

Aish HaTorah Yeshiva (Registered NPO)

Consolidated Financial Statements

as of December 31, 2019

Aish HaTorah Yeshiva (Registered NPO)

Consolidated Financial Statements

as of December 31, 2019

CONTENTS

	<u>Page</u>
Auditors' Report of the Financial Statements	1
Statements of Financial Position - Consolidated and Amuta	2
Statements of Activities - Consolidated and Amuta	3
Statements of Changes in Net Assets - Consolidated and Amuta	4-5
Statements of Cash Flows - Consolidated and Amuta	6-7
Schedule A - Cost of Operating Activities	8
Schedule B - General and Administrative Expenses	9
Schedule C - Income From Donations Greater Than 100 Thousand NIS	9
Notes to the Consolidated Financial Statements	10-19



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, 2019 and 2018, 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 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, 2019 and 2018, 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 1, 2020



Ziv Hagi

Certified Public Accountants (Isr.)

Aish HaTorah Yeshiva (Registered NPO)

Statements of Financial Position

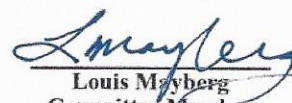
(In thousands NIS)

		Consolidated		Amuta	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Current assets:					
Cash and cash equivalents	3	832	2,114	103	1,232
Accounts receivable		654	1,161	654	1,161
Debtors and debit balances	4	7,372	6,648	7,362	6,647
		8,858	9,923	8,119	9,040
Non-current assets:					
Loan and investment in a subsidiary under the equity method	5	-	-	6,603	6,661
Fixed assets	6	70,389	73,189	64,525	67,411
		70,389	73,189	71,128	74,072
		79,247	83,112	79,247	83,112
Current liabilities:					
Bank loans and other lines of credit	7	3,241	1,321	3,241	1,321
Suppliers and service providers	8	2,486	2,259	2,486	2,259
Creditors and credit balances	9	4,532	4,463	4,532	4,463
		10,259	8,043	10,259	8,043
Long-term liabilities:					
Provision for severance pay, net	10	8,348	8,183	8,348	8,183
Bank loans	11	8,482	9,816	8,482	9,816
		16,830	17,999	16,830	17,999
Unrestricted net assets:					
Used for activities		(8,527)	(5,548)	(2,663)	230
Used for fixed assets		60,685	62,618	54,821	56,840
		52,158	57,070	52,158	57,070
		79,247	83,112	79,247	83,112

The accompanying notes are an integral part of the financial statements

September 1, 2020
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			
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Operating turnover:					
Donations	C	23,089	29,322	23,089	29,322
Governmental support		2,212	2,791	2,212	2,687
Tuition		6,787	5,246	6,787	5,246
Participation in activities and others		4,470	2,763	4,470	2,763
Facility usage and rental of buildings		380	398	380	398
		36,938	40,520	36,938	40,416
Cost of activities	A	36,988	34,632	36,988	34,632
Net income (expense) from activities		(50)	5,888	(50)	5,784
General and administrative expenses	B	4,166	4,903	4,159	4,897
Net income (expenses) before financial expense		(4,216)	985	(4,209)	887
Financial expenses, net	12	696	739	771	659
Net expenses before other expenses		(4,912)	246	(4,980)	228
The Amuta's share in subsidiary's surplus		-	-	68	18
Net surplus (loss) for the year		(4,912)	246	(4,912)	246

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)

	Unrestricted net assets		
	Used for activities	Used for fixed assets	Total
<u>Balance as of January 1, 2018</u>	<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>
<u>Balance as of December 31, 2018</u>	<u>(5,548)</u>	<u>62,618</u>	<u>57,070</u>
Net loss for the year	(4,912)	-	(4,912)
Sums used to purchase fixed assets	(259)	259	-
Sums transferred to cover depreciation	3,145	(3,145)	-
Sums transferred for the purchase of fixed assets (*)	(867)	867	-
Sums used to purchase subsidiary's fixed assets	<u>(86)</u>	<u>86</u>	<u>-</u>
<u>Balance as of December 31, 2019</u>	<u>(8,527)</u>	<u>60,685</u>	<u>52,158</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)

