

**Aish HaTorah Yeshiva (Registered NPO)**

**Consolidated Financial Statements**

**as of December 31, 2018**

**Aish HaTorah Yeshiva (Registered NPO)**

**Consolidated Financial Statements**

**as of December 31, 2018**

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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, 2018 and 2017, 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.

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We have conducted our audit in accordance with Generally Accepted Auditing Standards in Israel, including standards prescribed 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 reasonable 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, 2018 and 2017, 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).

Jerusalem, September 4, 2019



Ziv Haft

Certified Public Accountants (Isr.)

**Aish HaTorah Yeshiva (Registered NPO)**

**Statements of Financial Position**


**(In thousands NIS)**

	Note	Consolidated		Amuta	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
<b>Current assets:</b>					
Cash and cash equivalents	3	2,114	1,055	1,232	11
Accounts receivable		1,161	1,406	1,161	1,406
Debtors and debit balances	4	6,648	6,609	6,647	6,506
		<u>9,923</u>	<u>9,070</u>	<u>9,040</u>	<u>7,923</u>
<b>Non-current assets:</b>					
Prepaid expenses		-	22	-	-
Loan and investment in a subsidiary under the equity method	5	-	-	6,661	6,522
Fixed assets	6	73,189	74,776	67,411	69,416
		<u>73,189</u>	<u>74,798</u>	<u>74,072</u>	<u>75,938</u>
		<u>83,112</u>	<u>83,868</u>	<u>83,112</u>	<u>83,861</u>
<b>Current liabilities:</b>					
Bank loans and other lines of credit	7	1,321	1,309	1,321	1,309
Suppliers and service providers	8	2,259	1,928	2,259	1,921
Creditors and credit balances	9	4,463	4,135	4,463	4,135
		<u>8,043</u>	<u>7,372</u>	<u>8,043</u>	<u>7,365</u>
<b>Long-term liabilities:</b>					
Provision for severance pay, net	10	8,183	8,574	8,183	8,574
Bank loans	11	9,816	11,098	9,816	11,098
		<u>17,999</u>	<u>19,672</u>	<u>17,999</u>	<u>19,672</u>
<b>Unrestricted net assets:</b>					
Used for activities		(5,548)	(7,067)	230	(1,707)
Used for fixed assets		62,618	63,891	56,840	58,531
		<u>57,070</u>	<u>56,824</u>	<u>57,070</u>	<u>56,824</u>
		<u>83,112</u>	<u>83,868</u>	<u>83,112</u>	<u>83,861</u>

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

September 4, 2019

**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			
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
<b>Operating turnover:</b>					
Donations	C	29,322	25,507	29,322	25,507
Governmental support		2,791	1,676	2,687	1,676
Tuition		5,246	4,824	5,246	4,824
Participation in activities and others		2,763	2,709	2,763	2,709
Facility usage and rental of buildings		398	578	398	578
		<u>40,520</u>	<u>35,294</u>	<u>40,416</u>	<u>35,294</u>
Cost of activities	A	<u>34,632</u>	<u>31,414</u>	<u>34,632</u>	<u>31,414</u>
<b>Net income from activities</b>		5,888	3,880	5,784	3,880
General and administrative expenses	B	4,903	4,776	4,897	4,770
Other expenses		<u>-</u>	<u>46</u>	<u>-</u>	<u>46</u>
<b>Net income (expenses) before financial expense</b>		985	(942)	887	(936)
Financial expenses, net	12	<u>739</u>	<u>997</u>	<u>659</u>	<u>965</u>
<b>Net expenses before other expenses</b>		246	(1,939)	228	(1,901)
The Amuta's share in subsidiary's loss		<u>-</u>	<u>-</u>	<u>18</u>	<u>(38)</u>
<b>Net surplus (loss) for the year</b>		<u>246</u>	<u>(1,939)</u>	<u>246</u>	<u>(1,939)</u>

