

**Aish HaTorah Yeshiva (Registered NPO)**

**Consolidated Financial Statements**

**as of December 31, 2017**

**Aish HaTorah Yeshiva (Registered NPO)**

**Consolidated Financial Statements**

**as of December 31, 2017**

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**AUDITORS' REPORT TO THE MEMBERS OF****Aish HaTorah Yeshiva (NPO)**

We have audited the attached consolidated statements of financial position of Aish HaTorah Yeshiva - registered NPO (hereinafter: "**the Amuta**") as of December 31, 2017 and 2016, the statements of activities, the statements of changes in the net assets, and the statements of cash flows, for each one of the years ending on these dates. These financial statements are the responsibility of the Amuta's board and management. Our responsibility is to express our opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Generally Accepted Auditing Standards in Israel, including the standards set by the Auditor's Regulations (Auditors' Mode of performance -1973). According to these standards, we are required to plan and implement the audit to obtain reasonable assurance that there is no material misstatement. The audit includes sample examination of the evidence supporting the amounts and the information in the financial statements. The audit also includes examination of the accounting principles applied and the significant estimates made by the Amuta's board and management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a fair basis for our opinion.

The above mentioned financial statements are presented in historical nominal values and not presented in reported amounts, this contrary to the Accounting Standard 12 of the Israeli Accounting Standards Board.

In our opinion, except for the aforesaid with regard to the basis of presentation of the financial statements, in reported amounts as mentioned above, the aforementioned financial statements present fairly in all material aspects, the Amuta's financial position as of December 31, 2017 and 2016, and the results of its operations, the changes in its net assets and the cash flows of the Amuta and its subsidiary, for the years ending on these dates, in accordance with Generally Accepted Accounting Principles in Israel (Israeli GAAP).

  
Ziv Haft

Jerusalem, September 4, 2018

Certified Public Accountants (Isr.)



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**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Financial Position**

**(In thousands NIS)**

	<u>Note</u>	<u>Consolidated</u>		<u>Amuta</u>	
		<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<b>Current assets:</b>					
Cash and cash equivalents	3	1,055	2,653	11	406
Accounts receivable		1,406	765	1,406	765
Debtors and debit balances	4	6,609	5,280	6,506	5,245
		<u>9,070</u>	<u>8,698</u>	<u>7,923</u>	<u>6,416</u>
<b>Non-current assets:</b>					
Prepaid expenses		22	-	-	-
Loan and investment in a subsidiary under the book value method	5	-	-	6,522	6,723
Fixed assets	6	74,776	75,271	69,416	70,826
		<u>74,798</u>	<u>75,271</u>	<u>75,938</u>	<u>77,549</u>
		<u>83,868</u>	<u>83,969</u>	<u>83,861</u>	<u>83,965</u>
<b>Current liabilities:</b>					
Bank loans and other lines of credit	7	1,309	1,231	1,309	1,231
Suppliers and service providers	8	1,928	1,120	1,921	1,116
Creditors and credit balances	9	4,135	2,429	4,135	2,429
		<u>7,372</u>	<u>4,780</u>	<u>7,365</u>	<u>4,776</u>
<b>Long-term liabilities:</b>					
Provision for severance pay, net	10	8,574	8,094	8,574	8,094
Bank loans	11	11,098	12,332	11,098	12,332
		<u>19,672</u>	<u>20,426</u>	<u>19,672</u>	<u>20,426</u>
<b>Unrestricted net assets:</b>					
Used for activities		(7,067)	(5,716)	(1,707)	(1,271)
Used for fixed assets		63,891	64,479	58,531	60,034
		<u>56,824</u>	<u>58,763</u>	<u>56,824</u>	<u>58,763</u>
		<u>83,868</u>	<u>83,969</u>	<u>83,861</u>	<u>83,965</u>