	Unrestricted net assets		
	Used for activities	Used for fixed assets	Total
<u>Balance as of January 1, 2018</u>	(1,707)	58,531	56,824
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	-
<u>Balance as of December 31, 2018</u>	230	56,840	57,070
Net loss for the year	(4,912)	-	(4,912)
Sums transferred for the purchase of fixed assets	(259)	259	-
Sums transferred to cover depreciation	3,145	(3,145)	-
Sums transferred for the purchase of fixed assets (*)	(867)	867	-
<u>Balance as of December 31, 2019</u>	(2,663)	54,821	52,158

(*) 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>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>Cash flows from operating activities</u>				
Surplus (Loss) for the year	(4,912)	246	(4,912)	246
Adjustments required to present cash and cash equivalents from current activities - Appendix A	<u>3,331</u>	<u>3,228</u>	<u>3,398</u>	<u>2,972</u>
Net cash from (used in) operating activities	<u>(1,581)</u>	<u>3,474</u>	<u>(1,514)</u>	<u>3,218</u>
<u>Cash flow from investing activities</u>				
Purchase of fixed assets	<u>(345)</u>	<u>(1,193)</u>	<u>(259)</u>	<u>(775)</u>
Net cash used in investing activities	<u>(345)</u>	<u>(1,193)</u>	<u>(259)</u>	<u>(775)</u>
<u>Cash flow from financing activities</u>				
Bank loans and other lines of credit	1,920	12	1,920	12
Receipt of loans	3,712	5,597	3,712	5,597
Repayment of loans	<u>(4,988)</u>	<u>(6,831)</u>	<u>(4,988)</u>	<u>(6,831)</u>
Net cash from (used in) financing activities	<u>644</u>	<u>(1,222)</u>	<u>644</u>	<u>(1,222)</u>
<u>Increase (decrease) in cash and cash equivalents</u>	<u>(1,282)</u>	<u>1,059</u>	<u>(1,129)</u>	<u>1,221</u>
<u>Cash and cash equivalents balance at beginning of the year</u>	<u>2,114</u>	<u>1,055</u>	<u>1,232</u>	<u>11</u>
<u>Cash and cash equivalents balance at end of the year</u>	832	2,114	103	1,232

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

	Consolidated		Amuta	
	For the year ended			
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Income and expense items that do not directly effect the cash flows:				
Depreciation of fixed assets	3,145	2,780	3,145	2,780
Increase (decrease) in provision for severance pay, net	165	(391)	165	(391)
Exchange rate effects on long term loans	(58)	(48)	(58)	(48)
The Amuta's share in subsidiary's surplus	-	-	(68)	(18)
	3,252	2,341	3,184	2,323
Changes in assets and liabilities				
Decrease in long-term prepaid expenses	-	22	-	-
Decrease in account receivables	507	245	507	245
Increase in debtors and debit balances	(724)	(39)	(715)	(141)
Increase in suppliers and service providers	227	331	227	338
Increase in account payables	69	328	69	328
Revaluation of long-term investments	-	-	126	(121)
	79	887	214	649
	3,331	3,228	3,398	2,972

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

	Consolidated		Amuta	
	For the year ended			
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Salaries and related expenses	22,067	20,445	22,067	20,445
Scholarships and supports	1,512	2,064	1,512	2,064
Programing activities	1,951	2,816	1,951	2,816
Students' provisions	2,776	2,799	2,776	2,799
Rent and building maintenance	5,631	3,810	5,631	3,810
Depreciation	3,051	2,698	3,051	2,698
Total	36,988	34,632	36,988	34,632

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

	Consolidated		Amuta	
	For the year ended			
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Salaries and related expenses	3,101	3,804	3,101	3,804
Professional fees	139	214	133	209
Office expenses	25	15	25	15
Fundraising costs	99	219	99	219
Taxes and fees	32	49	31	48
Communications and mail	226	243	226	243
Office maintenance	308	259	308	259
Travel	17	18	17	18
Debts are provided	125	-	125	-
Depreciation	94	82	94	82
Total	4,166	4,903	4,159	4,897