**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, 2017</u></b>	<u>(5,716)</u>	<u>64,479</u>	<u>58,763</u>
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	<u>(915)</u>	<u>915</u>	<u>-</u>
<b><u>Balance as of December 31, 2017</u></b>	<u>(7,067)</u>	<u>63,891</u>	<u>56,824</u>
Net surplus for the year	246	-	246
Sums transferred to cover depreciation	2,780	(2,780)	-
Sums transferred for the purchase of fixed assets (*)	(1,089)	1,089	-
Sums used to purchase subsidiary's fixed assets	<u>(418)</u>	<u>418</u>	<u>-</u>
<b><u>Balance as of December 31, 2018</u></b>	<u>(5,548)</u>	<u>62,618</u>	<u>57,070</u>

(\*) 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, 2017</u></b>	<u>(1,271)</u>	<u>60,034</u>	<u>58,763</u>
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 (*)	<u>(1,215)</u>	<u>1,215</u>	<u>-</u>
<b><u>Balance as of December 31, 2017</u></b>	<u>(1,707)</u>	<u>58,531</u>	<u>56,824</u>
Net surplus for the year	246	-	246
Sums transferred to cover depreciation	2,780	(2,780)	-
Sums transferred for the purchase of fixed assets (*)	<u>(1,089)</u>	<u>1,089</u>	<u>-</u>
<b><u>Balance as of December 31, 2018</u></b>	<u>230</u>	<u>56,840</u>	<u>57,070</u>

(\*) 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>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
<b><u>Cash flows from operating activities</u></b>				
Surplus (Loss) for the year	246	(1,939)	246	(1,939)
Adjustments required to present cash and cash equivalents from current activities - Appendix A	3,228	3,573	2,972	3,861
Net cash provided by operating activities	3,474	1,634	3,218	1,922
<b><u>Cash flow from investing activities</u></b>				
Purchase of fixed assets	(1,193)	(2,223)	(775)	(1,308)
Net cash used in investing activities	(1,193)	(2,223)	(775)	(1,308)
<b><u>Cash flow from financing activities</u></b>				
Bank loans and other lines of credit	12	78	12	78
Receipt of loans	5,597	7,233	5,597	7,233
Repayment of loans	(6,831)	(8,320)	(6,831)	(8,320)
Net cash used in financing activities	(1,222)	(1,009)	(1,222)	(1,009)
<b><u>Increase (decrease) in cash and cash equivalents</u></b>				
	1,059	(1,598)	1,221	(395)
<b><u>Cash and cash equivalents balance at beginning of the year</u></b>				
	1,055	2,653	11	406
<b><u>Cash and cash equivalents balance at end of the year</u></b>				
	2,114	1,055	1,232	11

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>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
<b>Income and expense items that do not directly effect the cash flows:</b>				
Depreciation of fixed assets	2,780	2,718	2,780	2,718
Decrease (increase) in provision for severance pay, net	(391)	480	(391)	480
Exchange rate effects on long term loans	(48)	(147)	(48)	(147)
The Amuta's share in subsidiary's (profit) loss	-	-	(18)	38
	<u>2,341</u>	<u>3,051</u>	<u>2,323</u>	<u>3,089</u>
<b>Changes in assets and liabilities</b>				
Decrease in long-term prepaid expenses	22	-	-	-
Decrease (increase) in account receivables	245	(641)	245	(641)
Increase in debtors and debit balances	(39)	(1,351)	(141)	(1,261)
Increase in suppliers and service providers	331	808	338	805
Increase in accounts payable	328	1,706	328	1,706
Revaluation of long-term investments	-	-	(121)	163
	<u>887</u>	<u>522</u>	<u>649</u>	<u>772</u>
	<u>3,228</u>	<u>3,573</u>	<u>2,972</u>	<u>3,861</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>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Salaries and related expenses	20,445	19,604	20,445	19,604
Scholarships and support	2,064	1,957	2,064	1,957
Programing activities	2,816	2,583	2,816	2,583
Students' provisions	2,799	2,225	2,799	2,225
Rent and building maintenance	3,810	2,406	3,810	2,406
Depreciation	2,698	2,639	2,698	2,639
Total	<b>34,632</b>	<b>31,414</b>	<b>34,632</b>	<b>31,414</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>31.12.2018</u>	<u>31.12.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>
Salaries and related expenses	3,804	3,345	3,804	3,345
Professional fees	214	693	209	688
Office expenses	15	3	15	3
Fundraising costs	219	253	219	253
Taxes and fees	49	84	48	83
Communications and mail	243	226	243	226
Office maintenance	259	76	259	76
Travel	18	17	18	17
Depreciation	82	79	82	79
Total	<u>4,903</u>	<u>4,776</u>	<u>4,897</u>	<u>4,770</u>

