

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

**Financial Statements  
As of September 30, 2017**

**Financial Statements as at September 30, 2017**

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## **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, 2017 and 2016 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, 2017 and 2016 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)

20<sup>th</sup> June, 2018

Jerusalem College of Technology (Registered Nonprofit)

**Balance Sheets as of September 30**

	Notes	<u>Consolidated</u>		<u>JCT</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>
<b>Assets</b>					
Cash and cash equivalents	3	<b>21,305</b>	18,367	<b>21,260</b>	18,297
Short-term deposits		<b>9,715</b>	5,005	<b>9,715</b>	5,005
Marketable Securities	4	<b>70,701</b>	58,310	<b>69,510</b>	57,089
Receivables and debit balances	5	<b>14,812</b>	12,347	<b>14,809</b>	12,345
		<b><u>116,533</u></b>	<u>94,029</u>	<b><u>115,294</u></b>	<u>92,736</u>
<b>Long-term Investments</b>					
Fixed Assets	7	<b>30,636</b>	29,041	<b>30,636</b>	29,041
Long-term Investments		<b>1,835</b>	11,120	<b>1,835</b>	11,120
Investments in companies	6	-	-	<b>1,155</b>	1,204
		<b><u>32,471</u></b>	<u>40,161</u>	<b><u>33,626</u></b>	<u>41,365</u>
		<b><u><u>149,004</u></u></b>	<u><u>134,190</u></u>	<b><u><u>148,920</u></u></b>	<u><u>134,101</u></u>

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

Jerusalem College of Technology (Registered Nonprofit)

Notes	Unified		JCT	
	2017	2016	2017	2016
	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>
<b>Current Liabilities</b>				
Suppliers and service providers	<b>11,451</b>	15,825	<b>11,423</b>	15,804
Accounts payable	<b>20,667</b>	18,619	<b>20,665</b>	18,605
Liabilities for Employees' benefits— short term	<b>951</b>	1,309	<b>951</b>	1,309
	<b>33,069</b>	35,753	<b>33,039</b>	35,718
<b>Capital Notes</b>	<b>54</b>	54	-	-
<b>Liabilities for Employees' benefits - long term</b>	<b>27,450</b>	27,659	<b>27,450</b>	27,659
<b>Contingent liabilities and commitments</b>				
<b>Net Assets</b>				
<b>Unrestricted net assets used for:</b>				
Operations	<b>28,143</b>	19,569	<b>28,143</b>	19,569
Employee retirement benefits	<b>(21,450)</b>	(22,159)	<b>(21,450)</b>	(22,159)
Used for fixed assets	<b>30,636</b>	29,041	<b>30,636</b>	29,041
Total net assets not earmarked by JCT	<b>37,329</b>	26,451	<b>37,329</b>	26,451
Total net assets earmarked by JCT	<b>15,378</b>	10,803	<b>15,378</b>	10,803
Total deficit of unrestricted net assets	<b>52,707</b>	37,254	<b>52,707</b>	37,254
<b>Temporarily restricted net assets</b>				
For research and others	<b>10,824</b>	8,278	<b>10,824</b>	8,278
For development	<b>1,454</b>	1,347	<b>1,454</b>	1,347
Funds	<b>6,157</b>	5,648	<b>6,157</b>	5,648
	<b>18,435</b>	15,273	<b>18,435</b>	15,273
<b>Permanently restricted net assets – funds</b>	<b>17,289</b>	18,197	<b>17,289</b>	18,197
<b>Total net assets</b>	<b>88,431</b>	70,724	<b>80,431</b>	70,724
	<b>149,004</b>	134,190	<b>148,920</b>	134,101

\_\_\_\_\_  
Prof. Chaim Sukenik  
President

\_\_\_\_\_  
Mr. Uri Wurtzberger  
Chairman, Amuta Committee

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Moshe Asbag  
CFO

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

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Date: 20 June 2018

Jerusalem College of Technology (Registered Nonprofit)

