

**Translated
from the
Hebrew original**

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL

Founded by Iraqi Jews Educational Fund in Israel

(A Limited Liability Company without Share Capital)

Registered as "Public Purpose Company" with the Registrar of Endowments

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL

Founded by Iraqi Jews Educational Fund in Israel Limited

(A limited liability Company without share capital)

**MANAGEMENT'S REPORT ON THE ACTIVITIES OF
THE FUND FOR THE ADVANCEMENT OF EDUCATION IN ISRAEL
AND FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022
(IN USD)**

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July 2, 2023

**MANAGEMENT'S REPORT ON THE ACTIVITIES OF THE
FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL (HEREUNDER: "THE FUND")
AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Directors have the honor to present the annual report on the "Fund's" activities and the financial statements for the year ended December 31, 2022. For details about the "Fund" please see the website, which includes its history since its foundation in the year 1951: <http://www.kerenkeducation.com>

The "Fund" assists in providing scholarships (mainly through loans) to students, as well as financing the provision of tutoring hours for students (including the Drone Project) in elementary and high schools, as well as the establishment of computer centers, music centers and libraries, for details see below and in the financial statements.

A. WE BOW OUR HEADS WITH THE PASSING OF – MAY THEIR MEMORY BE BLESSED

On January 3, 2023, the Chairman of the "Fund" Mr. Ezra Gabbay passed away. May his memory be blessed. Ezra Gabbay served as the Chairman of the "Fund" for approximately 40 years. "The Fund", its employees and the members of the Board of Directors bow their heads over his passing. The late Ezra Gabbay saw the "Fund" as a life project. The late Ezra Gabbay was a man of kindness and truth, a man of tradition and a family man. A great believer in the verse "Give to Him of that which is His, for you and that which is yours is His" and a passionate supporter of education as the basis for success. This is how he wrote in his book: "Since I was young, one of the goals I set for myself was to advance in my professional life. Faced with odds that are not high by nature, I strived for the goal. If you want and strive for success, it is not a fairy tale. It is not simple, it is not easy, but there is nothing that stands in the way of desire."

On March 26, 2023, Dr. Baruch Levy passed away, may his memory be blessed. The "Fund", its employees and the members of the Board of Directors bow their heads over his passing. Dr. Baruch Levy, remembered with gratitude, worked extensively in the field of security, society and education and was involved in strengthening the legacy of the community of Iraq in the past and present. Since 1979, he has served as an involved and influential board member in the three main bodies of Iraqi expatriates in Israel: "The Fund", the Babylonian Jewish Heritage Center and Museum in Or Yehuda, and the Association for the Promotion of Literary and Art Research from the Foundation of Iraqi Expatriates in Israel. Until the day of his death, he served as Chairman of the after-school classes Committee for the "Fund".

B. ECONOMIC REVIEW

Israel's gross domestic product (GDP) grew by 6.5% in the year 2022, following a growth of 8.6% in the year 2021. In addition, the year 2022 was characterized by a worldwide inflationary outbreak, which was also expressed in Israel, although at a lower intensity. Inflation in the markets began at the end of the year 2021, following the cancellation of the Corona restrictions alongside the increase in demand, which increased in the year 2022.

B. ECONOMIC REVIEW (Cont.)

The inflationary outbreak of the year 2022 contributed mainly to Russia's prolonged fighting in Ukraine, which began on February 24, 2022 and continues, as of the date of the publication of this report. As a result, annual inflation has soared to a high of decades – approximately 10.6% in the Euro zone, approximately 11.1% in the UK and approximately 9.1% in the US, compared to a target of 2%. In Israel, inflation has seen a moderate increase in the proportion of developed markets, mainly due to Israel's natural gas reserves and the relatively low dependence on imports from the conflict countries, reaching approximately 5.3% (at the same time, this is a 20 year record) compared to a target of 3% set by the Bank of Israel.