**Income from donations greater than 100 thousand NIS**

**(In thousands NIS)**

**Schedule C**

	<u>Amuta and Consolidated For the year ended 31.12.2018</u>
The Jerusalem Fund Inc.	24,005
Dan- Hytman Family Foundation	3,550
Israel Gives Ltd	199
Andrea Kalmar	135
Total donations greater than 100 thousand NIS	27,889
Others less than 100 thousand NIS	1,433
<b>Total donations</b>	<b><u>29,322</u></b>

**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, 2018**

#### **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 31.12.2022, 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, 2018**

**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, 2018**

**(In thousands NIS)**

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

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

	<u>31.12.2018</u>	<u>31.12.2017</u>
The Consumer Price Index (in points) according to the Index in lieu of the month	101.2	100.4
The United States Dollar (in NIS per Dollar)	3.748	3.467
The GBP (in NIS per GBP)	4.793	4.682
	<b>Percentage change for the year ended</b>	
	<u>31.12.2018</u>	<u>31.12.2017</u>
The Consumer Price Index	0.8	0.4
The United States Dollar	8.10	(9.83)
The GBP	2.38	(0.91)

**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, 2018**

**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 equity 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, 2018**

**(In thousands NIS)**

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

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Cash in Israeli currency	1,385	200	1,194	6
Cash in Foreign currency	694	820	38	5
Deposit	35	35	-	-
	<b><u>2,114</u></b>	<b><u>1,055</u></b>	<b><u>1,232</u></b>	<b><u>11</u></b>

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

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Income receivable	6,000	6,000	6,000	6,000
Advances to suppliers	247	140	247	109
Institutions and other debtors	401	469	400	397
	<b><u>6,648</u></b>	<b><u>6,609</u></b>	<b><u>6,647</u></b>	<b><u>6,506</u></b>

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

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Investment account (2)	-	-	5,400	5,400
Accumulated losses of the subsidiary from the acquisition	-	-	(360)	(378)
Loan (1) (2)	-	-	1,621	1,500
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>6,661</u></b>	<b><u>6,522</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 2016 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, 2018**

**(In thousands NIS)**

**Note 6 - Fixed assets**

a. In the Consolidated Statements of Financial Position:

	Amuta			Subsidiary	Total
	Buildings	Leasehold improvements	Furniture and equipment	Museum under construction	
<b>Cost:</b>					
As of January 1, 2018	107,704	457	9,215	5,360	122,736
Acquisitions during the year	208	86	481	418	1,193
As of December 31, 2018	<u>107,912</u>	<u>543</u>	<u>9,696</u>	<u>5,778</u>	<u>123,929</u>
<b>Accumulated depreciation:</b>					
As of January 1, 2018	41,833	278	5,849	-	47,960
Depreciation	2,162	24	594	-	2,780
As of December 31, 2018	<u>43,995</u>	<u>302</u>	<u>6,443</u>	<u>-</u>	<u>50,740</u>
<b>Depreciated cost:</b>					
<b><u>As of December 31, 2018</u></b>	<u>63,917</u>	<u>241</u>	<u>3,253</u>	<u>5,778</u>	<u>73,189</u>
<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>Depreciation rate:</b>	<u>2%</u>	<u>10%</u>	<u>7%-33%</u>		

