

The Haifa Center for Children with Learning Disabilities

Financial statements
As of 31st December 2013

Amuta registration no.: 580174225

Financial statements as of 31st December 2013

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Auditor's report to the Committee of Ha.La.Cha. – The Haifa Center for Children with Learning Disabilities

I have audited the herein enclosed balance sheets of Ha.La.Cha. – The Haifa Center for Children with Learning Disabilities (hereinafter, the non-profit organization) as of the 31st of December 2013 and 2012, as well as the activities reports, the changes in net assets reports and the cash flow reports for the year ending on said dates. The administration of the non-profit organization bears sole responsibility for the verity of these financial statements. Our own responsibility applies to our considered opinion of said financial report, based on our audit.

I have conducted my audit according to accepted auditing standards, including the standards set in the 1973 CPA regulations (CPA practice). According to said standards I am required to plan and carry out an audit aimed at assuring with a plausible measure of confidence that there is no essential misrepresentation in said financial statements. The audit included a sample testing of the evidence presented in support of the sums and information quoted in the financial statements. The audit also includes an inspection of the accounting rules applied to the reports and the significant estimations performed by the non-profit organization's administration, as well as an assessment of the general appropriateness of the general presentation of the financial statements. It is our opinion that my audit may serve as an appropriate basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the association as of December 31, 2013 and 2012, and the results of its operation and changes in its net assets and its cash flows for each of the years ended on those dates, this on the basis of nominal values.

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Yehuda Ohana
CPA

Kiryat Motzkin, June 18, 2014

The Haifa Center for Children with Learning Disabilities

Balance Sheets as of 31st December 2013

	Notes	31.12.13 NIS	31.12.12 NIS
Current assets			
Cash and cash value		819,019	1,611,904
Short term deposits		255,607	250,000
Open deposits		718,861	649,140
Accounts receivable and debit balances	3	<u>539,929</u>	<u>453,352</u>
		2,333,416	2,964,396
Fixed assets			
	4	<u>1,126,285</u>	<u>557,004</u>
		<u>3,459,701</u>	<u>3,521,400</u>
Current liabilities			
Checks payable		154,417	192,055
Accounts receivable and credit balances	5	<u>559,262</u>	<u>372,590</u>
		<u>713,679</u>	<u>564,645</u>
Long term liabilities			
Liabilities arising from termination of employer-employee relations, net	6	<u>389,765</u>	<u>295,480</u>
Assets, net			
Net assets that are not limited by the donors abroad:			
For current activities		(270,028)	604,271
For acquisition of fixed assets		1,126,285	557,004
As designated by the Amutah	10	-----	-----
To a limited fund designated by the Amuta		<u>1,500,000</u>	<u>1,500,000</u>
		<u>2,356,257</u>	<u>2,661,275</u>
		<u>3,459,701</u>	<u>3,521,400</u>

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Dr. Jeremiah Lubasch
Institute Chairman

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Mr. Daniel Hoffner
Committee Member

The notes constitute an integral part of the financial statements.

The Haifa Center for Children with Learning Disabilities

Activities Reports for the year ending on the 31st of December 2013

	Notes	31.12.2013 NIS	31.12.12 NIS
Operating cycle:			
Allocations from government offices and the authorities:			
Ministry of Education		1,427,700	1,243,075
Ministry of Welfare		110,108	122,698
Haifa Municipality		106,309	83,643
Ministry of Industry, Trade and Labor		436,409	340,575
Ministry of Health		<u>10,000</u>	<u>-----</u>
		2,090,526	1,789,991
Donations	7	877,646	1,295,381
Income from services provided		<u>1,108,784</u>	<u>1,437,219</u>
		4,076,956	4,522,591
		<u>-----</u>	<u>-----</u>
Cost of activities:			
Salaries and accompanying payments		2,810,771	2,490,096
Maintenance		96,388	87,561
Hot meals for children		72,606	66,060
Rent for Early Childhood Center		115,200	110,400
Donor gifts and refreshments		459	394
Materials and textbooks		30,380	29,378
Supervision		24,340	16,740
Outings		---	2,825
Insurance		27,516	24,741
Utilities (electricity and water)		31,965	36,515
Publicity and office expenses		30,724	21,781
Advanced courses for teaching staff		1,430	6,726
Therapy sessions		186,743	289,152
Telephone and post		14,585	13,657
Transportation and travel expenses		1,846	6,510
Professional Consulting		---	50,000
Depreciation		<u>152,954</u>	<u>134,230</u>
		3,597,907	3,386,766
Net income from activities		582,983	1,135,825
Administrative and general expenditures	8	<u>745,869</u>	<u>501,197</u>
Net income (expenditure) before financing		(266,820)	634,628
Net financing income (expenditure)	9	<u>(61,650)</u>	<u>3,041</u>
		(328,470)	637,669
Income from equities		---	7,713
Depreciation of compensation funds		--	--
Other income (expenditure) - equities		23,452	37,834
Other expenditures		<u>-</u>	<u>-</u>
Surplus (deficit) during the year		(305,018)	683,216

The notes constitute an integral part of the financial statements.