**The accompanying notes are an integral part of the financial statements**

September 4, 2018

**Date of approving the financial statements**

  
**Stuart Hytman**  
Committee Member

  
**Louis Mayberg**  
Committee Member

**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Activities**

**(In thousands NIS)**

	Note/ Schedule	Consolidated		Amuta	
		For the year ended			
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
<b>Operating turnover:</b>					
Donations	C	25,507	18,626	25,507	18,626
Governmental support		1,676	956	1,676	956
Tuition		4,824	4,290	4,824	4,290
Participation in activities and others (*)		2,709	2,748	2,709	2,748
Facility usage and Rental of buildings (*)		578	420	578	420
		<u>35,294</u>	<u>27,040</u>	<u>35,294</u>	<u>27,040</u>
Cost of activities	A	<u>31,414</u>	<u>29,309</u>	<u>31,414</u>	<u>29,309</u>
<b>Net income (loss) from activities</b>		3,880	(2,269)	3,880	(2,269)
General and administrative expenses	B	4,776	4,726	4,770	4,715
Other expenses		<u>46</u>	<u>-</u>	<u>46</u>	<u>-</u>
<b>Net expenses before financial expense</b>		(942)	(6,995)	(936)	(6,984)
Financial expenses, net	12	<u>997</u>	<u>641</u>	<u>965</u>	<u>623</u>
<b>Net expenses before other expenses</b>		(1,939)	(7,636)	(1,901)	(7,607)
The Amuta's share in subsidiary's loss		<u>-</u>	<u>-</u>	<u>38</u>	<u>29</u>
<b>Net expenses before tax</b>		(1,939)	(7,636)	(1,939)	(7,636)
<b>Taxes regarding sale of properties in previous years</b>		<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
<b>Net loss for the year</b>		<u>(1,939)</u>	<u>(7,486)</u>	<u>(1,939)</u>	<u>(7,486)</u>

(\*) Reclassified

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Changes in Net Assets - Consolidated**

**(In thousands NIS)**

	<b>Unrestricted net assets</b>		
	<b>Used for activities</b>	<b>Used for fixed assets</b>	<b>Total</b>
<b><u>Balance as of January 1, 2016</u></b>	1,114	65,135	66,249
Net loss for the year	(7,486)	-	(7,486)
Sums transferred to cover depreciation	2,555	(2,555)	-
Sums transferred for the purchase of fixed assets (*)	(860)	860	-
Sums used to purchase subsidiary's fixed assets	(1,039)	1,039	-
<b><u>Balance as of December 31, 2016</u></b>	<b>(5,716)</b>	<b>64,479</b>	<b>58,763</b>
Net loss for the year	(1,939)	-	(1,939)
Sums transferred to cover depreciation	2,718	(2,718)	-
Sums transferred for the purchase of fixed assets (*)	(1,215)	1,215	-
Sums used to purchase subsidiary's fixed assets	(915)	915	-
<b><u>Balance as of December 31, 2017</u></b>	<b>(7,067)</b>	<b>63,891</b>	<b>56,824</b>

(\*) Sums used to repay mortgages for the purpose of purchasing fixed assets.

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Changes in Net Assets - Amuta**

**(In thousands NIS)**

	<b>Unrestricted net assets</b>		
	<b>Used for activities</b>	<b>Used for fixed assets</b>	<b>Total</b>
<b><u>Balance as of January 1, 2016</u></b>	4,520	61,729	66,249
Net loss for the year	(7,486)	-	(7,486)
Sums transferred to cover depreciation	2,555	(2,555)	-
Sums transferred for the purchase of fixed assets (*)	(860)	860	-
<b><u>Balance as of December 31, 2016</u></b>	<b><u>(1,271)</u></b>	<b><u>60,034</u></b>	<b><u>58,763</u></b>
Net loss for the year	(1,939)	-	(1,939)
Sums transferred to cover depreciation	2,718	(2,718)	-
Sums transferred for the purchase of fixed assets (*)	(1,215)	1,215	-
<b><u>Balance as of December 31, 2017</u></b>	<b><u>(1,707)</u></b>	<b><u>58,531</u></b>	<b><u>56,824</u></b>

(\*) Sums used to repay mortgages for the purpose of purchasing fixed assets.

