

**The Hebrew University of
Jerusalem**

**Financial Statements
As of September 30, 2023**

Financial Statements as of September 30, 2023

Contents

	Page
Auditors' Report	2
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	7
Notes to the Financial Statements	9
Appendices to the Financial Statements	40



Somekh Chaikin
8 Hartum Street, Har Hotzvim
PO Box 212
Jerusalem 9100102, Israel
+972 2 5312000

**Auditors' Report to the Board of Governors of
The Hebrew University of Jerusalem**

We have audited the accompanying statements of financial position of The Hebrew University of Jerusalem ("the University") (an institution recognized according to the Council for Higher Education Law, 1958) as of September 30, 2023 and 2022 and the related statements of operations, changes in net assets and cash flows for each of the years then ended. These financial statements are the responsibility of the University's board and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of equity accounted companies, whose investment amounted to NIS 93,095 thousand and NIS 86,015 thousand as of September 30, 2023 and 2022 respectively, and the University's share of its earnings amounted to NIS 8,802 thousand and NIS 6,923 thousand for the years ended September 30, 2023 and 2022 respectively. Financial statements of these companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts emanating from the financial statements of such companies, is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we 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 the University's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and on the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of September 30, 2023 and 2022 and the results of its operations, changes in net assets and cash flows for each of the years then ended, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Without qualifying our opinion, we draw attention to Note 1C and Note 14B regarding the agreement between the University and the PBC in order to ensure a balanced budget and long-term financial stability for the University.


Somekh Chaikin

Certified Public Accountants (Isr.)
Member Firm of KPMG International

March 10, 2024

Statements of Financial Position as at

	Note	September 30	
		2023	2022
		NIS thousands	NIS thousands
Assets	3A		
Current assets			
Cash and cash equivalents		109,673	152,957
Investments in securities and deposits	5	167,026	250,055
Friends organizations		64,643	65,293
Receivables in respect of research and special projects	6	152,523	166,551
Planning and Budgeting Committee (PBC)	8	18,732	-
Receivables in respect of construction projects		49,905	25,758
Accounts receivable	7	170,753	171,008
Inventories		2,468	2,270
		<u>735,723</u>	<u>833,892</u>
Non-current assets			
Investments in investees and others	4	105,021	104,964
Investments in securities and deposits	5	2,424,610	2,047,656
Investment property:			
Receivables from combination transaction	14C	93,600	166,400
Other investment property, net	9	377,283	291,343
Fixed assets:			
Cash and investments designated for fixed assets		125,217	122,072
Other fixed assets, net (including collections)	10	7,063,578	7,060,860
		<u>10,189,309</u>	<u>9,793,295</u>
Total assets		<u><u>10,925,032</u></u>	<u><u>10,627,187</u></u>

Statements of Financial Position as at

	Note	September 30	
		2023	2022
		NIS thousands	NIS thousands
Liabilities	3A		
Current liabilities			
Employees and related liabilities	13	186,951	180,221
Suppliers and service providers		73,988	72,357
Accounts payable	11	93,883	79,817
Planning and Budgeting Committee (PBC)	8	-	55,337
Prepaid tuition		89,526	84,965
Current maturities of budgetary pension, net	13	294,561	270,434
Conditional grants for research		293,186	217,104
Other provisions	14	53,000	56,500
		<u>1,085,095</u>	<u>1,016,735</u>
Long-term liabilities			
Liabilities for employee rights	13	4,693,484	4,783,814
Deposits from friend organizations and others		149,508	129,789
Conditional contributions and donations for construction projects		107,598	63,428
Advances for restitution of land to ILA	14D	195,797	165,170
Liability for annuity payments		3,135	2,921
		<u>5,149,522</u>	<u>5,145,122</u>
Contingent liabilities and commitments	14		
Net assets			
Unrestricted net assets:			
Accumulated deficit from activities		(237,946)	(291,335)
Deficit in endowment funds		-	(56,999)
Due to cover liabilities for employee rights	13	(4,988,045)	(5,054,248)
Used for fixed assets		7,002,976	7,031,600
		<u>1,776,985</u>	<u>1,629,018</u>
Restricted net assets:			
Research and special projects	12	767,772	719,247
Construction and building funds		125,217	122,072
Surplus in endowment funds		14,644	-
Share in investees		8,319	10,040
Endowment funds (including other funds)	3	1,997,478	1,984,953
		<u>2,913,430</u>	<u>2,836,312</u>
Total net assets		<u>4,690,415</u>	<u>4,465,330</u>
Total liabilities and net assets		<u>10,925,032</u>	<u>10,627,187</u>
Y. Braunstein Chairman of the Board		Prof. A. Cohen President	
March 10, 2024		Yaniv C.	
Date of approval of the financial statements		Y. Cohen Chief Financial Officer	
Y. Fraenkel Vice President and Chief Executive Officer			

The accompanying notes are an integral part of the financial statements.

Statement of Activities

	Note	For the Year ended September 30	
		2023	2022
		NIS thousands	NIS thousands
Income			
Planning and Budgeting Committee (PBC) allocations	15	1,551,697	1,491,093
Contributions from friends organizations and others		111,786	143,058
Income from students	16	331,605	327,011
Revenue from royalties		3,708	3,890
Other income	17	154,848	118,995
Assets received for no consideration		-	13,689
Amounts released from restriction for fixed assets		109,011	95,200
Amounts released from restricted net assets for operations		733,377	691,722
		<u>2,996,032</u>	<u>2,884,658</u>
Cost of operations	23		
Teaching, research and auxiliary services	18	1,906,928	1,821,456
Services and scholarships for students	19	278,230	255,646
Change in budgetary pension obligation expense	13	29,851	46,490
Change in liabilities for employee benefits	13C	97,356	83,320
Depreciation and amortization	9,10	194,914	189,396
Other direct expenses	20	47,301	47,133
		<u>2,554,580</u>	<u>2,443,441</u>
Net income from operations		441,452	441,217
General and administrative expenses	21	107,066	101,954
Fundraising expenses		32,461	32,623
Advertising and marketing expenses		35,484	34,195
		<u>175,011</u>	<u>168,772</u>
Capital gain (loss)		<u>2,075</u>	<u>(679)</u>
Net income before finance		268,516	271,766
Finance expenses, net	22	243,472	227,826
Net income after finance		25,044	43,940
Share in net revenue (expenses) of investees		<u>248</u>	<u>(5,974)</u>
Surplus for the year		<u>25,292</u>	<u>37,966</u>

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets (Deficit in Net Assets)

	Unrestricted net assets				Restricted net assets					Total
	Accumulated deficit from activities	Accumulated deficit in endowment funds	Due to cover liabilities for employee rights	Used for fixed assets	Research and special projects	Construction and building funds	Surplus in endowment funds	Share in investees	Endowment funds (including other funds)	
	NIS thousands									
Balance as of October 1, 2022	(291,335)	(56,999)	(5,054,248)	7,031,600	719,247	122,072	-	10,040	1,984,953	4,465,330
Additions during the academic year 2023										
Surplus for the year	25,292	-	-	-	-	-	-	-	-	25,292
Donations	-	-	-	-	227,789	43,094	-	-	16,817	287,700
Planning and Budgeting Committee allocations	-	-	-	-	17,400	16,990	6,151	-	-	40,541
Other income and allocations	-	-	-	-	441,197	6,597	24,286	-	-	472,080
Income from endowment funds investments	-	-	-	-	-	-	171,304	-	-	171,304
Amounts allocated to funds	-	-	-	-	-	-	(2,909)	-	2,909	-
Exchange differences and linkage, net	-	-	-	-	41,428	-	(25,079)	-	24,627	40,976
Income from sale of restricted assets	-	-	-	-	48	-	697	-	-	745
Share in net asset changes of investees	-	-	-	-	-	-	-	(1,721)	-	(1,721)
Disposals during the academic year 2023										
Amounts released from restrictions	-	-	-	-	-	-	(25,828)	-	-	(25,828)
Amounts released for overheads	-	-	-	-	(82,573)	-	(17,609)	-	-	(100,182)
Amounts released from restriction for fixed assets	-	-	-	-	(35,198)	(73,813)	-	-	-	(109,011)
Amounts released for research and special projects	-	-	-	-	(607,367)	-	-	-	-	(607,367)
Amounts allocated to restricted net assets	-	-	-	-	45,801	10,277	(35,266)	-	(20,812)	-
Amounts transferred to cover depreciation	184,969	-	-	(184,969)	-	-	-	-	-	-
Amounts allocated to friends and others	-	-	-	-	-	-	(24,104)	-	(10,673)	(34,777)
Re-measurement of net liability of defined benefit	-	-	65,676	-	-	-	-	-	-	65,676
Adjustments of annuity funds	-	-	-	-	-	-	-	-	(343)	(343)
Transfers of unrestricted amounts:										
Amounts transferred to cover change in liabilities for employee rights	(527)	-	527	-	-	-	-	-	-	-
Amounts transferred to purchase of fixed assets	(177,976)	-	-	177,976	-	-	-	-	-	-
Transfer from fixed assets to investment property	21,631	-	-	(21,631)	-	-	-	-	-	-
Transfer of opening balance of deficit in endowment funds	-	56,999	-	-	-	-	(56,999)	-	-	-
Balance as of September 30, 2023	(237,946)	-	(4,988,045)	7,002,976	767,772	125,217	14,644	8,319	1,997,478	4,690,415

