

**HARHAVAT HAMA'AGALIM (R.S)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

# **HARHAVAT HAMA'AGALIM (R.S)**

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## **FINANCIAL STATEMENTS**

### **AS OF DECEMBER 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of

### HARHAVAT HAMA'AGALIM (R.S)

We have audited the accompanying balance sheet of **Harhavat Hama'agalim (R.S)** (hereinafter – “the Society”) as of December 31, 2024 and 2023, and the statement of activities, statement of changes in net assets and cash flow statements for the year then ended. These financial statements are the responsibility of the Society's Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was made in accordance with generally accepted auditing standards, including those prescribed under the Auditors' Regulations (Auditor's Mode of Performance), 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 significant estimates made by the Society's committee as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material aspects, the financial position of the Society as of December 31, 2024 and 2023, and the results of its operations, changes in its net assets and cash flow statements for the year then ended.

As explained in Note 2(a) the financial statements referred to above are presented in reported amounts, in accordance with the accounting standards of the Israel Accounting Standards Board.

*Horowitz Oshrat Madjar Apelker Lugassi*  
Certified Public Accountants

Haifa, November 30, 2025

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Horowitz, Oshrat, Madjar, Apelker, Lugasi - C.P.A

# HARHAVAT HAMA'AGALIM (R.S)

## Balance sheets

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2024</u>	<u>2023</u>
		<u>NIS</u>	<u>NIS</u>
<b><u>Assets</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents		3,061,071	1,544,403
Other receivable	(3)	2,941,672	1,551,412
		<u>6,002,743</u>	<u>3,095,815</u>
<b>Non-current assets</b>			
Property plant and equipment, net	(4)	170,554	133,669
		<u>6,173,297</u>	<u>3,229,484</u>
<b><u>Liabilities and Net Assets</u></b>			
<b>Current liabilities</b>			
Trade payables		818,379	1,271,103
Accounts payable	(5)	1,174,615	1,425,080
		<u>1,992,994</u>	<u>2,696,183</u>
<b>Noncurrent liabilities</b>			
Liabilities for employee benefits	(6)	812,804	813,022
<b>Net Assets</b>			
For which no restrictions exist		3,196,945	(413,390)
Used for fixed assets		170,554	133,669
		<u>3,367,499</u>	<u>(279,721)</u>
		<u>6,173,297</u>	<u>3,229,484</u>

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

November 30, 2025

Date of approval of the  
financial statements

Avigdor Weizman,  
Chairman of the  
Society

Yuval Elimelech,  
Member of the Society's  
Committee

# HARHAVAT HAMA'AGALIM (R.S)

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## Statements of activities

	<u>Note</u>	<u>Period ended</u> <u>December 31</u>	
		<u>2024</u>	<u>2023</u>
		<u>NIS</u>	<u>NIS</u>
Income:			
Educational activity		217,420	127,099
Ministry of Education		5,896,494	6,109,424
Aid grants		181,820	177,032
Donations and support from funds and institutions		6,647,053	3,115,378
		<u>12,942,787</u>	<u>9,528,933</u>
Operating costs	(7)	<u>7,598,150</u>	<u>7,496,011</u>
<b>Operating Surplus</b>		<b>5,344,637</b>	<b>2,032,922</b>
Administration and General Expenses	(8)	<u>1,608,864</u>	<u>1,684,147</u>
<b>Expenses over income before financing</b>		<b>3,735,773</b>	<b>348,775</b>
Financial expenses, net		<u>16,683</u>	<u>20,708</u>
<b>Expenses over income after financing</b>		<b>3,719,090</b>	<b>328,067</b>
Other income (expenses)		<u>(71,870)</u>	<u>(111,524)</u>
<b>Deficit for the period in net assets</b>		<b><u>3,647,220</u></b>	<b><u>216,543</u></b>

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

## HARHAVAT HAMA'AGALIM (R.S)

### Statements of changes in net assets

For the year ended December 31, 2022

	<u>Unrestricted</u>		<u>On which there is a restriction</u>		<u>Total</u> <u>NIS</u>
	<u>Used for</u> <u>activities</u>	<u>Used for</u> <u>fixed assets</u>	<u>Temporary</u>	<u>Permanent</u>	
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	
<b><u>Balance as at December 31, 2022</u></b>	(669,430)	173,166	-	-	(496,264)
<b><u>Changes during 2023:</u></b>					
Deficit in assets for the period	216,543	-	-	-	216,543
Amounts that were designated and their designation has been canceled					
Amounts transferred for coverage of depreciation costs, Net	39,497	(39,497)	-	-	-
<b><u>Balance as at December 31, 2024</u></b>	(413,390)	133,669	-	-	(279,721)
<b><u>Changes during 2024:</u></b>					
Deficit in assets for the period	3,647,220	-	-	-	3,647,220
Used for purchase of fixed assets, Net	(78,891)	78,891	-	-	-
Amounts transferred for coverage of depreciation costs, Net	42,006	(42,006)	-	-	-
<b><u>Balance as at December 31, 2024</u></b>	3,196,945	170,554	-	-	3,367,499