In order to curb inflation, central banks have taken steps to raise the interest rate. Interest rates in the United Kingdom rose to 3.5% and in the United States to 4.5%. The Bank of Israel raised the interest rate several times to 3.25%, and after additional interest rate increases in January-April 2023, the Bank of Israel interest rate stands at 4.50% (prime rate is 6.0%). It should be noted that the increase in the interest rate has had little effect on inflation, alongside the negative effect of interest rate increases on economic growth.

Here are the following macroeconomic data in Israel in the year 2022:

Macro data according to a February 2023 Central Bureau of Statistics announcement (percentage change rates):

	2022	2021	2020
GDP	6.5	8.6	(2.5)
Private consumption	7.5	11.1	(7.9)
Unemployment	4.2	5.6	18
Inflation	5.3	2.8	(0.7)
Budget deficit	(0.4)	3.9	11.3

Bank of Israel policy

During the year 2022, the Bank of Israel adopted a policy of monetary restraint, mainly through a steady increase in the monetary interest rate, which reached 3.75% at the end of the report year and on the day of publication 4.5%.

Against the background of interest rate increases in the year 2022, debenture yields recorded increases and decreases in instrument prices. So at the end of the year 2022, 10-year government debentures were traded at a rate of 3.5%, with 1% trading at the beginning of the year 2022. These increases affect both government debentures indices and corporate debentures indices, which recorded a decline of 9%-18%.

The exchange rates of US dollars and other currencies

Until the end of the first half of the year 2022, the stability of the Shekel against the Dollar was maintained, against the background of the purchases made by the Bank of Israel. At the beginning of the second half of the year 2022, a devaluation trend of the Shekel was recorded following the increase in interest rates abroad.

Below is the change of the shekel currency against the dollar (annual average):

Year	USD
2022	(1.74)
2021	(6.1%)

B. ECONOMIC REVIEW (Cont.)

The exchange rates of US dollars and other currencies (Cont.)

As of December 31, 2022, the dollar rate was NIS 3.519 per dollar compared to NIS 3.110 per dollar as of December 31, 2021 (13%).

The factors supporting the depreciation of the Shekel are the interest rate differentials between the US and Israel, the end of the Bank of Israel's purchase program in the foreign exchange market in accordance with the contractionary monetary policy, as well as the activity of the institutional investment entities, which are forced to hedge their investments through purchases in dollars.

It should be noted that, in general, in order to reduce the Fund's exposure to changes in the exchange rate of the dollar as stated, the Fund invests its funds in adjacent or denominated assets in the US dollar.

Reform in the judicial system

By the end of the year 2022, a new government had been formed. The new government began promoting a move, some of which had already passed its first reading in the Knesset, to make changes to the judicial system. This sparked a wave of public outcry. Uncertainty in this context led to an increase in fluctuations in the financial markets, which was mainly reflected in the devaluation of the NIS against the currency basket, an increase in inflation expectations, and an increase in long-term bond yields. Uncertainty may also affect the credit rating of the State of Israel and the fiscal situation in the future.

C. RESULTS OF THE FUND'S ACTIVITY

The total income was approximately USD 602 thousand, compared to approximately USD 590 thousand the previous year. The change is mainly due to an increase in income from investments of approximately USD 45 thousand, which was offset by a decrease in income from donations of approximately USD 21 thousand, and in net rental income of approximately USD 12 thousand.

The total expenditure amounted to approximately USD 480 thousand, compared to approximately USD 442 thousand, last year. The main increase is in the Tutoring section.

The year 2022 ended with a surplus of approximately USD 122 thousand, compared to a surplus of approximately USD 148 thousand last year.

D. THE FOLLOWING ARE DETAILS ABOUT THE "FUND" ACTIVITIES:

1. Endowment Funds that bear the name of the donors (endowments)

As of December 31, 2022, the "Fund" manages 105 funds, totaling approximately USD 6,215 thousand (approximately USD 6,146 thousand last year). The fruits of the funds are used to distribute scholarships to students in need for undergraduate and graduate degrees and to fund auxiliary classes for elementary and high school students as well as other projects. Hereunder the details: detail:

- a. Funds for granting scholarships – approximately USD 4,676 thousand – USD 3,054 thousand from donors outside Israel and USD 1,622 thousand from Israeli donors.