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Net Assets (Deficit in Net Assets)

	Unrestricted net assets				Restricted net assets					Total
	Accumulated deficit from activities	Accumulated deficit in endowment funds	Due to cover liabilities for employee rights	Used for fixed assets	Research and special projects	Construction and building funds	Surplus in endowment funds	Share in investees	Endowment funds (including other funds)	
NIS thousands										
Balance as of October 1, 2021	(299,806)	-	(5,653,140)	7,036,485	841,418	182,289	71,884	3,719	1,904,337	4,087,186
Effect of initial application of standard 40	-	-	-	-	(217,871)	(50,387)	-	-	-	(268,258)
Updated balance as of October 1, 2021	(299,806)	-	(5,653,140)	7,036,485	623,547	131,902	71,884	3,719	1,904,337	3,818,928
Additions during the academic year 2022										
Surplus for the year	37,966	-	-	-	-	-	-	-	-	37,966
Donations	-	-	-	-	210,323	31,553	-	-	56,583	298,459
Planning and Budgeting Committee allocations	-	-	-	-	6,578	9,497	6,451	-	-	22,526
Other income and allocations	-	-	-	-	493,025	11,030	24,516	-	-	528,571
Loss from endowment funds investments	-	-	-	-	-	-	(71,542)	-	-	(71,542)
Amounts allocated to funds	-	-	-	-	-	-	(5,264)	-	5,264	-
Exchange differences and linkage, net	-	-	-	-	25,850	-	(16,796)	-	16,066	25,120
Income from sale of restricted assets	-	-	-	-	-	-	-	-	19,768	19,768
Share in net asset changes of investees	-	-	-	-	-	-	-	6,321	-	6,321
Disposals during the academic year 2022										
Amounts released from restrictions	-	-	-	-	(561,398)	-	(28,808)	-	-	(590,206)
Amounts released for overheads	-	-	-	-	(84,620)	-	(16,896)	-	-	(101,516)
Amounts released from restriction for fixed assets	-	-	-	-	(28,118)	(67,082)	-	-	-	(95,200)
Amounts allocated to restricted net assets	-	-	-	-	34,060	5,172	(22,390)	-	(16,842)	-
Amounts transferred to cover depreciation	179,870	-	-	(179,870)	-	-	-	-	-	-
Amounts allocated to friends and others	-	-	-	-	-	-	1,846	-	-	1,846
Re-measurement of net liability of defined benefit	-	-	564,512	-	-	-	-	-	-	564,512
Adjustments of annuity funds	-	-	-	-	-	-	-	-	(223)	(223)
Transfers of unrestricted amounts:										
Amounts transferred to cover change in liabilities for employee rights	(34,380)	-	34,380	-	-	-	-	-	-	-
Amounts transferred to purchase of fixed assets	(174,985)	-	-	174,985	-	-	-	-	-	-
Transfer of deficit in endowment funds	-	(56,999)	-	-	-	-	56,999	-	-	-
Balance as of September 30, 2022	(291,335)	(56,999)	(5,054,248)	7,031,600	719,247	122,072	-	10,040	1,984,953	4,465,330

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Cash flows from operating activities		
Surplus for the year	25,292	37,966
Adjustments to reconcile cash flows from operating activities (A)	210,377	179,054
Net cash provided by operating activities	235,669	217,020
Cash flows from investing activities		
Purchase of fixed assets	(209,318)	(204,924)
Purchase of investment property	(1,486)	-
Proceeds from sale of investment property	2,804	3,716
Changes in cash and investments designated for fixed assets	(3,145)	60,217
Advances for restitution of land	30,627	165,170
Investments purchased by investees	(1,530)	-
Changes in investments in securities and deposits, net	(102,854)	(206,808)
Net cash used in investing activities	(284,902)	(182,629)
Cash flows from financing activities		
Amounts allocated to restricted net assets, net of amounts released for use in fixed assets	(66)	(15,619)
Income from the realization of assets whose contribution is restricted	-	19,768
Donations to endowment funds	6,144	34,619
Changes in liability for annuity payments	(129)	(261)
Net cash provided by financing activities	5,949	38,507
Increase (decrease) in cash and cash equivalents	(43,284)	72,898
Cash and cash equivalents at the beginning of the year	152,957	80,059
Cash and cash equivalents at the end of the year	109,673	152,957

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
A. Adjustments to reconcile cash from operating activities:		
Expenses (income) not involving cash flows:		
Depreciation and amortization	194,914	189,289
Capital loss (gain) from sale of assets	(2,075)	679
Exchange rate differences allocated to restricted net assets	40,976	25,120
Share in net expenses (revenue) of Investees	(248)	5,974
Gain from assets received for no consideration	-	(13,689)
Amounts allocated to restricted net assets - research and special projects, net of amounts released from restriction	51,358	39,111
Changes in asset and liability items:		
Decrease in balance of friends organizations	650	6,092
Change in balance of Planning and Budgeting Committee	(74,069)	(21,625)
Decrease in accounts receivable	255	12,777
Increase in receivables in respect of construction projects	(24,147)	(2,183)
Increase in inventories	(198)	(53)
Increase in employees and related liabilities	6,730	2,277
Increase (decrease) in suppliers and service providers	1,631	(1,682)
Increase (decrease) in other accounts payable	14,066	(26,410)
Increase in prepaid tuition	4,561	2,262
Decrease in other provisions	(3,500)	(4,505)
Decrease in liability of employee rights	(527)	(34,380)
	210,377	179,054

B. Supplementary information on investing and financing activities not involving cash flows:

Receivables due to sale of investment property	-	19,768
--	---	--------

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

Note 1 - General

- A. The Hebrew University of Jerusalem (hereafter - the University) is an entity recognized according to the Council for Higher Education Law, 1958. The Hebrew University began its activity on April 1, 1925 on Mount Scopus, Jerusalem. The University is an institute of higher education, with both teaching and research activities, and has six campuses within and outside of Jerusalem.
- B. The University is recognized under the Israeli Income Tax Ordinance (New Version) as a "public organization" and as a "not-for-profit organization" under the Value Added Tax Law - 1975. Contributions to the University are eligible for a tax credit to the donor under Israeli tax law.
- C. During February 2018 an agreement was signed between the University and the Planning and Budgeting Committee (hereafter – PBC) in order to ensure a balanced budget which will lead to long-term financial stability. See Note 14B.

D. Definitions

In these Financial Statements:

Associate/Investee - A corporation which the University maintains control of, as defined in Opinion 57 of the Israel Institute of Certified Public Accountants, or has a material influence on the Financial and Operational policy, and the University's investment in it is presented using the equity method.

The University does not consolidate the accounts of its investees in these financial statements due to immateriality.

Note 2 - Significant Reporting and Accounting Policies

A. Accounting for non-profit entities

The University applies Accounting Standard 40, "*Accounting Principles and Financial Reporting of Non-Profit Organizations*".

Pursuant to the provisions of that standard:

Conditional donation

A donation that includes a donor-imposed condition. The condition represents a barrier that must be overcome so that the University will be eligible for the transferred or promised assets. Failure to overcome the barrier gives the donor a right of return of the assets transferred or releases the promisor from its obligation.

In accordance with the requirements of the standard, a conditional donation including a barrier that must be overcome before the University is entitled to the transferred or pledged assets, will be shown as a liability in the financial statement. In light of the above, starting from the year 2022 the University presents advances for research grants and construction and development grants as liabilities in the financial statement due to the fact that these advances include a donor-imposed condition.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**A. Accounting for non-profit entities (cont'd)****Promise**

A documented agreement that is legally enforceable to donate cash or other assets to the University

Unrestricted net assets

That portion of net assets that their use has not been restricted by the donors.

The unrestricted net assets can be divided into the following categories:

1. Accumulated deficit from activities
2. Accumulated deficit in endowment funds
3. Due to cover liabilities for employee rights
4. Net assets invested in fixed assets.

Transfers between the aforesaid categories is presented in the statement of changes in net assets and not in the statement of activities.

Donor-imposed restrictions on the use of net assets

A restriction of a donor or external party on the use of the assets received from them as a donation, which are more specific than the nature of the University, the environment in which it operates and the objectives specified in the University's articles of incorporation.

Restricted net assets

Donations that their use has been restricted by the donors will be presented as additions to restricted net assets.

When the restrictions are removed as a result of fulfilling their designated objectives, the amounts will be transferred from the restricted net assets and be presented as income in the statement of activities as amounts released from restrictions for activities.

The restricted net assets are characterized according to the groups as detailed below:

- Research funds - funds created mainly from allocations and donations designated for research projects.
- Construction and development funds - funds created from allocations and donations designated for investments in buildings and other development programs.
- Endowment funds and funds for other purposes – permanent funds created mainly from donations, which following to the conditions of the donation only their income (fruits) may be used to carry out the activities for which the funds were established. According to the donor conditions, these net asset balances are kept at values linked to foreign currencies or to the consumer price index.