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Cash Flows**

**(In thousands NIS)**

	<u>Consolidated</u>		<u>Amuta</u>	
	<u>For the year ended</u>			
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<b><u>Cash flows from operating activities</u></b>				
Loss for the year	(1,939)	(7,486)	(1,939)	(7,486)
Adjustments required to present cash and cash equivalents from current activities - Appendix A	3,573	8,821	3,861	8,914
Net cash provided by operating activities	1,634	1,335	1,922	1,428
<b><u>Cash flow from investing activities</u></b>				
A loan granted to the subsidiary	-	-	-	(1,532)
Purchase of fixed assets	(2,223)	(3,369)	(1,308)	(2,330)
Net cash used in investing activities	(2,223)	(3,369)	(1,308)	(3,862)
<b><u>Cash flow from financing activities</u></b>				
Increase (decrease) in short term credit	78	(1,636)	78	(1,636)
Receipt of loans	7,233	14,000	7,233	14,000
Repayment of loans	(8,320)	(9,666)	(8,320)	(9,666)
Net cash provided (used) in financing activities	(1,009)	2,698	(1,009)	2,698
<b><u>Increase (decrease) in cash and cash equivalents</u></b>				
	(1,598)	664	(395)	264
<b><u>Cash and cash equivalents balance at beginning of the year</u></b>				
	2,653	1,989	406	142
<b><u>Cash and cash equivalents balance at end of the year</u></b>				
	1,055	2,653	11	406

The accompanying notes are an integral part of the financial statements



**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Cash Flows**

**(In thousands NIS)**

**Appendix A - Adjustments required to present cash and cash equivalents from operating activities**

	<u>Consolidated</u>		<u>Amuta</u>	
	<u>For the year ended</u>			
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<b>Income and expense items that do not directly effect the cash flows:</b>				
Depreciation of fixed assets	2,718	2,555	2,718	2,555
Increase in provision for severance pay, net	480	698	480	698
Exchange rate effects on long term loans	(147)	(211)	(147)	(211)
The Amuta's share in subsidiary's loss	-	-	38	29
	<u>3,051</u>	<u>3,042</u>	<u>3,089</u>	<u>3,071</u>
<b>Changes in assets and liabilities</b>				
Decrease in short-term investments	-	25	-	25
Increase in account receivables	(641)	(433)	(641)	(433)
Decrease (increase) in debtors and debit balances	(1,351)	5,802	(1,261)	5,813
Increase in suppliers and service providers	808	4	805	69
Increase in accounts payable	1,706	381	1,706	381
Revaluation of long-term investments	-	-	163	(12)
	<u>522</u>	<u>5,779</u>	<u>772</u>	<u>5,843</u>
	<u>3,573</u>	<u>8,821</u>	<u>3,861</u>	<u>8,914</u>

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**Cost of Operating Activities**

**(In thousands NIS)**

**Schedule A**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b>For the year ended</b>			
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Salaries and related expenses	19,604	18,509	19,604	18,509
Scholarships and support	1,957	1,667	1,957	1,667
Programing activities	2,583	2,367	2,583	2,367
Students' provisions	2,225	1,888	2,225	1,888
Rent and building maintenance	2,406	2,391	2,406	2,391
Depreciation	2,639	2,487	2,639	2,487
Total	<b>31,414</b>	<b>29,309</b>	<b>31,414</b>	<b>29,309</b>

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**General and Administrative Expenses**

**(In thousands NIS)**

**Schedule B**

	<u>Consolidated</u>		<u>Amuta</u>	
	<u>For the year ended</u>			
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Salaries and related expenses	3,345	3,892	3,345	3,892
Professional fees	693	293	688	288
Office expenses	3	18	3	18
Fundraising costs	253	104	253	104
Taxes and fees	84	35	83	34
Communications and mail	226	125	226	125
Office maintenance	76	168	76	163
Travel	17	23	17	23
Depreciation	79	68	79	68
Total	<u>4,776</u>	<u>4,726</u>	<u>4,770</u>	<u>4,715</u>

