liabilities as well as the income and expense data reported during the reporting periods. The actual results are liable to be different from these estimates.

1. Cash and Cash Equivalents

Investments, the liquidity of which is high, are considered as cash equivalents, including, inter alia, short-term deposits deposited in banks the period of which up to the date of realization of their investment did not exceed three months and which are unlimited by an encumbrance.

1. Short-Term Deposits

Short-term deposits in banking corporations the original period of which exceeds three months from the date of the investment.

1. Marketable Securities

Marketable securities invested for a short term and realizable in the immediate term are shown according to their value on the Stock Exchange to the date of the balance sheet. Changes in their value are credited in the report on activities to the net financing expenses item.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 2 – Principles of the Accounting Policy (cont.)

F. Provision for Doubtful Debts

A provision for doubtful debts is fixed specifically on the basis of the assessment of the management for debts the collection of which is doubtful.

1. Intangible Assets

Starting on January 1 2007, the Association has implemented Accounting Standard No. 30 – Intangible Assets of the Israeli Accounting Standards Board, which determines the accounting treatment with respect to intangible assets.

An intangible asset is a non-monetary asset which can be identified as lacking a physical essence. In accordance with the provisions of the standard, the Association classified the costs of computer programs and the costs of setting up a website as intangible assets rather than as fixed assets. The depreciation for the assets is charged to the activities in the Report according to the straight-line method over an estimate of the useful life of the assets of five years.

1. Fixed Assets

1. The fixed assets are shown according to cost.

2. The depreciation has been calculated using the straight line method on the basis of the estimated period of use of the assets.

The annual depreciation rates are:

%

Furniture and Equipment 6–33

Vehicles 15

Improvements in Rented Property 10

1. The Basis for Recording Income and Expenses

Income and expenses are recorded on a cumulative basis.

1. Services Received without Consideration

From time to time, the Association receives services without a consideration from various bodies. Due to the facts that some of these services have no substantial monetary value and, that, with regard to the others, the Association does not know how to estimate the proper value of these services, these services are not reflected in the financial statements.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 2 – Principles of the Accounting Policy (cont.)

K. Exchange Rate and Linkage Basis

Balances in foreign currency are included on the basis of the exchange rate in effect on the date of the balance sheet. Balances linked to the Consumer Price Index are included on the basis of the index known on the date of the financial statements. The aforementioned exchange rate and linkage differentials are charged to financing expenses or income.

1. Influence of the Changes in the General Purchasing Power of the Israeli Currency

The financial statements have been drawn up in accordance with the GAAP on the basis of the agreement on the historical cost and not on reported values or those adjusted to the general purchase power of the Israeli currency, as required by the GAAP.

1. Reclassification

Certain balances in the financial statements to December 31 2018 have been reclassified in order to adjust them to the current presentation method.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 3 – Accounts Receivable

Composition:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 3  2019 | | 2018 |
|  | | NIS | thousands |
| Receivables for Activity |  | |  |
| Open Debts | 3,877 | | 3,311 |
| Checks for Collection and Credit Cards | 31 | | 1 |
| Income to be Received | 8,679 | | 6,931 |
|  | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ |
|  | 12,587 | | 10,243 |
| Less – Provision for Doubtful Debts | 85 | | 43 |
|  | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ |
|  | 12,502 | | 10,200 |
|  | ======= | | ======= |
| Other |  | |  |
| Advance Expenses | 242 | | 157 |
| Other | 46 | | 73 |
| Bat Ami–Emunah Aluma | 98 | | 155 |
|  | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ |
|  | 386 | | 385 |
|  | ======= | | ======= |

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Fixed Assets

Composition:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Apartments | | | Furniture & Equipment | Improvements in Rented Property | Total |
|  | NIS thousands | | | | | |
| Cost: |  | | |  |  |  |
| Balance to January 1 2019 | 3,109 | | | 679 | 101 | 3,889 |
| Purchases |  | | | 82 | 44 | 126 |
|  | \_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
| Balance to December 31 2019 | | 3,109 | | 761 | 145 | 4,015 |
|  | - - - - - - - | | | - - - - - - - | - - - - - - - | - - - - - - - |
| Accumulated Depreciation: |  | | |  |  |  |
| Balance to January 1 2019 | 1,715 | | | 363 | 79 | 2,157 |
| Depreciation for year | 124 | | | 117 | 8 | 249 |
|  | \_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
| Balance to December 31 2019 | | | 1,839 | 480 | 87 | 2,406 |
|  | - - - - - - - | | | - - - - - - - | - - - - - - - | - - - - - - - |
| Depreciated Value to Date | 1,270 | | | 281 | 58 | 1,609 |
|  | ======= | | | ======= | ======= | ======== |
| Depreciated Cost to Date | 1,394 | | | 316 | 22 | 1,732 |
|  | ======= | | | ======= | ======= | ======= |