Donations of fixed assets and donations of cash for investing in fixed assets

These will be recognized as income in the statement of activities when the asset is ready for its designated use or over the restriction period stipulated by the donor. On that date the University may choose to present as a transfer from unrestricted net assets - accumulated deficit from activities, to unrestricted net assets – invested in fixed assets, amounts corresponding to the income that was recognized in the statement of activities as amounts released from restriction and amounts equal to the depreciation expenses.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**A. Accounting for non-profit entities (cont'd)****Classification of restricted donations in the statement of cash flows**

Cash flows from financing activities will include amounts received in respect of donations that are subject to a long-term restriction of the donor whereas cash flows from operating activities will include amounts received in respect of donations that their use is restricted, other than donations that are subject to a long-term restriction of the donor.

B. Cash and cash equivalents

Cash and cash equivalents include short-term bank deposits with an original maturity of three months or less from the date of investment.

This category does not include cash and cash equivalents which have been restricted by donors for certain causes or have been designated by management for specific uses.

C. Provision for doubtful debts

The allowance for doubtful debts is determined in respect of specific debts whose collection, in the opinion of the University's management, is doubtful.

Tuition receivable, friends organizations, grants and recoverable expenses, receivables in respect of construction projects, etc. are reflected in the accounts net of appropriate allowance for doubtful accounts.

D. Investments in deposits, securities and others1. Marketable securities

Marketable securities held as a current investment, are stated at their market value as of the balance sheet date. Changes in the value of these securities are fully recognized on a current basis in the statement of activities. Marketable securities held to maturity are stated at cost (debentures – including accrued interest), less a provision for impairment in value not of a temporary nature.

2. Non-marketable securities (including other investments)

Non-marketable securities are stated according to their book value as of the balance sheet date. Non-marketable securities held to maturity are stated at cost (debentures – including accrued interest), less a provision for impairment in value not of a temporary nature.

3. Investments and cash which are part of long term portfolios designated by management or by donors are not included in the current assets of the University and are presented as long-term investments.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**E. Fixed assets****Recognition and measurement**

The University applies Accounting Standard 27 Fixed Assets, which prescribes rules for the recognition and measurement of fixed asset items and for the disclosure required in respect thereto. Fixed asset items are measured at cost less accumulated depreciation and accumulated impairment losses. Gains and losses on disposal of a fixed asset item are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are recognized net within "other income" or "other expenses", as relevant, in the statement of activities.

Cash designated for fixed assets

Cash that the donor restricted for investing in fixed assets, is not included in the cash and cash equivalents item, rather in a separate item of fixed assets or intangible assets called "cash and other investments restricted for investing in fixed assets/intangible assets".

Depreciation

Depreciation is recognized in the statement of activities on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The annual rates of depreciation are as follows:

	<u>%</u>
Buildings and improvements	2
Vehicles	15-20
Furniture and office equipment	15
Computers and scientific equipment	33
Software	4-14

F. Collections, works of art and historical treasures

Collections are works of art and/or historical treasures that are held, among other things, for public exhibition, education or research, require care and preservation and are subject to an organizational policy that requires using the proceeds from the sale of these items to acquire new collection items or to care for existing collections.

Works of art and historical treasures that do not meet the aforesaid definition of a collection will be recognized as assets and revenue or as additions to restricted net assets, as applicable.

The University's policy regarding works of art and historical treasures that meet the definition of a collection is to present them in the Financial Statements at a nominal value.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**G. Investment property**

The University applies Accounting Standard 16 regarding investment property. Following the standard, investment property is measured at cost, including capitalized credit costs. The cost of investment property includes their purchase price, and any expense that can be directly attributable to the acquisition of the asset.

Investment property includes land property and buildings of different types that is held for generating long-term return from rent and land appreciation, and is not used by the University for its ongoing activities.

H. Impairment in value of assets

The University applies Accounting Standard No. 15 - Impairment of Assets. Standard No. 15 sets out procedures which entities must follow in order to ensure that their assets, as reported in their financial statements, are not stated in an amount exceeding their fair value, which is the higher of the net selling price and the present value of the estimated future cash flows expected to be derived from the use and disposal of the asset. The Standard also lays down the rules of presentation and disclosure for assets whose value has been impaired. When the value of an asset in the financial statements exceeds its recoverable amount, the University recognizes an impairment loss amounting to the difference between the book value of the asset and its recoverable amount. Such a loss will only be canceled if there have been changes in the estimates used in determining the recoverable amount of the asset.

I. Life income funds – annuities

The liability for payment of life income annuities reflects the actuarial liability, based on the expected annual payments and a discount rate in dollar terms.

The excess of donations received over the liability for payment of life income annuities is transferred to restricted net assets. Changes in the actuarial liability are charged to restricted net assets.

Upon termination of the liability, the balance of the fund is transferred to income or remains among endowment funds, in accordance with the donor's restrictions.

J. Employee benefits

The University implements Accounting Standard No. 39, Employee Benefits (hereinafter: "Standard 39"). This Standard is based on IAS 19 Employee Benefits and replaces Opinions 19 and 20 of the Institute of Certified Public Accountants. The Standard prescribes the accounting treatment for four types of employee benefits: short-term employee benefits, post-employment benefits including severance pay benefits, long-term employee benefits and benefits in respect of termination under special circumstances. The main effect of the implementation of Standard 39 is that actuarial gains and losses are recognized directly in the statement of changes in net assets, and liabilities for redemption of sick leave and excess years grant are calculated according to an actuarial model instead of shut-down model.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**J. Employee benefits (cont'd)****1. Post-employment benefits**

The University has a number of post-employment benefit plans. The plans are financed partly by deposits with insurance companies or with funds managed by a trustee, and are classified as defined contribution plans and as defined benefit plans.

a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the University pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which related services are rendered by employees.

b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is shown at its present value, and the fair value of any assets of the plan is deducted.

The discount rate is the yield at the reporting date for high quality shekel-denominated corporate debentures that have maturity dates approximating the terms of the University's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability comprise actuarial gains and losses, and the return on plan assets. Re-measurements are recognized immediately in unrestricted net assets due to liabilities for employee rights.

When the benefits of a plan are improved or curtailed, the portion of the increased benefit relating to past service by employees or the gain or loss on curtailment are recognized immediately in the statement of operations when the plan improvement or curtailment occurs.

The University recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. Such gains or losses comprise the difference between the portion of the present value of the defined benefit obligation that is settled on the date of settlement, and the settlement price, including transferred plan assets.

Severance pay benefits are post-employment benefits that incurs during the service period of the employee in accordance with the severance law. This benefit is calculated based on the employees' salary or an agreed upon amount. The University chose to account for severance pay benefits according to the shutdown model in accordance with Standard 39 Employee Benefits.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**J. Employee benefits (cont'd)****2. Other long-term employee benefits**

The University's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality shekel-denominated corporate debentures that have maturity dates approximating the terms of the University's obligations. The calculation is performed using the projected unit credit method.

3. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated (such as maternity leave).

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the University expects the benefits to be wholly settled.

4. Sabbatical rights

The liability to pay sabbatical compensation to academic employees of the University is a contingent liability and not a vested liability since it is cancelled upon death or retirement of the employee. Since the main purpose of the sabbatical leave is to enhance the University's reputation or is otherwise beneficial to the employer, the expenses relating to the sabbatical leave are not accrued for and are expensed when paid.

K. Use of estimates and judgments

The preparation of financial statements in conformity with Israeli GAAP requires management of the University to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of accounting estimates used in the preparation of the University's financial statements require management of the University to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the University prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**L. Revenue recognition****1. Recognition of donations and promises**

Donations that were received are recognized as income or as additions to restricted net assets in the period they were received.

A conditional donation is not recognized until it becomes non-conditional. A transfer of assets that is a conditional donation is accounted for as a refundable advance payment (within the University's liabilities). When the conditions are met and the restriction removed, the amount of the donation will be recognized in the statement of financial position according to its designation as either income or within restricted net assets.

A non-conditional promise will be recognized as income or as an addition to restricted net assets in the period in which the promise was received providing that there is sufficient evidence that a promise has been made and the promise is legally enforceable.

2. Tuition income and revenue from dormitory rent

The revenues are recognized proportionately over the academic year.

3. Financing income

Financing income (or expenses) are presented in the statement of activities net of amounts carried to restricted net assets in order to maintain the value of the restricted net assets according to the instructions of the donor or the University's decision.

4. Services received for no consideration

Goods and services that were received for no consideration are financially reflected when the following conditions are met:

1. The services have an overall material financial value compared to the University's volume of activity.
2. The fair value of those services can be reliably estimated.
3. The services are of the kind that require professional skills and expertise or are essential for the University's activity.

The University's policy is not to recognize services received for no consideration in the statement of activities.

Note 2 - Significant Reporting and Accounting Policies (cont'd)**L. Revenue recognition (cont'd)****5. Assets received for no consideration**

Fixed assets, investment property, intangible assets, inventory and assets designated for current use that were received for no consideration are financially reflected when the following conditions are met:

1. The assets have an overall material financial value compared to the University's volume of activity.
2. The fair value of those assets can be reliably estimated.

From that date their fair value will be deemed the cost of the asset.

6. Rent income - on a cumulative basis**M. Expenditures**

Expenditures are recognized on an accrual basis. Regarding sabbatical rights, see Note J4 above.

N. Exchange rates and linkage basis

Balances in foreign currency, or linked thereto, are stated on the basis of the representative exchange rates published by Bank of Israel and in effect at balance sheet date.

Balances linked to the consumer price index are shown in accordance with the linkage conditions.

