

**Jerusalem College of Technology
(Registered Nonprofit)**

**Financial Statements
As of September 30, 2022**

Financial Statements as at September 30, 2022

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Somekh Chaikin

8 Hartum Street, Har Hachotzvim

POB 212

Jerusalem 9100102

Ph 025312000

**Auditors' Report to the Shareholders of
Jerusalem College of Technology (Registered Amuta)**

We have audited the attached balance sheets of the Jerusalem College of Technology (Registered Amuta) (hereinafter "JCT") as of September 30, 2022 and 2021 and the related statements of operations and changes in net assets and cash flows for each of the years ended on those dates, and the related integrated statements of operations. These financial statements are the responsibility of JCT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, including standards prescribed by the Israel Auditor Regulations (Manner of Auditor's Performance), 1973. Such 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 JCT's 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 financial statements referred to above present fairly, in all material respects, the financial state of JCT and its integrated state as of September 30, 2022 and 2021 as well as the results of its operations, changes in net assets and cash flows for the year that ended on that date in accordance with Israeli GAAP guidelines

Somekh Chaikin

Certified Public Accountants (Isr)

29 March 2023

Jerusalem College of Technology (Registered Nonprofit)

Balance Sheets as of September 30

	Notes	<u>2022</u> NIS thousands	<u>2021</u> NIS thousands
Assets			
Cash and cash equivalents	3	40,839	42,778
Marketable Securities	4	186,712	126,031
Receivables and debit balances	5	<u>18,080</u>	<u>17,258</u>
		<u>245,631</u>	<u>186,067</u>
Long-term Investments			
Net Fixed Assets	7	87,632	78,177
Long-term Investments	4	31,212	48,350
Investments in companies	6	<u>647</u>	<u>983</u>
		<u>119,491</u>	<u>12,510</u>
		<u><u>365,122</u></u>	<u><u>313,577</u></u>

Notes to the financial statements are considered an integral part of the financial statements

Statements of Operations

		<u>2022</u>	<u>2021</u>
	Notes	<u>NIS K</u>	<u>NIS K</u>
Suppliers and service providers		13,346	13,192
Accounts payable	8	45,282	45,893
Liabilities for Employees' benefits— short term		<u>360</u>	<u>1,132</u>
		<u>58,988</u>	<u>60,217</u>
Liabilities for Employees' benefits - long term	9	<u>35,938</u>	<u>32,502</u>
Total commitments		<u>94,926</u>	92,719
Contingent liabilities and commitments	10		
Net Assets			
Unrestricted net assets used for:			
Operations		59,819	53,151
Employee retirement benefits		(35,938)	(32,502)
Used for fixed assets		<u>77,339</u>	<u>78,177</u>
Total net assets not earmarked by JCT		<u>101,220</u>	98,826
Total net assets earmarked by JCT	11	<u>68,705</u>	<u>52,214</u>
Total deficit of unrestricted net assets		<u>169,925</u>	<u>151,040</u>
Temporarily restricted net assets			
For research and others		15,016	15,355
For development		62,100	28,267
Scholarships and loans	12	<u>23,155</u>	<u>26,196</u>
		<u>100,271</u>	<u>69,818</u>
Total net assets		<u>220,858</u>	<u>220,858</u>
Total net commitments and assets		<u>365,122</u>	<u>313,577</u>

Prof. Chaim Sukenik
President

Moshe Asbag
CFO

Mr. Uri Wurtzberger
Chairman, Board of Directors

Mr. Eli Ninio
Chairman, Financial Committee
and Board of Directors Member

Date of approval of the Financial Statements: 29March 2023

Reports on activities for the year ending September 30

	Notes	<u>2022</u> NIS thousands	<u>2021</u> NIS thousands
Turnover			
Income from Governmental institutions -			
Council for Higher Education	13	124,218	114,075
Ministry of Education		1,847	1,939
Other governmental institutions		974	1,764
Total income from governmental institutions		127,039	117,778
Income from students	14	59,079	55,886
Charitable contributions		195	385
Amounts released from temporary restrictions	15	16,538	12,124
Other revenues		3,442	1,889
		<u>79,254</u>	<u>70,284</u>
Amounts that were released from restriction to permanent assets	2.K.	<u>29,412</u>	-
		<u>235,705</u>	<u>188,062</u>
Activities expenses:			
Academic expenses	16	92,449	91,416
Beit midrash and religious activities	17	4,548	3,863
Pre-academic and external learning expenses	18	5,764	5,433
Student services	19	28,092	24,614
Computing and Yeda	20	8,201	7,445
Rent and building maintenance	21	17,673	20,100
Liabilities for employee benefits		4,749	2,115
Investment in research and other projects	23	6,866	5,667
Liabilities returned and lost		62	5
		<u>168,404</u>	<u>160,658</u>
Surplus from operations:		<u>67,301</u>	27,404
Management and organization	22	<u>10,634</u>	<u>10,371</u>
Surplus for year prior to funding		<u>56,667</u>	17,033
Funding income (expenses), net	24	(8,731)	8,984
JCT's part in the gains (losses) of subsidiary	6	(336)	(13)
Surplus for the year		<u>47,600</u>	<u>26,004</u>