The Haifa Center for Children with Learning Disabilities

Reports of net changes in assets for the year ending on the 31st of December 2013

In regard to which there are no limitations

		**	**	**	***	Total
		for use in activities	designated by the Association	for use of fixed assets	for limited fund	Total
		NIS		NIS	NIS	NIS
Balance as of 31st December 2011	-	323,189	1,164,479	490,391		1,978,059
Additions during the year:						
Amounts transferred to allocated funds	-			-		
Deficit		683,216				683,216
Renovations during the year						
Deductions during the year:						
Amounts transferred pertaining to fixed assets		(203,628)		203,628		
Amounts transferred to limited building fund		(335,521)	(1,164,479)		1,500,000	
Amounts transferred to cover depreciation costs		137,015		(137,015)		
Balance as of December 2012	-	604,271	---	557,004	1,500,000	2,661,275
Additions in the course of the year:						
Surplus (deficit)		(305,018)				(305,018)
	-		-	-		
Deductions during the year:						
Transfer of funds pertaining to use of fixed assets		(731,523)	-	731,523		-
Amounts transferred to cover depreciation costs	-	<u>162,242</u>	---	<u>(162,242)</u>		---
Balance as of 31st December 2013		<u>(270,028)</u>		<u>1,126,285</u>	<u>1,500,000</u>	<u>2,356,257</u>

*reclassified **unlimited

*** limited fund according to decision of Amuta

The Haifa Center for Children with Learning Disabilities

Cash flow reports for the year ending on the 31st of December 2013

	2013	2012
	NIS	NIS
Cash flows from current activities		
Annual surplus (deficit)	(305,018)	683,216
The adjustments required in order to present cash flow from current activities	<u>342,436</u>	<u>195,010</u>
Net cash from current activities	<u>37,418</u>	<u>878,226</u>
Cash flows from investment activities:		
Actualize bank securities	---	123,044
Acquisition of bank securities	-	-
Investment in bank securities and deposits	(98,780)	(-)
Increase (decrease) in allocated funds		
Acquisition of fixed assets	(731,523)	(203,628)
(Decrease) Increase in cash and cash value	792,885	797,642
Balance of cash and cash value at start of year	<u>1,611,904</u>	<u>1,064,262</u>
Balance of cash and cash value at end of year	<u>819,019</u>	<u>1,861,904</u>
Appendix A - Adjustments required in order to present cash flows from current activities:		
<u>Income and expenditure unrelated to cash flows:</u>		
Valuation of bank securities	23,452	37,834
Depreciation	162,242	137,015
(Decrease) Increase in retained surplus liabilities arising from termination of employee-employer relationships	<u>94,285</u>	<u>11,005</u>
	279,979	185,854
	-----	-----
<u>Changes in asset and liabilities items:</u>		
(Increase) Decrease in accounts payable and debit balances	(86,577)	(97,792)
Increase (Decrease) in checks payable	(37,638)	57,119
(Decrease) Increase in accounts receivable and credit balances	186,672	49,829
	62,457	9,156
	<u>-----</u>	<u>-----</u>
	<u>342,436</u>	<u>195,010</u>

The notes constitute an integral part of the financial statements

The Haifa Center for Children with Learning Disabilities

Notes to the financial statements as of 31st December 2013

Note 1 - General

General

The Amutah (non-profit organization) was founded in 1990 with the purpose of:

- 1) identifying and treating learning disabled children in the areas of: learning difficulties, developmental delays, behavioral problems
- 2) providing therapy for youngsters from age 0 – 3 who have developmental delays in an integrated day care center
- 3) providing an after-school program for immigrant youngsters
- 4) treating victims of terror, anxiety and post-trauma and their families including individual and family counseling
- 5) operating a special-education kindergarten
- 6) identifying, treating and preventing problems affecting the child and family including para-medical services and family counseling

Note 2 - Principles of Accounting Policy

Commencing from the financial statements as of 31st December 1997, the non-profit organization prepares its financial statements according to Statement No. 69 of Financial Accounting Standards issue by the Israeli Bureau of CPAs (hereinafter, the standards).

A. Financial statements in nominal values

According to the standards and based on the volume of income, the non-profit organization has prepared its financial statements on the basis of the convention of calculating historical cost in nominal values.

B. Fixed assets

- (1) Fixed assets are presented at their cost value.
- (2) During previous periods, the non-profit organization presented its fixed assets as a current expenditure during the year of acquisition. Were the fixed assets acquired before the 1st of January 1997 quoted according to their depreciated cost, this would not have added any meaningful information. For this reason, based on the standards, the above fixed assets were presented at their symbolic value.
- (3) Depreciation has been calculated according to the straight line depreciation method, based on the estimated usage duration of the assets.