Presented hereunder is information regarding the Consumer Price Index (CPI) and exchange rates of principal currencies:

	<u>US dollar</u> <u>(NIS)</u>	<u>CPI known for</u> <u>September*</u> <u>(in points)</u>
September 30,		
2023	3.824	138.37
2022	3.543	133.15
* Based on 2002 average		
	<u>%</u>	<u>%</u>
Change in year ended September 30,		
2023	7.9	3.9
2022	9.7	4.6

O. Reclassification

The University has reclassified certain amounts relating to its prior period results to conform to its current period presentation.

Notes to the Financial Statements

Note 3 - Restricted Net Assets - Endowment Funds (Including other funds)

- A.** The endowment funds of the University, while not having the status of a separate legal entity, are unavailable for purposes other than those agreed upon with the donors.

These Funds are under the supervision of the Funds Committee (hereinafter - "the Committee").

The Composition of the assets and liabilities of the Endowment Funds as included in the balance sheet of the University:

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Current assets		
Investments in securities and deposits	47,729	93,912
Accounts receivable	5,682	22,639
Long-term investments		
Investments in securities and deposits	1,899,299	1,737,945
Investment property, net	164,013	173,197
Current liabilities		
Accounts payable	252	360
Long-term liabilities		
Deposits with friends organizations and others	149,508	129,789
Liability for payment of annuities	3,135	2,921

- B.** In accordance with a resolution of the Committee from 2011, the University may withdraw from the endowment funds up to a ceiling of NIS 425 million. This ceiling, which includes the current debt and the accumulated deficit of the endowment funds (hereinafter – "the weighted debt"), is gradually decreasing in accordance with an agreed upon plan between the Committee and the University. Should the University withdraw funds in excess of the said ceiling, the allocation to the University will be reduced by the excess amount. As of September 30, 2023, the weighted debt ceiling is NIS 198 million and the weighted debt balance is NIS 98 million (as of September 30, 2022, the weighted debt ceiling is NIS 206 million and the weighted debt balance is NIS 135 million).
- C.** Endowment funds include funds which a specific external restriction applying to them is not clear and therefore may not be restricted. Management of the University accompanied by its legal council is in midst of performing an in-depth review of these Funds and as a result the identified unrestricted funds will be released.

Note 4 - Investment in Investees and Others**List of affiliated corporations of the University:**

The Corporation	Relationship
▪ Yisum Research Development Company of the Hebrew University of Jerusalem Ltd. (1)	Wholly owned
▪ Company for the Management of the Hebrew University's Assets Ltd.(1)	Wholly owned
▪ The Hebrew University Magnes Press, Jerusalem (1978) Ltd. (1)	Wholly owned
▪ The University Veterinary Hospital Founded by the Hebrew University of Jerusalem (R.A) (1)	Wholly owned
▪ The Cosell Center for Physical Education, Leisure and Health Promotion (R.A) (1)	Wholly owned - majority for articles amendments
▪ The Magid Institute for Continuing Education Established by the Hebrew University of Jerusalem Ltd. (1)	Wholly owned
▪ Singapore-Huji Alliance For Research And Enterprise Ltd(2)	Shared ownership - 50%
▪ Academon Ltd. (2)	Shared ownership - 50%
▪ Bloomfield Science Museum, Jerusalem (R.A) (3)	Representatives in Amuta
▪ The Florence Melton Adult Mini-School corporation (3)	Shared ownership -The University Constitutes 1/5 Members of the corporation
▪ The National Library of Israel Ltd. (PBC) (3)	Shared ownership - 33%*
▪ The Center for Agricultural Economics Research (PBC) (3)	Shared ownership - 25%
▪ The Lady Davis Fellowship Trust (R.A) (3)	The University Constitutes 3/7 Members of the association
▪ The Snunit Center for the Advancement of Web Based Learning (R.A) (3)	Representatives in Amuta
▪ The Jerusalem Botanical Garden, Jerusalem (R.A) (3)	Representatives in Amuta
▪ National Institute for Testing and Evaluation (R.A) (3)	Representatives in Amuta
▪ The Inter-University Computation Center (R.A) (3)	Representatives in Amuta
▪ Psifas - National Enterprise of Personalized Medicine Ltd. (PBC) (3)	Representatives in PBC
▪ The Israel Museum (PBC) (3)	The University holds 1/7 of founders' stocks
▪ M.N.B.A.- The Inter-Universiy Cleaning Center Ltd. (PBC) (3)	Partial ownership

Notes to the Financial Statements**Note 4 - Investment in Investees and Others (cont'd)**

- (1) The University maintains control of these corporations and the investments in these corporations are presented using the equity method. The University does not consolidate the accounts of its investees in its financial statements due to immateriality.
- (2) The University's holdings in this corporation does not give it control. The investment in this corporation is presented using the equity method.
- (3) The University is affiliated, directly and indirectly, with non-profit organizations and public benefit companies of which the University does not have a share in their earnings.

* In accordance with the National Library Law, 2007, the National Library Ltd (PBC) (hereinafter - the library) was fully owned by the University for an interim period of up to 3 years commencing August 1, 2008. At the end of the interim period, the composition of shareholders of the library was supposed to change such that its shares would be held by the State of Israel (50%), the University (25%) and other public institutions (25%). In 2011, shares were allocated to the State of Israel and the University. As of the date of approval of these financial statements, no shares have been allocated to other public institutions, and therefore, the University holds 33% of the library's share capital as of September 30, 2023.

Note 5 - Investments in Securities and Deposits

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Marketable securities	1,310,393	1,149,145
Bank deposits	237,525	323,881
State of Israel bonds	52,970	53,043
Bonds held to maturity	360,019	309,029
Investments of friend organizations and others	148,110	128,442
Investments in venture capital funds	481,102	327,708
Other investments	1,517	6,463
	<u>2,591,636</u>	<u>2,297,711</u>
These investments are presented in the financial statement as:		
Current assets	167,026	250,055
Non-current assets	<u>2,424,610</u>	<u>2,047,656</u>
	<u>2,591,636</u>	<u>2,297,711</u>

Notes to the Financial Statements

Note 6 - Receivables in Respect of Research and Special Projects

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Research programs	143,317	157,210
Special projects	9,206	9,341
	152,523	166,551

Note 7 - Accounts Receivable

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Companies and institutions (including related parties)	106,129	89,644
Prepaid expenses	24,744	26,599
Income receivable	12,496	11,172
Credit cards	19,720	19,331
Receivables due to sale of investment property	1,438	18,574
Others	6,226	5,688
	170,753	171,008

Note 8 - The Planning and Budgeting Committee (PBC)

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Balance at the beginning of the year per PBC's approval	(131,839)	(152,672)
Current allocations (including amounts recognized directly in restricted net assets)	1,603,851	1,515,960
Allocations to cover budgetary pension payments	354,602	351,873
Less - amounts received during the year	(1,879,000)	(1,847,000)
Balance at the end of the year per PBC confirmation	(52,386)	(131,839)
Financial stability allocation according to the agreement	71,118	76,502
	18,732	(55,337)

Notes to the Financial Statements

Note 9 - Investment Property, Net

	<u>Land</u>	<u>Real estate, real estate rights and orchards</u>	<u>Real estate in construction*</u>	<u>Total</u>
	<u>NIS thousands</u>			
Cost				
Balance as of October 1, 2022	148,669	191,027	41,777	381,473
Additions for the year	350	474	73,462	74,286
Transfer from fixed assets	3,140	21,012	-	24,152
Deductions for the year	-	(60)	-	(60)
Balance as of September 30, 2023	152,159	212,453	115,239	479,851
Accumulated Depreciation				
Balance as of October 1, 2022	-	90,130	-	90,130
Depreciation for the year	-	9,945	-	9,945
Transfer from fixed assets	-	2,521	-	2,521
Deductions for the year	-	(28)	-	(28)
Balance as of September 30, 2023	-	102,568	-	102,568
Net book value as of September 30, 2023	<u>152,159</u>	<u>109,885</u>	<u>115,239</u>	<u>377,283</u>
Net book value as of September 30, 2022	<u>148,669</u>	<u>100,897</u>	<u>41,777</u>	<u>291,343</u>

* See Note 14C regarding the University's investment in the Hebrew Park.

Notes to the Financial Statements

Note 10 - Fixed Assets, Net

	Land	Buildings and improvements	Vehicles	Furniture and Equipment	Computers and software	Art and collections*	Total
	NIS thousands						
Cost							
Balance as of October 1, 2022	1,261,421	6,388,282	1,227	263,641	100,881	1	8,015,453
Additions for the year	151	151,296	369	44,850	12,652	-	209,318
Transfer to investment property	(3,140)	(21,012)	-	-	-	-	(24,152)
Balance as of September 30, 2023	1,258,432	6,518,566	1,596	308,491	113,533	1	8,200,619
Accumulated depreciation							
Balance as of October 1, 2022	-	715,464	778	196,557	41,794	-	954,593
Depreciation for the year	-	126,253	176	43,192	15,348	-	184,969
Transfer to investment property	-	(2,521)	-	-	-	-	(2,521)
Balance as of September 30, 2023	-	839,196	954	239,749	57,142	-	1,137,041
Net book value as of September 30, 2023	1,258,432	5,679,370	642	68,742	56,391	1	7,063,578
Net book value as of September 30, 2022	1,261,421	5,672,818	449	67,084	59,087	1	7,060,860

* The University lends a part of its collections, which have a national and financial value, to national institutions such as the Israel Museum, the National Library and the Botanical Garden for the purpose of their conservation, preservation and presentation to the public.

