2020
Financial Report

THE JEWISH AGENCY FOR ISRAEL
הסוכנות היהודית לארץ ישראל

Every one of us, together.

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THE JEWISH AGENCY FOR ISRAEL
הסוכנות היהודית לארץ ישראל

Consolidated Financial Statements as of **December 31, 2020**

THE JEWISH AGENCY FOR ISRAEL

KPMG

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Auditors' Report to the Board of Governors of The Jewish Agency for Israel

We have audited the accompanying consolidated balance sheets of the Jewish Agency for Israel (hereafter - The Jewish Agency), as at December 31, 2020 and 2019, and the consolidated statements of operations, changes in net assets and cash flows, for each of the years ended on such dates. These financial statements are the responsibility of The Jewish Agency's Board of Governors and Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) - 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by The Jewish Agency'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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Jewish Agency as at December 31, 2020 and 2019 and its consolidated results of operations, changes in net assets and cash flows, for each of the years ended on such dates, in accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Somekh Chaikin

Somekh Chaikin
Certified Public Accountants (Isr.)
June 6, 2021

Somekh Chaikin, an Israeli partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Consolidated Balance Sheets as of December 31,

Amounts in US$ thousands

Assets	Note	**2020**	2019
Current assets			
Cash and cash equivalents	3	**127,419**	97,846
Short-term deposits in banks	4	**3,159**	12,902
Investment in marketable securities	2g	**7,231**	12,060
Accounts receivable	5	**57,755**	75,392
Current maturities of long-term loans	7	**5,550**	5,000
Total current assets		**201,114**	203,200
Endowment Fund	6	**265,363**	109,679
Investments and long-term receivables	7	**26,290**	22,370
Fixed assets	8	**231,391**	219,993
Total assets	30	**724,158**	555,242

Beth Kieffer Leonard	Yaron Shavit	Moshe Ashirie	June 6, 2021
Chair, Budget & Finance Committee	Deputy Chair, Executive	Chief Financial Officer	Date of approval of Financial Statements

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

Consolidated Balance Sheets as of December 31,

Amounts in US$ thousands

Liabilities and net assets	Note	**2020**	2019
Current liabilities			
Accounts payable	9	**105,183**	94,047
Short-term deposits and other payables	28d	**5,811**	8,980
Liability to Pension Fund - current maturity	11c	**4,268**	3,951
Current maturities of long-term bank loans	10	**2,752**	403
Total current liabilities		**118,014**	107,381
Long-term liabilities			
Long-term debt	10	**44,458**	24,804
Liabilities for employee rights upon retirement, net	11c	**112,343**	117,364
Other liabilities	12	**46,872**	45,152
Total long-term liabilities		**203,673**	187,320
Minority interest		**2,090**	1,966
Commitments and contingent liabilities	13		
Net assets			
Surplus in unrestricted net assets		**244,612**	111,938
Temporarily restricted net assets	14	**153,858**	144,942
Permanently restricted net assets		**1,911**	1,695
Total net assets		**400,381**	258,575
Total liabilities and net assets	30	**724,158**	555,242

Consolidated Statements of Operations for the Year Ended December 31,

Amounts in US$ thousands

Revenues	Note	**2020**	2019
Unrestricted donations and contributions	28a	**97,464**	106,263
Net assets released from restrictions	28a	**125,843**	129,020
Other income:			
Israel experience programs (operated by subsidiaries)		**32,445**	71,622
Rental income		**55,730**	47,008
Program participations and service fees		**73,288**	91,209
Collection of doubtful debts	2h	**8,585**	2,709
Subsidiaries' income		**30,438**	34,480
Total revenues		**423,793**	482,311
Cost of activities and other expenses			
Israel experiences	15	**47,319**	71,541
Aliyah, absorption and special operations	16	**58,115**	56,975
Social activism	17	**48,163**	51,869
Activities with Russian speaking Jews	18	**16,725**	21,236
Partnerships	19	**14,906**	18,043
Shlichim and Israel Fellows	20	**23,390**	27,553
Community services (not including FSU)	21	**17,767**	23,507
Allocations and social programs	22	**71,009**	76,613
Agency-wide projects and organizational activities	23	**95,201**	112,708
Support units and executive offices	24	**20,051**	20,596
FRD, marketing and communications	25	**9,419**	11,201
Cost of activities		**422,065**	491,842
Income (deficit) from ordinary operations		**1,728**	(9,531)
Financial expenses, net	26	**(1,375)**	(298)
Income (deficit) from activities		**353**	(9,829)
Non-operational income (expenses)			
Income (deficit) from asset realization, net	27	**119,874**	(3,128)
Income arising from Board designated endowment, net	6a	**11,533**	16,117
Decrease (increase) in Pension Fund liability, net	11e	**3,565**	(55,685)
Early retirement program income (expenses)	29	**(10,000)**	10,612
Non-operational income (expenses), net		**124,972**	(32,084)
Net surplus (deficit) for the year		**125,325**	(41,913)

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

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Statement of Changes in Net Assets

Amounts in US$ thousands	Unrestricted in use	
	For operations	**Board designated endowment**
Balance at December 31, 2018	42,862	94,029
Changes during 2019		
Temporarily restricted donations and contributions received	-	-
Released from restriction	-	-
Net deficit for the year	(41,913)	-
Changes in endowments, net - Note 6(a)ii	(12,278)	12,278
Management designation - Note 2a1	10,000	-
Release of fixed assets and restricted assets depreciation expense - Note 2a2	6,960	-
Net change during 2019	(37,231)	12,278
Balance at December 31, 2019	5,631	106,307
Changes during 2020		
Temporarily restricted donations and contributions received	**-**	**-**
Released from restriction	**-**	**-**
Net income for the year	**125,325**	**-**
Changes in endowments, net - Note 6(a)ii	**(154,668)**	**154,668**
Release of fixed assets and restricted assets depreciation expense - Note 2a2	**7,349**	**-**
Net change during 2020	**(21,994)**	**154,668**
Balance at December 31, 2020	**(16,363)**	**260,975**

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

Unrestricted in use		Restricted		
Management designation	Total	Temporarily restricted	Permanently restricted - Endowment	Total net assets
10,000	146,891	137,298	1,427	285,616
-	-	143,624	-	143,624
-	-	(129,020)	-	(129,020)
-	(41,913)	-	-	(41,913)
-	-	-	268	268
(10,000)	-	-	-	-
-	6,960	(6,960)	-	-
(10,000)	(34,953)	7,644	268	(27,041)
-	111,938	144,942	1,695	258,575
-	**-**	**142,108**	**-**	**142,108**
-	**-**	**(125,843)**	**-**	**(125,843)**
-	**125,325**	**-**	**-**	**125,325**
-	**-**	**-**	**216**	**216**
-	**7,349**	**(7,349)**	**-**	**-**
-	**132,674**	**8,916**	**216**	**141,806**
-	**244,612**	**153,858**	**1,911**	**400,381**