Income from donations greater than 100 thousand NIS

(In thousands NIS)

Schedule C

	Amuta and Consolidated
	For the year ended
	31.12.2019
The Jerusalem Fund Inc.	15,823
Dan- Hytman Family Foundation	3,838
Israel Gives Ltd	244
Marjorie Blankstein	147
Total donations greater than 100 thousand NIS	20,052
Others less than 100 thousand NIS	3,037
Total donations	23,089

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, 2019

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, 2019

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, 2019

(In thousands NIS)

Note 2 - Significant accounting policies (contd.)

d. Linkage to the index or to foreign currency:

	<u>31.12.2019</u>	<u>31.12.2018</u>
The Consumer Price Index (in points) according to the Index in lieu of the month	100.8	100.2
The United States Dollar (in NIS per Dollar)	3.456	3.748
The GBP (in NIS per GBP)	4.559	4.793

	Percentage change for the year ended	
	<u>31.12.2019</u>	<u>31.12.2018</u>
The Consumer Price Index	0.60	0.80
The United States Dollar	(7.79)	8.10
The GBP	(4.87)	2.38

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, 2019

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 not 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, 2019

(In thousands NIS)

Note 3 - Cash and cash equivalents

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Cash in Israeli currency	167	1,385	43	1,194
Cash in Foreign currency	665	694	60	38
Deposit	-	35	-	-
	<u>832</u>	<u>2,114</u>	<u>103</u>	<u>1,232</u>

Note 4 - Debtors and debit balances

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Income receivable	7,150	6,000	7,150	6,000
Advances to suppliers	21	247	21	247
Institutions and other debtors	201	401	191	400
	<u>7,372</u>	<u>6,648</u>	<u>7,362</u>	<u>6,647</u>

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

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Investment account	-	-	5,400	5,400
Accumulated losses of the subsidiary from the acquisition	-	-	(292)	(360)
Loan	-	-	1,495	1,621
	<u>-</u>	<u>-</u>	<u>6,603</u>	<u>6,661</u>

Aish HaTorah Yeshiva (Registered NPO)

Notes to the Financial Statements

as of December 31, 2019

(In thousands NIS)

Note 6 - Fixed assets

a. In the Consolidated Statements of Financial Position:

	<u>Amuta</u>			<u>Subsidiary</u>	
	<u>Buildings</u>	<u>Leasehold improve- ments</u>	<u>Furniture and equipment</u>	<u>Museum under construction</u>	<u>Total</u>
Cost:					
As of January 1, 2019	107,912	543	9,696	5,778	123,929
Acquisitions during the year	60	6	193	86	345
As of December 31, 2019	107,972	549	9,889	5,864	124,274
Accumulated depreciation:					
As of January 1, 2019	43,995	302	6,443	-	50,740
Depreciation	2,368	40	737	-	3,145
As of December 31, 2019	46,363	342	7,180	-	53,885
Depreciated cost:					
<u>As of December 31, 2019</u>	61,609	207	2,709	5,864	70,389
<u>As of December 31, 2018</u>	63,917	241	3,253	5,778	73,189
Depreciation rate:	2%	10%	7%-33%		

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

	<u>Buildings</u>	<u>Leasehold improve- ments</u>	<u>Furniture and equipment</u>	<u>Total</u>
Cost:				
As of January 1, 2019	107,912	543	9,696	118,151
Acquisitions during the year	60	6	193	259
As of December 31, 2019	107,972	549	9,889	118,410
Accumulated depreciation:				
As of January 1, 2019	43,995	302	6,443	50,740
Depreciation	2,368	40	737	3,145
As of December 31, 2019	46,363	342	7,180	53,885
Depreciated cost:				
<u>As of December 31, 2019</u>	61,609	207	2,709	64,525
<u>As of December 31, 2018</u>	63,917	241	3,253	67,411
Depreciation rate:	2%	10%	7%-33%	

Aish HaTorah Yeshiva (Registered NPO)

Notes to the Financial Statements

as of December 31, 2019

(In thousands NIS)

Note 6 - Fixed assets (contd.)