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

	Buildings	Leasehold improvements	Furniture and equipment	Total
<b>Cost:</b>				
As of January 1, 2018	107,704	457	9,215	117,376
Acquisitions during the year	208	86	481	775
As of December 31, 2018	<u>107,912</u>	<u>543</u>	<u>9,696</u>	<u>118,151</u>
<b>Accumulated depreciation:</b>				
As of January 1, 2018	41,833	278	5,849	47,960
Depreciation	2,162	24	594	2,780
As of December 31, 2018	<u>43,995</u>	<u>302</u>	<u>6,443</u>	<u>50,740</u>
<b>Depreciated cost:</b>				
<b><u>As of December 31, 2018</u></b>	<u>63,917</u>	<u>241</u>	<u>3,253</u>	<u>67,411</u>
<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>Depreciation rate:</b>	<u>2%</u>	<u>10%</u>	<u>7%-33%</u>	

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

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

**as of December 31, 2018**

**(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>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Long-term loans (*)	10,571	10,885	10,571	10,885
Net assets used for fixed assets	62,618	63,891	56,840	58,531
	<u>73,189</u>	<u>74,776</u>	<u>67,411</u>	<u>69,416</u>

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

	<b>Consolidated and Amuta</b>	
	<b>For the year ended</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
<b><u>As of January 1</u></b>	10,885	10,792
Receipt of long term loans	775	1,308
Repayment of long term loans	<u>(1,089)</u>	<u>(1,215)</u>
<b><u>As of December 31</u></b>	<u>10,571</u>	<u>10,885</u>

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

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Short-term bank credit	-	36	-	36
Current maturities of long-term loans (1)	1,321	1,273	1,321	1,273
	<u>1,321</u>	<u>1,309</u>	<u>1,321</u>	<u>1,309</u>

(1) See Note 11 - Bank loans.

#### **Note 8 - Suppliers and service providers**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Suppliers in Israel	1,720	766	1,720	759
Outstanding checks	539	1,162	539	1,162
	<u>2,259</u>	<u>1,928</u>	<u>2,259</u>	<u>1,921</u>

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

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

**as of December 31, 2018**

**(In thousands NIS)**

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

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Salaries and related expenses payable	1,915	1,897	1,915	1,897
Scholarships payable	502	547	502	547
Tuition received in advance	1,478	1,032	1,478	1,032
Other creditors	568	659	568	659
Total	<u>4,463</u>	<u>4,135</u>	<u>4,463</u>	<u>4,135</u>

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

a. Consisting of:

	<b>Consolidated</b>		<b>Amuta</b>	
	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
Obligation for the termination of employee- employer relationships	11,585	11,328	11,585	11,328
Less- severance pay fund	<u>3,402</u>	<u>2,754</u>	<u>3,402</u>	<u>2,754</u>
	<u>8,183</u>	<u>8,574</u>	<u>8,183</u>	<u>8,574</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, 2018**

**(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:

	<b>Consolidated</b>		<b>Amuta</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Current maturities - first year	1,321	1,273	1,321	1,273
Second year	1,334	1,283	1,334	1,283
Third year	1,387	1,334	1,387	1,334
Fourth year	1,441	1,387	1,441	1,387
Fifth year onwards	5,654	7,094	5,654	7,094
	9,816	11,098	9,816	11,098
	11,137	12,371	11,137	12,371

#### **Note 12 - Financial expenses, net**

	<b>Consolidated</b>		<b>Amuta</b>	
	<b>For the year ended</b>		<b>For the year ended</b>	
	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Bank fees	790	751	787	745
Interest and exchange rate differentials on loans, net	(51)	246	(128)	220
	739	997	659	965

#### **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 returned a surplus in 2018.

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

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

**as of December 31, 2018**

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

- a. In 2013, the Amuta submitted a claim totaling NIS 5 million 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 Amuta 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. At this point, the parties turned to mediation. After joint mediation efforts, the parties reached an agreement that the dispute would be settled in exchange for upgrading and renovating the elevator, as well as providing full a service guaranty for the elevator. It was also agreed to erase all debts of the Amuta to Electra, as well as the restitution of funds paid on the eve of the mediation agreement.
- 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 Amuta 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 a service provider who was 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 263 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.