Consolidated Statements of Cash Flows for the Year Ended December 31,

Amounts in US$ thousands

	2020	2019
Cash flows from operating activities:		
Net surplus (deficit) for the year	**125,325**	(41,913)
Adjustments required to reflect the cash flows from operating activities (see Appendix A)	**(94,392)**	30,314
Net cash provided by (used in) operating activities	**30,933**	(11,599)
Cash flows from investing activities:		
Purchase of fixed assets	**(48,125)**	(37,164)
Proceeds from (investment in) short-term deposits in banks and other investments	**7,829**	(11,201)
Proceeds from long-term investments and other assets	**10,611**	9,007
Exclusion from consolidation - see Note 30	**(3,807)**	-
Net cash used in investing activities	**(33,492)**	(39,358)
Cash flows from financing activities:		
Long-term debt received, net	**19,562**	19,202
Annual payment on account of liability to pension fund	**(3,911)**	(3,840)
Increase in temporarily restricted assets, net (see Note 2c)	**16,265**	14,604
Increase in permanently restricted assets, net	**216**	268
Net cash provided by financing activities	**32,132**	30,234
Increase (decrease) in cash and cash equivalents, net	**29,573**	(20,723)
Balance of cash and cash equivalents at beginning of year	**97,846**	118,569
Balance of cash and cash equivalents at end of year	**127,419**	97,846

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

Consolidated Statements of Cash Flows for the Year Ended December 31,

Amounts in US$ thousands

Appendix A:	**2020**	2019
Adjustments required to reflect the cash flows from operating activities		
Income and expenses not involving cash flows:		
Exchange rate differences on long-term assets and liabilities, net	**107**	(7,051)
Share in losses of equity investments, net of minority interest	**124**	460
Depreciation	**17,805**	16,504
Profit from sale of shares in subsidiary company – see Note 30	**(120,687)**	-
	(102,651)	9,913
Changes in operating assets and liability items:		
Decrease (increase) in accounts receivable	**15,109**	(16,324)
Increase (decrease) in accounts payable	**10,111**	(13,689)
Increase (decrease) in other liabilities	**(480)**	1,791
Increase (decrease) in liability for employee rights upon retirement, net	**(7,556)**	48,623
Increase in Emergency Loan Fund for communities at risk – see Note 7(b)	**(8,925)**	-
	8,259	20,401
	(94,392)	30,314

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

הסוכנות היהודית לארץ ישראל
THE JEWISH AGENCY FOR ISRAEL

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 1 - GENERAL

a. The Jewish Agency for Israel (The Jewish Agency) is an association, recognized under the World Zionist Organization and Jewish Agency for Israel (Status) Law, 1952, as amended, which affirms The Jewish Agency for Israel as a distinct legal entity.

The Jewish Agency is a global Jewish organization working to ensure a vibrant Jewish future for generations to come. Our vision is one of a secure, diverse and thriving Jewish people, united by our heritage and by our commitment to Israel, the homeland of the Jewish People and all of its citizens.

In pursuit of this vision, The Jewish Agency binds Jews across ideologies and civilizations together in a worldwide Jewish family with Israel at its center. We provide the global framework for Aliyah, ensure global Jewish safety, strengthen Jewish identity and connect Jews to Israel and one another, and convey the voice of the Jewish People to the State of Israel to help shape its society.

In 2020, and despite COVID-19, The Jewish Agency pursued this mission through three impact areas:

Aliyah

- Facilitating Aliyah from free countries (Aliyah of choice)
- Facilitating Aliyah from countries where Jews are in distress (Aliyah of rescue)
- Providing a “soft landing” in our Absorption Centers including housing, Hebrew courses and other resources to help immigrants adjust to Israeli society

Connecting Jews Worldwide - to Israel and to Each Other

- Offering diverse Israel experiences through programs like Masa Israel Journey
- Sending Shlichim (Israeli emissaries) to global communities
- Creating bridges between communities through Partnership2Gether
- Bringing young Jews and Israelis together to volunteer and learn through Project TEN and Shalom Corps
- Ensuring Jewish people everywhere are safe through our Security Assistance Fund

Strengthening Israeli Society

- Developing young change agents and mentoring at-risk youth who will be Israel’s future leaders through our Pre-Army Academies, Youth Villages and Youth Futures
- Assisting Israel’s citizens during emergencies through our Fund for Victims of Terror
- Caring for vulnerable populations throughout COVID-19 at our subsidiaries like Amigour
- Helping Israeli businesses flourish through Loan Funds for Small Businesses

b. The main supporters of all The Jewish Agency’s activities are the United Israel Appeal, Inc. (hereafter - UIA), which represents the Jewish community in the United States, and Keren Hayesod - United Israel Appeal, which represents other Jewish communities outside of Israel. The United States Government via its humanitarian migrant resettlement grants program renders further support to The Agency.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 1 - GENERAL (CONT'D)

Under the terms of a covenant, pursuant to the World Zionist Organization and Jewish Agency for Israel (Status) Law, 1952, which was executed between the Government of Israel and The Jewish Agency in 1979 with retroactive effect as of 1971, The Agency is exempt from a wide range of taxes, including income tax and capital gains tax.

In Israel, The Jewish Agency has a designation as a "National Fund" under Section 46 of the Income Tax Ordinance for the purpose of tax credits in respect of donations. The Jewish Agency is exempt from U.S. federal income tax under section 501(c)(3) of the Internal Revenue Code.

c. In the first quarter of 2020, as a result of an outbreak of the Corona virus (COVID-19) around the world, there has been a decline in economic activity in many regions of the world including in Israel. In addition to other constraints, the spread of the virus has caused travel and employment restrictions declared by the Israeli government and other governments around the world. Management has worked to regulate the continuation of its activities optimally, subject to government regulations and restrictions. Nevertheless, Management is unable to assess and quantify the long-term ramifications of COVID-19 on The Jewish Agency's activities. The worldwide travel restrictions imposed, especially affected the Agency's Israel experience programs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, applied on a consistent basis, are as follows:

a. Accounting and financial reporting principles for non-profit Organizations

The Jewish Agency prepares its financial statements in accordance with standards for accounting and financial reporting principles for non-profit entities in Israel effective as of 1997 and thereafter. Net assets are classified for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. The Jewish Agency has applied these principles in its financial statements, as follows:

1. Classification of net assets

   Permanently restricted net assets - net assets subject to donor restrictions that do not expire.

   Temporarily restricted net assets - net assets subject to donor stipulations that will be met by actions of The Jewish Agency over the passage of time. These include amounts for specifically designated projects, including capital projects.

   Unrestricted net assets - net assets not subject to donor stipulations including net assets which were designated by Management in 2018 as an operating reserve to fund the expected budget shortfall resulting from the strategic changes to be made in 2019. These amounts are unrestricted and were used for the support of The Jewish Agency's 2019 operations.