**The accompanying notes are an integral part of the financial statements**

**Aish HaTorah Yeshiva (Registered NPO)**

**Income from donations greater than 20 thousand NIS**

**(In thousands NIS)**

**Schedule C**

	<b><u>Amuta and Consolidated For the year ended 31.12.2017</u></b>
The Jerusalem Fund Inc.	21,648
Council of Aish HaTorah Synagogues	1,424
The Friedberg Charitable Foundation	332
Aish UK	129
Livne Tsfoni Ltd.	111
Marpe Lanefesh A.R.	86
Ichud Mosdos Gur B'erez Yisrael	70
Jean Claude Gezz	70
Yuri Borochoy	65
Michael and Alexandra Wieder	60
Keshet Maakot Aluminum Ltd.	57
Yosef Chaim Shalom	46
Vered and Shlomo Atias	43
David Friedman	42
Murray Nightingale	41
Hodaya Achzakot Ltd.	39
GSJ Ballas Ltd.	38
Amitai Ehrlich	35
Oded Yisraeli	35
Mazal, Bracha and Hatzlacha R.B.N Ltd.	35
Martin and Melanie Glatt	32
Teberberg Wines Ltd.	31
Michael Freudman	29
Adrian Hornung	25
Anonymous	22
	<hr/>
Total donations greater than 20 thousand NIS	24,545
Others less than 20 thousand NIS	<hr/> 962
<b>Total donations</b>	<hr/> <b>25,507</b> <hr/>

**The accompanying notes are an integral part of the financial statements**

## **Aish HaTorah Yeshiva (Registered NPO)**

### **Notes to the Financial Statements**

**as of December 31, 2017**

#### **Note 1 - General**

The Aish HaTorah Yeshiva (hereinafter: "**the Amuta**") was registered as a non-profit association on July 21, 1983 according to the Laws of Associations.

The Amuta operates a Yeshiva for Ba'aley Tshuvah as well as a Yeshivat Hesder, a program for married students (Kollel) and Jewish studies programs, such as Jewish history and trips for a Jewish familiarisation with Israel. Furthermore, it operates seminars and workshops to spread the awareness of Judaism, the distribution of Jewish literature and a website on Jewish themes - the largest of its kind in the world.

The Amuta has been classified as a public institution as in section 9(2) of the Israeli Income Tax Ordinance and as a non-profit association according to the Israeli V.A.T. law. The Amuta received status from the Israel Income Tax Authorities valid until 31.12.2019, under Article 46(a), such that contributions made to it entitle the contributor to certain tax credits as determined by law.

The Amuta has a subsidiary called Aish Kotel Events Ltd. (hereinafter: the "**subsidiary**") which is fully controlled by the Amuta. The subsidiary began its operations during 2013. The main objective of the subsidiary is to establish, develop and operate a museum to teach Jewish Heritage - see Note 5.

#### **Note 2 - Significant accounting policies:**

##### **a. Definitions:**

In these financial statements:

The subsidiary	- Aish Kotel Events Ltd.
Net assets	- The difference between the Amuta's assets and its liabilities.
Index	- The Consumer Price Index as published by the Central Bureau for Statistics.
Related parties	- As defined in Standards No. 29 and 69 of the Israel Association of Certified Public Accountants and Accounting Standard No. 5 of the Israeli Accounting Standards Board.
Fair value	- The sum by which an asset can be replaced or a liability cleared, through a transaction between a willing vendor and a willing purchaser who are acting wisely and uninfluenced by any special relationship between the parties.