The annual depreciation rates are:

	<u>%</u>
Office furniture	10-15
Computers	33
Air conditioners and electronic equipment	10-15
Improvements of rental premises	10

C. Use of estimates

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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to the financial statements as of 31st December 2013

Note 2 - Principles of Accounting Policy (continued)

D. Foreign currency and linkage

Balances that are linked to the C.P.I., based on the "known" index, have been adjusted according to the latest published index on balance sheet date.

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

Data regarding the C.P.I. and U.S. Dollar exchange rates is presented below:

31 December 2013

Consumer price index rise (decline) in percent	1.8%
Exchange rate of the U.S. Dollar	3.47

Note 3 - Accounts payable and debit balances

	31.12.13	31.12.12
	NIS	NIS
Various obligations	52,662	56,008
Advance payments	15,275	92,060
Post dated checks	31,655	12,850
Monies to be received	439,344	290,210
Advance payments to suppliers	<u>993</u>	<u>2,215</u>
	<u>539,929</u>	<u>453,352</u>

Note 4 - Fixed Assets

Composition:

	Air-conditioning & electronic equipment	Improve- ments of rental premises	Computers	Office furniture & equipment	Total
	NIS	NIS	NIS	NIS	NIS
Cost					
Balance as of year's beginning	318,761	1,254,151	162,386	519,217	2,254,515
Additions	<u>-----</u>	<u>670,934</u>	<u>-----</u>	<u>60,589</u>	<u>731,523</u>
Balance as of year's end	318,761	1,925,085	162,386	579,806	2,986,038
Accumulated depreciation					
Balance as of year's beginning	238,873	964,022	143,339	351,277	1,697,511
Additions	<u>17,104</u>	<u>92,599</u>	<u>8,758</u>	<u>43,781</u>	<u>162,242</u>
Balance as of year's end	255,977	1,056,621	152,097	395,058	1,859,753
Depreciated balance as of 31st December 2013	<u>62,784</u>	<u>868,464</u>	<u>10,289</u>	<u>184,748</u>	<u>1,126,285</u>
Depreciated balance as of 31st December 2012	<u>79,888</u>	<u>290,129</u>	<u>19,047</u>	<u>167,940</u>	<u>557,004</u>

Including fixed assets acquired before the 1st of January 1997, presented at a symbolic value of NIS 1. See note 2.B (2).

Notes to the financial statements as of 31st December 2013

Note 5 - Accounts receivable and credit balances

	<u>31.12.13</u>	<u>31.12.12</u>
	NIS	NIS
Accounts payable	193,770	65,356
Institutions	77,481	72,856
Allocations set aside for sick leave, vacation, clothing	86,902	55,280
Employees	<u>201,109</u>	<u>179,098</u>
	<u>559,262</u>	<u>372,590</u>

Note 6 - Liabilities arising from termination of employee-employer relations, net

The liability for termination of employer-employee relationships is covered for the most part by current payments to Insurance Company for Manager's Insurance and retirement funds. The following amount is not covered by the Manager's Insurance policies as stated above.

	<u>31.12.13</u>	<u>31.12.12</u>
	NIS	NIS
Reserves for pension compensations	611,155	497,528
Deducting - retained sums invested in an approved fund	(221,390)	(202,048)
	<u>389,765</u>	<u>295,480</u>

Note 7 - Donations

	2013	2012
	NIS	NIS
Donations	61,993	107,144
Donations in Israel	42,400	80,900
Donations from Abroad	773,253	1,107,337
	<u>877,646</u>	<u>1,295,381</u>

Note 8 - Administrative and general expenditures

	<u>2013</u>	<u>2012</u>
	<u>NIS</u>	<u>NIS</u>
Salaries	357,024	255,163
Accompanying payments	74,485	53,009
Fundraising expenses	198,819	123,498
Bookkeeping expenses	52,236	17,450
Auditing inspection	-	-
Office expenses	7,822	4,430
Telephone & post	12,049	12,330
Maintenance	-	-
Transportation	9,182	1,319
Taxes	--	1,273
Banking fees	13,681	11,059
Travel expenses	207	268
Special Deliveries	-	-
Courses & Professional Literature	788	2,210
Depreciation	9,288	2,785
Miscellaneous	(1,346)	1,871
Advertising	<u>11,634</u>	<u>14,532</u>
	<u>745,869</u>	<u>501,197</u>

Note 9 - Net financing income (expenditure)

Exchange rates differences -	NIS 69,445
Bank pledges interests-	<u>NIS (7,795)</u>
	<u>NIS 61,650</u>

Note 10 - Amuta Funds

In an effort to purchase a building that will answer the needs of the organization, it has been decided by the members of the Amuta, to establish a limited fund for this specific purpose. In total NIS 1,500,000 has been transferred to this fund from the credit that has accumulated.

Note 11 – Donations

A detailed list of donations has been submitted separately.