2. Income and expenditure are recorded on an accrual basis. However, unrestricted donations and contributions received by the date of the signing of the financial statements are recorded as income in accordance with Israeli Accounting Standard 69 as clarified in October 2017 that requires fulfillment each of the following conditions to enable income recognition:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. the donations were pledged prior to the balance sheet date.

b. the donations were received prior to the date of the signing of the financial statements.

c. granting of the donations were not contingent on the occurrence of some future event.

Restricted donations and contributions, allocations and grants restricted for specific purposes are released from restriction upon fulfillment of the donor-stipulated purpose.

Restricted donations and contributions received for the purchasing or construction of buildings are released from restriction only in parallel to the amortization of the funded assets. The amounts released from restriction are shown as movements in unrestricted net assets on the Statement of Changes in Net Assets and are not included in the Consolidated Statements of Operations (see Note 2i).

Grants received from the Government of Israel for the partial funding of the Jewish Agency's Social Housing Initiative (see Note 13a) are recorded as reductions in the costs of construction of the funded assets and not as income.

3. Full recognition is given to liabilities for employee-related expenses, i.e. unfunded pension and severance liabilities, vacation pay and unutilized sick and study leave.

4. Fixed assets that are transferred, per donor-imposed designations, to third parties for their exclusive use, are recorded in The Jewish Agency's statements of operations and are not included in fixed assets.

5. Definitions:

Unrestricted expense: Expenses not funded by the release of temporarily restricted assets.

Subsidiary: A company, owned and controlled to the extent of 50%, including a partnership or joint venture, the financial statements of which are fully consolidated, directly or indirectly, with the financial statements of The Jewish Agency.

Associated company: A company controlled to the extent of 20% or more (which is not a subsidiary or proportionately consolidated company), which is presented by the equity method.

Related parties: Per Opinion 29 of the Institute of Certified Public Accountants in Israel (Israeli CPA Institute).

Regarding subsidiaries and associated companies reflected in the financial statements see Appendix A.

b. Financial statements in US dollars

The Jewish Agency applies Accounting Standard No. 13 (Revised), "Effects of Changes in Foreign Currency Exchange Rates" ("the Currency Standard"), which deals with determining the functional currency of an entity's foreign operations, the translation of transactions in foreign currency, the translation of financial statements of foreign operations and the translation of financial statements from the functional currency to the presentation currency.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1. Functional currency:

   The entity's functional currency is the currency that best reflects the economic environment in which the entity operates and conducts its transactions. It has been determined that the functional currency in which The Jewish Agency operates and conducts its transactions is the US dollar.

2. Presentation currency:

   The Jewish Agency can present its financial statements in any currency (or currencies). These financial statements are presented in US dollars as this is the currency that best reflects the economic environment in which The Agency operates (its "measurement currency"). The financial statements of consolidated and associated companies, whose financial statements are drawn up in other currencies, are translated into dollars or are remeasured into dollars, for the purpose of inclusion in these financial statements, as explained below.

   Certain of the dollar amounts in the financial statements that are presented in dollars may represent the dollar equivalent of other currencies, including the New Israeli Shekel (NIS), and may not be exchangeable for dollars.

c. Cash flows statement

The change in temporarily restricted assets, included in cash flows from financing activities, reflects the net increase in temporarily restricted assets i.e. the difference between new designated contributions received during the year but unutilized at the year-end and amounts expended during the year that were received in prior years.

d. Following are details of foreign currency exchange rates and consumer price index

	December 31 2020	December 31 2019	**% change 2020**	% change 2019
US dollar exchange rate in NIS	**3.215**	3.456	**(7)**	(7.8)
Consumer price index	**119.64**	120.48	**(0.7)**	0.6

e. Principles of consolidation

The consolidated financial statements include the financial statements of The Jewish Agency and its subsidiaries. In addition to the fully consolidated companies as above, the consolidated financial statements included (on the December 31, 2019 balance sheet) a company under common control (joint venture) by the proportionate consolidation method, as prescribed by Israel Accounting standard 57. This company was sold during the year ended December 31, 2020 (see Note 30).

Intercompany balances and transactions have been eliminated.

f. Investment in associated companies

Investment in associated companies is accounted for by the equity method.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Investments in marketable securities and in other companies

1. Marketable securities

   Marketable securities held as a current investment are stated at their market value as of balance sheet date. Changes in the value of securities are fully recognized on a current basis.

   Marketable securities held as a permanent investment are stated at cost (debentures - including accrued interest), less a provision for impairment in value not of a temporary nature (see also (3) below).

2. Non-marketable securities

   Non-marketable securities are stated at cost (debentures - including accrued interest), which in the opinion of management of The Jewish Agency is not in excess of their realizable value (see also (3) below).

3. Impairment in value of investments

   The Jewish Agency examines on an ongoing basis whether there has been an impairment in the value of its permanent investments in other companies which is not of a temporary nature. This examination is performed when there are signs that may indicate that there has been an impairment in value of permanent investments, including the business of the investee, the industry in which the investee operates and additional parameters. Write-downs in respect of the impairment in value of these investments, which, in accordance with the opinion of management, is based on an examination of the overall relevant aspects and the significance of each investment, and which is not of a temporary nature, are charged to the Statements of Operations.

h. Granting of loans

1. Loans to Agricultural Communities

   As part of its activities in the previous century, The Jewish Agency granted loans to agricultural communities. As of December 31, 2020, the outstanding balance of loans receivable is approximately $17 million, the collection amount of which could not be, until 2020, measured,

   Previous uncertainties that existed regarding the collection of these loans, have now been resolved, so that the expected receivable amount of $5 million was recognized in 2020 as income contrary to the previous revenue recognition treatment, under which income was only recognized on a cash basis.

2. Loans to Jewish Communities Outside of Israel

   The Covid-19 pandemic cause major financial crises for many Jewish communities all over the World. In response to the dire need, The Jewish Agency established an emergency fund to provide interest-free loans to Jewish communities outside Israel, the United States of America and Canada – see Note 7(b).

   The loans are repayable in four annual payments so that the loan balances are appropriately presented as both short-term and long-term receivables.

   Due to the extreme financial difficulties endured by the communities and the possibility that some of the communities might be unable to repay the loans, an appropriate provision for doubtful debts is provided against the receivables.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Fixed assets

1. Fixed assets held by The Jewish Agency prior to January 1, 1997 (including properties held by subsidiary holding companies) are reflected in these financial statements at no value. These assets include extensive rights in real estate, located mainly in Israel. Accordingly, upon realization of fixed assets, the full proceeds received from the sale of fixed assets held prior to January 1, 1997 are reflected as income in the Statements of Operations.

   Pre-1997 properties held by operating subsidiaries, which record such properties among assets in their financial statements, have been included in the consolidated accounts.