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Intangible Assets

Composition:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | Computer Programs | | | Website | | Total |
|  | | | NIS thousands | | | | | |
| Original Amount: |  | | | |  | |  | |
| Balance to December 31 2019 and January 1 2019 | | | 257 | | 49 | | 306 | |
|  | - - - - - - - | | | | - - - - - - - | | - - - - - - - | |
| Cumulative Amortizations: |  | | | |  | |  | |
| Balance to January 1 2019 | 182 | | | | 42 | | 224 | |
| Amortizations for Year | 43 | | | | 4 | | 47 | |
|  | \_\_\_\_\_\_\_ | | | | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ | |
| Balance to December 31 2019 | | 225 | | | 46 | | 271 | |
|  | - - - - - - - | | | | - - - - - - - | | - - - - - - - | |
| Amortized cost to December 31 2019 | | | | 32 | 3 | | 35 | |
|  | ======= | | | | ======= | | ======= | |
| Amortized cost to December 31 2018 | | | | 75 | 7 | | 82 | |
|  | ======= | | | | ======= | | ======= | |

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Accounts Payable

Composition:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | December 31 | | | |
|  | 2019 | | 2018 | |
|  | NIS thousands | | | |
| Service providers |  |  | |
| Open Debts | 3,161 | 2,525 | |
| Outstanding Checks | 49 |  | |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
|  | 3,210 | 2,525 | |
|  | ======= | ======= | |
|  |  |  | |
|  |  |  | |
| Other |  |  | |
| Employees and worker institutions | 2,496 | 2,246 | |
| Institutions | 21 | 16 | |
| Expenses to be paid and other | 1,181 | 524 | |
| Advances from clients | 6,360 | 5,629 | |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
|  | 10,058 | 8,415 | |
|  | ======= | ======= | |

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 7 – National Service for Young Women of Emunah

1. Represents a long-term loan taken by the Association from the United Center for Operating the National Service Bat Ami (see Note 1) for the purpose of purchasing residential apartments used in the National Service activity.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | December 31 | | | |
|  | 2019 | | 2018 | |
|  | NIS thousands | | | |
| Balance at start of year | 1,394 | 1,518 | |
|  |  |  | |
| Reduction in account year | (124) | (124) | |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | |
| Balance to end of year | 1,270 | 1,394 | |
|  | ======= | ======= | |

The loan is unlinked, does not bear interest and no repayment date was fixed. To guarantee the loan, a mortgage deed was registered on a residential apartment on Ben Zakai Street in Jerusalem in favor of Bat Ami–Emunah Aluma. The loan balance is reduced each year by an amount equal to the depreciation expenses of the apartments used in the National Service activity as follows:

1. In the framework of the transfer of the National Service activity as described in Note 1 above, it was agreed that the residential apartments would be transferred to Bat Ami–Emunah Aluma following compliance with all the undertakings of Bat Ami–Emunah Aluma pursuant to the transfer of activity agreement.

Note 8 – Undertakings for the Termination of Employee-Employer Relationships

1. The undertakings of the Association for severance pay are covered partly by current payments in managers’ insurance policies and pension funds. The above-mentioned payments are not included in the financial statements of the Association as they are not under the control of the Association or under its supervision.

The amount of the undertakings for the termination of employee-employer relationships included in the balance sheets represents the whole balance of the undertakings which is not covered by the managers’ insurance policies and the pension funds as mentioned above.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Undertakings for the Termination of Employee-Employer Relationships (cont.)

1. In previous years, due to the desire of the Association to improve the managers’ insurance policies of its employees, and in accordance with the consultation received from its insurance broker, the Association transferred a portion of the managers’ insurance policies to the ownership of the employees as an interim stage until their transfer to a new insurance company. Upon termination of said transfer, the policies will be returned to the ownership of the Association.

As of the date of the financial statements, the process of returning the policies to the ownership of the Association has not yet been completed.

Note 9 – Guarantees, Encumbrances and Claims

1. Guarantees:

The Association has given bank guarantees for tenders at the sum of NIS 621,000.

1. Encumbrances

To guarantee the undertakings of the Association to Bank Adanim Ltd. (see Note 7), the Association has registered mortgage deeds on two residential apartments.

1. Claims
2. Claims have been filed against the Association the subject of which is connected with the National Service activity, the risk of which for the claims rest with the Bat-Ami–Emunah Aluma Association, for which it is obligated to indemnify the Association in full.
   1. A claim filed by the estate of a National Service young woman who died during her service. The claim is covered by the insurance company of the Association, and it is handling the claim; therefore, excluding the deductible portion, which is being paid by Bat Ami–Emunah Aluma, there is no monetary implication for the Association.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Guarantees, Encumbrances and Claims (cont.)

