

Jordan River Village (R.A.)

Financial Statements

As at December 31, 2022

Jordan River Village (Registered Association)

Financial Statements

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**Auditors' Report to the Members of
The Jordan River Village Association (Registered Association)**

We have audited the attached balance sheets of **The Jordan River Village (Registered Association)** (hereinafter- "the Association") as at December 31, 2022 and 2021 and the statement of operations and the statement of changes in net assets for each of the years in the period ended on those dates. These financial statements are the responsibility of the Members of the Association's Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 5733 - 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Members of the Association's Committee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 2B to the abovementioned financial statements have been prepared in nominal values, information regarding reporting amounts, as stated in standards issued by the Israeli Accounting Standards Board, has not been included therein because of a lack of materiality.

In our opinion, apart from the aforesaid, the abovementioned financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022 and 2021, the results of its operations and the changes in its net assets for each of the years ended on those dates, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Horowitz, Oshrat, Majar, Apelker, Lugasi
Certified Public Accountants

Haifa, June 15, 2023

Statements of Financial Position

	Note	As at December 31	
		2022	2021
		NIS thousands	
<u>Assets</u>			
<u>Current assets</u>			
Cash and cash equivalents	3	429	1,230
Deposit		135	135
Other receivables	4	1,222	266
		<u>1,786</u>	<u>1,631</u>
<u>Fixed assets, net</u>	5	<u>76,179</u>	<u>77,870</u>
		<u>77,965</u>	<u>79,501</u>
<u>Liabilities and assets</u>			
<u>Current liabilities</u>			
Current maturities of long-term loans	8	183	95
Trade payables		950	70
Other payables	6	599	230
		<u>1,732</u>	<u>395</u>
<u>Non-current liabilities</u>			
Liability for payments for social benefits for employees	7	259	107
Loan from the Social Loans Fund	8	505	192
		<u>764</u>	<u>299</u>
		<u>2,496</u>	<u>694</u>
Net assets			
Net assets in respect of which no restriction exists for use in operations:			
Which have not been designated by the Association's institutions		(710)	937
Used for fixed assets		76,179	77,870
		<u>75,469</u>	<u>78,807</u>
		<u>77,965</u>	<u>79,501</u>

The notes to the financial statements form an integral part thereof.

June 15, 2023	(Signed)	(Signed)
Date of the approval of the financial statements	Member of the Committee	Member of the Committee

Statements of Operations

	Note	For the Year Ended	
		December 31	
		2022	2021
		NIS thousands	
<u>Turnover from operations</u>			
Serious Fun Children's Network (SFCN)		1,417	974
American Friends of Jordan River Village		888	743
The Safra Foundation		344	309
Foundations in Israel		1,135	1,406
Sundry donors, net		2,118	2,890
		<u>5,902</u>	<u>6,322</u>
<u>Independent income</u>			
Income from services for the Ministry of Education		1,412	1,261
Income from services for the Ministry of Health		72	-
Others, net		676	566
		<u>2,160</u>	<u>1,827</u>
Total turnover from operations		8,062	8,149
Village operating expenses	9	<u>10,397</u>	<u>8,821</u>
Net operating expenses		(2,335)	(672)
Marketing and fundraising expenses		440	532
Administrative and general expenses	10	<u>1,223</u>	<u>1,105</u>
Deficit before financing		<u>(3,998)</u>	<u>(2,309)</u>
Financing expenses, net	11	<u>(14)</u>	<u>9</u>
Deficit for the year		<u><u>(3,984)</u></u>	<u><u>(2,318)</u></u>

The notes to the financial statements form an integral part thereof.

Statements of Changes in Net Assets

	Assets in respect of which no restrictions exist		Assets in respect of which a restriction exists	Total
	For use in operations - which have not been designated by the Association's institutions	Net assets used for fixed assets		
	NIS thousands			
Balance as at January 1, 2021	1,031	80,094	-	81,125
<u>Movements during the year</u>				
Deficit for the year	(2,318)	-	-	(2,318)
Amounts used for fixed assets	(227)	227	-	-
Amounts transferred to cover depreciation expenses	2,451	(2,451)	-	-
Balance as at December 31, 2021	<u>937</u>	<u>77,870</u>	<u>-</u>	<u>78,807</u>
<u>Movements during the year</u>				
Deficit for the year	(3,984)	-	-	(3,984)
Restriction of amounts in respect of donations received	-	-	646	646
Amounts used for fixed assets	(91)	737	(646)	-
Amounts transferred to cover depreciation expenses	2,428	(2,428)	-	-
Balance as at December 31, 2022	<u>(710)</u>	<u>76,179</u>	<u>-</u>	<u>75,469</u>

The notes to the financial statements form an integral part thereof.