   Fixed assets purchased as from January 1, 1997 are reflected at their historic cost, less accumulated depreciation and specific government grants received. Per Israeli Accounting Standard 13 (Revised) costs incurred in currencies other than the US dollars, are recorded at the dollar equivalent of the non-dollar cost incurred and are not subsequently revalued.

2. Fixed assets are depreciated by the straight-line method, on the basis of their estimated useful life.

   Annual rates of depreciation are as follows:

	%
Buildings and improvements	Primarily 5
Social housing initiative	5 from date of occupation
Furniture and equipment	25
Computer equipment and software	15-33

j. CPI linkage basis

Balances which stipulate linkage to the last Israeli Consumer Price Index (CPI) published prior to date of payment are stated on the basis of the last CPI published prior to the balance sheet date (the CPI for November).

k. Cash equivalents

The Jewish Agency considers highly liquid investments, which include short-term bank deposits (up to 3 months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

Short-term deposits for periods over 3 months are presented separately.

l. Impairment in value of assets

The Jewish Agency applies Accounting Standard 15 - Impairment in Value of Assets (the Standard). The Standard provides procedures which a body must apply in order to ensure that its assets in the consolidated balance sheet (to which the Standard applies), are not presented at an amount which is in excess of their recoverable value, which is the higher of the net selling price and the use value (the present value of the estimated future cash flows expected to be derived from use and disposal of the asset).

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Standard applies to all the assets in the consolidated balance sheet and monetary assets (excluding monetary assets which are investments in investee companies that are not subsidiaries). In addition, the Standard provides rules for presentation and disclosure with respect to assets whose value has been impaired. When the value of an asset in the consolidated balance sheet is higher than its recoverable value, The Jewish Agency recognizes a loss from the impairment in value in the amount of the difference between the book value of the asset and its recoverable value. The loss thus recognized will be cancelled only in the event of changes occurring in the estimates that were used to determine the recoverable value of the asset since the date on which the most recent loss from the decline in value was recognized.

m. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

n. New standards

Accounting Standard No. 40 - Accounting Principles and Financial Reporting of Non-Profit Organizations

The requirements of the publication

Accounting Standard No. 40, Accounting Principles and Financial Reporting of Non-Profit Organizations (hereinafter: "the Standard"), was published on August 13, 2020. The Standard replaces the provisions in the combined version of Opinion No. 69 and Accounting Standard No. 5 including its amendments, as well as Accounting Standard No. 9. The Standard includes many changes as compared to existing standards, mainly with respect to the principles for recognizing revenue of non-profit organizations relating to donations for the purchase of fixed assets, classification of items in the statement of cash flows, elimination of the distinction between temporarily restricted net assets and permanently restricted net assets, presentation of capital gains, expense disclosure and more.

Effective date and transitional provisions

The Standard is applicable for annual periods beginning on or after January 1, 2021 with earlier application being permitted. The effect, if any, of applying the Standard's measurement provisions on the date of initial application will be reported as an adjustment to balances of net assets at the beginning of the period in which the Standard was initially applied.

Expected effects

The Jewish Agency does not expect there to be a material effect of the application of the Standard on its balance sheet and will only apply the standards for financial statements for the year ended December 31, 2021.

o. Reclassifications

Certain prior year amounts have been reclassified in order to conform to the current year presentation.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS

	December 31, 2020 US$ thousands	December 31, 2019 US$ thousands
In or linked to the US dollar	**73,347**	58,021
In Israeli shekels	**49,561**	34,607
In or linked to other currencies	**4,511**	5,218
	127,419	97,846

NOTE 4 - SHORT-TERM DEPOSITS IN BANKS

Mainly deposits denominated in shekels. The deposit periods are in excess of three months but less than one year.

NOTE 5 - ACCOUNTS RECEIVABLE

	December 31, 2020 US$ thousands	December 31, 2019 US$ thousands
Income receivable:		
Government of Israel	**27,396**	35,385
Other activities	**13,999**	22,305
US Government grant	**264**	540
Prepaid expenses	**1,730**	3,001
Related parties	**6,991**	6,877
Advances to suppliers	**1,486**	2,790
Other	**5,889**	4,494
	57,755	75,392

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 6 – ENDOWMENT FUND

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Board designated (a)	**260,975**	106,307
Temporarily restricted	**2,477**	1,677
Permanently restricted	**1,911**	1,695
	265,363	109,679

(a) Board designated Endowment Fund

i During the course of 2009, the Board of Governors designated the proceeds from a specific debt collection transaction as the seed money for the establishment of The Jewish Agency Endowment Fund (the Endowment Fund). Subsequently, the Board of Governors mandated Management to add proceeds from the sale of assets not utilized for the purpose of long-term debt reduction to the Endowment Fund. The Endowment Fund was registered in Israel as a trust with the Registrar of Trusts.

As from June 30, 2019 4.5% of the closing balance of the Endowment Fund as of June 30, each year, will be made available for the use of The Jewish Agency in the following year.

ii The value of the Endowment Fund changed as follows:

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Endowment Fund – balance at beginning of year	**106,307**	94,029
Yields earned on the Endowment Fund's investments	**6,325**	10,994
Exchange rate differences on shekel denominated investments	**5,208**	5,123
	11,533	16,117
Amounts released from the Endowment Fund to the unrestricted activities of The Agency	**(4,610)**	(4,136)
Additional amounts added to the Endowment Fund – see Note 30	**147,745**	297
Increase in the Endowment Fund	**154,668**	12,278
Endowment Fund – balance at end of year	**260,975**	106,307

NOTE 6 – ENDOWMENT FUND (CONT'D)

iii. Until December 2020, the Endowment Fund's general investment strategy was for two thirds of its assets to be managed by Israeli financial institutions or to be held in other Israeli based investments and the remainder to invest with four U.S. Jewish Federation endowment funds. In December 2020, the receivable relating to the sale of a subsidiary was added to the Fund so that the previous policy only applies to the previously existing Fund's components.

During 2016, the Endowment Fund agreed to provide financing for the construction of additional nursing home wards. The amounts provided are linked to the CPI and earn an annual yield of 6.5% for a period of up to twenty years.