Statements of Changes in Net Assets

	Net assets without restriction Not designated by non-profit foundations				Temporarily Restricted Net Assets			Total
	Net assets used for operations	Reserves for employee rights	Designated by non-profit foundations	Used for permanent assets	For:			
	K NIS	K NIS	K NIS	K NIS	Research and others K NIS	Development K NIS	Scholarships & Loans K NIS	
Balance at September 30 2020	<u>53,151</u>	<u>(32,502)</u>	<u>52,214</u>	<u>78,177</u>	<u>15,355</u>	<u>28,267</u>	<u>26,196</u>	<u>220,858</u>
	-	-	-	(28,715)	-	28,715	-	-
	53,151	(32,502)	52,214	49,462	15,355	56,982	26,196	220,858
Additions during the year:								
Governmental authorities -								
Council for Higher Education	-	-	-	-	-	-	153	153
Other governmental institutions	-	-	-	-	13	240	672	925
<u>Total income from governmental institutions</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>240</u>	<u>825</u>	<u>1,078</u>
From other sources -								
Charitable contributions	-	-	-	-	3,032	34,290	4,724	42,046
Finance, net	-	-	-	-	-	-	1,082	1,082
Other revenues	-	-	-	-	3,482	-	-	3,482
Surplus for year	47,600	-	-	-	-	-	-	47,600
Total revenue from other sources	47,600	-	-	-	6,514	34,290	5,806	94,210
Deficits during the year								
Amounts released from temporarily restricted net assets -								
for investments in loan funds	-	-	-	-	-	-	(9,672)	(9,672)
Transfers from net restricted assets						(29,412)		(29,412)
Used for purchase of permanent assets								
for research, education and misc. projects	-	-	-	-	(6,866)	-	-	(6,866)
	<u>(31,444)</u>	<u>-</u>	<u>-</u>	<u>31,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	3,567	-	-	(3,567)	-	-	-	-
	(27,877)	-	-	27,877	(6,866)	(29,412)	(9,672)	(45,950)
Additional changes during the year								
Designated by administration, net (see Note 11)	(16,491)	-	16,491	-	-	-	-	-
Designated for commitments to employee benefits	3,436	(3,436)	-	-	-	-	-	-
Total changes during the year	6,668	(3,436)	16,491	27,877	(339)	5,118	(3,041)	49,338
Balance for September 30, 2021	<u>59,819</u>	<u>(35,938)</u>	<u>68,705</u>	<u>77,339</u>	<u>15,016</u>	<u>62,100</u>	<u>23,155</u>	<u>270,196</u>

* new classification – deriving from application of standard 40. See Note #2(k).

Statements of Changes in Net Assets

	Net assets without restriction Not designated by non-profit foundations			Temporarily Restricted Net Assets				Total
	Net assets used for operations	Reserves for employee rights	Designated by non-profit foundations	Used for permanent assets	Research & others	Development	Scholarships & loans	
	K NIS	K NIS	K NIS	K NIS	K NIS	K NIS	K NIS	
Balance at September 30, 2020	43,793	(31,671)	33,416	68,087	14,531	17,120	24,400	169,676
Additions during the year:								
Governmental authorities -								
Council for Higher Education	-	-	-	-	-	3,454	153	3,607
Other governmental institutions	-	-	-	-	114	-	497	611
<u>Total income from governmental institutions</u>	-	-	-	-	114	3,454	650	4,218
From other sources -								
Charitable contributions	-	-	-	-	3,204	15,790	7,471	26,465
Finance, net	-	-	-	-	-	-	132	132
Other revenues	-	-	-	-	3,173	3,314	-	6,487
Surplus for year	26,004	-	-	-	-	-	-	26,004
<u>Total revenue from other sources</u>	26,004	-	-	-	6,377	19,104	7,603	59,088
Deductions during the year:								
Amounts released from temporarily restricted net assets -								
for investment in funds	-	-	-	-	-	-	(6,457)	(6,457)
for purchase of permanent assets	-	-	-	11,411	-	(11,411)	-	-
for research, education and misc. projects	-	-	-	-	(5,667)	-	-	(5,667)
Unrestricted amounts that were used to purchase permanent assets	(1,304)	-	-	1,304	-	-	-	-
Amounts that were transferred to cover depreciation costs	2,625	-	-	(2,625)	-	-	-	-
	1,321	-	-	10,090	(5,667)	(11,411)	(6,457)	(12,124)
Other changes during the year:								
Designated by administration, net	(18,798)	-	18,798	-	-	-	-	-
Designated for employee benefits	831	(831)	-	-	-	-	-	-
Total changes during the year	<u>9,358</u>	<u>(831)</u>	<u>18,798</u>	<u>10,090</u>	<u>824</u>	<u>11,147</u>	<u>1,796</u>	<u>51,182</u>
Balance as of September 30, 2021	<u>53,151</u>	<u>(32,502)</u>	<u>52,214</u>	<u>78,177</u>	<u>15,355</u>	<u>28,267</u>	<u>26,196</u>	<u>220,858</u>

* new classification – deriving from application of standard 40. See Note #2(k).