Notes to the Financial Statements

Note 11 - Accounts Payable

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Scholarships	24,987	22,665
Companies and institutions (including related parties)	23,382	24,753
Deferred income	5,650	7,681
Accrued expenses	20,309	7,735
Others	19,555	16,983
	<u>93,883</u>	<u>79,817</u>

Note 12 - Net Assets

Restricted net assets balances for research and special projects

	September 30	
	2023	2022
	NIS thousands	NIS thousands
Research programs	492,161	492,919
Special projects	275,611	226,328
	<u>767,772</u>	<u>719,247</u>

Note 13 - Liabilities for Employee Rights

A. Composition of employee benefits

	September 30,	
	2023	2022
	NIS thousands	NIS thousands
Presented under current liabilities		
Employees and related liabilities	186,951	180,221
Current maturities of budgetary pension, net	294,561	270,434
Total	<u>481,512</u>	<u>450,655</u>
Presented under non-current liabilities		
Liabilities for other employee benefits (C below)	781,110	752,617
Liabilities for budgetary pension, net (B below) *	3,912,374	4,031,197
	<u>4,693,484</u>	<u>4,783,814</u>

* Includes liability for excess years grant.

Notes to the Financial Statements

Note 13 - Liabilities for Employee Rights (cont'd)

B. Liability for budgetary pension, net

1. Movement in budgetary pension, net

	Budgetary pension obligation for the year ended September 30		Fair value of plan assets (B) for the year ended September 30		Reimbursement assets – PBC Commitment (A) for the year ended September 30		Defined benefit pension obligation, net for the year ended September 30	
	2023	2022	2023	2022	2023	2022	2023	2022
	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Balance at beginning of year	9,245,466	10,980,676	58,061	64,069	4,885,774	6,010,779	4,301,631	4,905,828
Current service costs	28,660	40,482	(1,191)	(6,008)	-	-	29,851	46,490
Interest cost	460,600	331,910	-	-	241,260	176,366	219,340	155,544
Actuarial gains from changes of re-measurements	(434,040)	(1,467,030)	-	-	(400,053)	(949,498)	(33,987)	(517,532)
Benefits paid	(664,502)	(640,572)	-	-	(354,602)	(351,873)	(309,900)	(288,699)
Balance at end of year	8,636,184	9,245,466	56,870	58,061	4,372,379	4,885,774	4,206,935	4,301,631
Less current maturities							(294,561)	(270,434)
Presented as long-term liabilities							3,912,374	4,031,197

Note 13 - Liabilities for Employee Rights (cont'd)**B. Pension and severance pay, net (cont'd)****1. Movement in budgetary pension, net (cont'd)****a. Discounted amounts receivable- PBC participation in budgetary pension (hereinafter: "PBC participation")**

During 2000/2001, the University reached agreements with the PBC and University employees regarding funding of the budgetary pension. Under these agreements, all employees hired from July 1, 2000 will join an external pension fund (instead of budgetary pensions). In addition, according to the agreement with the PBC, the PBC will partially fund the costs of budgetary pensions until the liability in respect thereof is fully settled. The expected amounts receivable as part of PBC participation in funding budgetary pension are discounted based on long-term interest rate vector that is identical to the one used for calculating the actuarial obligation for calculating the budgetary pension, and considering the long-term expected amounts receivable from PBC through the end of obligation by the University to pay budgetary pension to its employees and retirees.

The balance sheet presents the budgetary pension obligation of the University net of the expected amount receivable from PBC for participation in funding budgetary pension.

b. Assets designated for covering actuary pension obligation

As from 2004, under the provisions of the Israel Economic Recovery Plan Law, employees eligible for a budgetary pension are required to make a contribution thereto. In 2004, the contribution was equivalent to 1% of the salary and from 2005 to 2%. The Arrangements Law for 2007 determined that, as from January 2007, these amounts will be accumulated in a separate account in the name of the employee and used for the purpose of paying pension to that employee. The University deposits the amounts deducted from employees' salaries in an external fund in the name of the employees.

Note 13 - Liabilities for Employee Rights (cont'd)**B. Pension and severance pay, net (cont'd)****2. Actuarial assumptions**

Below are the main actuarial assumptions concerning the employment benefit plan as of the financial statement date:

- a. The mortality rates for pensioners and family of deceased are based on a study conducted by the University's actuary. The mortality rates for active employees and future improvements to life expectancy are mainly based on the rates published by the treasury department on 2022-9-18.
- b. The rate of termination was determined based on historical trends of the University at a rate of 0%.
- c. The rate of salary increases is based on a study conducted by the University's actuary, and in accordance with various existing agreements of the University, including a distinction for various types of employees and in accordance with seniority levels.
- d. The discount rate is based on the yield at the reporting date on high quality shekel-denominated corporate debentures that have a similar life span for the life of the gross liability.

	<u>2023</u>	<u>2022</u>
Discount rate (real) as of September 30	<u>3.18%</u>	<u>2.43%</u>

3. Based on the actuarial report, the projected annual nominal pension payments (including future obligation) before PBC participation, in current values are as follows:

	<u>NIS million</u>
2024	676
2025 - 2030	3,785
2031 - 2040	4,575
2041 - 2050	2,190
2051 - 2091	790

Notes to the Financial Statements

Note 13 - Liabilities for Employee Rights (cont'd)

C. Reserves in respect of other employee rights

	Balance of reserves as of October 1, 2022	Payments during the year	Updating the reserves	Balance of reserves as of September 30, 2023
	NIS thousands			
Liability for severance pay (1)	137,052	(13,424)	24,625	148,253
Redemption of vacation days (2)	30,615	(2,358)	105	28,362
Redemption of sick leave days (3)	229,280	(12,925)	(10,425)	205,930
Rights in scientific liaison fund (4)	276,011	(25,896)	63,601	313,716
Absorption basket (5)	79,659	(16,526)	21,716	84,849
	<u>752,617</u>	<u>(71,129)</u>	<u>99,622</u>	<u>781,110</u>

Adjustments to change in liabilities for employee benefits
in the Statement of Activities:

Decrease in liability of redemption of sick leave days in

respect of re-measurement recognized in net assets

31,689

Exchange rate differences for rights in scientific liaison fund
recognized in finance expenses

(22,455)

Interest costs in respect of sick leave recognized in finance
expenses

(11,500)

97,356

- (1) The severance pay is determined based on the shutdown model.

Effective January 1, 1983, the University deposits partial pension and severance pay coverage with recognized pension and severance pay funds or insurance policies in respect of academic and administrative staffs not having permanent status. In addition, for the benefit of employees in certain levels, the University deposits amounts equivalent to 1.25% of the pensionable salary of employees who commenced their employment prior to 2004.

Under the terms of its agreements, the University will contribute to pension and severance pay funds or insurance policies, on a current basis, 6% or 8.33% of the employees' salaries on account of its severance pay liability. Contributions at a rate lower than 8.33% only partially cover the University's severance pay liability. The financial statements include a suitable provision in respect of the completion of the unfunded obligation.

- (2) The liability for redemption of vacation days is recorded based on the shutdown model up to a maximum accumulation of 60 days.

Note 13 - Liabilities for Employee Rights (cont'd)**C. Reserves in respect of other employee rights (cont'd)**

- (3) Pursuant to existing employment agreements, employees who retire after the age of 55 and in other certain cases under the age of 55 or family of deceased employees are entitled to partial compensation for unused sick days. The liability is computed in accordance with a key of 6 or 8 days per each 30 accumulated days and subject to utilization of sick leave in the course of the period of employment. This liability is recognized as a post-employment benefit.
- (4) Fund for International Scientific Liaison designed to advance scientific relationships of active academic staff members and to expand their scientific knowledge. These rights are conferred rights, linked to the U.S. dollar, which may be transferred to the employees' inheritors after their passing.
- (5) The absorption basket is intended to fund various expenses associated with the admission of new faculty members in the University.

D. Unrestricted net assets obligation for employee rights

	<u>NIS thousands</u>
Balance as of September 30, 2022	5,054,248
Add:	
Updating budgetary pension obligation, net	249,191
Updating reserves for severance pay and other employee rights	<u>99,622</u>
	<u>348,813</u>
Less:	
Actuarial gains due to budgetary pension obligation	33,987
Payments for budgetary pension, net	309,900
Payments for employee rights	<u>71,129</u>
	<u>415,016</u>
Balance as of September 30, 2023	<u>4,988,045</u>

Note 13 - Liabilities for Employee Rights (cont'd)**E. Compensation Agreement****Academic staff -**

In December 2016, a collective salary agreement was signed between Heads of Universities and senior academic staff organizations in which it was agreed to perform changes in budgetary pension terms for retired senior academic staff. The changes mainly include a transition to CPI-linked pension instead of linkage to salary increases of an employee's rank prior to retirement. Close to the signing of the above agreement, a special collective agreement was signed between the University and the Senior Academic Staff Association of the University according to which it was agreed to change the pension terms for senior academic staff that will retire after December 31, 2016. The most significant change is linking the provision of the cost-of-living adjustment B at the accrual rate for budgetary pension, and the reduction of the excess years grant. The excess year grant that will be paid to the academic staff will be 65% of their monthly salary for every year between 30 and 35 years of seniority and 100% of the monthly salary for seniority above 35 years.

