Hagal Sheli (Registered Association)
(Association)

Financial Statements

As at December 31, 2023

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דויטש את קרמר רואי חשבון
DEUTSCH & KREMER C.P.A

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Report of the auditors to

the members of Association: Hagal Sheli (R.A.)

We have audited the attached balance sheets of **Hagal Sheli** (R.A.) (hereinafter: "the Association") as at December 31, 2023 and 2022 and the statements of operations, statements of changes in net assets and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Association's committee and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Mode of Performance), 5733-1973. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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 Association's Committee and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements reflect fairly, in all material respects, the financial position of the Association as of December 31, 2023 and 2022 and results of its operations, the changes in net assets and cash flows for each of the years then ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Deutsch & Kremer
Certified Public Accountants

Tel Aviv, 8 Tamuz 5784
July 14, 2024

Hagal Sheli (Registered Association)
(Association)

Statement of Financial Position

As of December 31, 2023

	Note	2023	2022
		New Israeli shekels	
Assets:			
Current assets:			
Cash and Cash Equivalents	(3)	15,491,383	8,808,727
Other receivables and debit balances	(4)	113,322	13,873
		15,604.705	8,822.600
Fixed assets:	(5)		
Cost		2,418,591	2,283,000
Net of accumulated depreciation		849,682	588,219
		1,568,909	1,694,781
		17,173,614	10,517,381
Liabilities:			
Current liabilities:			
Employees	(6)	791,099	742,952
Trade Payables		92,563	119,730
Various accounts payable and credit balances	(7)	9,023,808	4,037,617
		9,907,470	4,900,299
Non-current liabilities			
Employee Benefit Liabilities	(8)	316,241	262,462
		10,223,711	5,162,761
Net assets			
- Unrestricted Net Assets			
Net assets used in operations			
not designated by the Association's institutions		5,380,994	3,659,839
Net assets invested in fixed assets		1,568,909	1,694,781
		6,949,903	5,354,620
		17,173,614	10,517,381

The accompanying notes form an integral part of the financial statements

Members of the Association's Committee:

Name: Ronen Erez Signature: _____

Name: Maoz Tzeiry Signature: _____

Hagal Sheli (Registered Association)
(Association)

Statements of Operations

For the year ended December 31, 2023

	Note	2023	(*) 2022
		NIS	
Operations – turnover			
Donations		5,837,864	5,440,160
Allowances	(9)	603,880	757,407
Assets received without consideration	(10)	1,423,150	847,600
Income from service provision	(11)	5,815,162	2,565,833
		13,680,056	9,611,000
Cost of operations	(12)	11,514,216	8,868,758
Net income from operations		2,165,840	742,242
Administrative and general expenses	(13)	783,016	864,863
Information campaigns and raising donations		44,542	71,952
Net income (expenses) before financing		1,338,282	(194,573)
Financing income		267,218	229,122
Financing (expenses)		(10,217)	(12,254)
Net income this year		1,595,283	22,295

(*) Reclassified.

Hagal Sheli (Registered Association)
(Association)

Statements of Changes in Net Assets

For the year ended December 31, 2023
NIS

	Unrestricted Net assets Used in operations		
	Not designated by the Association's institutions	Invested in fixed assets	Total
Balance as of January 1, 2022	4,986,593	345,732	5,332,325
Additions (derecognitions) over the year			
Net income for the year	22,295	--	22,295
Transfer of unrestricted amounts:			
Invested in fixed assets	(1,591,662)	1,591,662	--
Amounts transferred for coverage purposes			
Depreciation expenses	242,613	(242,613)	--
Balance as of January 1, 2023	3,659,839	1,694,781	5,354,620
Additions (derecognitions) over the year			
Net income for the year	1,595,283	--	1,595,283
Transfer of unrestricted amounts:			
Invested in fixed assets	(135,591)	135,591	--
Amounts transferred for coverage purposes			
Depreciation expenses	261,463	(261,463)	--
Balance as of December 31, 2023	5,380,994	1,568,909	6,949,903

Hagal Sheli (Registered Association)
(Association)