At the end of the year, the Endowment Fund's assets were invested as follows:

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Israeli Government bonds	**20,668**	20,506
Stocks	**39,318**	36,141
Commercial bonds	**23,362**	19,636
Bank deposits - US dollars	**1,146**	923
Bank deposits – NIS	**1,856**	1,606
Hedge funds	**5,824**	7,100
US Bonds	**3,672**	3,788
Real assets	**785**	899
Others	**4,559**	4,050
Nursing home wards	**12,040**	11,658
Receivable - see Note 30 (*)	**147,745**	-
Total	**260,975**	106,307

(*) Index-linked and bearing 2.5% interest

NOTE 7 - INVESTMENTS AND LONG-TERM RECEIVABLES

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Investments in associated companies - at equity (a)	**9,928**	9,445
Loans to communities at risk (b)	**9,067**	-
Provision for doubtful debts from communities – see Note 2(h)	**(2,500)**	-
Loans to agricultural communities – see Note 2(h)	**3,430**	-
Deposits with banks	**2,065**	1,509
Bank deposits for the granting of loans, net (c)	**3,230**	4,345
Other (d)	**2,712**	3,163
Loan to related party (e)	**3,908**	8,908
	31,840	27,370
Less: current maturities of loan to related party (e)	**(3,908)**	(5,000)
current maturities of loans to communities (b)	**(1,642)**	-
	(5,550)	(5,000)
	26,290	22,370

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 7 - INVESTMENTS AND LONG-TERM RECEIVABLES (CONT'D)

(a) Changes in investments in associated companies are composed as follows:

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Balance at beginning of year	**9,445**	8,964
Share of associated companies' gains during the year, net	**483**	481
Balance at end of year	**9,928**	9,445

(b) Amounts provided to overseas Jewish communities as loans to enable them to weather the financial crisis encountered resulting from the Covid-19 pandemic. In May 2020, The Jewish Agency launched a program to provide interest free loans to overseas Jewish communities encountering financial difficulties arising from the Covid-19 virus crisis. The loans are interest free and are repayable over 4 years. See Note 2h(2).

(c) The Jewish Agency is responsible for the granting of loans to entrepreneurs and others. Recovery of the deposit is contingent upon repayment of the loans. The amount provided for doubtful debts as of December 31, 2020 was approximately $1,078 thousand (December 31, 2019, approximately $725 thousand).

(d) Mainly linked to NIS.

(e) During the course of 2014, The Jewish Agency lent an amount of $34.3 million to one of its major partners. The loan is to be repaid over the course of seven years and bears interest at an annual rate of 1.86%. The loan enabled the partner to increase its annual contribution to The Agency.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 8 - FIXED ASSETS

	Land, buildings and improvements	Social Housing Initiative	Furniture and equipment	Computer equipment and software	Fixed assets held prior to 1997	Total
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Cost						
Balance as of beginning of year	337,955	86,333	33,790	24,602	1	482,681
Additions	**7,444**	**59,585**	**1,663**	**2,624**	**-**	**71,316**
Disposals	**(9)**	**-**	**(13)**	**(65)**	**-**	**(87)**
Sale of subsidiary company (*)	**(36,276)**	**-**	**(2,666)**	**(326)**	**-**	**(39,268)**
Balance as of end of Year	**309,114**	**145,918**	**32,774**	**26,835**	**1**	**514,642**
Less: Government grants						
Balance as of beginning of year	-	32,447	-	-	-	32,447
Received during year	**-**	**23,895**	**-**	**-**	**-**	**23,895**
Balance as of end of year	**-**	**56,342**	**-**	**-**	**-**	**56,342**
Accumulated depreciation						
Balance as of beginning of year	177,903	-	30,484	21,854	-	230,241
Charge for year	**14,026**	**23**	**1,431**	**2,325**	**-**	**17,805**
Disposals	**(9)**	**-**	**(13)**	**(65)**	**-**	**(87)**
Sale of subsidiary company (*)	**(18,515)**	**-**	**(2,227)**	**(308)**	**-**	**(21,050)**
Balance as of end of year	**173,405**	**23**	**29,675**	**23,806**	**-**	**226,909**
Net book value as of December 31, 2020	**135,709**	**89,553**	**3,099**	**3,029**	**1**	**231,391**
Net book value as of December 31, 2019	160,052	53,886	3,306	2,748	1	219,993

See Notes 2a2 and 2i
(*) See Note 30

NOTE 9 - ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Suppliers, contractors and institutions	**45,828**	47,162
Expenses payable	**10,122**	12,312
Salaries and related payables	**18,918**	18,110
Early retirement program (see Note 29)	**11,403**	608
Due to customers	**8,797**	5,822
Deferred revenue	**2,737**	3,585
Related parties	**2,782**	3,083
Other	**4,596**	3,365
	105,183	94,047

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 10 - LONG-TERM DEBT

	December 31, 2020 US$ thousands	December 31, 2019 US$ thousands
Loans of Social Housing Initiative subsidiary (see Note 13a) (1)	**43,796**	22,896
Bank loans (2)	**2,016**	2,311
PPP loans from US government (3)	**1,398**	-
	47,210	25,207
Less: current maturities (4)	**(2,752)**	(403)
	44,458	24,804

(1) These loans are linked to the Israeli Consumer Price Index and incur interest at rates between 1.2% to 2.75%.

(2) Liabilities of subsidiaries and not of The Jewish Agency and will be fully repaid in 2021.

(3) In April 2020, the Jewish Agency received loan proceeds in the amount of $1,398,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks or twenty-four weeks, dependent upon the elected period, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during either the elected eight-week or twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization believes that it used the proceeds for purposes consistent with the PPP.

The Jewish Agency has applied for forgiveness of the loans, however, as of the date of the signing of these financial statements a response has not yet been received.

(4) Current maturities are determined in accordance with the terms of the loans.

NOTE 11 - LIABILITIES FOR EMPLOYEE RIGHTS UPON RETIREMENT, NET

a. Pension and severance pay

Labor laws and agreements require The Jewish Agency to pay severance pay and/or pensions to employees dismissed or retiring from employment. The Jewish Agency's pension and severance pay liability to its employees who joined The Jewish Agency before April 1995 is covered mainly by regular deposits with the Provident and Pension Fund of Employees of The Jewish Agency for

NOTE 11 - LIABILITIES FOR EMPLOYEE RIGHTS UPON RETIREMENT, NET (CONT'D)

Israel Ltd. (the Fund). If the assets of the Fund are not adequate to meet its actuarial liability, The Jewish Agency is obliged to fund the deficiency. In the event, however, that the assets of the Fund exceed the amount of the liability by 25%, then any amount over 7.5%, is to be remitted by the Fund to The Jewish Agency, see also b. below.

Based on the financial statements and the actuarial computations furnished to The Jewish Agency by the Fund as of December 31, 2020, assets of the Fund amount to approximately $1,159 million (2019: $1,061 million), the projected benefit obligation amounts to approximately $1,227 million (2019: $1,136 million) and consequently, the estimated unfunded pension liability amounts to approximately $68 million (2019: $75 million).

The significant actuarial assumptions used are in accordance with the mandatory guidelines of the Controller of the Capital Markets, Insurance and Savings at the Ministry of Finance (hereafter Ministry of Finance) as follows:

- assumed real increase in pensions: mostly 0% to 1% (2019: 0% to 1%) per annum.
- assumed real increase in salaries of current employees : 1.5% (2019: 0% to 1%) per annum.
- dictated discount rate on Fund assets approximately: -0.3765% (2019: -0.246%) per annum.
- assumed mortality based on Israeli mortality tables as directed by the Ministry of Finance in October 2017.

