

Na Lagaat (Reg.Soc.)
Financial Statements
As at December 31, 2022

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Table of Contents

	Page
Auditors' Report	3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Assets, Net	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-15



**Yanir,
Farkash
& co.**
C.P.A. | Since 1964

Auditors' Report to the Members of the Society

Na Lagaat (Reg.Soc.)

We have audited the attached financial statements of Nalaga'at Center (Registered Society) (hereinafter - the "Society") as at December 31, 2022 and 2021, the statements of operations, the statements of changes in assets, net, and the statements of cash flows of the Society for each of the years ended on those dates. These financial statements are the responsibility of the Society's Executive Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance) 5733 - 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 the significant estimates made by the Society's Executive Committee 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.

In our opinion, the above financial statements represent fairly, in all material aspects applicable to non-profit organizations, the financial position of the Society as at December 31, 2022 and 2021 and the results of its operations, the changes in its assets, net, and its cash flows for each of the years ended on those dates, in accordance with accounting principles generally accepted in Israel (Israeli GAAP).

June 11, 2023

~~Yanir Farkash & Co.~~
~~CPA (Israel)~~

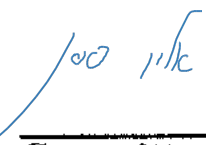
Statements of Financial Position as at December 31,

	Note	2022 I L S	2021 I L S
Current Assets			
Cash and cash equivalents	2C	5,039,793	4,872,247
Receivables	3	131,596	731,180
Customers	4	1,244,157	636,830
Pre-paid expenses		12,247	16,959
		6,427,793	6,257,216
Fixed Assets, Net			
	5	1,206,611	1,243,816
		7,634,404	7,501,032
Current Liabilities			
Suppliers and service providers	6	372,146	441,259
Payables and credit balances	7	1,264,710	993,999
		1,636,856	1,435,258
Severance Pay Liabilities, Net	8	121,442	135,395
Unrestricted Assets, Net			
To be used for earmarked operations	9	4,326,595	4,633,349
Used for fixed assets		1,206,611	1,243,816
Temporarily Restricted Assets, Net	10	342,900	53,214
		5,876,106	5,930,379
		7,634,404	7,501,032

The Notes attached to the Financial Statements form an integral part hereof.



 Committee Member
 Ziv Shimroni



 Committee Member
 Alon Sapan

Statement of Operations

	Note	For the Year Ended	
		December 31,	
		2022	2021
		ILS	ILS
Turnover of Operations	11-14	10,488,899	8,087,888
Cost of operations	15-17	9,845,061	6,022,255
Surplus from Operations		643,838	2,065,633
General and administrative expenses	18	1,108,366	890,224
Surplus (Deficit) before Financing Expenses, Net		(464,528)	1,175,409
Financing income (expenses), net	19	48,835	(60,151)
Other income	20	71,734	207,654
Surplus (Deficit) in Year of Account		(343,959)	1,322,912

The Notes attached to the Financial Statements form an integral part hereof.

Statements of Changes in Assets, Net

	Unrestricted Assets, Net			Rest- ricted Assets	Total ILS
	To be Used for Opera- tions ILS	To be Used for Ear- marked Opera- tions ILS	Used for Fixed Assets ILS	Tempo- rarily Rest- ricted ILS	
Balance at Jan. 1, 2021	-	3,240,466	1,313,787	247,798	4,802,051
Surplus in year of account	1,322,912	-	-	-	1,322,912
Restricted donations	-	-	-	53,214	53,214
Donations released from restriction	-	-	-	(247,798)	(247,798)
Earmarked amounts	(1,392,883)	1,392,883	-	-	-
Amounts transferred to cover depreciation	295,487	-	(295,487)	-	-
Amounts used to purchase fixed assets	(225,516)	-	225,516	-	-
Balance at Dec. 31, 2021	-	4,633,349	1,243,816	53,214	5,930,379
Deficit in year of account	(343,959)	-	-	-	(343,959)
Restricted donations	-	-	-	342,900	342,900
Donations released from restriction	-	-	-	(53,214)	(53,214)
Amounts transferred to cover depreciation	301,343	-	(301,343)	-	-
Amounts used to purchase fixed assets	(264,138)	-	264,138	-	-
Amounts released	306,754	(306,754)	-	-	-
Balance at Dec. 31, 2022	-	4,326,595	1,206,611	342,900	5,876,106