D. THE FOLLOWING ARE DETAILS ABOUT THE "FUND" ACTIVITIES: (Cont.)

1. Endowment Funds that bear the name of the donors (endowments) (Cont.)

- b. Financial funds for scholarships, auxiliary classes and the establishment of computer centers – USD 1,314 thousand. In accordance with the wishes of the Founders, the "Fund" may also designate some of the funds to finance auxiliary classes and to finance the establishment of computer centers, in memory of the donors and their parents. It should be noted that the financial funds originated from the funds of the realization of the plot in Givat Shmuel, the contribution of the deceased Ezra Shirazi, as well as funds intended to finance student auxiliary classes and the establishment of computer centers, music and science, according to the will of the deceased Salman Mashal Marshall. Every year.
- c. Real estate funds – USD 225 thousand.

The endowment funds are invested in debentures of foreign corporate companies (mainly the United States). Investments are measured by cost plus direct transaction costs, using the effective interest rate method and held until maturity. In the year of the report, an average return of 5% on the investment portfolio was achieved, last year approximately 4.9% (approximately USD 371 thousand in the year 2022 compared to a total of approximately USD 325 thousand in the year 2021).

In the year 2015, all the endowment funds were registered as an endowment in the Registrar of Endowments. The meaning of registration is to ensure that the "Fund" will remain permanent, and any change in its terms will be subject to the approval of an extraordinary general meeting, in the fulfillment of provisions in the relevant section of the Regulations, and in addition the approval of the Registrar of Endowments as well as the decision of the District Court of Family Affairs. These measures are in line with the agreement with the donors. Each year reports are submitted to the Registrar of Endowments.

May all the endowment fund donors be blessed, living and deceased. Thanks to them, income from the investment is promised to the "Fund", which constitutes an important factor in its activity.

2. Scholarships and the scholarship portfolio

The scholarship portfolio for students given as aforesaid as a loan, less refunds, reached a total of approximately USD 1,009 thousand. Scholarships are given to students as loans linked to the dollar rate without interest and are returned only after graduation when their financial situation allows them to do so.

Refunds from students in the year 2022 totaled approximately USD 30 thousand, (previous year USD 40 thousand), constituted another source of funding for the scholarships that were distributed. The total loan write-off totaled USD 30 thousand compared with USD 28 thousand the previous year.

In addition, grants were distributed to high school students and others of USD 15 thousand. The grants were set as scholarships mainly according to the wills of the donors to their families, and the write-offs are the result of a difficult family economic situation that justifies waiving the loan.

The following are details on the number of grants distributed to institutions of higher education, new or veteran students and profession:

In 2022, the "Fund" distributed 55 scholarships to undergraduate students and two seminars (including 4 scholarships from a 10-year scholarship fund founded by our friends Marjorie and Sassoon Peretz). The average amount for college and university scholarships is USD 1,200.

THE FOLLOWING ARE DETAILS ABOUT THE "FUND" ACTIVITIES

Hereunder is the allocation of scholarships in terms of Universities and profession:

	Number of Scholarships	
	Year 2022	Year 2021
Distribution according to institution of higher education:		
Tel-Aviv	6	7
Hebrew, Jerusalem *)	1	2
Bar-Ilan	3	4
Ben-Gurion, in the Negev	-	1
Haifa	3	-
The Technion, Haifa	-	1
Ariel	4	2
Seminars, academic colleges and high school grants	38	45
Abroad	-	-
	<u>55</u>	<u>62</u>
Allocation according new or veteran students:		
New students	35	33
veteran students	<u>20</u>	<u>29</u>
	<u>55</u>	<u>62</u>
Allocation per profession:		
Social Sciences and Humanities	17	15
Medicine and Health Sciences	4	5
Natural and Life Sciences	1	6
Engineering	15	8
Education	7	11
Arts	1	2
Exact Sciences	5	2
Accounting	1	1
Law	4	5
Others	-	7
	<u>55</u>	<u>62</u>