In addition, the pension was reduced for pensioners who retired until December 31, 2016, by 2.75% in return for a full cost-of-living B adjustment.

Administrative Staff -

Following the directive of the Treasury Ministry Wages Director in May 2016 to link the cost-of-living adjustment B to employees to the accrual rate for budgetary pension, the Treasury Ministry Wages Director and the administrative staff organization reached an understanding whereby employees who retired from January 1, 2017 are not entitled to an increment beyond the accrual rate.

In August 2019, a collective agreement was signed with the Administrative Staff, by which it was agreed on certain changes in the pension conditions from January 2019. According to the agreement, accrual for pension rights has been reduced so that full accrual will be only upon fulfilling 35 years of employment and additionally, reduction in the rights for excess years grant. For active employees who have accrued up to 30 years of seniority as of December 31, 2018, the payment excess years will apply according to the provisions of the Pensions Law only, meaning a grant of 100% for each year of excess service over 35 years.

Regarding pensioners, there will be a reduction of 2.75%-6% gradually over the years 2019-2024 in the monthly grant to pensioners who retired up to December 31, 2016 and receive full cost of living adjustment.

In July 2023, a new collective agreement (framework) was signed which regulates salary increases for certain positions in the administrative staff for the period up to December 31, 2027. The salary increases will be allocated gradually from 2023 to 2027.

Note 14 - Contingent Liabilities and Commitments**A. Contingent liabilities**

- 1) Disputes had arisen between the University and the Israel Lands Authority (hereinafter - "ILA") regarding the leasehold payments of the Mount Scopus campus, as well as usage fees for the botanical garden in the Givat Ram campus. As part of the restitution land agreement detailed in section 14D below, it was agreed that the University will be charged NIS 6 million for complete and final settlement of all debts regarding the Mount Scopus campus. Regarding debts for the botanical garden, it was agreed that the University will be charged NIS 10 million until a decision will be reached relating to the objection on the assessments. Regarding the tax betterment proceedings, see D below.
- 2) The trustee overseeing the liquidation of the assets of Bernard L. Madoff (hereinafter - "the plaintiff") lodged a lawsuit against several institutions, including the University and a subsidiary thereof; the plaintiff claims that the University and the subsidiary received funds amounting \$ 36 million that were received through the Yeshaya Horowitz Association (hereinafter- the "Association"). According to the plaintiff the Association, the Hebrew University, and its subsidiary were aware, or should have been aware of the fact that the funds were not donated legally and should therefore refund them. A similar lawsuit filed in the US against universities in Israel, including the University, was dismissed outright. Based on the opinion of its legal counsels, the chance of the claim being accepted is low and therefore no provision was included in the financial statements in connection with this claim.
- 3) In the year 2018, a demand for construction and development charges totaling NIS 128 million was received from the Jerusalem Municipality regarding the Safra and Ein Kerem campuses. In April 2022, the University received an additional demand for NIS 161 million regarding the land on Mount Scopus. After a comprehensive review of the case, administrative petitions were submitted. In the petitions, the University presented strong and weighty arguments against the charges. As the petitions are in preliminary stages, it is still difficult to assess the risks and prospects of the case. However, the University's management, based on the opinion of its legal counsel, assesses the amounts of the demands as baseless and a significant reduction is expected.
- 4) In the years 2021 and 2022 demands were received from the Rehovot municipality in the total amount of approximately NIS 30 million for retroactive payment of municipal taxes (property tax). In January 2023, an administrative petition was filed regarding these charges. During the year, the litigation was transferred to mediation. As of the date of approval of the financial statements, the mediation process has not yet been completed and therefore it is not possible to assess the results.

Note 14 - Contingent Liabilities and Commitments (cont'd)**A. Contingent liabilities (cont'd)**

- 5) In October 2021, a demand was received from the local planning and construction committee in Jerusalem for the payment of an improvement levy for real estate in the HUJI-Tech project (see below in section C) for a total of approximately NIS 50 million. The University filed an appeal which claimed, among others, that in accordance with the Planning and Construction Law, 1965, the University is exempt from paying the improvement levy for the aforementioned plan. The University also claimed that it was not the correct taxpayer since as of the approval date of the project, the University was not the lessee of the land at all. In July 2023, a decision in the appeal determined that the University is not obligated to pay the improvement levy. In December 2023, after the balance sheet date, the local committee filed an administrative appeal, a request for a stay of proceedings regarding return of the bank guarantee, and in addition a civil lawsuit on the matter. At the same time, in November 2023, the University and the Gav Yam Ltd. filed an administrative petition against the local committee demanding a legal remedy stating there is no obligation to provide the local committee with a new bank guarantee for guaranteeing the payment of the improvement levy. In February 2024, the district court rejected the local committee's request for a stay, and it was determined that the committee is not allowed to continue holding the bank guarantee. The district court also recommended the committee to reconsider the decision of the appeal committee and not proceed with the administrative appeal.

The University's management, based on the opinion of its legal counsel, assesses that at this preliminary stage it is still difficult to assess the risks and prospects of all the cases. After the balance sheet date, an additional demand was received for payment of an improvement levy for real estate in the HUJI-Tech project, for a total of approximately NIS 26 million. The University is examining the case and at this preliminary stage it is not possible to assess the results.

- 6) The University management, based on the opinion of its legal counsel, included a provision in these financial statements which sufficiently covers the aforementioned claims and various other claims arising in the ordinary course of its operations.

B. Agreement with the Planning and Budgeting Committee ("PBC")

On February 28, 2018, an agreement was signed between the University and PBC (hereinafter – "the agreement") to ensure a balanced budget that will reinforce academic and administrative excellence of the University, and allow long-term financial stability. The expected Government support to the current budget of the University resulting from this agreement will be an average of NIS 100 million per year over 10 years, which represent additional NIS 70 million relative to the baseline year, and in total approximately NIS 700 million in additional support. This will be accompanied by efficiency, savings and growth measures by the University. The purpose of the plan is that the University will be able to have a balanced current budget without any special support by the end of the period.

The following are key principles of the recovery plan as contemplated by the agreement (hereinafter – "the plan"):

1. Eliminating the current structural deficit -
The University committed to take steps that include savings in salary increases and procurement and increasing sources of income that in every budgeted year of the plan, the actual performance of the current budget approved by the house committee will be balanced and without deficit.

Note 14 - Contingent Liabilities and Commitments (cont'd)**B. Agreement with the Planning and Budgeting Committee ("PBC") (cont'd)**

2. Eliminating the "accumulated deficit" -
The "accumulated deficit", as defined by the agreement, comprises obligations to external entities, including payroll, obligations to internal sources, and additional obligations that are not reflected in the financial statements of the University.
The University committed to provide within a decade financial and real estate collateral against the accumulated deficit, amounting to NIS 1.8 billion as of September 30, 2016, including through disposal of assets that are not used for academic activities. As of the approval date of these financial statements, the University has deposited in designated bank accounts approximately NIS 654 million. The balance of the "accumulated deficit" net is approximately NIS 0.86 billion.
3. Meeting national objectives for the Israeli higher education system-
As part of national objectives that have been set for the Israeli higher education system, the University committed to make intensive effort to meet national objectives, such as increasing the number of students majoring in knowledge related professions and increasing the number of students from minority and ultra-orthodox populations.
4. Corporate restructuring-
The University has taken steps for corporate restructuring of the University, in order to strengthen the effectiveness of oversight by the Executive Committee over management of the University.
5. Oversight and enforcement-
A committee has been set up by PBC with the purpose of overseeing the compliance of this plan through meetings with the University's management. In addition, the University appointed an internal committee on behalf of the executive committee to accompany the implementation of the plan. The support of the government, as mentioned above, is conditional of the University fulfilling the milestones listed in the plan.
In July 2023, the University's management reported to the PBC committee regarding compliance with the milestones listed for the year ended September 30, 2022.

C. Agreement for establishing and operating the Hebrew Park (the "project")

During 2018, the University, together with the Jerusalem Development Authority (hereinafter the JDA), acquired additional shares in HUJI tech, which was intended to establish a high-tech technological park in the E. Safra Campus. After buying the shares, The University and JDA (the "Parties") decided to operate the project within the University.

The parties agreed that they would be entitled to proceeds from the project according to their holding rate in HUJI- Tech (the Hebrew Park). The University's share of land rights is included in the cost of Investment Property in these financial statements. In addition, associated costs due to the transaction (See note 14A 5 above) were capitalized to investment property.

The University published a tender for the establishment and operation of the project and in December 2019, the University signed a contract for the construction and operation of the project with Gav Yam Ltd. (the "Company") In accordance with the agreement, the Company will set up the entire project and in exchange for this the University will sub-lease to the Company their share of the project according to the combination transaction rate (The combination rate: 66% for the Company, 34% for the University), for the duration of the sub-lease (49 years with an option to extend for another 49 years).

Note 14 - Contingent Liabilities and Commitments (cont'd)**C. Agreement for establishing and operating the Hebrew Park (the "project") (cont'd)**

In addition, the Company will operate the entire project, including the University's portion, and pay the University amounts from the project receipts according to its part of the combination. The University will transfer to JDA the amounts from the proceeds of the project in accordance with its investment ratio in the purchase of the Company's shares.