Statements of Cash Flows

	For the Year Ended	
	December 31,	
	2022	2021
	ILS	ILS
Cash Flows from Current Operations		
Surplus (Deficit) according to statement of operations	(343,959)	1,322,912
Adjustments required to present cash flows from current operations - Schedule A	485,957	20,259
Cash, net, deriving from current operations	<u>141,998</u>	<u>1,343,171</u>
Cash Flows for Investment Operations		
Purchase of fixed assets	(264,138)	(225,516)
Cash, net, used for investment operations	<u>(264,138)</u>	<u>(225,516)</u>
Cash Flows from Financing Operations		
Restricted donations	289,686	(194,584)
Cash, net, derived from (used for) financing operations	<u>289,686</u>	<u>(194,584)</u>
Increase in Cash and Cash Equivalents	167,546	923,071
Balance of cash and cash equivalents at beginning of year	4,872,247	3,949,176
Balance of Cash and Cash Equivalents at End of Year	<u>5,039,793</u>	<u>4,872,247</u>
Adjustments required to present cash flows from current operations - Schedule A		
Expenses (Income) not Involving Cash Flows		
Depreciation	301,343	295,487
Decrease in reserve for severance pay, net	(13,953)	(137,726)
	<u>287,390</u>	<u>157,761</u>
Changes in asset and liability items		
Increase in donations and allowances receivable	(7,743)	(877,593)
Decrease in receivables and debit balances	4,712	1,203
Increase (Decrease) in service providers	(69,113)	345,886
Increase in payables and credit balances	270,711	393,002
	<u>198,567</u>	<u>(137,502)</u>
Total Adjustments Required to Present Cash Flows from Current Operations - Schedule A	<u>485,957</u>	<u>20,259</u>

Notes to the Financial Statements**Note 1 - General**

A. Na Lagaat (Reg.Soc.) is a Society registered under the Societies Law 5740-1980. It was established on December 5, 2002 as Society No. 580402352, commenced operations in January 2003 and was recognized as a "public institution" under Section 9(2) of the Income Tax Ordinance (whereby the revenues of a public institution, other than from a business, are exempt from tax), and as a public institution with respect to donations under Section 46 of the Ordinance (whereby donations received by the institution are deductible for tax purposes by the donor).

B. The purposes of the Society are:

To train blind and deaf people in various arts, and to employ them at an innovative cultural center which will constitute a place of entertainment and performances for the seeing and hearing public from all over the country. The focus of the Center will be a theatrical group.

At the first stage, between 2003 and 2006, a theatrical group of blind and deaf actors was set up. It presented a theatrical play and performed in various places in Israel and abroad.

In 2006 the Society commenced renovations on a new center which it rented for the purpose of establishing the above cultural center.

In the course of 2007 the Center was prepared, including among other things, a theater hall, a dark restaurant, and in November 2007 the Center was opened to the public.

At the Center there is a theater where the actors are blind and deaf, a dark restaurant operated by blind waiters and a café employing deaf waiters and workers.

C. Upon the outbreak of the Coronavirus pandemic (COVID-19), the Israeli government initiated various actions to prevent the spread of the virus, such as restrictions on the movement of citizens and on gatherings, closing businesses, reducing the number of employees permitted to come to the workplace, and so on.

Following the government's guidelines, the Society was forced to significantly reduce its activities.

As a consequence of the above, there was a significant decrease in the Society's operations and income as of March 2020.

The Society took various measures to reduce its expenditures, reducing payments and postponing payments to suppliers.

The Society returned to almost full operation as of April 2021.

During the Corona period, the Society was supported by grants for fixed expenses from the Taxes Authority (see Note 20), and an employment encouragement grant, which is presented after offsetting salary expenses.

D. The Society customarily loads rental and building maintenance expenses, and salaries, marketing, advertising and information expenses, on the following activities:

	<u>%</u>
Theater	45
Restaurant	35
Workshops	15
Administrative and General	5

Notes to the Financial Statements**Note 2 - Principal Accounting Policies**

A. The financial statements are presented in accordance with Accounting Standard No. 40 of the Israeli Institute of Accounting Standards.

B. Effect of Changes in the General Purchasing Power of the Israeli Currency.

The financial statements were prepared in accordance with accounting principles generally accepted in Israel (Israeli GAAP), regardless of the change in the general purchasing power of the Israeli currency. During the year of account, the Consumer Price Index rose at the rate of 5.26% (last year it rose at the rate of 2.8%).

C. Cash and Cash Equivalents

Cash and cash equivalents include high-liquidity investments, including bank deposits the redemption period of which at the time of deposit did not exceed three months.

D. Use of Estimates and Assessments

When preparing the financial statements in accordance with generally accepted accounting principles, the management is required to use estimates or assessments with respect to transactions or matters the final effect of which on the financial statement cannot be precisely determined at the time of preparation. Although the estimates or assessments are made at the best discretion of the management, the final effect of such transactions or matters could be different from the estimates or assessments made in respect thereof.