D. THE FOLLOWING ARE DETAILS ABOUT THE "FUND" ACTIVITIES: (Cont.)

3. Ten year scholarship fund

In the beginning of the year 2012, the late Marjorie and Sassoon Peress of Harrison, New York, established a special fund for the purpose of distributing scholarships to first degree university students from among underprivileged Iraqi families who migrated to Israel. The scholarships are granted over the period of ten years in the same format as the "Fund" grants scholarships, namely, the scholarships will be granted as loans to the students and will be required to repay at no interest only the nominal value of the scholarship in NIS after they complete their studies, and as and when their financial situation allows them to do so. In the year 2022, we awarded 4 scholarships from the funds of the foundation in a total amount of approximately USD 8 thousand.

As of December 31, 2022, the balance of the fund is approximately USD 181 thousand.

4. Tutorials

The cost of the tutoring project this year amounted to approximately USD 214 thousand (last year a total of approximately USD 153 thousand). The purpose of this project is to help students in elementary and high schools in promoting and improving their level of education in order to ensure their success in their further studies. In the year 2022, the "Fund" held tutoring and enrichment classes, mainly in math and English subjects in 13 schools (8 elementary schools and 5 junior and high schools).

The "Fund" assists in holding private tutoring lessons in 4 schools and in holding tutoring lessons for students whose level of education is particularly low. This is a very important project that helps students. After several months of intensive individual study, they manage to return and integrate into studies like the rest of their friends. This project is shared with the donors the late Marjorie and Sassoon Peretz.

The total study hours given in the year 2022 amounted to 2,779 hours compared to 2,194 hours last year. The schools included in the project are located in underprivileged neighborhoods and the classes are given by professional teachers.

5. The Drone project

In 2021 the "Fund" started a new project "Drone Project" in cooperation with the Army and the Petah Tikva Municipality. In this project outstanding students from high schools are taken in, mainly from the low socioeconomic level. This is an important project which goal is to help outstanding students acquire technological knowledge that will be applied in the army and then in their private lives for the benefit of the students and the State of Israel. The Municipality of Petah Tikva made a classroom available to the project and the military unit is responsible for providing physics, computer and English teachers for the project and taking care of holding the classes to train the students to fly drones which will be used later when fulfilling their military service. The "Fund" helps in choosing the group of students, teachers' salaries and financing the supply of the necessary equipment for the students. The study duration of a cycle is 4 years and costs approximately USD 130 thousand.

6. Over the years the "Fund" has established computer centers, libraries and music rooms for the use of students in schools in underprivileged areas. Today 103 are working study centers using computers, music rooms and libraries. For the most part, the establishment of the study centers is financed separately, mainly by donors, (approximately 70%) and the balance (approximately 30%) is the participation of the education department of the municipalities. At the entrance to each center there is a plaque in memory of the Donor.

D. THE FOLLOWING ARE DETAILS ABOUT THE "FUND" ACTIVITIES: (Cont.)

In each study center, 12-15 computers are installed, as needed, with all the equipment and related furniture, in an air-conditioned room adapted to the comfort of the students and under the guidance of professional teachers. The assistance in studying using the computer significantly improves the student's level of study. In 2022 the "Fund" continued to replace and upgrade the computers in old computer centers. In 2022, the cost of the computer upgrade project amounted to approximately USD 23 thousand. By the end of 2022, most of the computers in schools all over the country will have been upgraded.

It should be noted that the computer centers, music and libraries projects are an off-balance sheet project, since the donations are raised for the purpose of establishing educational centers which, upon completion they are transferred to the Municipalities' Educational Department who undertake their future maintenance. The centers are supervised by us.