The abovementioned assets and projected benefit obligation of the Fund are not reflected in the balance sheet since they are not under the control and management. Only The Jewish Agency's liability to the Fund is reflected in the balance sheet.

As of 2005, the discount rate of the Fund's actuarial liabilities and the yields of the Fund's assets are determined and mandated by the Ministry of Finance. Management is of the opinion that certain actuarial assumptions used, regarding the yields, (based on the dictated discount rate) may not accurately reflect prevailing conditions, which if applied, would reduce The Jewish Agency's liability from the figure shown in the financial statements. Management is unable to quantify the extent of the adjustments that would be required if what it considers prevailing conditions were applied, and therefore The Jewish Agency has reflected in its financial statements the estimated unfunded pension liability per the Fund's mandated computations.

However, per the Fund's actuary, the Fund would be balanced and the liability to the Pension Fund would be eliminated, were a real (in real terms) discount rate of 0.1% to be used in The Funds computations. The Fund's actual real yield in 2020 was 8.76% (2019: 10.7%) and the average actual real yield over the last 5 years was 8%.

Following an Israeli government pension fund reform, no new members are added to the Fund. Therefore, The Jewish Agency has entered into agreements with external pension funds, whereby employees who joined The Agency after March 1995 can, should they wish, become members of one of those (or any other) funds. The terms of these funds relieve The Agency of all pension and standard severance pay liabilities.

Regarding liabilities for pension and statutory severance pay to local employees in overseas offices, management has recorded provisions which it considers adequate for such liabilities.

NOTE 11 - LIABILITIES FOR EMPLOYEE RIGHTS UPON RETIREMENT, NET (CONT'D)

b. On January 24, 2018 an agreement was signed between the Jewish Agency and the Pension Fund to determine a payment schedule and methodology for the full settlement of the Jewish Agency's liability to the Pension Fund. The agreement determines that during the years 2019 through 2021, the Jewish Agency will remit approximately $4 million to the Pension Fund annually. The remainder of the liability (see Note 11c) will be settled over either the subsequent 17 or 27 years depending on the magnitude of the liability. The annual payment amount will be determined annually, based on the liability existing at the end of the previous year and will not exceed $4 million unless abiding by this amount will preclude the liability from being fully settled by the end of 2048.

c. Liabilities for employee rights upon retirement are composed as follows:

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Liability to the Pension Fund, net*	**67,567**	75,043
Less: current commitment to the Pension Fund (see b. above)	**(4,268)**	(3,951)
	63,299	71,092
Compensation for unutilized sick and study leave and additional severance benefits for The Jewish Agency employees in Israel	**21,239**	23,639
Other pension and severance pay liabilities, net	**17,941**	16,741
Early retirement programs – long-term (see Note 29)	**9,864**	5,892
	112,343	117,364

** This liability is denominated in New Israeli Shekels, discounted at -0.3765% (2019: -0.246%).*

The receipt by the Pension Fund of additional payments from The Jewish Agency on account of its liability, generates additional future income. Therefore, the effect of additional future payments on the reduction of the Pension Fund liability will be in excess of the actual payment made.

d. Compensation for unutilized sick and study leave

Labor agreements entitle employees with ten years of tenure to partial compensation for unutilized sick leave upon retirement. Furthermore, certain employees are entitled to compensation for unused study leave upon retirement. The Jewish Agency has fully provided for these liabilities.

e. Change in Pension Fund liability, net

The net change is comprised of the following elements:	**The year ended December 31, 2020**	2019
	US$ thousands	US$ thousands
Past experience adjustments to actuarial assumptions	**(4,582)**	(12,101)
Income received above expected yield:		
- Due to unfunded deficit	**1,058**	24
- Due to market conditions	**121,443**	100,193
Change in the discount rate used	**(54,053)**	(149,185)
Change in actuarial assumptions	**(59,707)**	13,262
Exchange rate differences	**(4,676)**	(3,450)
Others	**4,082**	(4,428)
Decrease (increase) in Pension Fund liability, net	**3,565**	(55,685)

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 12 - OTHER LIABILITIES

	December 31, 2020 US$ thousands	December 31, 2019 US$ thousands
Property related costs - see Note 13 (c) and (d)	**18,960**	18,962
Former Prisoners of Zion *	**6,798**	7,635
Deposits payable	**12,653**	11,132
Others	**8,461**	7,423
	46,872	45,152

* *This liability represents the actuarial liability, discounted at -0.3765% (2019: -0.246%) relating to The Jewish Agency's commitment to pay lifelong monthly stipends to former "Prisoners of Zion" who were imprisoned in their former countries as a result of Zionist activities they conducted there, prior to their Aliyah. The level and amounts of the stipends paid are governed by a law passed in 1992, later amended, per the terms of which, the entitlement to these stipends is subject to a means test.*

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

a. On December 31, 2015, The Jewish Agency signed an agreement with the Government of Israel relating to the construction and subsequent operation of over 2,600 social housing units on numerous sites in Israel owned by The Jewish Agency and some of its major supporters. The units constructed will be used to provide housing for elderly members of Israel's most vulnerable populations entitled to government subsidized housing. The entire initiative (construction and operation) will be undertaken by a special purpose company, the Company for the Financing of the Social Housing Initiative of the Jewish Agency Ltd. ("the SPC"), a wholly-owned subsidiary of The Jewish Agency, fully consolidated within these financial statements. Under the terms of the agreement, the Government of Israel will fund most of the rent for the housing provided.

   The SPC has subcontracted to Amigour Management of Assets Ltd, a wholly owned subsidiary of The Jewish Agency, the management of the construction and subsequently the operation of the properties included in the initiative.

   The total expected cost of the construction is approximately $407 million of which the Government of Israel will provide funding by means of capital grants of approximately $170 million. The remainder will be funded by debt raised by the SPC and by designated donations – for accounting treatment of the donations and the Government grants see Note 2a2. Under the terms of the agreement with the Government of Israel, The Jewish Agency has provided a guarantee of $3.1 million to the Government for the full performance of the agreement. Also, the Jewish Agency has provided additional guarantees of $0.7 million in order to proceed with construction.

   On November 1, 2017, the SPC signed an agreement with one of Israel's largest financial institutions (the "Lender") for the provision of a credit facility of approximately $175 million (NIS 590 million) to finance a portion of the capital costs of the initiative. The Lender's recourse

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES (CONT'D)

to The Jewish Agency in respect of the SPC's debt will be limited to certain guarantees of approximately $18 million and security interests in the units to be constructed.