## **Aish HaTorah Yeshiva (Registered NPO)**

### **Notes to the Financial Statements**

**as of December 31, 2017**

#### **Note 2 - Significant accounting policies: (cont.)**

##### **b. Presentation of financial statements:**

1. The Unrestricted Net Assets were classified as follows:
  - Net Assets to be used for activities.
  - Net Assets to be used for fixed assets.
2. The Statement of Activities includes all of the income and expenditure during the reported period. "Income" includes all of the income that was received and that was accumulated during this period, without any restriction on its use.
3. The Statement of Changes in Net Assets also includes transfers between the unrestricted net assets - used for activities, and unrestricted net assets -used for fixed assets. In respect of sums that were used during the accounting year for fixed assets, sums derived during the accounting year from the realization of fixed assets and sums that were transferred during the accounting year to cover depreciation costs.

##### **c. Recording basis**

1. The Amuta records its assets, liabilities, income and expenditure on an accrual basis.
2. The financial statements were prepared on the agreed basis of historic cost.

##### **d. Linkage to the index or to foreign currency:**

1. Assets and liabilities in foreign currency, or linked to it, are presented according to the representative exchange rate on the balance sheet date.
2. Assets and liabilities that are linked to the index were included according to the linkage terms for each balance.
3. Income, expenditure and other activities in foreign currency are recorded according to the exchange rates at the time the transaction occurred.
4. Index linkage differentials and exchange rate differentials were recorded in the financial statements as of the time of their creation.
5. Below are details of the indices and the exchange rates for the main currencies:

**Aish HaTorah Yeshiva (Registered NPO)**

**Notes to the Financial Statements**

**as of December 31, 2017**

**(In thousands NIS)**

**Note 2 - Significant accounting policies (contd.)**

**d. Linkage to the index or to foreign currency:**

	<u>31.12.2017</u>	<u>31.12.2016</u>
The Consumer Price Index (in points) according to the Index in lieu of the month	100.4	100
The United States Dollar (in NIS per Dollar)	3.467	3.845
The GBP (in NIS per GBP)	4.682	4.725
	<b>Percentage change for the year ended</b>	
	<u>31.12.2017</u>	<u>31.12.2016</u>
The Consumer Price Index	0.4	(0.20)
The United States Dollar	(9.83)	(1.46)
The GBP	(0.91)	(18.31)

**e. Cash and cash equivalents:**

Highly liquid funds which include, inter alia, short-term deposits in banks, redeemable up to three months from the date of deposit.

**f. Donations receivable:**

Donations which have been promised but not yet received as of the financial statement date, are recorded as income as long as all of the following conditions have been fulfilled:

- There is an irrevocable and unequivocal obligation by the donor, and it relates to the reported period.
- The obligation was realized or may be legally enforced and realized after the financial statements' date.
- The realization of such a promise is unequivocal and does not depend upon the occurrence of any future event.
- The donation was actually received prior to the date of approval the financial statements.

**Aish HaTorah Yeshiva (Registered NPO)**

**Notes to the Financial Statements**

**as of December 31, 2017**

**Note 2 - Significant accounting policies (contd.)**

**g. Fixed assets:**

1. Fixed assets are presented at cost less accumulated depreciation.
2. The depreciation is calculated by using the straight line method, based on the estimated useful life of the assets.

**h. Recognition of income and changes in net assets:**

1. Disposable assets and goods received without consideration are not included in the financial statements.
2. The value of a contribution of working hours by volunteers is included in the financial statements according to management's estimates.
3. Income from investments which are designated to cover reserves in respect of employees' benefits are presented as a deduction in the periodic expenditures required to complete the reserve funds in respect of that current year.

**i. Taxes:**

The Income tax liability according to the Israeli Value Added Tax Law, is included within the scope of salary expenses. Value Added Tax that was paid in respect of inputs that cannot be refunded is recorded as expenditure or asset in respect of which this tax was levied.

**j. Investment in a subsidiary:**

The investment in a subsidiary is presented on the basis of book value method.