Statement of Cash Flows

For the year ended December 31, 2023

		31.12.2023	31.12.2022
		NIS	
Cash flows for current operations			
Net income this year		1,595,283	22,295
Reconciliations needed to present cash flows			
Cash from current operations	(Appendix)	5,222,964	2,148,452
Net cash from current operations		6,818,247	2,170,747
Cash flows from investment activities			
(Acquisition of) fixed assets		(135,591)	(1,591,662)
Increase in cash and cash equivalents		6,682,656	579,085
Balance of cash and cash equivalents at the beginning of the year		8,808,727	8,229,642
Cash and cash equivalents balance At the end of the year		15,491,383	8,808,727

Appendix

Reconciliations needed to present cash flows from current operations		
Expenses not entailed in cash flows		
Depreciation	261463	242,613
Increase in employee benefits (retirement)	53,779	68,397
	315,242	311,010
Changes in assets and liabilities		
Decrease (increase) in receivables and debit balances	(99,449)	584,691
Increase in accounts payable and credit balances	4,986,191	937,686
Increase in employees	48,147	211,113
(decrease) Increase in trade payables	(27,167)	103,952
	4,907,722	1,837,442
	5,222,964	2,148,452

Hagal Sheli (Registered Association)

Notes to Financial Statements

As of December 31, 2023

Note 1: General

A. The Association was registered in accordance with the Associations Law, 5740-1980 on June 8, 2015 and began to operate on September 1, 2015. Its number is 580605855.

B. The Association is certified as an NGO with respect to the VAT Authority, and it is defined as a Public Institution under Section 9 (2) of the Income Tax Ordinance, and possesses an income tax certificate with regard to donations under Section 46 of the Ordinance.

C. The Association focuses on the education of children and adolescents in need.
It does so by way of various sports activities, which include surfing, which serve as an educational tool that teaches important life skills, helps them set and attain goals and overcome challenges, facilitates perseverance and self-confidence, and prepares these children and adolescents for the challenges they will face in life.

Note 2: Significant Accounting Policies

A. Pursuant to Accounting Standard 40, the Financial Statements were prepared at nominal values, and they did not include information about the effect of changes to the general purchasing power of the NIS on the results of operations.

B. Fixed assets are presented at cost net of accrued depreciation.

C. Cash and cash equivalents include accrued interest as of the Financial Statement date.

D. On October 7, 2023, following a surprise attack on Israel and the southern region in particular, and the security situation, the Israeli government declared a war of "Iron Swords" which is still ongoing these days. At the same time, a security escalation also developed on the northern border of the State of Israel in front of the terrorist organization Hezbollah.

As a result, various restrictions were established, including areas where there are restrictions on the movement of citizens, restrictions on gatherings, changes in the activity of the education system in many settlements, evacuation of settlements near the northern border of the state and in the area surrounding Gaza, the recruitment of many citizens for reserve service, and more.
Following the "Iron Swords" massacre, the association embarked on a significant activity to help populations in need of assistance, including youth evacuated from Gaza and the north of the country, youth who were in captivity, survivors of the "Hanuva" party and others.

Hagal Sheli (Registered Association)
Notes to Financial Statements

As of December 31, 2023
NIS

Note 3: Cash and Cash Equivalents

	as of December 31	
	2023	2022
Cash registers	--	880
Foreign currency	5,662,007	2,802,184
Checking account at the bank	550	3,688,722
Short-term deposits	9,828,826	2,316,941
	15,491,383	8,808,727

Note 4: Other receivables and debit balances

	As of December 31	
	2023	2022
Credit companies	113,322	13,873

Note 5: Fixed assets

				Amortization balance as of December 31		
Description	Cost	Depreciation	Depreciation this year	Accrued depreciation	2023	2022
Leasehold improvements	1,628,655	200,633	162,866	363,499	1,265,156	1,428,022
Furniture and equipment	266,425	102,932	42,245	145,177	121,248	163,493
Vehicles	356,027	118,657	54,865	173,522	182,505	101,779
Surfing equipment	167,484	165,997	1,487	167,484	--	1,487
	2,418,591	588,219	261,463	849,682	1,568,909	1,694,781

Note 6: Employees

	As of December 31	
	2023	2022
Employees	333,302	342,764
Provision for leave days	235,162	202,111
Institutions (wages)	222,635	198,077
	791,099	742,952

Hagal Sheli (Registered Association)

Notes to Financial Statements

as of December 31, 2023

NIS

Note 7: Various Payables and Credit Balances

	As of December 31	
	2023	2022
Prepaid income	9,023,808	4,037,617

Note 8: Employee Benefit Liabilities

The reserve balance in the amount of NIS 316,241 covers – in the opinion of the Association's management – the balance of the Association's severance pay liabilities, after deposits to pension funds and senior employees' insurance.