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

	Consolidated		Amuta	
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Long-term loans (*)	9,704	10,571	9,704	10,571
Net assets used for fixed assets	60,685	62,618	54,821	56,840
	<u>70,389</u>	<u>73,189</u>	<u>64,525</u>	<u>67,411</u>

(*) Composition of the Long-term loans:

	Consolidated and Amuta	
	For the year ended	
	<u>31.12.2019</u>	<u>31.12.2018</u>
<u>As of January 1</u>	10,571	10,885
Receipt of long term loans	259	775
Repayment of long term loans	(1,126)	(1,089)
<u>As of December 31</u>	<u>9,704</u>	<u>10,571</u>

Note 7 - Bank loans and other lines of credit

	Consolidated		Amuta	
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Short-term bank credit	1,874	-	1,874	-
Current maturities of long-term loans (1)	1,367	1,321	1,367	1,321
	<u>3,241</u>	<u>1,321</u>	<u>3,241</u>	<u>1,321</u>

(1) See Note 11 - Bank loans.

Note 8 - Suppliers and service providers

	Consolidated		Amuta	
	<u>31.12.2019</u>	<u>31.12.2018</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
Suppliers in Israel	1,669	1,720	1,669	1,720
Outstanding checks	817	539	817	539
	<u>2,486</u>	<u>2,259</u>	<u>2,486</u>	<u>2,259</u>

Aish HaTorah Yeshiva (Registered NPO)

Notes to the Financial Statements

as of December 31, 2019

(In thousands NIS)

Note 9 - Creditors and credit balances

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Salaries and related expenses payable	2,098	1,915	2,098	1,915
Scholarships payable	380	502	380	502
Tuition received in advance	1,503	1,478	1,503	1,478
Other creditors	551	568	551	568
Total	<u>4,532</u>	<u>4,463</u>	<u>4,532</u>	<u>4,463</u>

Note 10 - Provision for severance pay, net

a. Consisting of:

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Obligation for the termination of employee- employer relationships	12,666	11,585	12,666	11,585
Less- severance pay fund	<u>4,318</u>	<u>3,402</u>	<u>4,318</u>	<u>3,402</u>
	<u>8,348</u>	<u>8,183</u>	<u>8,348</u>	<u>8,183</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, 2019

(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:

	Consolidated		Amuta	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Current maturities - first year	1,367	1,321	1,367	1,321
Second year	1,387	1,334	1,387	1,334
Third year	1,441	1,387	1,441	1,387
Fourth year	1,499	1,441	1,499	1,441
Fifth year onwards	4,155	5,654	4,155	5,654
	8,482	9,816	8,482	9,816
	9,849	11,137	9,849	11,137

Note 12 - Financial expenses, net

	Consolidated		Amuta	
	For the year ended			
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Bank fees	706	790	706	787
Interest and exchange rate differentials on loans, net	(10)	(51)	65	(128)
	696	739	771	659

Note 13 - Cost of activities

After the success of returning a surplus in 2018, the Amuta returned a loss in 2019, due to the Jerusalem Fund Inc, the Amuta's primary donor, receiving fewer funds from two donors in 2019. At the same time the Amuta restructured certain expenditures in order to save money in future years.

In 2020, the Amuta was beginning to see an increase in donations and a decrease in costs, until Corona hit, but has since used Corona to its advantage in order to streamline the whole organization.

Aish HaTorah Yeshiva (Registered NPO)

Notes to the Financial Statements

as of December 31, 2019

Note 14 - Contingent claims

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 the bank totaling NIS 182 thousand.
In addition, to secure loans from the bank 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.

Note 16 – Subsequent Events

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including Israel. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. It is anticipated that these impacts will continue for some time. Due to the effects of the pandemic, the Amuta sent the majority of its staff on unpaid vacation during the months of April through July. During this time period, the Amuta was able to restructure the organization so that once the pandemic is over, it will be in a much stronger position than it was before the Pandemic, both from a financial perspective and from a productivity perspective. The Amuta has not seen a drastic drop in donations due to Covid – 19.