**Turnover**

Governmental authorities -	14	<b>99,583</b>	96,766	<b>99,583</b>	96,766
Council for Higher Education		<b>2,304</b>	2,558	<b>2,304</b>	2,558
Other governmental institutions		<b>1,535</b>	1,188	<b>1,535</b>	1,188
		<hr/>	<hr/>	<hr/>	<hr/>
Total income from governmental institutions		<b>103,422</b>	100,512	<b>103,422</b>	100,512
Income from students	15	<b>53,422</b>	53,581	<b>53,422</b>	53,581
Charitable contributions	16	<b>907</b>	2,494	<b>907</b>	2,494
Amounts released from temporary restrictions	17	<b>8,289</b>	8,269	<b>8,289</b>	8,269
Other revenues		<b>1,408</b>	1,276	<b>1,347</b>	<b>1,210</b>
		<hr/>	<hr/>	<hr/>	<hr/>
		<b>167,448</b>	166,132	<b>167,387</b>	<b>166,066</b>

**Operation expenses:**

Academic expenses	18	<b>85,115</b>	82,013	<b>85,115</b>	82,013
Beit midrash and religious activities	19	<b>3,996</b>	4,138	<b>3,996</b>	4,138
Pre-academic and external learning expenses	20	<b>4,037</b>	3,489	<b>4,037</b>	3,489
Student services	21	<b>21,096</b>	21,170	<b>21,096</b>	21,170
Computing and Yeda	22	<b>6,814</b>	6,454	<b>6,814</b>	6,454
Rent and building maintenance	23	<b>16,960</b>	18,201	<b>16,960</b>	<b>18,201</b>
Liabilities for employee benefits		<b>486</b>	981	<b>486</b>	<b>981</b>
Investment in research and other projects	25	<b>3,341</b>	3,384	<b>3,341</b>	3,384
Liabilities returned and lost		<b>80</b>	81	<b>80</b>	81
		<hr/>	<hr/>	<hr/>	<hr/>
		<b>141,925</b>	139,911	<b>141,925</b>	139,911
<b>Surplus from operations:</b>		<b>25,523</b>	26,221	<b>25,462</b>	26,155
Management and organization	24	<b>11,153</b>	10,924	<b>11,011</b>	10,780
<b>Surplus for year prior to funding</b>		<b>14,370</b>	15,297	<b>14,451</b>	15,375
Funding income (expenses), net	26	<b>1,190</b>	394	<b>1,158</b>	372
JCT's part in the gains (losses) of subsidiary	6a	<b>-</b>	-	<b>(49)</b>	(56)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Surplus for the year</b>		<b>15,560</b>	15,691	<b>15,560</b>	15,691

Jerusalem College of Technology (Registered Amuta)

**Statements of Changes in Net Assets**

For the year ended September 30, 2016

	<u>Net assets without restriction</u>		<u>Temporarily Restricted Net Assets</u>				<u>Permanently restricted Net Assets</u>		
	<u>Not designated by non-profit foundations</u>		<u>Designated by non-profit foundations</u>	<u>Used for permanent assets</u>	<u>For:</u>			<u>Restricted Net Assets</u>	<u>Total</u>
	<u>Net assets used for operations</u>	<u>Reserves for employee rights</u>			<u>Research etc</u>	<u>Development</u>	<u>Funds</u>		
	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	<u>NIS thousands</u>	
<b>Balance at September 30 2016</b>	<b>19,569</b>	<b>(22,159)</b>	<b>10,803</b>	<b>29,041</b>	<b>8,278</b>	<b>1,347</b>	<b>5,648</b>	<b>18,197</b>	<b>70,724</b>
<b>Additions during the year:</b>									
Governmental authorities -									
Council for Higher Education	-	-	-	-	-	-	154	-	154
Other governmental institutions	-	-	-	-	78	-	260	-	338
<u>Total income from governmental institutions</u>	-	-	-	-	78	-	414	-	492
From other sources -									
Charitable contributions	-	-	-	-	2,202	-	4,474	37	6,713
Finance, net	-	-	-	-	-	-	144	(520)	(376)
Other revenues	-	-	-	-	3,607	-	-	-	3,607
Surplus for year	15,560	-	-	-	-	-	-	-	15,560
Unrestricted sources used for permanent assets	(3,910)	-	-	3,910	-	-	-	-	-
Sums transferred to cover depreciation expenses	2,208	-	-	(2,208)	-	-	-	-	-
Total revenue from other sources	13,858	-	-	1,702	5,809	5,043	(908)		25,504