E. Fixed Assets

Fixed assets items are presented at cost, less accumulated depreciation. Depreciation is calculated by the straight-line method, at annual rates considered sufficient to depreciate the assets over their estimated lifetime, which do not necessarily represent the actual decline in their value.

Depreciation rates are as follows:

	<u>%</u>
Furniture and equipment	7-33
Leasehold improvements	10
Computers	15-33
Machinery and equipment	12-15

Note 3 - Income Receivable

	<u>As at December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>ILS</u>	<u>ILS</u>
Ministry of Welfare	131,596	441,793
Ministry of Culture and Sports	-	257,585
Estates	-	31,802
	<u>131,596</u>	<u>731,180</u>

Notes to the Financial Statements**Note 4 - Customers**

	As at December 31,	
	2022	2021
	ILS	ILS
Outstanding invoices	1,100,200	476,404
Credit cards and checks collectible	143,957	160,426
	<u>1,244,157</u>	<u>636,830</u>

Note 5 - Fixed Assets, Net

	Restaurant Machinery and Equipment	Computers	Furniture and Equip- ment	Leasehold Improve- ments	Total
	ILS	ILS	ILS	ILS	ILS
Cost					
Cost at beginning of year	367,678	1,168,832	1,003,515	7,898,411	10,438,436
Purchases in year of account	52,814	91,527	68,806	50,991	264,138
Withdrawals during year	-	-	(23,471)	-	(23,471)
Cost at end of year	<u>420,492</u>	<u>1,260,359</u>	<u>1,048,850</u>	<u>7,949,402</u>	<u>10,679,103</u>
Accumulated Depreciation					
Accumulated depreciation at beginning of year	255,904	1,081,476	753,662	7,103,578	9,194,620
Depreciation in year of a/c	40,732	58,444	54,799	147,368	301,343
Withdrawals during the year	-	-	(23,471)	-	(23,471)
Accumulated depreciation at end of year	<u>296,636</u>	<u>1,139,920</u>	<u>784,990</u>	<u>7,250,946</u>	<u>9,472,492</u>
Depreciated Cost as at December 31, 2022	<u>123,856</u>	<u>120,439</u>	<u>263,860</u>	<u>698,456</u>	<u>1,206,611</u>
Depreciated Cost as at December 31, 2021	<u>111,774</u>	<u>87,356</u>	<u>249,853</u>	<u>794,833</u>	<u>1,243,816</u>

Note 6 - Suppliers and Service Providers

	As at December 31,	
	2022	2021
	ILS	ILS
Outstanding invoices	371,569	439,422
Checks payable	577	1,837
	<u>372,146</u>	<u>441,259</u>

Notes to the Financial Statements**Note 7 - Payables and Credit Balances**

	As at December 31,	
	2022	2021
	ILS	ILS
Advance income	423,999	338,973
Institutions	273,564	141,386
Employees	381,354	306,185
Expenses payable	37,674	64,250
Provision for vacation	113,500	106,179
Provision for recuperation	34,619	37,026
	<u>1,264,710</u>	<u>993,999</u>

Note 8 - Severance Pay Liabilities

	As at December 31,	
	2022	2021
	ILS	ILS
A. Composition:		
Reserve for severance pay	495,142	562,661
Less - Fund for severance pay deposited	(373,700)	(427,266)
	<u>121,442</u>	<u>135,395</u>

B. Liability for severance pay is calculated on the basis of the employee's last salary at balance sheet date, under the Severance Pay Law. To cover the liability, the Society deposits funds in managers' insurance and pension fund policies. The balance of the liability at balance sheet date is for severance pay to employees that is not covered by managers' insurance and pension fund policies.

C. For some employees, the Society applies Section 14 of the Severance Pay Law, so that the current amounts which the Society transfers to the pension channel (pension fund / managers' insurance), will substitute for severance compensation to employees. The Society customarily deposits the above amounts as of the first month of employment. Accordingly, the Society's financial statement contains no provision for severance pay for these employees.