E. SETTLEMENT AGREEMENT BETWEEN THE "FUND" AND THE MUNICIPALITY OF OR-YEHUDA (HEREUNDER - THE MUNICIPALITY) REGARDING THE ALLOCATION OF THE ESTATE OF DR. SALMAN MASHAL MARSHALL ("MARSHALL")

In the financial statements for the year 2020, a legal claim was reported by the Municipality against the "Fund" to recover assets that were distributed to the "Fund" from the estate of the late Marshall. In September, 2021 a court order was issued for a settlement agreement. The essence of the settlement agreement is that the "Fund" will transfer to a non for profit organization founded by the Municipality the store in Ramat-Ilan, which is registered in the "Fund"'s books in the amount of approximately USD 265 thousand and the non for profit organization is entitled to distribute scholarships in total amount of approximately NIS 1.85 million, linked to the index, funded by the "Fund" in order to promote education. The scholarships will be given to excellent students from the underprivileged residents of Or Yehuda for their academic studies. The "Fund" undertook to transfer up to 40 scholarships annually unless otherwise agreed.

The accounting entries in connection with the transfer of the store and the inclusion of the said liability were included in the financial statements, by way of reclassifying the comparison numbers for the year 2021.

F. MANAGEMENT OF THE "FUND'S" ACTIVITIES

The Board members activities are being performed voluntarily. In 2022, several management meetings were held as needed, (some in writing) and a regular general meeting was convened.

The "Fund" operates through five committees, which convene according to need and is composed of members of Management:

1. Scholarship Committee
2. After-school classes Committee
3. Research and Doctorate scholarships Committee
4. Investment Committee
5. Budget and balance sheet Committee

F. MANAGEMENT OF THE "FUND'S" ACTIVITIES (Cont.)

The permanent members as of the date of approval of the financial statements:

Benjamin Gabbay, CPA – Chairman of the Board Chairman of the Tutoring Committee and member of the Investment Committee, as from 7.2.2023. Until this date Acting as Deputy Chairman of the Board.

David Levitan - Secretary, Chairman of the Scholarship Committee, member of the Investment Committee and chairman of the Research and Doctorate scholarships Committee

David Assia - Member of the Investment Committee

Ephraim Dror, CPA - Treasurer and member of the scholarship committee

Liz Peri, CPA - Member of the Research and Doctorate Committee

Dr. Vera Koren-Shapir - Alternate Member of the Board and a Member of the Research and Doctorate Committee

Isaac Tzifrot, CPA Alternate Member of the Board

The late Ezra Gabbay served as Chairman of the Fund until January 3, 2023. The late Dr. Baruch Levy served as a board member and chairman of the tutoring committee until March 26, 2023.

The Audit Committee is comprised of three members: Shahar Petel, Advocate – external (Chairman), David Samara, CPA – external, Dr. Anat Greenstein (a member of the Board of Trustees).

In addition, the "Fund" has a Board of Trustees that oversees the management of the "Fund". The Board of Trustees meets once a year (General Meeting) to discuss and approve the Management's Report on the Fund's activities and the annual financial statements.

G. REGULATIONS AND MEMORANDUM OF ASSOCIATION

The "Fund" has a Board of Trustees that oversees the management of the "Fund". The Board of Trustees meets once a year (General Meeting) to discuss and approve the Management's Report on the "Fund's" activities and the annual financial statements.

H. FUNDRAISING

In order to continue even more intensively in our activities, for the underprivileged population for whom studies is not within their reach, for the students in elementary and high schools, for university students and in order to carry out additional activities, the "Fund" collects donations from the public of veteran donors and their families and makes efforts to expand the circle of donors.

In the year 2022, we raised donations from the "Fund" friends, mainly in Israel, a total of approximately USD 198 thousand (compared to USD 219 thousand last year). Our thanks go to the public donors.