Notes to the financial statements are considered an integral part of the financial statements

Statement of Cash Flow for the year ending on September 30

	JCT	
	2022	2021
	NIS thousands	NIS thousands
Cash flows from operating activities		
Net Surplus for the year	47,600	26,004
Adjustments to reconcile net surplus to cash flows from operating activities – see appendix A	(19,656)	(1,026)
Net cash used for operating activities	27,943	24,978
Cash flows from investment activities		
Investment in short- and long- term securities, net	(56,617)	(24,718)
Purchase of permanent assets	(13,065)	(12,727)
Net cash provided by investing activities	(64,682)	(37,445)
Cash flows from financing activities		
Permanently restricted donations and finance income	34,800	22,776
Net cash provided by financing activities	34,800	22,776
	37,170	27,689
Increase (decrease) in cash and cash equivalents	(1,939)	10,309
Balance of Cash and cash equivalents at beginning of year	42,778	32,469
Balance of Cash and cash equivalents at end of year	40,839	42,778

* new classification – deriving from application of standard 40. See Note #2(k).

Notes to the financial statements are considered an integral part of the financial statements

Statement of Cash Flow for the year ending on September 30

	JCT	
	2022	2021
	<u>NIS thousands</u>	<u>NIS thousands</u>
Appendix A - Adjustments necessary to achieve cash flow from operating activities		
Expenses (income) not included in cash flow		
Amounts released from restrictions to activities	(16,538)	(12,483)
Amounts released from restrictions to purchase of permanent assets	(29,412)	-
Amounts received that have restrictions on them (*)	11,806	14,394
Valuation of restricted net assets	1,082	491
Valuation of net marketable securities	8,074	(9,550)
Depreciation	3,600	2,625
Capital Loss	10	12
Changes in property and liabilities		
Increase in debtors and debit balances	(822)	(207)
Increase (decrease) in suppliers and miscellaneous eligibles	(457)	2,180
Increase in obligations due to employee benefits	2,644	1,499
Stake of JCT in losses of subsidiary	<u>336</u>	<u>13</u>
	<u>(19,657)</u>	<u>(1,026)</u>

* new classification – deriving from application of standard 40. See Note #2(k).

Notes to the financial statements are considered an integral part of the financial statements

Notes to the financial statements

Note 1 - General

- A. Lev Academic Center Lev (hereinafter - "JCT") is a non-profit organization registered under the Nonprofit Organizations Law, 1980, and operates as a non-profit institution.
- B. JCT is an institution of higher education. Accordingly, it is subject to the directives and supervision of the Planning and Budgeting Committee of the Council for Higher Education (hereinafter - the CHE).
- C. JCT is a "public institution" and the provisions of section 9 (2) of the Income Tax Ordinance apply to it. In addition, JCT has an approval under section 46 of the Income Tax Ordinance that grants a tax credit for contributions to JCT. The approval is valid until 31 December 2023.
- D. JCT is assisted in achieving its goals, among other things, by the Friends of the Lev Academic Center and by its raising funds for various purposes.
- E. JCT holds 100% of the shares of JC Technologies Ltd. (hereinafter - "the Subsidiary"). The financial statements do not include the unification of the financial statements of the subsidiary due to lack of significance, see Note 6 below.

Note 2 - The basis of the preparation of financial statements and the principles of the accounting policy

A. First implementation of Accounting Standard 40, Accounting Rules and Financial Reporting by Nonprofits

Publication Requirements

Accounting Standard 40, Accounting and Financial Reporting Rules by Nonprofits (hereinafter "Standard") was released on August 13, 2020. The standard replaces the existing instructions in the combined form of Disclosure No. 69 and Accounting Standard No. 5 and its amendments as well as Accounting Standard No. 9.

Beginning and transition Instructions

The standard is applied for annual periods beginning after January 1, 2021. The effect of adopting the measurement instructions in this standard at the time of application to the first was reported as coordination of the net asset balances at the beginning of the period. No comparative information is redisplayed for the measurement changes resulting from this standard. The display instructions contained in this standard have been applied retroactively from the start date of the device. See Note 2. K about the effects of first-time application of the standard.

B. Activity currency and presentation currency

The financial statements are presented in New Israeli Shekel, which is the activity currency of Lev Academic center and are rounded to the nearest thousand, except if stated otherwise. The shekel is the currency that represents the main economic environment in which the academic center operates.

C. Principles of Linkage

1. Balances in foreign currency, or linked to it, are presented according to the currance rate of the balance date.
2. Balances linked to the Consumer Price Index are presented in accordance with the terms of the balance attachment.

The following table presents data regarding consumer price indices and exchange rates:

	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>	<u>% Change</u> <u>2022</u>	<u>% Change</u> <u>2021</u>
Consumer Price Index (In points)	133.15	127.3	4.6	2.50
Exchange rate of the US dollar (In NIS)	3.543	3.229	9.7	(6.2)

Note 2 – The principles of the accounting policy (cont'd)

D. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assessments that affect the implementation of the accounting policy and the reported amounts of assets and liabilities and the disclosure relating to contingent assets and liabilities as well as amounts of income and expenses in the reporting period. It is clarified that the actual results may differ from these estimates.

When formulating accounting estimates used in the preparation of the academic center's financial statements, the academic center's management was required to make assumptions about circumstances and events that involve a significant uncertainty. In its discretion in determining the estimates, the management of the academic center bases itself on past experience, diverse facts, external factors, and reasonable assumptions in accordance with the appropriate circumstances for each estimate.