Note 9 - Amounts to be Used for Earmarked Operations

	As at December 31,	
	2022	2021
	ILS	ILS
Construction of permanent building for Society and budgetary reserve	4,276,595	4,633,349
Acting school	50,000	-
	<u>4,326,595</u>	<u>4,633,349</u>

Notes to the Financial Statements**Note 10 - Temporarily Restricted Amounts (*)**

	As at December 31,	
	2022	2021
	ILS	ILS
Richard Stiftung	-	53,214
Emouna Foundation	206,400	-
Benecare found	136,500	-
	<u>342,900</u>	<u>53,214</u>

(*) Theater activity and current operations

Note 11 - Operations Turnover

	For the Year Ended on December 31	
	2022	2021
	ILS	ILS
Events and workshops (see Note 12)	5,771,673	3,260,220
Theater and festival (see Note 13)	2,554,050	2,072,395
Ministry of Welfare (allocations and service provision (*)	1,075,332	1,003,332
Fundraising (see Note 14)	1,087,844	1,751,941
	<u>10,488,899</u>	<u>8,087,888</u>

(*) The funds are for financing translators, transporting waiters for the Black Restaurant, and financing salaries for personnel in various operational capacities at the Na Lagaat Center.

Note 12 - Events and Workshops

	For the Year Ended on December 31	
	2022	2021
	ILS	ILS
Black Kapish	3,740,569	2,027,212
Workshops	1,881,104	1,233,008
Donation (*)	150,000	-
	<u>5,771,673</u>	<u>3,260,220</u>

(*) Donations of more than ILS 100,000 each are presented separately.

Notes to the Financial Statements

Note 13 - Theater and Festival

	For the Year Ended on	
	December 31	
	2022	2021
	ILS	ILS
<u>Independent Income</u>		
Theater performances	586,417	271,160
Performances abroad	90,954	-
	<u>677,371</u>	<u>271,160</u>
Cultural shows and festivals	164,206	119,827
<u>Allowances</u>		
Tel Aviv Municipality	145,000	95,000
Ministry of Culture and Sport	1,214,170	1,420,008
	<u>1,359,170</u>	<u>1,515,008</u>
Donations (*)	353,303	166,400
	<u>2,554,050</u>	<u>2,072,395</u>

(*) Donations of more than ILS 100,000 each are presented separately.

Note 14 - Fundraising

	As at December 31,	
	2022	2021
	ILS	ILS
Donations in Israel (*)	261,686	719,410
<u>Donations from abroad (*)</u>		
P.E.F Israel Endowment Funds, Inc	383,931	632,336
Others	72,294	76,741
Matanel Foundation	96,900	-
Emouna Foundation	-	96,900
Kirsch & Wendy Fisher Foundation	-	49,063
	<u>553,125</u>	<u>855,040</u>
<u>Income from cash-equivalent donations</u>		
Municipal rates discount - Tel Aviv Municipality	47,456	41,433
Income from cash-equivalent donations	38,128	7,605
	<u>85,584</u>	<u>49,038</u>
Ministry of the Economy	67,853	96,651
Estates Committee	119,596	31,802
	<u>1,087,844</u>	<u>1,751,941</u>

(*) Donations of more than ILS 100,000 each are presented separately.

Notes to the Financial Statements**Note 15 - Cost of Operations**

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Events, restaurant and workshops (see Note 16)	5,784,333	3,307,786
Theater (see Note 17)	3,151,210	1,974,255
Fundraising	256,800	136,819
Advertising, marketing and publicity	366,442	318,250
Depreciation	286,276	285,145
	<u>9,845,061</u>	<u>6,022,255</u>

Note 16 - Events, Restaurant and Workshops

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Salaries and related expenses	3,245,163	2,009,589
Rental, building maintenance and office expenses	955,904	539,494
Purchases	1,035,072	552,961
Transportation	406,128	101,696
Workshops	142,066	104,046
	<u>5,784,333</u>	<u>3,307,786</u>

Note 17 - Theater

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Salaries and related expenses	1,319,325	953,131
Performances	653,766	314,137
Rental, building maintenance and office expenses	596,333	354,114
Projects abroad	47,525	37,185
Cultural shows and festival	326,811	257,188
Acting school	137,250	-
Technical management	70,200	58,500
	<u>3,151,210</u>	<u>1,974,255</u>

Notes to the Financial Statements**Note 18 - Administrative and General Expenses**

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Salaries and related expenses	820,104	624,415
Vehicle maintenance	43,627	25,914
Professional services	104,649	144,116
Rental, maintenance and office expenses	60,874	28,720
Communication	2,164	4,971
Insurance	30,240	34,883
Gifts	31,641	16,863
Depreciation	15,067	10,342
	<u>1,108,366</u>	<u>890,224</u>

Note 19 - Financing Income (Expenses), Net

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Interest and commissions	(10,822)	(6,594)
Exchange rate differences	59,657	(53,557)
	<u>48,835</u>	<u>(60,151)</u>

Note 20 - Other Income

	For the Year Ended on December 31	
	2022	2021
	I L S	I L S
Corona grant	71,734	207,654