Notes to the Financial Statements

Note 1 - General

A. The Jordan River Village Association (R.A.) (hereinafter – "The Association") was registered as an association on February 15, 2000 and its association number is 58-035-558-4.

The Association is a charitable institution ("A charity"), which is recognized as a public institution in accordance with Section 9(2) of the Income Tax Ordinance. Furthermore, the Association has been recognized as a public institution for the purpose of donations in accordance with Section 46 of the Income Tax Ordinance.

The Association been engaged since its foundation in the construction of the village and in raising donations, which are needed for its construction and operation. The village began its intended operations in August 2011.

The objectives of the association are: the construction and management of a rehabilitative holiday village offering experiences for children and young people who are ill with serious illnesses and for members of their families in the Lower Galilee. The association's activities in the raising of donations are conducted opposite donors in Israel and overseas.

The number of overnight stays at the villages was 5,225 during the reporting year (2021 – 4,670 overnight stays).

Note 2 - Principal Accounting Policies

A. Definitions:

In these financial statements:

- The Association** - The Jordan River Village (R.A.)
- Net assets** - The difference between the Association's assets and its liabilities.
- Restriction** - A restriction on the use of net assets, which has been set under the instructions of donors, supporters or awarders of grants to the Association.

B. The basis for the reporting of the financial statements:

The Association's financial statements have been prepared in nominal amounts under the historical cost convention and not in reported amounts, as required under Accounting Standard No. 12 of the Israeli Accounting Standards Board, since in the Association's management's opinion, such reporting would not add significant financial information.

A reported amount is a nominal amount that has been adjusted for changes in the Consumer Prices Index up to the Index for the month of December 2003, with the addition of amounts that have been added since the time of the transition (December 31, 2003) and less amounts that have been de-recognized since that date.

The financial statements have been prepared in conformity with Accounting Standard number 40 of the Israeli Accounting Standards Board.

Notes to the Financial Statements

Note 2 - **Principal Accounting Policies** (Continued)**C. The manner of the presentation of the financial statements:**

1. Balances that are recorded under net assets are distinguished between:

- Net assets in respect of which no restriction exists.
- Net assets in respect of which a restriction of a temporary nature exists.

Net assets in respect of which no restriction exists are distinguished between:

- Net assets for use in operations.
- Net assets used for fixed assets.

2. The statement of changes in net assets includes the net surplus that is transferred from the statement of operations, and also the sources that have been received with a restriction on their use and the amount that have been released from restrictions.

D. Statement of cash flows:

No statement of cash flows has been prepared since such statements would not add significant material over and above the information that is included in the financial statements.

E. Details regarding the exchange rates of foreign currency and the Consumer Prices Index:

The following are details of the Consumer Prices Index, the exchange rate of the principal currencies and the changes in the reporting periods:

	As at December 31	
	2022	2021
The Consumer Prices Index (in points)	108.00	102.60
The US Dollar (in NIS: 1 Dollar)	3.52	3.11
The Euro (in NIS: 1 Euro)	3.75	3.52
	For the year ended December 31	
	2022	2021
The rate of change in:		
The Consumer Prices Index	5.30	2.80
The US Dollar	13.15	(3.27)
The Euro	6.62	(10.76)

Notes to the Financial Statements

Note 2 - **Principal Accounting Policies** (Continued)

F. Cash and cash equivalents:

Highly liquid investments, which include, inter alia, short-term deposits that have been deposited in banks and whose period to redemption at the time of the investment in them did not exceed 3 months are deemed to be cash equivalents.

This item includes cash and short-term deposits in banks, the use of which has been restricted by the donors for particular uses, or which have been designated by the Association's committee for specific uses.

G. Fixed assets:

1. Fixed asset items are presented at cost less accumulated depreciation. In addition to the price of acquisition, the cost includes all of the costs that can be directly attributable to bringing the item to the location and the state that are required in order for the item to function in the manner intended by the management.
2. Expenses in respect of improvements and enhancements have been reflected under the cost of the assets, whereas maintenance and repairs expenses have been reflected as an expense as incurred.
3. A fixed asset is de-recognized from the accounting records when it is disposed of or where no future economic use is expected from its use or disposal. A gain or a loss deriving from the de-recognition of a fixed asset is reflected in profit or loss.
4. The depreciation has been calculated under the straight-line method, on the basis of the estimated useful lifetimes of the assets.

The annual depreciation rates are:

	%
Buildings and land	2
Computers	6 – 33
Furniture, equipment and instillations	4 - 33

H. The use of estimates:

When preparing the financial statements in accordance with generally accepted accounting principles, the Association's management is required to make estimates and to assume assumptions, which affect the amounts that are reported in the financial statements and in the accompanying notes thereto. By the very nature of estimates and assumptions, the actual results may be different therefrom.