The estimates and assumptions underlying them are being reviewed regularly. Changes in accounting estimates are known at the time when estimates were corrected and in any future period affected.

E. Investment in marketable deposits and securities

- (1) Marketable securities that are a current investment are shown based on the stock exchange sale value on the date of the balance. The changes in the value of the securities are reflected in the report on the activity in full.
- (2) Investments that are part of investment portfolio designed by donors to the coverage of restricted assets are not included as part of the current assets of Lev Academic Center and are presented as long-term investments.

F. Fixed assets

Fixed assets are stated at cost less depreciation. The cost includes expenses that can be attributed directly to the acquisition of the asset.

Depreciation is calculated using the straight-line method on the basis of the estimated useful life of the asset.

Annual depreciation rates are as follows:

Computers	33
Leasehold improvements	during the lease period
Equipment and furniture	7
Equipment and furniture	7
Buildings	2
Research equipment	10-25

G. Accounting Rules and Financial Reporting by non-profits

As of October 1st, 2021 the financial statements of the Academic Center are edited according to Accounting Standard number 40, accounting rules and financial reporting by non-profits.

According to the rules of this standard:

Conditional donation

Contribution that includes the conditioning imposed by the donor. The stipulation represents a barrier that must be overcome before the recipient is entitled to transferred or promised assets. Failure to overcome the barrier gives the donor the right to return the assets transferred or gives the pledger the right to be released from his obligation.

Pledge

An agreement that documents a contribution of cash or other assets to a non-profit that is legally enforceable.

Restrictions imposed by donors of the use of net assets

A condition imposed by the donor or an external entity regarding the use of assets received from them as a contribution, which are more specific than the nature of the nonprofit's activity, the environment where it operates and the goals set out in the nonprofit's regulations.

Net assets for which there is no restriction

The portion of net assets which use is not subject to a limitation set by donors. Among the net assets for which there is no restriction, the following groups can be distinguished:

1. Net assets to be used for activities - designated by non-profit institutions.
2. Net assets to be used for activities - not designated by non-profit institutions.
3. Net assets used for fixed properties.

Donations for which their donors imposed restrictions, will be presented as an addition to the net assets for which there is a restriction.

Upon carrying out the purposes for which the donations were intended, the restrictions will be removed and the amounts will be transferred from the net restricted assets and will be presented as part of amounts released from restrictions to activities as income in the report on the activities.

Net assets were divided into groups according to the restriction on their use.

- Funds for research and others - funds that were created mainly from allocations and donations intended for research projects and others.
- Development fund - a fund created from allocations and donations earmarked for investments in buildings and other development plans.
- Loan and Scholarship Fund - a fund created from funds intended for granting loans and scholarships to students of JCT.

Donations of fixed assets and contributions of cash to investment in fixed assets will be recognized as income in the activities report when the asset is ready for its intended use or during the restriction period determined by the donor. At this time, the non-profit can choose to present as a transfer from net assets for which there is no restriction – to use in activities, those net assets for which there is no restriction – that were invested in fixed assets, amounts corresponding to the income recognized in the report on the activities as amounts released from the restriction, and amounts equal to depreciation expenses.

Restricted fund classification in a cash flow report

Cash flows from financing activities will include proceeds from donations that the donor has limited their use for a long time while cash flows from ongoing activities will include receipts from donations which are restricted, with the exception of donations that the donor has limited their use for a long time.

H. Overheads

JCT tends to charge research funds and development funds (net assets with temporary restrictions) for overheads, depending on the case that may be. The overhead is transferred to ongoing activities to cover part of the expenses of JCT.

I. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make use of estimates and assessments that affect the reported amounts of assets and liabilities and the disclosure relating to contingent assets and liabilities as well as amounts of income and expenses in the reporting period. It is clarified that the actual results may differ from these estimates.

J. Provision for doubtful debts

The financial statements include general provisions and specific provisions for doubtful debts that adequately reflect, in the opinion of JCT Management, the loss inherent in the debts, the collection of which is doubtful. Doubtful debts, which, in the opinion of the management of JCT, have no chance of being collected, are deleted from JCT's figures in accordance with management's decision.

K. Effects of adopting Accounting Standard 40

	Net assets without restriction Not designated by non-profit foundations				Temporarily Restricted Net Assets			
	For:				For:			
	Reserves for employee rights	Designated by non- profit foundations	Used for permanent assets	Research and others	Development	Scholarships & Loans	Total	
	K NIS	K NIS	K NIS	K NIS	K NIS	K NIS	K NIS	
Balance on September 30 2021	53,151	(32,502)	52,214	78,177	15,355	28,267	26,196	220,858
Adaptation A	-	-	-	(28,715)	-	28,715	-	-
Revised balance on October 1, 2021	53,151	(32,502)	52,214	49,462	15,355	56,982	26,196	220,858

- i. By September 30, 2021, JCT – Lev Academic Center had received funds designated for the buildings which construction had not yet been completed, totaling NIS 28,715,000. In respect of these construction costs, JCT - Lev Academic Center has presented in previous years a transfer from net restricted assets to net assets used for permanent assets. In accordance with the requirements of the Standard and since the assets are not yet ready for use, these transfers were canceled and the amounts were returned to net restricted assets, until the construction is completed.