The amounts drawn down against the credit facility will incur interest as follows:

i. $43,796 already drawn down incur interest at rates between 1.2% and 2.75% annum and;
ii. Any additional amounts drawn down will incur interest at the then prevailing interest rate of a certain Israeli Government bond plus a margin of 1.8% per annum

All amounts will be linked to the Israeli Consumer Price Index. An annual non-utilization fee in respect of the unused amount of the facility will be charged at rates between 0.2% and 1.06%. The amounts drawn down will be accounted for on a site by site basis, and the repayments to the Lender of principal, interest and linkage will only commence within 6 months subsequent to the completion of the construction on that site. The repayments, with respect to each site, will be made over a period of 19 years in equal payments. Management expects that the income generated from the operation of the housing units constructed will be more than sufficient to fund the required debt repayments.

Construction has already commenced on seven of the sites. Contracts have been signed with construction companies for these first seven sites for an aggregate amount of approximately $149 million that are expected to be expended as follows:

- 2021 $77 million
- 2022 $37 million
- 2023 and after $35 million

b. Various lawsuits (approximately 11) are pending against The Jewish Agency and some of its subsidiaries with a potential total exposure of approximately $2.4 million as of December 31, 2020. In respect of some of these lawsuits, The Agency has provided an amount that Management, based on the opinions of legal counsel received, considers necessary to cover any liabilities that may arise.

c. The Jewish Agency and certain subsidiaries have received demands for payment of levies imposed by local authorities relating to physical infrastructure projects which they are vigorously disputing. The Agency has provided an amount that Management, based on the opinion of its legal advisors, considers necessary to cover the liability that might arise in respect of such levies.

d. As a consequence of a 2016 decision of the Israeli Supreme Court in the matter of certain property rights owned by The Jewish Agency, there might arise, in the opinion of legal counsel, additional liabilities resulting from the said decision. Based on counsel's opinion, Management has provided an amount that it considers necessary to cover the potential liabilities.

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES (CONT'D)

e. The Jewish Agency entered into a long-term contract in 2007 with the Government of Israel and Masa: the Project for the Encouragement of Long-term Programs in Israel for Jewish Young Adults Ltd., ("Masa") an Agency wholly-owned subsidiary, for the purpose of bringing young Jews from all over the world to Israel for periods of a duration of between four and ten months to participate in academic and volunteer programs that meet Masa standards. In accordance with the contract, Masa is responsible for facilitating the project. The major part of the Masa budget is the scholarship program for eligible participants, which subsidizes the cost of the participant's tuition and stay in Israel. Masa is jointly funded by The Agency and the Government of Israel. The amounts funded are a direct function of the number of participants that are recruited and participate in programs and the length of their program each academic year. See Note 15. In June 2020 the Agency has agreed with the Government of Israel a $17 million maximum commitment of the Agency for the academic year 2021/2022.

f. As presented in Note 7(c), deposits are made with Israeli commercial banks for the purpose of enabling the banks to provide loans to entrepreneurs. These deposits act as security for the loans provided. In the event that a borrower defaults, the amount of the defaulted loan would be forfeited. To date, the default rate has been very low and is expected to continue at this very low rate for the foreseeable future.

g. The Jewish Agency has available lines of credit, with repayment terms of up to 4 years, amounting to $75 million. These were not utilized as of the balance sheet date.

h. The Jewish Agency has provided guarantees of $0.4 million to customers of one of its subsidiaries for the quality of services provided and of $0.4 million to a landlord.

i. The Jewish Agency has provided guarantees of $2.17 million to the Government of Israel for the satisfactory provision of services by one of its subsidiaries.

j. One of The Jewish Agency's subsidiaries has registered a lien on one of its properties to its bankers who provided a loan for the purchase of the property.

k. One of The Jewish Agency's subsidiaries has registered a lien of $0.7 million on its cash balances to its bankers.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

These assets are linked mainly to the dollar and are composed as follows:

	December 31, 2020	December 31, 2019
	US$ thousands	US$ thousands
Designated donations received but not yet utilized in full or in part	**71,411**	62,757
Other:		
Deposits (a)	**15,583**	17,734
Designated donations for sheltered housing for the elderly and other restricted assets - remaining unamortized balance (b)	**66,864**	64,451
	153,858	144,942

(a) Includes $5.1 million that bears interest (at around the Libor rate).
(b) This balance is amortized in parallel to the amortization of the fixed assets whose purchase these designated donations funded - see Note 2a2.

NOTE 15 - ISRAEL EXPERIENCES

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Masa Israel Journey - funded by The Jewish Agency	**16,519**	26,000
Masa Israel Journey - funded by the Israeli Government*	**21,148**	28,167
Onward Israel (partially through Masa Israel Journey)	**718**	5,142
Machon Leadership Training	**3,722**	3,476
Israel Tech Challenge	**3,649**	3,414
Taglit-Birthright	**1,000**	5,083
Program implementation	**563**	249
Pre & post Israel experience engagement	**-**	10
	47,319	71,541

** Expenses incurred by a subsidiary company.*

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 16 - ALIYAH, ABSORPTION AND SPECIAL OPERATIONS

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Absorption centers	**28,629**	27,465
Young adults' programs - Selah, Kibbutz Ulpan and First Home in the Homeland	**8,802**	8,615
Olim flights	**8,649**	9,641
Aliyah services and eligibility	**2,988**	2,932
Program implementation	**2,393**	2,043
Lone Immigrant Soldiers - Wings	**1,616**	1,369
Victims of Terror Fund, La'ad and other special tasks	**1,467**	1,082
Initial ulpanim	**1,111**	1,544
Nefesh B'Nefesh	**970**	1,252
Ethiopia - Gondar complex	**728**	355
Initial furnishings for Ethiopian olim	**599**	105
At Home Together and olim associations	**134**	139
Aliya and Klita - Together	**-**	354
Grants for new olim	**29**	79
	58,115	56,975

NOTE 17 - SOCIAL ACTIVISM

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Youth Villages	**22,382**	21,840
Youth Futures	**9,413**	11,888
Post high-school service learning (Mechinot)	**5,031**	5,651
Nitzana educational community	**4,975**	5,931
Social Neighborhood Rehabilitation	**2,078**	2,301
Atidim, Net@, scholarships, ShinShinui and young communities	**1,486**	1,236
Project TEN: Global Tikkun Olam	**991**	1,398
Program implementation	**720**	571
Shalom Corps	**627**	750
Bikat Kinarot Center	**460**	303
	48,163	51,869

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 18 - ACTIVITIES WITH RUSSIAN-SPEAKING JEWS

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Preparation for Aliyah	**4,982**	6,515
Heftzibah	**4,756**	3,653
Program implementation	**1,765**	1,572
Summer/winter camps (FSU)	**1,368**	4,353
Youth, students and community activities	**1,336**	2,050
Ulpanim, Sunday schools and Jewish literacy	**852**	1,062
Programs with Former Soviet Union emigres	**703**	764
Shlichim in FSU	**694**	778
Pre and post Israel experience programs	**179**	231
Day Camps in the FSU	**90**	258
	16,725	21,236