C. Continued

* 1. A tort claim filed by a National Service young woman against a person who sexually harassed her during her service and also against the employer and the Association. The Association has filed a statement of defense and a third-party notice against the insurance company which insures it. It is the opinion of the Association that it is not within the definition of an employer under the Prevention of Sexual Harassment Law and there are no grounds for the claim against it.

On 10 August 2020, a claim for NIS 7,284 thousand was filed by Avraham Oren, who had been the insurance broker of the Association at the end of the 1990s and the beginning of the 2000s. The grounds for the claim were contentions of a breach of an exclusivity agreement and many additional contentions for acts done by Oren in connection with gifts he gave to volunteers of the National Service as a part of that same agreement. The activity of Mr. Oren was connected mainly to National Service activity, and the decisions in his regard were taken by the officers connected with the National Service activity. This was the recycling of a claim filed about 15 years earlier, which was stricken out and sent for mediation, which failed. The Association intends to file an application for the rejection of the claim due to the statue of limitations and/or delay; in addition, the Association has sound contentions against Oren, as the background for the annulment of the agreement with him lies in the fact that, according to the Association, Oren breached his undertakings and even counterfeited documents when he signed in the name of the Association when opening of insurance policies in the name of the employees in a manner that was intended to increase his income. In addition, in the opinion of the legal consultant of the Association, were it not for Oren’s difficult economic situation, wherein he owes approximately NIS 3 million in execution cases, it would have been appropriate for the Association to file a counterclaim against him.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Guarantees, Encumbrances and Claims (cont.)

C. Continued

1. The Association, together with the CEO of the Association, filed a defamation suit against Ariel Shasman and the B’chesed U’Bitzedek Association for the sum of NIS 600,000. At the end of the previous recording year, a court decision awarding the Association the sum of NIS 600,000 plus legal expenses of NIS 36,000 became a final judgment, and an Execution Office file was opened. As of the date of the financial statements, money was collected in the framework of the case which covered the fees of the attorneys on behalf of the Association. Due to the difficulty of estimating the likelihood of success of additional collection efforts, no provisions were made in the financial statements in connection with the judgment.
2. The Association filed an appeal against the Commissioner of the Freedom of Information Act in the Ministry of Education regarding the question of principle as to whether, when an application is filed under the Freedom of Information Act, the third party with whom the information is connected is entitled to receive the application itself or at least details in connection with the identity of the applicant. The appeal has no monetary significance in connection with the Association.

ALUMA – FOR SOCIAL INVOLVEMENT AND FOR JEWISH IDENTITY (Reg. Assoc.)

NOTES TO THE FINANCIAL STATEMENTS

Note 10 – Additional Data for the Reports on Activities

Composition:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | For the year ending on | | | | |
|  | | | December 31 | | | | |
|  | | | 2019 | | 2018\* | |
|  | | | NIS thousands | | | | |
| A. Activity turnover |  | | |  | |
|  |  | | |  | |
| From the Ministry of Education | 31,463 | | | 27,429 | |
| From other Government Ministries | 2,434 | | | 1,803 | |
| From Participants | 5,732 | | | 6,038 | |
| Donations | 116 | | | 24 | |
| Amounts Freed from Net Assets which are Limited to Activities | | 4,750 | | 5,210 | |
| Other | 113 | | | 118 | |
|  | \_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_ | |
|  | 44,608 | | | 40,622 | |
|  | ======= | | | ======= | |
| B. Cost of activities |  | | |  | |
| Wages, Salaries and Expenses Connected with Employees | 23,181 | | | 20,748 | |
| Training, Teaching and Advance Study Activities | 12,381 | | | 12,180 | |
| Vehicle Maintenance | 1,194 | | | 1,150 | |
| Other | 2,237 | | | 1,760 | |
|  | \_\_\_\_\_\_ | | | \_\_\_\_\_\_ | |
|  | 38,993 | | | 35,838 | |
|  | ======= | | | ======= | |
| C. Administrative and General Expenses |  | | |  | |
|  |  | | |  | |
| Wages and Benefits | 1,499 | | | 1,257 | |
| Rent and Maintenance | 272 | | | 236 | |
| Mail and Telephone | 11 | | | 14 | |
| Office Supplies | 198 | | | 184 | |
| Professional Services | 142 | | | 67 | |
| Refreshment and Gifts | 140 | | | 58 | |
| Vehicle Maintenance | 156 | | | 149 | |
| Depreciation | 172 | | | 175 | |
| Lost and Doubtful Debts, Cancellation of Balances | 112 | | | 50 | |
| Advance Study | 95 | | | 30 | |
| Advertising and Recruitment of Donations | 290 | | | 189 | |
| Other | 146 | | | 49 | |
|  | \_\_\_\_\_\_\_ | | | \_\_\_\_\_\_\_ | |
|  | 3,233 | | | 2,458 | |
|  | ======= | | | ======= | |

\* Reclassified