Jerusalem College of Technology (Registered Nonprofit)

**Deficits during the year**

Amounts released from temporarily restricted net assets for investments in loan funds	-	-	-	-	-	-	(4,948)	-	(4,948)
Transfers from net restricted assets	-	-	-	3,527	-	(3,527)	-	-	-
Used for purchase of permanent assets	-	-	-	(107)	-	107	-	-	-
for research, education and misc. projects	-	-	-	-	(3,341)	-	-	-	(3,341)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107)</u>	<u>(3,341)</u>	<u>107</u>	<u>(4,948)</u>	<u>-</u>	<u>(8,289)</u>

**Additional changes during the year**

Designated by administration, net	(4,575)	-	4,575	-	-	-	-	-	-
Designated for employee benefits	(500)	500	-	-	-	-	-	-	-
Released for employee benefits due to updated obligations for employee rights	<u>(209)</u>	<u>209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total changes during the year</b>	<u>8,574</u>	<u>709</u>	<u>4,575</u>	<u>1,595</u>	<u>2,546</u>	<u>107</u>	<u>509</u>	<u>(908)</u>	<u>17,717</u>
<b>Balance for September 30, 2017</b>	<u>28,143</u>	<u>(21,450)</u>	<u>15,378</u>	<u>30,636</u>	<u>10,824</u>	<u>1,454</u>	<u>6,157</u>	<u>17,289</u>	<u>88,431</u>

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



**Statements of Changes in Net Assets**

	Net assets without restriction		Designated by non-profit foundations	Used for permanent assets	Temporarily Restricted Net Assets			Permanently restricted Net Assets	Total			
	Not designated by non-profit foundations				For:							
	Net assets used for operations	Reserves for employee rights			Projects	Development	Funds				Restricted	Total
	NIS thousands	NIS thousands			NIS thousands	NIS thousands	NIS thousands				NIS thousands	NIS thousands
<b>Balance at September 30, 2015</b>	<b>11,627</b>	<b>(23,561)</b>	<b>8,290</b>	<b>21,680</b>	<b>6,735</b>	<b>707</b>	<b>5,570</b>	<b>18,970</b>	<b>50,018</b>			
<b>Additions during the year:</b>												
Governmental authorities - Council for Higher Education	-	-	-	-	-	-	154	-	154			
Other governmental institutions	-	-	-	-	477	-	390	-	867			
<u>Total income from governmental institutions</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>544</u>	<u>-</u>	<u>1,021</u>			
From other sources -												
Charitable contributions	-	-	-	-	1,349	4,167	3,681	5	9,202			
Finance, net	-	-	-	-	-	-	116	(156)	(40)			
Other revenues	-	-	-	-	3,101	-	-	-	3,101			
Surplus for year	<b>15,691</b>	-	-	-	-	-	-	-	<b>15,169</b>			
Unrestricted sources used for permanent assets	<b>(5,150)</b>	-	-	<b>5,150</b>	-	-	-	-	-			
Transfers from net restricted assets	<b>1,316</b>	-	-	<b>(1,316)</b>	-	-	-	-	-			
Total revenue from other sources	<b>11,857</b>	-	-	<b>3,834</b>	<b>4,450</b>	<b>4,167</b>	<b>4,419</b>	<b>(773)</b>	<b>27,954</b>			
Amounts released from temporarily restricted net assets for Student Scholarship & Loan Funds	-	-	-	-	-	-	(4,885)	-	(4,885)			
for development	-	-	-	3,527	-	(3,527)	-	-	-			
Transfers from net restricted assets for research, education and misc. projects	-	-	-	-	(3,384)	-	-	-	(3,384)			
	-	-	-	3,527	(3,384)	(3,527)	(4,885)	-	(8,269)			