In the year of the current report, JCT – Lev Academic center recognized the income of approximately NIS 29 million for purchases of permanent assets, with an amount of about NIS 24 million representing the completion of the student dormitories that were completed in October 2021 and the balance represents the purchase of equipment and the renovation of buildings.

- ii. A reclassification was executed, including comparison numbers, of net assets with a temporary restriction and net assets with a permanent restriction, thus, the distinction was cancelled and net assets for which there is a restriction are presented together without distinction between net assets for which there is a restriction of a temporary nature and net assets for which there is a permanent restriction. See Note 12 for the types of net restricted assets and their nature.

Note 3 - Cash and cash equivalents

	30 September 2022 K NIS	30 September 2021 K NIS
Composition		
In unlinked Israeli currency		40,718
In foreign currency		2,060
		42,778

Note 4 - Marketable securities

	30 September 2022 K NIS	30 September 2021 K NIS
Composition		
• Allocated cash	-	2,964
• Bank Deposits	54,023	38,296
• Government bonds	7,857	11,562
• Corporate bonds	132,494	100,446
• Stock	7,174	6,198
• Basket certificates and mutual funds	16,376	14,915
Total	217,924	174,381
Presented as current assets	186,712	126,031
Presented as long term assets	31,212	48,350

Note 5 - Accounts receivable and debit balances

	30 September 2022 K NIS	30 September 2021 K NIS
Composition		
governmental institutions	4,390	4,840
Different receivables and income receivable	8,181	7,003
Students - tuition fees and loans	1,644	1,900
Checks for collection	2,663	2,127
Friends of the Lev Academic Center (a related party)	167	320
Prepaid expenses	1,880	1,921
JC Technologies Ltd. (a related party)	60	84
Employees - Loans	70	105
	19,055	18,300
Less general provision for uncertain liabilities (A)	(975)	(1,042)
	18,080	17,258

(A) Following is the movement in the provision for uncertain liabilities

	30 Sep 2022 K NIS	30 Sep 2021 K NIS
Balance for October 1st	1,042	1,179
Lost debts	(129)	(142)
Update of provision	62	5
Balance for 30 September	975	1,042

Note 6 - Investments in Investee Company

JC Technologies Ltd. has invested, supported, and provided services to research and development companies that develop industrial products of technological innovation, most of which are connected to the Technological Entrepreneurship Center - the "Technological Absorption Center near JCT" and the technological incubator which it owns – "Patir Research & Development Ltd.", which initiated developments that were developed in the framework of research at JCT and elsewhere. JC Technologies is in complete ownership of JCT. The company's financial statements were not consolidated in these reports for lack of substance

The following is status of the investment account:

	<u>K NIS</u>
Balance of investment as of October 1, 2021	983
JCT's part at a loss of one year	(336)
Balance of investment for September 30, 2022	<u>647</u>

Note 7 - Fixed assets

	Computers K NIS	Improvements in Rented Property K NIS	Equipment & Furniture K NIS	Equipment & Research K NIS	Buildings*	Total K NIS
Cost						
Balance at beginning of year	8,253	135	14,095	1,158	68,377	92,018
Additions	1,468	36	565	1	10,995	13,065
Omissions	(43)	-	-	-	-	(43)
Balance for Sep 30, 2022	<u>9,678</u>	<u>171</u>	<u>14,660</u>	<u>1,159</u>	<u>79,372</u>	<u>105,040</u>
Accumulated depreciation						
Balance at beginning of year	6,879	45	3,821	622	2,474	13,841
Depreciation per year	1,115	16	1,010	123	1,336	3,600
Omissions	(33)	=	=	=	=	(33)
Balance for September 30, 2022	<u>7,961</u>	<u>61</u>	<u>4,831</u>	<u>745</u>	<u>3,810</u>	<u>17,408</u>
Reduced balance for Sep 30, 2022	<u>1,717</u>	<u>110</u>	<u>9,829</u>	<u>414</u>	<u>75,562</u>	<u>87,632</u>
Reduced balance For Sep 30, 2021	<u>1,374</u>	<u>90</u>	<u>10,274</u>	<u>536</u>	<u>65,903</u>	<u>78,177</u>

- (a) JCT leases from the Israel Lands Administration an area of 41 dunam, the lease period is up to 2031 with an option to extend for an additional 49 years. The built-up area of the JCT covers 35,000 square meters and is used entirely for teaching, research, administration and student service activities.
- (b) The academic center promoted a request for allotment of land in the Zion Valley, totaling 14 dunams, in favor of the construction of the Tal Campus. In the first stage, the academic center received permission to plan and then completed the IBA, and it was validated in August 2022. In August 2022, the Council of the Israel Lands Authority signed a contract with the Academic Center for the allocation of the plot at a symbolic cost, the lease period is from August 2022 to July 2071.