In September 2021, the parties reached an agreement with the tax authorities regarding the value of the first stage of the deal for the amount of NIS 208 million.

As of the date of the financial statements, the frame of the first building was completed up to the 14th floor, and the frame of the second building completed up to the 13th floor (hereinafter: Stage A1). Plumbing, electric, air conditioning, and aluminum work were partially installed. In the third building (hereafter: Stage A2), the excavation and landfill work were completed, and the foundation work has begun. As of the date of the report, approximately 55% of the Stage A1 plan and 10% of Stage A2 have been completed.

The expected date for the completion of Stage A1, which includes approximately 85,000 Sq m, is December 2024, and the expected date for the completion of phase A2, which includes approximately 45,000 Sq m, is March 2026.

D. Agreement for the restitution of land and the establishment of dormitories with the Israel Land Authority

In November 2021, an agreement was signed between the University and the Israel Land Authority (hereinafter - ILA) according to which the University will return to ILA a number of land complexes on Mount Scopus and Givat Ram for which the University has lease rights. In return, ILA will promote the planning and development of these complexes, market them for residential, rental housing, sheltered housing, commerce and employment projects, and transfer some of the marketing receipts to the University. Since the marketing receipts will be received only upon marketing the complexes and for the purpose of the University's compliance with the agreement with PBC (see Note 14B), it was agreed that ILA will pay the University an advance of NIS 400 million in annual payments until 2027, in advance of the University's share in marketing receipts.

In addition, it was agreed that the dormitory complexes included in the agreement will be vacated only after the construction of the alternative dormitories that the University will construct in Givat Ram is completed or after the calendar dates set in the agreement, whichever is earlier.

ILA will participate in the cost of constructing the dormitories in the amount of NIS 50 million (hereinafter - "the amount for the construction of the dormitories") which will be added to the grant in the amount of NIS 100 million that the Ministry of Finance will provide for their construction. Out of this amount, the University's past debt (including NIS 16 million in respect of the Mount Scopus and Usage fees for the botanical garden in Givat Ram as stated above in section A), will be offset upon agreement between the parties on the final debt amount.

During the year 2023, an advance net payment of approximately NIS 196 million was received.

In February 2023, preliminary assessments of betterment tax were received for the total amount of approximately NIS 50 million, plus interest and linkage.

In April 2023, the University submitted an objection on the matter. In January 2024, the objection was rejected. The University administration decided to submit an appeal in Court. In the University's opinion, based on the opinion of its legal counsel, the appeal is expected to be accepted and therefore no provision was included in the financial statements in connection with this claim.

Notes to the Financial Statements**Note 15 - Allocations from the Planning and Budgeting Committee (PBC)**

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Direct participation	1,289,608	1,238,535
Matching allocations	41,932	41,932
Scholarships and others	34,550	28,947
Special participation	75,403	54,465
Research grants	24,787	10,681
Various allocations	14,807	16,169
Participation in budgetary pension	354,602	351,873
Recovery and efficiency (see note 14B)	122,764	125,231
	<u>1,958,453</u>	<u>1,867,833</u>
Add (less):		
Financial stability according to the agreement	(5,384)	8,484
Participation in budgetary pension	(354,602)	(351,873)
Participation recorded in the previous year	-	(7,692)
Transfer of parallel allocations to third parties	(12,380)	(12,115)
Transfer to research and special projects	(17,400)	(6,578)
Transfer to development project	(16,990)	(9,497)
Prepaid income	-	2,531
	<u>(406,756)</u>	<u>(376,740)</u>
	<u>1,551,697</u>	<u>1,491,093</u>

Notes to the Financial Statements

Note 16 - Income from Students

A. Composition

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Regular tuition (B)	232,912	230,991
Tuition from overseas students	16,969	12,990
Registration fee	4,489	5,225
Dormitories	61,501	61,650
Pre-academic program	2,821	3,345
Other	12,913	12,810
	<u>331,605</u>	<u>327,011</u>

B. Income from regular tuition

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Bachelor's degree	139,660	137,001
Master's degree	60,610	62,498
Other	32,642	31,492
	<u>232,912</u>	<u>230,991</u>

Note 17 - Other Income

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Revenue from services	24,713	25,017
Conferences, courses and special programs	64,681	60,764
Rental fees	13,071	12,243
Other	52,383	20,971
	<u>154,848</u>	<u>118,995</u>

Notes to the Financial Statements

Note 18 - Teaching, Research and Auxiliary Services

	For the Year ended September 30,			
	2023		2022	
	Salaries and employee benefits	Current expenses	Equipment, furniture and books	Total
	NIS thousands		NIS thousands	
Ordinary budget	1,059,828	327,527	60,887	1,448,242
Research budgets	116,732	241,312	23,668	381,712
Other budgets	26,276	47,100	3,598	76,974
	<u>1,202,836</u>	<u>615,939</u>	<u>88,153</u>	<u>1,906,928</u>
				1,821,456

Note 19 - Services to Students

	For the Year ended September 30,			
	2023		2023	
	Salaries and employee benefits	Current expenses	Total	Total
	NIS thousands		NIS thousands	
Tuition exemptions	-	25,640	25,640	23,763
Scholarships, grants and awards	-	175,373	175,373	157,446
Dean of Students and Other	37,205	40,012	77,217	74,437
	<u>37,205</u>	<u>241,025</u>	<u>278,230</u>	<u>255,646</u>

Note 20 - Other Direct Expenses

	For the Year ended September 30,			
	2023		2023	
	Salaries and employee benefits	Current expenses	Total	Total
	NIS thousands		NIS thousands	
Ordinary budget	37,227	2,738	39,965	40,468
Other budgets	-	7,336	7,336	6,665
	<u>37,227</u>	<u>10,074</u>	<u>47,301</u>	<u>47,133</u>

Notes to the Financial Statements

Note 21 - General and Administrative Expenses

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Salaries and related expenses	75,124	69,472
Rent and maintenance	6,906	5,283
Car rentals and maintenance	1,219	1,007
Postage, telephone and communication	1,837	1,166
Office maintenance and printing	3,839	3,853
Travel expenses and refreshment	2,018	2,296
Professional services	7,293	8,171
Taxes and levies	998	438
Other	7,832	10,268
	107,066	101,954

Note 22 - Finance Expenses, Net

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Loss from foreign exchange hedge transactions, net	7,595	4,846
Interest income from deposits	(10,742)	(1,260)
Linkage and exchange rate differences due to balances linked to the CPI or foreign currency	55,861	42,848
Bank and other expenses	2,588	3,155
Interest cost of actuary obligation, net	230,840	163,764
Loss (gain) from investments in marketable securities	(42,670)	14,473
	243,472	227,826

Note 23 - Classification of Expenses in the Statement of Activities according to the Nature of the Expenditure

	For the Year ended September 30	
	2023	2022
	NIS thousands	NIS thousands
Gross salaries	1,051,416	1,002,550
Employer taxes	139,424	138,254
Social benefit expenses	186,468	189,114
Change in provisions for retirement benefit obligation	97,356	83,320
Pension expenses	29,851	46,490
Scholarships, grants, awards and tuition exemptions	394,353	361,993
Other direct expenses	261,344	249,622
Rent and maintenance	174,651	179,352
Depreciation and amortization	194,914	189,396
Taxes and levies	25,603	21,348
Professional services	13,944	15,888
Advertising and marketing	29,715	29,357
Office maintenance and communication	17,661	14,930
Travel expenses and refreshment	69,672	50,624
Other	43,219	39,975
	2,729,591	2,612,213

Note 24 - Transactions with Related Parties

- A. The University has transactions with its subsidiaries and other related parties, primarily representing University charges for overhead on account of research and special projects, rental of facilities, payroll reimbursement, interest and sundry other charges.

B. Officers Remuneration

Total remuneration of officers in the academic years 2023 and 2022 amounted to NIS 3,442 thousands and NIS 3,156 thousands respectively.

Note 25 – Subsequent Events

On October 7, 2023, following the attacks on Israel and the escalated security situation, the Israeli government declared the Swords of Iron War (hereinafter: the War). The War led to the imposition of various restrictions, including mobility restriction for civilians, restrictions relating to public gatherings, changes in the school schedules and a massive call-up of military reserves.

Following the outbreak of the War, and due to many reservists among the academic staff and among students, some of whom had not yet begun their studies at the University, the opening of the academic year was postponed until December 31, 2023, in accordance with the decision of the Association of University Heads. In addition, the University noted a temporary decrease in research activity, in the international department and in the University's income from dormitories.

Management of the University is continuously monitoring the developments of the war and its implications on the University activities in order to reduce the possible negative effect.