NOTE 19 - PARTNERSHIPS

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Partnership2Gether	**12,419**	15,556
Program implementation	**1,564**	1,440
Global school twinning network	**485**	407
Loan funds: developing small-businesses	**314**	294
P2G's Global Young Professional Platform for Jewish Action	**87**	230
P2G's Global Pre-Bar/Bat Mitzva Intergenerational Initiative	**37**	89
STEM twinning network	**-**	27
	14,906	18,043

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 20 - SHLICHIM AND ISRAEL FELLOWS

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Community Shlichim	**5,185**	5,610
Israel Fellows	**4,853**	4,569
Youth movement Shlichim	**4,190**	4,440
Pre-shlichut costs	**3,356**	4,314
Service year Shlichim (Shinshinim)	**2,955**	2,779
Program implementation	**825**	765
Shlichim worldwide	**728**	855
Ongoing Shlichut costs	**648**	712
North American camp Shlichim	**541**	3,417
Activities for returned Shlichim	**94**	50
Zionist seminars Shlichim (short-term)	**15**	42
	23,390	27,553

NOTE 21 - COMMUNITY SERVICES (NOT INCLUDING FSU)

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Overseas education activities	**6,215**	6,578
Preparation for Aliyah	**4,719**	5,626
Worldwide community representatives	**3,798**	3,641
Morasha	**1,212**	3,983
TalentEd- Network for Jewish Educational Talent	**731**	213
England youth movement activities	**600**	600
Cha'il: Israel education abroad	**380**	2,697
Program growth incentive	**112**	169
	17,767	23,507

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 22 - ALLOCATIONS AND SOCIAL PROGRAMS

Support provided to enable the implementation of programs by approximately 538 other charitable institutions whose aims and objectives are compatible with those of The Jewish Agency.

NOTE 23 - AGENCY-WIDE PROJECTS AND ORGANIZATIONAL ACTIVITIES

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Amigour social housing	**43,867**	36,039
Israeli subsidiary companies expenses*	**30,068**	57,416
Nativ	**8,933**	11,350
Other	**2,694**	(195)
Doubtful debts – see Note 2h(2)	**2,500**	-
Support for the religious streams in Israel	**2,305**	2,641
Kiryat Moriah Campus	**3,428**	3,137
Security projects	**1,508**	2,321
Jewish People Policy Planning Institute	**381**	480
Change in equity of associated companies	**(483)**	(481)
	95,201	112,708

* *Not including Agency activities conducted by subsidiaries.*

NOTE 24 - SUPPORT UNITS AND EXECUTIVE OFFICES

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Finance and logistics	**4,562**	4,742
Executive offices	**3,113**	3,267
Human resources and administration	**2,800**	3,098
ERP and other organizational IT	**2,747**	2,368
Worldwide regional management	**2,688**	2,429
Security division	**1,088**	1,243
Planning, information and other support functions	**1,023**	1,365
Legal advisor	**842**	950
Comptroller	**571**	575
Spokesman	**351**	421
Chief operations officer	**266**	138
	20,051	20,596

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 25 - FRD, MARKETING AND COMMUNICATIONS

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
FRD	**5,656**	7,171
Marketing and communications	**3,763**	4,030
	9,419	11,201

NOTE 26 - FINANCIAL EXPENSES, NET

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Exchange rate expenses (income) and other, net	**(1,111)**	(1,260)
Interest expenses, net and bank fees	**2,486**	1,558
	1,375	298

NOTE 27 - INCOME (DEFICIT) FROM ASSET REALIZATION, NET

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Sale of Subsidiary Company – see Note 30	**120,687**	-
Depreciation of restricted fixed assets funded by Israeli Government grants *	**(1,449)**	(1,449)
Other sale of assets, net - mainly real estate	**2,043**	1,136
Property related costs	**(1,407)**	(2,815)
	119,874	(3,128)

** Written back to unrestricted net assets on Statements of Changes in Net Assets.*

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 28 - TRANSACTIONS WITH RELATED PARTIES

a. Donations, Contributions (unrestricted and restricted) and fees for services received:

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
United Israel Appeal Inc.	**165,148**	164,580
Keren Hayesod - United Israel Appeal	**41,461**	42,785

b. Transactions during the ordinary course of business:

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Transactions with World Zionist Organization (WZO)	**15,871**	17,229
Transactions (net) - expenses / (income) - with other related parties	**436**	(555)

c. Balances, donations and other transactions with related parties are disclosed separately in these financial statements.

d. Short-term deposits of $4.6 million (2019 – $7.8 milliom) bearing interest, were received from a related party.

Notes to the Consolidated Financial Statements as of December 31, 2020

NOTE 29 - EARLY RETIREMENT PROGRAM

Subsequent to the early retirement plan executed in 2019, during 2020, The Jewish Agency finalized a program, to be implemented in 2021, to facilitate the early retirement of an additional group of at least 50 tenured employees. The program includes a combination of additional pension entitlements and cash incentives. Some pension payments deriving from this program will be incurred over a number of years.

The cost of the new program is estimated to be approximately $10 million in addition to $5 million of existing entitlements for the retirement of the employees.

The liabilities for the early retirement programs are presented as follows:

	The year ended December 31,	
	2020	2019
	US$ thousands	US$ thousands
Account payable - current liabilities:		
2020 program (to be implemented in 2021)	**10,700**	-
2019 program	**703**	608
	11,403	608
Liabilities for employee rights upon retirement - long-term liabilities:		
2020 program (to be implemented in 2021)	**4,300**	-
2019 program	**5,564**	5,892
	9,864	5,892

NOTE 30 - SALE OF SHARES IN SUBSIDIARY COMPANY

The Jewish Agency signed an agreement on September 17, 2020 to sell it's full interests in its subsidiary company, International Congress Center Ltd. to Himanuta Ltd. (a subsidiary of Keren Kayemet Leisrael) for an amount of approximately $148 million (475 million NIS). The surplus earned from the transaction was approximately $121 million (see Note 27). The proceeds from the transaction will be received over a period of up to four years. The sales proceeds have been allocated to the Agency's Endowment Fund (see Note 6(ii)).

Main effects of exclusion of International Congress Center Ltd. From The Jewish Agency's consolidated balance sheet:

Reduction of Assets:	**US$ thousands**	**Reduction of Liabilities:**	**US$ thousands**
Cash and cash equivalents	3,807	Accounts payable	1,931
Short-term deposits in banks	2,806	Liabilities for employee rights upon retirement	441
Investment in marketable securities	4,399	Other liabilities	506
Accounts receivable	706		
Fixed assets	18,218		
	29,936		2,878

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FOR ISRAEL

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הסוכנות היהודית לארץ ישראל
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The Jewish Agency is generously supported by The Jewish Federations of North America, Keren Hayesod/United Israel Appeal, and by philanthropists and foundations in North America and around the world.