Note 8 - Payables and credit balances

Composition	30 Sep 2022 K NIS	30 Sep 2021 K NIS
Advance income from students (advance payments for the next school year)	13,115	12,108
Employees in respect of salary	9,645	7,789
Institutions and others	11,858	12,206
Council of Higher Education *	10,664	12,790
	<u>45,282</u>	<u>45,893</u>

(a) Following is the balance of the Council of Higher Education account:

	30 Sep 2022 K NIS	30 Sep 2021 K NIS
Beginning of year balance	<u>(12,790)</u>	(10,940)
Allotments for the year:	123,073	124,883
To use for misc. activities		
For net assets with temporary restriction	153	3,607
Less payments rcvd during the year	123,226	128,490
	<u>(121,100)</u>	<u>(130,340)</u>
Total of activities during the year	2,126	(1,850)
End of year balance	<u>(10,664)</u>	<u>(12,790)</u>

Note 9 - Liabilities in respect of employee rights

Following are details of JCT's liabilities in respect of employee rights:

	30 September 2022 Total Liabilities K NIS	30 September 2021 Total Liabilities K NIS
Provision for vacation	2,276	2,087
Liability for severance pay and severance pay, net (a)	7,040	6,495
Science Relations Foundation (b)	4,236	3,699
Adaptation (c)	4,520	4,416
Provision for redemption of sick leave (d)	11,220	10,841
Academic staff multi-year training (e)	6,646	4,964
	<u>35,938</u>	<u>32,502</u>

A. Severance Pay and Severance Pay

(1) Composition:

	30 Sep 2022 K NIS	30 Sep 2021 K NIS
Liability for severance pay	11,500	11,194
Less: earmarked - Central severance pay fund	(4,460)	(4,699)
Liabilities for severance pay and severance pay, net	<u>7,040</u>	<u>6,495</u>

- (2) JCT regularly deposits monies in the employees' names in pension funds, insurance companies, and provident funds, to secure pension and retirement rights of its employees. The amounts deposited are not included in the balance sheet since they are not under the control and management of JCT.

The liability included in the balance sheet represents the balance of the liability that is not covered by deposits for severance pay in the name of the employees.

This undertaking is partially covered by a fund deposited in the name of JCT in a severance pay fund.

- (3) Based on the general approval of the Minister of Labor and Social Affairs from 1998 under the Severance Pay Law, from January 1999 onwards, the policy of JCT is regular deposits to severance pay funds for employees who began their work from that date and are in the framework of the said approval and are instead of severance pay per employee. The academic authority waives in advance any right to refund money from such payments. In this framework, no provision was made in the balance sheet for an undertaking to compensate these employees and the amounts deposited in respect thereof.

B. Science Relations Foundation

Within the academic staff there are employees who are entitled to annual accrual to the Science Relations Fund, which can be redeemed after retirement. The annual accumulation amount and principal balance are linked to the US dollar.

Under the wage agreements with the Ministry of Finance, it was determined that the calculation for redemption after retirement is according to the seniority of the employee.

C. Adaptation

Within the framework of the staff there are employees who are entitled to an adjustment allowance upon retirement.

D. Redemption of sick leave days

The provision for the redemption of sick leave was computed in respect to employees who at the date of the report reached the age of 50.

E. Academic staff multi-year training

As part of the renewal of the collective agreement with the senior academic staff, and in accordance with the approval of the Council of Higher Education, the senior academic staff's training budget was increased. The budget is accumulated year by year. This commitment is by name and is non-redeemable. The provision represents the commitment of JCT in accordance with the collective agreement

Note 10 - Contingent Liabilities and Commitments

A. Contingent Liabilities

1. In December 2015, a claim was filed in the Tel Aviv District Court by the US trustee for the assets of Bernard Madoff against 30 entities in Israel. Most of them are institutions of higher learning, including JCT. The lawsuit calls for a refund of donations received from the Yeshaya Hurvitz Foundation, claiming that the source of the fund's funds stemmed from Madoff's embezzlement. The amount of contributions received by JCT from this fund is \$164,032. The hearing in the case was united with the aforementioned trustee's claim against a series of individuals in similar circumstances.

Different interim procedures are being conducted in the case, some of which have not yet been completed. Four preliminary procedures were held and prosecutor's affidavits have been submitted. Based on legal counsel received, JCT management estimates that the chances of the prosecution to be accepted are low.

2. In January 2022, an academic faculty member filed a financial claim against JCT for the amount of NIS 239,750 as compensation for wrongful termination of employment as well as for redemption of sick leave days. As of the date of approval of the financial statements, JCT has reached a compromise agreement with the employee according to which she would return to its work at the center and the lawsuit was dismissed.

B. Commitments

1. JCT has a number of lease agreements for buildings used for educational activities and student dormitories. The significant engagements relate to four different entities and the end of the contractual periods is as follows:

The first - on June 2022 a new lease was signed until extending the lease signed on June 2008 which was valid until July 2026; the second – an agreement was signed on June 2022 extending an existing agreement which was valid until July 2022 to July 2025; the third – an agreement was signed in August 2018, extended in August 2022, valid until September 2023; the fourth – an agreement was signed on July 2022 valid until July 2025. The annual rent fees will increase by 4% per year. The annual rent scope for all the agreements is approximately NIS 10,290,000.