Appendixes to the Financial Statements

Appendix A- Budget Comparison (Unaudited)

A. Composition:

	For the Year ended September 30, 2023	
	Budget	Budget
	NIS thousands	Execution NIS thousands
Income		
Planning and Budgeting Committee allocations	1,743,255	1,788,470
Contributions from friends organizations and others	109,798	111,786
Income from students	267,720	270,104
Revenue from royalties	4,144	4,803
Other incomes	632,404	597,692
Amounts released from restricted net assets	693,410	693,410
	3,450,731	3,466,265
Cost of operations		
Teaching, research and auxiliary services	2,070,578	2,095,936
Services and scholarships for students	189,524	216,334
Budgetary pension obligation expense	647,222	664,502
Change in liabilities for employee provisions	81,572	90,254
Depreciation and amortization expenses		
Other direct expenses	131,783	127,414
	3,120,679	3,194,440
Net income from operations	330,052	271,825
General and administrative expenses	279,269	206,340
Fundraising expenses	22,960	25,166
Advertising and marketing expenses	23,072	31,607
	325,301	263,113
Net income before finance	4,751	8,712
Finance expenses, net	4,720	8,675
Net surplus for the year	31	37

B. The Executive Council approved the budget on November 13, 2022.

C. The annual approved budget is derived out of multi-annual budget as to net assets that are restricted.

Appendixes to the Financial Statements

Appendix B - Comparison to Performance Report (Unaudited)

	September 30, 2023	September 30, 2022
	<u>NIS thousands</u>	<u>NIS thousands</u>
Surplus for the year - as presented in statement of activities	25,292	37,966
Cancellation of transactions with endowment funds	(5,272)	(5,602)
Revaluation differences on linked balance sheet items	52,525	42,848
Depreciation and amortization	185,362	179,886
Change in provision for pension, net	(60,709)	(86,665)
Unbudgeted change of salary provisions	17,288	11,355
Cancellation of share in net losses (revenues) from ordinary operations of investees	(248)	5,974
Amounts used for acquisition of fixed assets	(178,144)	(174,985)
Change in other provisions	(3,500)	(4,500)
Assets received for no consideration	-	(13,689)
Loss (gain) from investment revaluation	(27,810)	14,015
Increase in researcher's savings, net	(4,747)	(6,553)
Current operating surplus in the ordinary budget, according to performance report	<u>37</u>	<u>50</u>

Appendixes to the Financial Statements

Appendix C – Financial Data in U.S. Dollars (Unaudited)

For the convenience of the reader, the financial statements as of September 30, 2023 and 2022 and for the years then ended, have been translated to US\$ using the representative exchange rate prevailing at the balance sheet date, 2023 - US\$ 1 = NIS 3.824 (2022 - US\$ 1 = NIS 3.543). The US\$ amounts presented in these financial statements should not be construed to represent amounts receivable, payable or convertible into US\$ unless otherwise indicated in these statements.

	September 30	
	2023	2022
	USD thousands	USD thousands
Assets		
Current assets		
Cash and cash equivalents	28,680	43,172
Investments in securities and deposits	43,678	70,577
Friends organizations	16,905	18,429
Receivables in respect of research and special projects	39,886	47,008
Planning and Budgeting Committee (PBC)	4,899	-
Receivables in respect of construction projects	13,050	7,270
Accounts receivable	44,653	48,266
Inventories	645	640
	192,396	235,362
Non-current assets		
Investments in investees and others	27,464	29,626
Investments in securities and deposits	634,051	577,945
Investment property:		
Receivables from combination transaction	24,477	46,966
Other investment property, net	98,662	82,231
Fixed assets:		
Cash and investments designated for fixed assets	32,745	34,454
Other fixed assets, net (including collections)	1,847,169	1,992,904
	2,664,568	2,764,126
Total assets	2,856,964	2,999,488

Appendixes to the Financial Statements

Appendix C – Financial Data in U.S. Dollars (Unaudited) (cont'd)

	September 30	
	2023	2022
	USD thousands	USD thousands
Liabilities		
Current liabilities		
Employees and related liabilities	48,889	50,866
Suppliers and service providers	19,348	20,423
Accounts payable	24,551	22,528
Planning and Budgeting Committee (PBC)	-	15,619
Prepaid tuition	23,412	23,981
Current maturities of budgetary pension, net	77,029	76,329
Restricted grants for research	76,670	61,276
Other provisions	13,860	15,947
	<u>283,759</u>	<u>286,969</u>
Long-term liabilities		
Liabilities for employee rights	1,227,377	1,350,216
Deposits from friends organizations and others	39,097	36,633
Restricted contributions and donations for construction	28,138	17,902
Advances for restitution of land to ILA	51,202	46,619
Liability for annuity payments	820	824
	<u>1,346,634</u>	<u>1,452,194</u>
Contingent liabilities and commitments		
Net assets		
Unrestricted net assets:		
Accumulated deficit from activities	(62,224)	(82,228)
Deficit in endowment funds	-	(16,088)
Due to cover liabilities for employee rights	(1,304,405)	(1,426,545)
Used for fixed assets	1,831,322	1,984,646
	<u>464,693</u>	<u>459,785</u>
Restricted net assets:		
Research and special projects	200,777	203,005
Construction and building funds	32,745	34,454
Surplus in endowment funds	3,829	-
Share in net assets of investees	2,175	2,834
Endowment funds (including other funds)	522,352	560,247
	<u>761,878</u>	<u>800,540</u>
Total net assets	<u>1,226,571</u>	<u>1,260,325</u>
Total liabilities and net assets	<u>2,856,964</u>	<u>2,999,488</u>

Appendixes to the Financial Statements

Appendix C – Financial Data in U.S. Dollars (Unaudited) (cont'd)

	For the Year ended September 30	
	2023	2022
	USD thousands	USD thousands
Income		
Planning and Budgeting Committee (PBC) allocations	405,778	420,855
Contributions from friends organizations and others	29,233	40,378
Income from students	86,717	92,298
Revenue from royalties	970	1,098
Other income	40,494	33,586
Assets received for no consideration	-	3,864
Amounts released from restriction for fixed assets	28,507	26,870
Amounts released from restricted net assets for operations	191,782	195,236
	783,481	814,185
Cost of operations		
Teaching, research and auxiliary services	498,674	514,100
Services and scholarships for students	72,759	72,155
Change in budgetary pension obligation expense	7,806	13,122
Change in liabilities for employee benefits	25,459	23,517
Depreciation and amortization	50,971	53,456
Other direct expenses	12,370	13,303
	668,039	689,653
Net income from operations	115,442	124,532
General and administrative expenses	27,998	28,776
Fundraising expenses	8,489	9,208
Advertising and marketing expenses	9,279	9,651
	45,766	47,635
Capital gain (loss)	543	(192)
Net income before finance	70,219	76,705
Finance expenses, net	63,670	64,303
Net income after finance	6,549	12,402
Share in net revenue (expenses) of investees	65	(1,686)
Surplus for the year	6,614	10,716

Appendixes to the Financial Statements

Appendix C – Financial Data in U.S. Dollars (Unaudited) (cont'd)

	Unrestricted net assets					Restricted net assets				
	Accumulated deficit from activities	Accumulated deficit in endowment funds	Due to cover liabilities for employee rights	Used for fixed assets	Research and special projects	Construction and building funds	Surplus in endowment funds	Share in investees	Endowment funds (including other funds)	Total
	USD thousands									
Balance as of October 1, 2022	(82,228)	(16,088)	(1,426,545)	1,984,646	203,005	34,454	-	2,834	560,247	1,260,325
Additions during the academic year 2023										
Surplus for the year	6,614	-	-	-	-	-	-	-	-	6,614
Donations	-	-	-	-	59,568	11,269	-	-	4,398	75,235
Planning and Budgeting Committee allocations	-	-	-	-	4,550	4,443	1,609	-	-	10,602
Other income and allocations	-	-	-	-	115,376	1,725	6,351	-	-	123,452
Loss from endowment funds investments	-	-	-	-	-	-	44,797	-	-	44,797
Amounts allocated to funds	-	-	-	-	-	-	(761)	-	761	-
Exchange differences and linkage, net	-	-	-	-	10,834	-	(6,558)	-	6,440	10,716
Income from sale of restricted assets	-	-	-	-	13	-	182	-	-	195
Share in net asset changes of investees	-	-	-	-	-	-	-	(450)	-	(450)
Disposals during the academic year 2023										
Amounts released from restrictions	-	-	-	-	-	-	(6,754)	-	-	(6,754)
Amounts released for overheads	-	-	-	-	(21,593)	-	(4,605)	-	-	(26,198)
Amounts released from restriction for fixed assets	-	-	-	-	(9,204)	(19,303)	-	-	-	(28,507)
Amounts released for research and special projects	-	-	-	-	(158,830)	-	-	-	-	(158,830)
Amounts allocated to restricted net assets	-	-	-	-	11,977	2,688	(9,223)	-	(5,442)	-
Amounts transferred to cover depreciation	48,371	-	-	(48,371)	-	-	-	-	-	-
Amounts allocated to friends and others	-	-	-	-	-	-	(6,303)	-	(2,791)	(9,094)
Re-measurement of net liability of defined benefit	-	-	17,175	-	-	-	-	-	-	17,175
Adjustments of annuity funds	-	-	-	-	-	-	-	-	(90)	(90)
Transfers of unrestricted amounts:										
Amounts transferred to cover change in liabilities for employee rights	(138)	-	138	-	-	-	-	-	-	-
Amounts transferred to purchase of fixed assets	(46,542)	-	-	46,542	-	-	-	-	-	-
Transfer from fixed assets to investment property	5,657	-	-	(5,657)	-	-	-	-	-	-
Transfer of opening balance of deficit in endowment funds	-	14,906	-	-	-	-	(14,906)	-	-	-
Translation differences	6,042	1,182	104,827	(145,838)	(14,919)	(2,531)	-	(209)	(41,171)	(92,617)
Balance as of September 30, 2023	(62,224)	-	(1,304,405)	1,831,322	200,777	32,745	3,829	2,175	522,352	1,226,571