The source budget for the year 2023 was set at approximately USD 465 thousand (similar to the year 2022). A significant part (approximately 50%) of the source budget is based on the income from investments of endowment funds.

Management calls on all veteran donors and their families to mobilize to promote the education of our children and help the management to continue fulfilling the obligations towards the families in need. Any amount of donation will be appreciated. The "Fund" has a public institution approval for donations according to Section 46 of the Income Tax Ordinance and a Proper Management Approval given by the Registrar of Companies.

Also, donations transferred to us through the P.E.F in the USA are recognized for US tax purposes as an expense to the donor.

We wish to convey our sincere gratitude and best wishes to all the Donors, for their continued support to the "Fund's" activities. Providing student scholarships, funding afterschool-classes for students in elementary and high schools in underprivileged areas, the Drone Project, establishing computer centers, music and libraries enables them to continue their studies and gain important education degrees so as to be involved in all sectors of the economy. We are proud of the achievements of the students, whom the "Fund" supports, in the fields of technology and computer science, finance and education.

Tel-Aviv
July 2, 2023

Benjamin Gabbay
Chairman of the Board

David Levitan
Secretary and Chairman of the Scholarship
Committee

Yair Kopel, CPA
Alcharizi Street 12
Holon

AUDITOR'S REPORT

To the Members of the Board of Directors
and Trustees of

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL
(Founded by Iraqi Jews Educational Fund in Israel Limited)

(A limited liability Company without share capital)

I have audited the accompanying statement of financial position of the Fund for Advancement of Education in Israel (founded by the Iraqi Jews Educational Fund in Israel) Limited (hereunder - the "Fund") as at December 31, 2022 and 2021 and the statement of activities, statement of changes in funds, and statement of cash flows for each of the years then ended. These financial statements are the responsibility of the Fund's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted accounting standards in Israel, including those prescribed by the Israeli Auditors Regulations (Auditor's Mode of Performance), 1973. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Company's Management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in conformity with the accounting principles for non-profit organizations, in all the material respects, the financial position of the Company as at December 31, 2022 and 2021 and the results of its operations, the changes in its funds, and its cash flows for each of the years then ended.

The above financial statements are adjusted on the basis of the USD, in accordance with the Accounting Standards of the Israel Accounting Standards Board (Israeli GAAP).

July 2, 2023

Yair Kopel
Certified Public Accountant (Isr.)

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL
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STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2022	2021
	USD dollars	
ASSETS		
Cash and investments	5,527,215	5,484,853
Real estate for lease	265,000	265,000
Endowed apartment for lease	225,000	225,000
	6,017,215	5,974,853
Donations receivable	32,538	38,585
	6,049,753	6,013,438
LOANS		
To students	827,669	816,304
For students from a scholarship grant fund under the management of the "Fund"	181,196	192,777
	1,008,865	1,009,081
FIXED ASSETS	132,432	135,912
TOTAL ASSETS	7,191,050	7,158,431
Endowment Funds in the names of Donors the income of which is dedicated:		
For the grant of scholarships	4,676,111	4,544,010 *)
For the grant of scholarships, funding of after-school classes and establishing computer centers (financial)	1,313,875	1,377,001 *)
Real estate funds dedicated to providing scholarships	225,000	225,000 *)
	6,214,986	6,146,011
FUNDS MANAGED BY THE " FUND"		
Funds for the grant of scholarships	211,084	243,905
Fund for the finance of after-school classes for underprivileged pupils	199,307	148,312
	410,391	392,217
FUNDS FOR WHICH THERE IS NO LIMITATION		
Fund for financing fixed assets	1,232	1,512 *)
TOTAL FUNDS	6,626,609	6,539,740
LIABILITY TO OR YEHUDA MUNICIPALITY	543,307	597,767 *)
CREDITORS, NET	21,134	20,924
TOTAL FUNDS AND CREDITORS, NET	7,191,050	7,158,431

*) Reclassified.