2. In accordance with the agreement dated 2013 of JCT with ISK Ltd. and its founders, who are employees of JCT and operate from within JCT premises, JCT is entitled to 25% of the proceeds that will be granted to the company's researchers, as defined in the agreement. In addition, JCT is entitled to 2.5% of the amount of funds that will be raised by the company, as defined in the agreement. Until the date of the report, no revenues have been accrued to JCT due to this agreement.
3. JCT was given donor commitments for the construction of the Tal campus, amounting to an accumulative amount of 145,976,000 NIS. As of September 30, 2022, donations in the amount of 40,151,000 NIS have been received. The balance of the total commitment, NIS 105,825,000, is not guaranteed. As of September 30, 2022, JCT has contracted with suppliers to build the Tal campus in a total amount of NIS 12,587,000, of which payments have been made to suppliers in the amount of NIS 8,534,000.

Note 11 - Net assets designated by JCT

	<u>30 Sep 2022</u>	<u>Net Allocation</u>	<u>Use of Allocation</u>	<u>30 Sep 2021</u>
	<u>Thousands NIS</u>	<u>Thousands NIS</u>	<u>Thousands NIS</u>	<u>Thousands NIS</u>
Construction of the new Tal Campus	43,006	8,500	-	34,506
Establishment of technological teaching laboratories	950	950	-	191
Development of the existing Tal Campus	1,000	-	-	-
Simulation laboratories	9,800	9,800	-	200
Student service & consulting center	191	-	-	38
E-learning	200	-	-	-
Academic development	38	-	-	500
Fund for the preservation of currency value	424	-	(76)	1,540
Designed for compliance with fire extinguishing standards	1,540	-	-	290
E.R.P. system – management allocation	241	50	(99)	1,000
Emergency Fund	1,000	-	-	4,899
Lustig Campus Construction	691	(4,000)	(208)	650
Improvement of student and research service	650	-	-	1,000
Renovation of Entrepreneurship Center	1,000	-	-	700
Construction of development campus center	-	(200)	(500)	500
Singles' Dorms	-	-	(500)	1,000
Sherman Dorms	5,100	1,600	-	3,500
Fund of Lev Campus building maintenance	1,000	-	-	1,000
Upgrade of teaching classes	1,874	1,174	-	700
	<u>68,705</u>	<u>17,874</u>	<u>(1,383)</u>	<u>52,214</u>

Note 12 - Net assets with a permanent restriction – scholarships & loans

	For the year ending on 30 September 2022		
	Perishable Funds	Entity Funds	Total
	<u>Thousands NIS</u>	<u>Thousands NIS</u>	<u>Thousands NIS</u>
Balance as of 30 September 2021	10,230	15,966	26,196
Council of Higher Education	<u>153</u>	-	<u>153</u>
Other governmental institutions	<u>672</u>	-	<u>672</u>
Donations	<u>4,454</u>	<u>270</u>	<u>4,724</u>
Net financing income	<u>(286)</u>	<u>1,368</u>	<u>1,082</u>
Amounts released from net assets with permanent restriction	<u>(9,298)</u>	<u>(374)</u>	<u>(9,672)</u>
	<u>5,925</u>	<u>17,230</u>	<u>23,155</u>

Note 13 - Income from the Council for Higher Education

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Direct participation	118,647	106,592
Preparatory courses	3,882	5,525
Infrastructure improvement	1,602	1,784
Amulet program	87	174
Parallel allowances	153	153
Physical Development	-	3,454
Total income for the year	<u>124,371</u>	<u>117,682</u>
Deduction of amounts directly as net assets that are restricted	<u>(153)</u>	<u>(3,607)</u>
	<u>124,218</u>	<u>114,075</u>

Note 14 - Income from students

	<u>30 Sep 2021</u> <u>Thousands NIS</u>	<u>30 Sep 2020</u> <u>Thousands NIS</u>
Tuition fees for first degree	44,578	42,029
Tuition fees for masters degree	2,413	2,321
Dormitory	4,862	2,722
Stipends etc	3,500	3,223
Pre-academic program	1,582	3,255
Subsidized religious studies	1,160	1,333
Unsubsidized religious studies	984	1,003
	<u>59,079</u>	<u>55,886</u>

Note 15- Amounts released from restriction on activity

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Release from funds of a temporary nature	9,672	6,457
Release from research projects and others	6,866	5,667
	<u>16,538</u>	<u>12,124</u>

Note 16 - Academic expenses

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Wages and benefits	83,265	82,791
Equipment and other	7,389	7,284
Management and organization	567	629
Depreciation	1,228	712
	<u>92,449</u>	<u>91,416</u>

Note 17 - Beit Midrash expenses and Torah activities

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Wages and related activities	3,656	3,116
Wages & accompanying activities not supported	882	738
Management and organization	10	9
	<u>4,548</u>	<u>3,863</u>

Note 18 - Pre-academic Program and external studies

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Wages and benefits	5,567	5,395
Management and organization	197	38
	<u>5,764</u>	<u>5,433</u>

Note 19 - Student services

	<u>30 Sep 2022</u> <u>Thousands NIS</u>	<u>30 Sep 2021</u> <u>Thousands NIS</u>
Wages and benefits	11,414	10,664
Scholarships & assistance to students	10,461	8,309
Management & organization	5,114	4,935
Depreciation	1,103	706
	<u>28,092</u>	<u>24,614</u>

Note 20- Computers and Information

	<u>The year ending on 30 Sep</u>	
	<u>2022</u> <u>K NIS</u>	<u>2021</u> <u>K NIS</u>
Wages and benefits	4,555	4,279
Management and organization	2,550	2,121
Depreciation	1,096	1,045
	<u>8,201</u>	<u>7,445</u>