**k. Estimates and assumptions:**

At the time of preparing the financial statements, their editing and presentation, in accordance with generally accepted accounting principles, the Amuta's management is required to estimate and make assumptions which affect the data presented in the financial statements and their related notes. Due to the nature of these estimates and assumptions, actual results may differ from these estimates.



## **Aish HaTorah Yeshiva (Registered NPO)**

### **Notes to the Financial Statements**

**as of December 31, 2017**

**(In thousands NIS)**

#### **Note 3 - Cash and cash equivalents**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Cash in Israeli currency	200	501	6	401
Cash in Foreign currency	820	2,117	5	5
Deposit	35	35	-	-
	<b><u>1,055</u></b>	<b><u>2,653</u></b>	<b><u>11</u></b>	<b><u>406</u></b>

#### **Note 4 - Debtors and debit balances**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Income receivable	6,000	4,500	6,000	4,500
Advances to suppliers	140	152	109	143
Institutions and other debtors	469	628	397	602
	<b><u>6,609</u></b>	<b><u>5,280</u></b>	<b><u>6,506</u></b>	<b><u>5,245</u></b>

#### **Note 5 - Loan and investment in a subsidiary under the book value method**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Investment account (2)	-	-	5,400	5,400
Accumulated losses of the subsidiary from the acquisition	-	-	(378)	(340)
Loan (1) (2)	-	-	1,500	1,663
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,522</u></b>	<b><u>6,723</u></b>

(1) During 2015 and 2016, the Amuta advanced loans to the subsidiary totaling 433 thousand US dollars in cash and fixed assets. The loans are linked to the dollar exchange rate and do not bear any interest. The loan repayment depends on the subsidiary's cash flow and an examination of its activities.

(2) In 2015 the subsidiary issued shares totaling NIS 5,400 thousand to the Amuta against the loan.

**Aish HaTorah Yeshiva (Registered NPO)**

**Notes to the Financial Statements**

**as of December 31, 2017**

**(In thousands NIS)**

**Note 6 - Fixed assets**

a. In the Consolidated Statements of Financial Position:

	<u>Amuta</u>			<u>Subsidiary</u>	<u>Total</u>
	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Museum under construction</u>	
<b>Cost:</b>					
As of January 1, 2017	107,261	319	8,488	4,445	120,513
Acquisitions during the year	443	138	727	915	2,223
As of December 31, 2017	<u>107,704</u>	<u>457</u>	<u>9,215</u>	<u>5,360</u>	<u>122,736</u>
<b>Accumulated depreciation:</b>					
As of January 1, 2017	39,676	267	5,299	-	45,242
Depreciation	2,157	11	550	-	2,718
As of December 31, 2017	<u>41,833</u>	<u>278</u>	<u>5,849</u>	<u>-</u>	<u>47,960</u>
<b>Depreciated cost:</b>					
<b><u>As of December 31, 2017</u></b>	<u>65,871</u>	<u>179</u>	<u>3,366</u>	<u>5,360</u>	<u>74,776</u>
<b><u>As of December 31, 2016</u></b>	<u>67,585</u>	<u>52</u>	<u>3,189</u>	<u>4,445</u>	<u>75,271</u>
<b>Depreciation rate:</b>	<u>2%</u>	<u>10%</u>	<u>7%-33%</u>		

b. In the Amuta's Statements of Financial Position:

	<u>Buildings</u>	<u>Leasehold improvements</u>	<u>Furniture and equipment</u>	<u>Total</u>
<b>Cost:</b>				
As of January 1, 2017	107,261	319	8,488	116,068
Acquisitions during the year	443	138	727	1,308
As of December 31, 2017	<u>107,704</u>	<u>457</u>	<u>9,215</u>	<u>117,376</u>
<b>Accumulated depreciation:</b>				
As of January 1, 2017	39,676	267	5,299	45,242
Depreciation	2,157	11	550	2,718
As of December 31, 2017	<u>41,833</u>	<u>278</u>	<u>5,849</u>	<u>47,960</u>
<b>Depreciated cost:</b>				
<b><u>As of December 31, 2017</u></b>	<u>65,871</u>	<u>179</u>	<u>3,366</u>	<u>69,416</u>
<b><u>As of December 31, 2016</u></b>	<u>67,585</u>	<u>52</u>	<u>3,189</u>	<u>70,826</u>
<b>Depreciation rate:</b>	<u>2%</u>	<u>10%</u>	<u>33%-7%</u>	