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

## HARHAVAT HAMA'AGALIM (R.S)

### Cash Flow Statements

	Period ended	
	December 31	
	2024	2023
	<u>NIS</u>	<u>NIS</u>
<b><u>Cash flows from operating activity:</u></b>		
Deficit for the period in net assets	3,647,220	216,543
<b><u>Adjustments:</u></b>		
<b>Adjustments required for presentation of cash flows from regular activities</b>		
Depreciation	42,006	39,497
Increase (Decrease) Liabilities for employee benefits	(218)	(147,747)
	<u>41,788</u>	<u>(108,250)</u>
<b>Changes in current assets and liabilities</b>		
Increase in other receivables	(1,390,260)	1,621,688
Increase (Decrease) in trade payables	(452,724)	(585,153)
Increase (Decrease) in accounts payable	(250,465)	(840,158)
	<u>(2,093,449)</u>	<u>196,377</u>
<b>Net cash that used in operating activities</b>	<u>1,595,559</u>	<u>304,670</u>
<b><u>Cash flows from investing activity:</u></b>		
Purchases of equipment	(78,891)	-
<b>Net cash that used in investing activities</b>	<u>(78,891)</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	1,516,668	304,670
<b>Cash and cash equivalents at beginning of year</b>	1,544,403	1,239,733
<b>Cash and cash equivalents at end of year</b>	<u>3,061,071</u>	<u>1,544,403</u>

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

# HARHAVAT HAMA'AGALIM (R.S)

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## Notes to Financial Statements

### **Note 1 – General**

- a. Harhavat Hama'agalim (R.S) (hereinafter: "the Society") was registered under the Societies Law - 1980 and started its activities in October 1998.
- b. The main goals of the society are: to train the youth ahead of their departure to life in general and military service especially.
- c. Sources of funding our activities stem from allocations of the Ministry of Education, attending schools in current expenditure, donations and support from foundations in Israel and abroad.

### **Note 2 – Significant accounting principles**

The significant accounting principles implemented in the preparation of the financial statements on a consistent basis are as follows:

#### **a. Basis of reporting of the financial statements**

The Society's financial statements are expressed in reported amounts, as required by the accounting standards of the Israel Accounting Standards Board.

The financial statements are prepared in accordance with the provisions of Pronouncement 69 of the Institute of Certified Public Accountants in Israel and Accounting Standard No.5 of the Israel Accounting Standards Board.

#### **b. Details regarding foreign currency exchange rates and the CPI**

Details regarding consumer price index, the exchange rates of major currencies and rates of change in the reporting periods:

1. Information on consumer price indices and exchange rates of major currencies:

	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2 0 2 4</b>	<b>2 0 2 3</b>
The CPI (in points)	256.64	248.59
US dollars (NIS to 1 dollar)	3.65	3.63
Euro (NIS to 1 euro)	3.8	4.01

2. Information on the CPI and the exchange rate in the reporting year.

	<b>The rate of change in</b>	
	<b>percent</b>	
	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2 0 2 4</b>	<b>2 0 2 3</b>
The CPI	3.24	2.96
US dollars	0.55	3.13
Euro	(5.24)	6.93

#### **c. Foreign Currency and Linkage**

Transactions in Foreign Currency are translated according to the exchange rate in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated according to the exchange rate in effect at that date. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency according to the exchange rate in effect on the date

# HARHAVAT HAMA'AGALIM (R.S)



## Notes to Financial Statements

### Note 2 – Significant accounting principles (cont.)

on which the fair value is determined. Exchange-rate differences arising from translation into the functional currency are recognized in profit and loss.

#### d. Cash and cash equivalents

Cash equivalents are considered highly liquid investments, including, inter alia, short-term deposits deposited in banks, and the time period until their implementation at time of investment does not exceed 3 months.

#### e. Fixed Assets

1. Fixed assets items are measured at cost less accrued depreciation. The cost includes exits that may be directly attributed to the purchase of the property.
2. The cost of replacing a part of a fixed asset item is recognized as part of the book value of that item if it is expected that future economic benefit embodied in that item will flow to the association and if its cost may be measured in a reliable manner. The book value of the replaced part is then subtracted. Regular maintenance costs are attributed to the Profit and Loss upon their creation.
3. Depreciation is attributed to the Profit and Loss Statement according to the straight-line method based on the estimated useful life of each part of the fixed asset items.