Note 21 - Rental and maintenance of buildings

	<u>The year ending on 30 Sep</u>	
	<u>2022</u> <u>K NIS</u>	<u>2021</u> <u>K NIS</u>
Wages and benefits	3,407	3,404
Maintenance of campus and buildings	7,299	10,050
Rent	10,630	10,012
Insurance	587	474
Depreciation	77	72
	<u>22,000</u>	<u>24,012</u>
Less rental income	<u>(4,327)</u>	<u>(3,912)</u>
	<u>17,673</u>	<u>20,100</u>

Note 22 - General and administrative expenses**Administrative**

	<u>The year ending on 30 Sep</u>	
	<u>2022</u> <u>K NIS</u>	<u>2021</u> <u>K NIS</u>
Wages & Benefits	8,981	8,513
Management and organization	1,133	997
Public relations and fundraising	922	1,032
Professional services	386	282
phones	102	262
depreciation	96	90
	<u>11,620</u>	<u>11,176</u>
Less participation in expenses		
Research projects and others - overhead	(858)	(677)
JC Technologies Ltd. (related party)	(48)	(48)
Friends of the Lev Academic Center (related party)	(80)	(80)
	<u>(986)</u>	<u>(805)</u>
	<u>10,634</u>	<u>10,371</u>

Note 23- Investments in research projects and others

	<u>The year ending on 30 Sep</u>	
	<u>2022</u>	<u>2021</u>
	<u>K NIS</u>	<u>K NIS</u>
Wages and benefits	2,776	2,437
Management and organization	1,365	951
Research Equipment exhaustible	806	817
Overheads	858	677
Scholarships	1,061	785
	<u>6,866</u>	<u>5,667</u>

Note 24 - Financing income (expenses)

	<u>The year ending on 30 Sep</u>	
	<u>2022</u>	<u>2021</u>
	<u>K NIS</u>	<u>K NIS</u>
Interest income and revaluation of deposits and securities	(8,074)	9,550
Exchange rate differences *	(466)	(375)
Banking expenses	(191)	(191)
	<u>(8,731)</u>	<u>8,984</u>

* Including expenses in respect of exchange rate differentials to cover liabilities in perpetual funds.

Note 25 - Taxes

The tax assessments of JCT up to and including 2017 are considered final.
Closed deductions up to and including 2017.

Note 26 - Related parties

A. Support from Friends of JCT

	<u>The year ending on 30 Sep</u>	
	<u>2022</u>	<u>2021</u>
	<u>K NIS</u>	<u>K NIS</u>
Net assets for which there is no restriction	133	100
Net assets with a temporary restriction		
For Research and others	2,657	2,807
For Development	16,804	462
To Funds	3,538	6,402
	<u>22,999</u>	<u>9,311</u>
Net assets with a permanent restriction	270	203
	<u>23,402</u>	<u>9,614</u>

B. Remuneration key personnel in the management

	<u>The year ending on 30 Sep</u>			
	<u>2022</u>		<u>2021</u>	
	<u># Employees</u>	<u>K NIS</u>	<u># Employees</u>	<u>K NIS</u>
Total remuneration for key personnel in management	3	2,439	3	2,418

Appendix A - Comparison to the budget (unaudited)

	<u>The year ending on 30 Sep</u>	
	<u>2022</u>	<u>2022</u>
	<u>Performance</u>	<u>Budget</u>
	<u>K NIS</u>	<u>K NIS</u>
Revenue		
Government budgets - CHE	124,371	123,536
Government budgets - Ministry of Education and miscellaneous Students	2,511	2,400
Donations	60,614	60,144
Miscellaneous income	3,540	3,025
	442	3,043
Total income	191,478	192,148
Expenses		
Salaries and incidentals - Academic	79,146	83,873
Salaries and incidentals - Administration	35,720	37,311
Salaries and incidentals – programs salaries	11,434	11,128
Management & organization	18,696	21,731
Computers and devices and improvement of infrastructures	1,928	2,196
Scholarships and social activities	5,326	5,555
Rental of buildings	10,118	10,378
Maintenance of buildings	7,428	9,082
Development of JCT campuses	859	1,294
Frozen expenses	-	1,300
Total expenditure	170,655	183,848
Total revenue less expenses	20,824	8,300
<u>Adjustments to profit in the financial statement</u>		
Depreciation and secure assets	(1,563)	-
	29,412	
Other adjustments	463	-
Use of allocations that were approved	(1,383)	-
Matching to Governmental support	(153)	-
Total adjusted budget balance	47,600	8,300
Allocation of funds during 2021-2022		
Tal Campus dormitories	(9,800)	(9,800)
Sherman dormitories	(1,600)	(1,500)
Upgrade of teaching classes	(1,174)	-
Tal Campus	(8,500)	(3,000)
Lev Campus development	(950)	-
Renovation of Lev dorms	(1,000)	-
Entrepreneurship Center renovation	200	-
Fire department standards adherence	(50)	-
Singles dorms Lev Campus	1,000	1,000
ERP system	-	1,000
Emergency Fund	4,000	4,000
Total allocated monies during 2021/2022	(17,874)	(8,300)
Total budget surplus adjusted after allocation of funds	29,726	-