**Aish HaTorah Yeshiva (Registered NPO)**

**Notes to the Financial Statements**

**as of December 31, 2017**

**(In thousands NIS)**

**Note 6 - Fixed assets (contd.)**

c. Some of the building costs were financed by a bank loan (see Note 11).

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Long-term loans (*)	10,885	10,792	10,885	10,792
Net assets used for fixed assets	63,891	64,479	58,531	60,034
	<u>74,776</u>	<u>75,271</u>	<u>69,416</u>	<u>70,826</u>

(\*) Composition of the Long-term loans:

	<b>Consolidated and Amuta</b>	
	<b>For the year ended</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
<b><u>As of January 1</u></b>	10,792	9,322
Receipt of long term loans	1,308	2,330
Repayment of long term loans	<u>(1,215)</u>	<u>(860)</u>
<b><u>As of December 31</u></b>	<u>10,885</u>	<u>10,792</u>

**Note 7 - Bank loans and other lines of credit**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Short-term bank credit	36	-	36	-
Current maturities of long-term loans (1)	1,273	1,231	1,273	1,231
	<u>1,309</u>	<u>1,231</u>	<u>1,309</u>	<u>1,231</u>

(1) See Note 11 - Bank loans.

**Note 8 - Suppliers and service providers**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Suppliers in Israel	766	771	759	767
Outstanding Checks	1,162	349	1,162	349
	<u>1,928</u>	<u>1,120</u>	<u>1,921</u>	<u>1,116</u>

## **Aish HaTorah Yeshiva (Registered NPO)**

### **Notes to the Financial Statements**

**as of December 31, 2017**

**(In thousands NIS)**

#### **Note 9 - Creditors and credit balances**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Salaries and related expenses payable	1,897	1,785	1,897	1,785
Scholarships payable	547	67	547	67
Tuition received in advance	1,032	563	1,032	563
Accrued expenses	-	9	-	9
Other creditors	659	5	659	5
Total	<u>4,135</u>	<u>2,429</u>	<u>4,135</u>	<u>2,429</u>

#### **Note 10 - Provision for severance pay, net**

a. Consisting of:

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2016</u></b>
Obligation for the termination of employee- employer relationships	11,328	10,079	11,328	10,079
Less- severance pay fund	<u>2,754</u>	<u>1,985</u>	<u>2,754</u>	<u>1,985</u>
	<u>8,574</u>	<u>8,094</u>	<u>8,574</u>	<u>8,094</u>

b. The Amuta's obligations for severance pay, retirement and pension for employees are calculated based on the labor laws, labor agreements and current custom and are fully covered, partly by regular deposits and sums accumulated in pension funds, severance pay funds and by executive insurance policies, and the rest is covered by liabilities that are included in the financial statements.

#### **Note 11 - Bank loans**

a. In 2016 a loan was received in the amount of NIS 14 million from FIBI-PAGI bank for the repayment of existing loans and for further investment in fixed assets. This loan is not linked and bears an annual interest prime rate + 2.3%.