	As of December 31	
	2023	2022
Reserve – Severance Pay	1,129,432	693,090
Net of deposited reserve	813,191	499,025
	316,241	194,065

Note 9: llocations and Participation

	For the year ended December 31,	
		(*)
	2023	2022
State - Government ministries	603,880	757,407

(*) Reclassified.

Hagal Sheli (Registered Association)
(Association)

Notes to Financial Statements

As of December 31, 2023
NIS

Note 10: Assets Received without Consideration

	For the year ended December 31,	
	2023	2022
Assets received without consideration	1,423,150	847,600

A. A donation from various providers of surfing and ancillary equipment was recorded in the amount of NIS 73,906 (last year: NIS 100,653).

B. The Association received permission to use - free of charge - a structure in Bat Yam that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 654,264 (last year: NIS 435,600).

C. The Association received permission to use - free of charge - a structure in Kfar Galim that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 73,008 (last year: NIS 94,800).

D. The Association received permission to use - free of charge - a structure in Yafo Port that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 0 (last year: NIS 232,800).

E. The Association received permission to use- free of charge- a structure in Kiryat Yam that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 96,876 (last year: NIS 10,000).

F. The Association received permission to use - free of charge- a shelter at a school in Tel Aviv that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 0 (last year: NIS 74,400).

G. The Association received permission to use - free of charge- a structure in Hadassah Neurim that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 133,380 (last year: NIS 0).

H. The Association received permission to use - free of charge - a structure in Kubbutz Maagan Michael that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 40,716 (last year: NIS 0).

I. The Association received permission to use - free of charge - a structure in Goldman Street in Tel Aviv that is used for the Association's regular operations. The value in use in the reporting period was estimated by a real estate appraiser at NIS 351,000 (last year: NIS 0).

Hagal Sheli (Registered Association)
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Notes to Financial Statements

As of December 31, 2023
NIS

Note 11: Income from service provision

	For the year ended December 31,	
	2023	(*) 2022
Government ministries	1,920,050	--
Local authorities	724,161	931,283
Participation in activities	3,170,951	1,634,550
	5,815,162	2,565,833

(*) Reclassified.

Note 12: Cost of operations

	Year ended December 31,	
	2023	2022
Wages and related expenses	5,967,557	4,822,906
Groups activity	3,345,924	2,501,404
Scholarships	366,500	382,500
Vehicle maintenance and rental	191,867	113,980
Cash equivalent expenses	1,423,150	847,600
Depreciation of fixed assets	219,218	200,368
	11,514,216	8,868,758

Note 13: Administrative and general expenses

	Year ended December 31,	
	2023	2022
Salaries and wages	483,742	497,502
Wages and social benefits	169,841	172,102
Professional services	75,268	87,574
Office needs and printing	11,920	65,440
Depreciation	42,245	42,245
	783,016	864,863

Note 14: Related Parties

The Association does not engage in any activities with or has any financial balances that pertain to related parties.

Hagal Sheli (Registered Association)
(Association)

Notes to Financial Statements

As of December 31, 2023
NIS

Note 15: Sources and Uses Report

January-December 2023

Sources		**Uses**	
State - Government ministries	2,523,930	Wages and social benefits	
		Wages and social benefits	5,967,557
		Administrative and General Expenses	653,583
Local authorities – participation	724,161		6,621,140
Participation			
Participation in activities	3,170,951		
		Other expenses	
Other sources		Groups activity	3,345,924
Donations	5,837,864	Scholarships	366,500
Cash equivalent donations	1,423,150	Vehicle ownership and rental	191,867
Financing income	267,218	Cash equivalent expenses	1,423,150
	7,528,232	Depreciation of fixed assets	219,218
		Advocacy and fundraising	44,542
		General and administrative	129,433
		Financing expenses	10,217
			5,730,851
Total sources	13,947,274	Total uses	12,351,991