July 2, 2023			
Date of approval of the financial statements	Benjamin Gabbay, CPA Chairman of the Board	Ephraim Dror, CPA Treasurer	David Levitan Secretary

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL
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STATEMENTS OF ACTIVITIES

	Year ended	
	December 31,	
	2022	2021
	USD dollars	
INCOME		
From investments	370,657	324,593
From donations	197,565	219,053
Leasing, net	33,980	46,910
INCOME FOR THE YEAR	602,202	590,556
EXPENSES		
Office maintenance	90,332	90,523
After-school classes, grants and others:		
After-school classes	214,077	153,274
Grants - for research and special cases	15,374	24,129
- for high school pupils and others	21,904	21,297
Upgrade of computers installed in computer centers	22,877	39,396
Operational expenses	90,332	90,523
Write-off of loans to students (scholarships)	25,485	23,296
	390,049	351,915
EXPENSES FOR THE YEAR	480,381	442,438
Excess of income over expenses for the year	121,821	148,118

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STATEMENTS OF CHANGES IN FUNDS

	Funds for which there is a permanent limitation		Managed Funds		Funds for which there is no limitation		
	Funds for grant of scholarships	Monetary funds in the name of Hiyawi and Gourgia Shirazi and Dr. Salman Mashaal Marshall	Real estate in which the income is dedicated to grant of scholarships	Fund for granting scholarships USD dollars	Fund for the finance of after-school classes for underprivileged pupils	Fund for finance of fixed assets	Total
Balance as at January 1, 2021	4,402,980	1,544,529	755,000	240,458	106,232	138,122	7,187,321
Movements during the year ended December 31, 2021:							
Additions during the year:							
Donations	105,000	-	-	-	60,000	-	165,000
Management fees, yield imputation and exchange rate differences	-	-	-	8,118	5,669	-	13,787
Excess of income over expenses	148,118	-	-	-	-	-	148,118
Disposals during the year:							
Liability to the Municipality of Or Yehuda as part of a settlement agreement	(114,298)	(84,069)	(530,000)	-	-	(134,400)	(862,767)
Amounts that were used to establish study centers by the Donors and to finance tutoring for underprivileged students and write off loans	-	(50,000)	-	(4,671)	(23,589)	-	(78,260)
Taxes and legal expenses	-	(33,459)	-	-	-	-	(33,459)
Acquisition of fixed assets	(1,731)	-	-	-	-	1,731	-
Amount allocated to cover depreciation	3,941	-	-	-	-	(3,941)	-
Balance as at December 31, 2021	<u>4,544,010</u>	<u>1,377,001</u>	<u>225,000</u>	<u>243,905</u>	<u>148,312</u>	<u>1,512</u>	<u>6,539,740</u>

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STATEMENTS OF CHANGES IN FUNDS

	Funds for which there is a permanent limitation			Managed Funds		Funds for which there is no limitation	
	Funds for grant of scholarships	Monetary funds in the name of Hiyawi and Gourgia Shirazi and Dr. Salman Mashaal Marshall	Real estate in which the income is dedicated to grant of scholarships	Fund for granting scholarships USD dollars	Fund for the finance of after-school classes for underprivileged pupils	Fund for finance of fixed assets	Total
Balance as at January 1, 2022 (transfer)	4,544,010	1,377,001	225,000	243,905	148,312	1,512	6,539,740
Movements during the year ended December 31, 2022:							
Additions during the year:							
Donations	10,000	-	-	-	60,000	-	70,000
Yield imputation and management fees	-	-	-	(28,348)	6,032	-	(22,316)
Excess of income over expenses	121,821	-	-	-	-	-	121,821
Disposals during the year:							
Amounts that were used to establish study centers by the Donors and to finance tutoring for underprivileged students and write off loans	-	(63,126)	-	(4,473)	(15,037)	-	(82,636)
Acquisition of fixed assets	(407)	-	-	-	-	407	-
Amount allocated to cover depreciation	687	-	-	-	-	(687)	-
Balance as at December 31, 2022	<u>4,676,111</u>	<u>1,313,875</u>	<u>225,000</u>	<u>211,084</u>	<u>199,307</u>	<u>1,232</u>	<u>6,626,609</u>