## Aish HaTorah Yeshiva (Registered NPO)

### Notes to the Financial Statements

as of December 31, 2017

(In thousands NIS)

#### Note 11 - Bank loans (contd.)

b. The repayment dates for these loans in the coming years after the balance sheet date, are as follows:

	<u>Consolidated</u>		<u>Amuta</u>	
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Current maturities - first year	1,273	1,231	1,273	1,231
Second year	1,283	1,234	1,283	1,234
Third year	1,334	1,283	1,334	1,283
Fourth year	1,387	1,334	1,387	1,334
Fifth year onwards	7,094	8,481	7,094	8,481
	<u>11,098</u>	<u>12,332</u>	<u>11,098</u>	<u>12,332</u>
	<u>12,371</u>	<u>13,563</u>	<u>12,371</u>	<u>13,563</u>

#### Note 12 - Financial expenses, net

	<u>Consolidated</u>		<u>Amuta</u>	
	<u>For the year ended</u>			
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Bank fees	751	192	745	182
Interest and exchange rate differentials on loans, net	246	449	220	441
	<u>997</u>	<u>641</u>	<u>965</u>	<u>623</u>

#### Note 13 - Cost of activities

In order to fulfill the aims and objectives of the Amuta, the management made a strategic decision, in 2015, to increase its investment in the activities of the Amuta. The investment made by management has had an extremely positive effect on the numbers of people participating in the Amuta's activities and has drastically improved the Amuta's abilities to fulfill its aims and objectives.

Whilst the Amuta has been making losses over the last 2 years, due to investments made by management, the Amuta is beginning to see a significant increase in donations because of this. In addition to this, the Amuta has recently completed its search and has hired a head of fundraising, whose goal is to substantially increase donations. Due to the increase in activities and the new head of fundraising, the Amuta has seen a reduction in its losses in 2017, with current forecasts for 2018 to break even and to begin covering the losses of previous years in 2019.

## **Aish HaTorah Yeshiva (Registered NPO)**

### **Notes to the Financial Statements**

**as of December 31, 2017**

#### **Note 14 - Contingent claims**

- a. In 2013, the Amuta submitted a claim in respect of a breach of contract against Electra Ltd. In 2014, Electra submitted a counterclaim totaling NIS 241 thousand. In 2016, in respect of an expert opinion submitted to the court, the Yeshiva filed a corrected statement of claim totaling NIS 10 Million and added the engineer who designed the elevator to the claim. In July 2017, the Amuta filed an affidavit. According to the Amuta's legal counsel opinion, it is not yet possible to estimate the prospects of the Amuta's claim. Yet, as for the counterclaim there is a reasonable chance of more than 50% that the claim will be rejected, so the Amuta did not record any provision in respect of this claim.
  
- b. In February 2016 a claim was submitted against the Amuta totaling NIS 1,600 thousand for violation of privacy, damage of the landscape and decrease in value of their houses, due to the activities that take place on the roof of the Yeshiva building. The Amuta filed a statement of defense in a timely manner and in the opinion of its legal counsel, the prospects of the claim are remote and therefore no provision was made in its financial statements.
  
- c. In January 2016, the Amuta terminated its relationship with Boruch Rabinowitz, a service provider who is also a member of the Amuta ("the Plaintiff"), in light of the fact that he refused to reveal and transfer money that he received on behalf of the Amuta, whilst fundraising on behalf of the Amuta, under the entity "Aish International". The plaintiff sued the Amuta in a Beis Din in New York for commissions allegedly owed to him. Subsequently, the plaintiff has raised the amount of the claim from \$600 thousand to \$9.3 million. Nevertheless, until the signature date of these financial statements, the plaintiff has yet to submit any evidence supporting his claim. Simultaneously, the Amuta filed a counterclaim to Beis Din to grant the Amuta access to the financial records of Aish International, in order to clarify which other additional donations (other than those already known to the Amuta, currently exceeding \$1 million), have not been transferred to the Amuta, by the Plaintiff. In the opinion of the Toen Rabani, the prospects of the claim against the Amuta are slim, so no provision was made in the reports.

#### **Note 15 - Guarantees**

- a. The Amuta has guarantees from various banks totaling NIS 248 thousand.  
In addition, to secure loans from banks, the Amuta recorded liens on the buildings it owns.
  
- b. The subsidiary has pledged all its assets for the benefit of the state, to allow receipt of government grants for the construction of the museum.