Notes to the Financial Statements**Note 3 - Cash and cash equivalents**

	As at December 31	
	2022	2021
	NIS thousands	
In banks and in hand	429	1,230

Note 4 - Other receivables

	As at December 31	
	2022	2021
	NIS thousands	
Trade receivables and checks receivable	13	41
Prepaid expenses	142	176
The Treasury – Income Tax Department	2	2
Income receivable	1,065	47
	<u>1,222</u>	<u>266</u>

Note 5 - Fixed assets, net

A. Comprise:

	<u>Land</u>	<u>Computers</u>	<u>Furniture, equipment and instillations</u>	<u>Total</u>
	NIS thousands			
Cost				
As at January 1, 2022	95,733	861	6,164	102,758
Additions in the year	702	-	35	737
As at December 31, 2022	<u>96,435</u>	<u>861</u>	<u>6,199</u>	<u>103,495</u>
Accumulated depreciation				
As at January 1, 2022	20,250	787	3,851	24,888
Provision in the year	1,988	55	385	2,428
As at December 31, 2022	<u>22,238</u>	<u>842</u>	<u>4,236</u>	<u>27,316</u>
Net Book value				
As at December 31, 2022	<u>74,197</u>	<u>19</u>	<u>1,963</u>	<u>76,179</u>
As at December 31, 2021	<u>75,482</u>	<u>74</u>	<u>2,314</u>	<u>77,870</u>

- B. The Association has signed on a lease agreement with the Israel Lands Administration, under which it has given a commitment to complete the building of the buildings in such manner that they will be suitable for use for the objectives, as described in Note 1. The lease period ends in 2058, with an option for an extension for an additional 49 years.

Notes to the Financial Statements**Note 6 - Other payables**

	As at December 31	
	2022	2021
	NIS thousands	
Provision for vacation pay	103	144
Institutions	190	79
Other payables	-	3
Employees	278	4
Expenses payable	28	-
	<u>599</u>	<u>230</u>

Note 7 - Liabilities in respect of the termination of employee-employer relationships, net

The Association's liability in respect of severance pay for its employees is partially covered by routine deposits and amounts that have accumulated in managers' insurance policies. These amounts have not been given expression in the Association's balances sheet, since they are not under its control.

Note 8 - Loan from the Social Loans Fund

	Repayable in	As at December 31	
		2022	2021
		NIS thousands	
Long-term loan	2023 - 2027	688	287
Less – current maturities		183	95
		<u>505</u>	<u>192</u>

Notes to the Financial Statements**Note 9 - Village operating expenses**

Comprise:

	For the year ended December 31	
	2022	2021
	NIS thousands	
Salaries for operations (including motor vehicle maintenance)	4,453	3,469
Depreciation	2,344	2,345
Consumption of food and drinks	464	304
Training and workshop expenses	750	736
Security	609	542
Electricity and water	579	438
Maintenance and cleaning	875	707
Insurance	100	101
Travelling	130	77
Sundry	93	102
	<u>10,397</u>	<u>8,821</u>

Note 10 - Administrative and general expenses

Comprise:

	For the year ended December 31	
	2022	2021
	NIS thousands	
Management salaries (including motor vehicle maintenance)	683	599
Professional fees	139	164
Insurance	9	11
Depreciation and sundry	121	159
Communications and computers	242	144
Office expenses and printing	29	28
	<u>1,223</u>	<u>1,105</u>

Notes to the Financial Statements**Note 11 - Financing expenses, net**

	For the year ended	
	December 31	
	2022	2021
	NIS thousands	
Bank charges	7	9
Exchange differences	(21)	-
	<u>(14)</u>	<u>9</u>

Note 12 - Guarantees

The bank has made a guarantee in an amount of NIS 135,000 support in favor of the Ministry of Education as collateral for the compliance by the Association with certain conditions.

Note 13 - Donation from foreign state entities

The Association has not received donations from "a foreign state entity" in the reporting year.

Note 14 - Donations in excess of NIS 100,000 from an individual donor in 2022

	Amount
	NIS
Serious Fun Children's Network	1,416,699
AFJRV	887,876
The Aharon Guttwert Foundation	538,200
The Safra Foundation	343,774
Amisragas	200,000
The Joseph and Christina Foundation	150,000
Clal Insurance Company Ltd.	150,000
Migdal Insurance Company Ltd.	150,000
The Hauser Foundation	100,000
The Neta Boxenbaum Foundation	100,000
Israel Discount Bank Ltd.	100,000