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL
(Founded by Iraqi Jews Educational Fund in Israel Ltd.)
(A Limited Liability Company without Share Capital)

STATEMENTS OF THE MOVEMENTS IN LOANS TO STUDENTS (SCHOLARSHIPS)

	Year ended	
	December 31,	
	2022	2021
	USD dollars	
Movement:		
Balance of student loans (scholarships) at the beginning of the year	816,304	803,252
Scholarships and grants granted during the reporting year:		
51 scholarships (2021 – 56 scholarships)	66,243	78,142
	882,547	881,394
Less - repayments from students	14,893	26,606
- write off of loans (scholarships) due to difficult financial situation	25,485	23,296
- grants	14,500	15,188
Balance of student loans (scholarships) at the end of the year	827,669	816,304

THE FUND FOR ADVANCEMENT OF EDUCATION IN ISRAEL
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MOVEMENT OF LOANS (SCHOLARSHIPS) TO STUDENTS FROM THE FUND IN THE NAME OF MARJORIE AND THE LATE SASSOON PERESS OF NEW YORK

The late Marjorie and the late Sassoon Peress from New York established a scholarship fund for students named "Ten Year Scholarship Loan Project" in the amount of USD 210 thousand. In the year 2022, 4 scholarships were distributed in the amount of USD 8,000 (in the year 2021 6 scholarships in the amount of USD 10,500) The "Fund" is managed in NIS.

Scholarships for students are given in the form of a dollar loan, bearing no interest when the student is asked to pay it back after completing their studies and when his financial situation allows it. The scholarship fund is managed by us for management fees, in accordance with the agreement.

Hereunder is the movement:

	2022	2021
	USD dollars	
Balance as at the beginning of the year	192,777	200,229
Scholarships granted during the reporting year 4 scholarships (2021 - 6 scholarships)	8,000	10,500
	200,777	210,729
Less - refunds from the students	15,108	13,281
Write-off of loans (scholarships), due to difficult financial situation	4,473	4,671
	19,581	17,952
Balance of scholarships at year end	181,196	192,777

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2022	2021
	USD dollars	
CASH FLOWS FROM CURRENT ACTIVITIES		
Excess of income over expenses for the year, net	121,821	148,118
Expenses not involving cash flows:		
Depreciation	3,887	3,941
Students' loans written off (scholarships)	44,458	43,155
Allocation of yields and exchange rate differences, net	(22,316)	13,787
Changes in balance sheet items:		
Decrease (increase) in donations receivable	6,047	(9,347)
Decrease in liability to Or Yehuda Municipality	(54,460)	-
Increase (decrease) in creditors, net	210	(8,305)
Net cash provided by current operations	99,647	191,349
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(407)	(1,731)
Redemption (investment) in guarantees, net	(39,310)	87,115
Scholarship granted to students (loans)	(66,243)	(78,142)
Scholarship granted to students (loans) from the fund in the name of the late Marjorie and Sassoon Peress of New York, net of refunds	7,108	2,781
Loans repaid by students	14,893	26,606
Investment in study classes established by Donors and funding of tutoring for underprivileged students	(82,636)	(111,719)
Donation to the fund for financing after-school classes for underprivileged students in the name of the late Marjorie and Sassoon Peress of New York	60,000	60,000
Net cash used in investment activities	(106,595)	(15,090)
CASH FLOWS FROM FINANCE ACTIVITIES		
Donations for Endowment Funds in the name of Donors	10,000	105,000
Net cash provided by finance activities	10,000	105,000
Increase in cash and cash equivalents	3,052	281,259
Balance of cash and cash equivalents as at beginning of year	484,536	203,277
Balance of cash and cash equivalents as at end of year (see Note 6 below)	487,588	484,536