#### 4. The Annual depreciation rates are:

	<u>%</u>
Office furniture and equipment	7-33
Leasehold improvements	10
Vehicles	15

#### f. Employee Rights-

The society is obligated by law, agreements and practice, for payments of retirement benefits to employees, which include payments under defined benefit plans in respect of pensions (such as pension payments, severance pay and retirement), payments under other plans after retirement (such as holiday gifts and other welfare and health contributions paid to pensioners or on their behalf).

The society's obligations for payment of compensation, pension and severance pay to employees of the society that are not in accordance with Section 14 of the Severance Pay Law, are accounted for in defined benefit plans calculated on an actuarial basis taking into account probabilities based on past experience.

Short-term employee benefits (such as salaries, vacation, and bonuses) are measured on an undiscounted basis and are expensed at the time of the related service.

# HARHAVAT HAMA'AGALIM (R.S)

## Notes to Financial Statements

### Note 2 – Significant accounting principles (cont.)

g. Use of Estimates

The preparation of the financial statements in conformity with Israeli GAAP requires the Society's Committee to exercise judgment in the use of estimates, evaluations, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses.

It is hereby clarified that actual results may differ from such estimates.

h. Reporting basis

The society's revenues and expenses are recorded to the statements of activities by the accrual method.

### Note 3 – Other receivable

	<b>For the year ended</b>	
	<b>December 31</b>	
	<u>2 0 2 4</u>	<u>2 0 2 3</u>
	<u>NIS</u>	<u>NIS</u>
Receivables for activity	2,924,087	1,521,636
Employees	17,585	29,776
	<u>2,941,672</u>	<u>1,551,412</u>

### Note 4– Property plant and equipment, net

	<u>Office furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Vehicles</u>	<u>Total</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<b><u>Cost:</u></b>				
Balance as at January 1, 2024	658,735	377,031	96,000	1,131,766
Purchases	5,319	73,572	-	78,891
Balance as at December 31, 2024	<u>664,054</u>	<u>450,603</u>	<u>96,000</u>	<u>1,210,657</u>
<b><u>Accrued Depreciation</u></b>				
Balance as at January 1, 2024	630,079	272,018	96,000	998,097
Annual depreciation	16,932	25,074	-	42,006
Balance as at December 31, 2024	<u>647,011</u>	<u>297,092</u>	<u>96,000</u>	<u>1,040,103</u>
<b><u>Property plant and equipment, net at December 31, 2024</u></b>	<u>17,043</u>	<u>153,511</u>	<u>-</u>	<u>170,554</u>
<b><u>Property plant and equipment, net at December 31, 2023</u></b>	<u>28,656</u>	<u>105,013</u>	<u>-</u>	<u>133,669</u>

# HARHAVAT HAMA'AGALIM (R.S)

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## Notes to Financial Statements

### Note 5– Accounts payable

	For the year ended	
	December 31	
	2 0 2 4	2 0 2 3
	<u>NIS</u>	<u>NIS</u>
Employees	535,202	798,068
Institutions	568,013	574,016
Provision for vacation and Convalescence pay	48,000	37,786
Payable expenses	23,400	15,210
	<u>1,174,615</u>	<u>1,425,080</u>

### Note 6– Liabilities for employee benefits

The Association's liability regarding severance pay is partially covered by execution of regular deposits, on behalf of the employees, into employee insurance policies, pension funds and provident funds that are registered under names of the employees. The amounts deposited are neither under control nor under management of the association and may therefore not be presented in the balance sheet and neither may any expenses associated therewith.

The liability arising from the termination of employee-employer relations which is included in the balance sheet represents the balance of liability which is not covered by the aforesaid senior employee's insurance policies, pension funds and provident funds.

### Note 7 – Operating costs

	For the year ended	
	December 31	
	2 0 2 4	2 0 2 3
	<u>NIS</u>	<u>NIS</u>
<b><u>Salaries and related costs</u></b>	5,058,147	5,612,620
<b><u>Operational Costs</u></b>		
Educational events, Preparation Training	2,136,669	1,484,234
Teams and conferences	403,334	399,157
Car Maintenance	2,540,003	1,883,391
	<u>7,598,150</u>	<u>7,496,011</u>

# HARHAVAT HAMA'AGALIM (R.S)

## Notes to Financial Statements

### Note 8– Administration and General Expenses

	For the year ended December 31	
	2 0 2 4	2 0 2 3
	<u>NIS</u>	<u>NIS</u>
Salaries and related costs	710,942	865,075
Rent and Building maintenance	24,600	23,600
Mail and communications	21,723	23,069
Professional Services	169,391	91,260
Strategic Consulting and Development	104,123	76,486
Public Relations	35,295	72,828
Office expenses	74,231	75,658
Travel abroad	301,984	264,493
Car Maintenance	124,569	152,181
Depreciation expenses	42,006	39,497
	<u>1,608,864</u>	<u>1,684,147</u>

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