Jerusalem College of Technology (Registered Nonprofit)

<b>Additional changes during the year</b>									
Designated by administration	(2,513)	-	2,513	-	-	-	-	-	-
Designated for employee benefits	(500)	500	-	-	-	-	-	-	-
Released for employee benefits due to updated obligations for employee rights	(902)	902	-	-	-	-	-	-	-
<b>Total changes during the year</b>	<b>7,942</b>	<b>1,402</b>	<b>2,513</b>	<b>7,361</b>	<b>1,543</b>	<b>640</b>	<b>78</b>	<b>(773)</b>	<b>20,706</b>
<b>Balance as of September 30, 2015</b>	<b><u>19,569</u></b>	<b><u>(22,159)</u></b>	<b><u>10,803</u></b>	<b><u>29,041</u></b>	<b><u>8,278</u></b>	<b><u>1,347</u></b>	<b><u>5,648</u></b>	<b><u>18,197</u></b>	<b><u>70,724</u></b>

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**

	Unified		JCT	
	2017	2016	2017	2016
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
<b>Cash flows from operating activities</b>				
Net Surplus for the year	<b>15,560</b>	15,691	<b>15,560</b>	15,691
Adjustments to reconcile net surplus to cash flows from operating activities – see appendix A	<b>(13,149)</b>	(9,129)	<b>(13,062)</b>	(9,072)
Net cash used for operating activities	<b>2,411</b>	6,562	<b>2,498</b>	6,619
<b>Cash flows from investment activities</b>				
Proceeds from sale of government bonds	<b>(11,057)</b>	5,044	<b>(11,119)</b>	4,948
Investment in short- and long- term securities, net	<b>4,575</b>	(7,514)	<b>4,575</b>	(7,514)
Purchase of permanent assets	<b>(3,803)</b>	<b>(8,677)</b>	<b>(3,803)</b>	<b>(8,677)</b>
Net cash provided by investing activities	<b>(10,285)</b>	(11,147)	<b>(10,347)</b>	(11,243)
<b>Cash flows from financing activities</b>				
Temporarily restricted donations and finance income	<b>10,775</b>	13,319	<b>10,775</b>	13,319
Permanently restricted donations and finance income	<b>37</b>	5	<b>37</b>	5
Net cash provided by financing activities	<b>10,812</b>	13,324	<b>10,812</b>	13,324
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>2,938</b>	8,739	<b>2,963</b>	8,700
<b>Cash and cash equivalents at beginning of year</b>	<b>18,367</b>	9,628	<b>18,297</b>	9,597
<b>Cash and cash equivalents at end of year</b>	<b>21,305</b>	18,367	<b>21,260</b>	18,297

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

**Cash Flow Statements for the year ending on September 30**

	<b>Unified</b>		<b>JCT</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>Appendix A - adjustments necessary to achieve cash flow from operating activities</b>				
<b>Expenses (income) not included in cash flow</b>				
Amounts released from temporary restricted net assets	<b>(8,289)</b>	(8,269)	<b>(8,289)</b>	(8,269)
Valuation of restricted net assets	<b>(376)</b>	(40)	<b>(376)</b>	(40)
Increase in net marketable securities value	<b>(1,334)</b>	(468)	<b>(1,302)</b>	(446)
Depreciation	<b>2,208</b>	1,316	<b>2,208</b>	1,316
<b>Changes in asset and liability items</b>				
(Increase) decrease in other receivables	<b>(2,465)</b>	1,198	<b>(2,464)</b>	1,201
Increase in accounts payable	<b>(2,326)</b>	(656)	<b>(2,321)</b>	(680)
Increase in obligations due to employee benefits	<b>(567)</b>	(2,210)	<b>(567)</b>	(2,210)
Stake of JCT in losses (gains) of subsidiary	<b>-</b>	-	<b>49</b>	56
	<b><u>(13,149)</u></b>	<b><u>(9,129)</u></b>	<b><u>(13,062)</u></b>	<b><u>(9,072)</u></b>

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