

Arugot – Child and Family Development Center
(formerly: The Haifa Center for Children with Learning Disabilities)

Financial statements
As of 31st December 2016

Non-Profit Org.:580174225

Arugot

Amuta registration no.: 580174225

Financial statements as of 31st December 2016

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Auditor's report to the Committee of Arugot

Child and Family Development Center

We have audited the herein enclosed balance sheets of Arugot (hereinafter, the non-profit organization) as of the 31st of December 2016 and 2015, as well as the activities reports, and the changes in net assets reports for the year ending on the said date. The administration of the non-profit organization bears sole responsibility for the accuracy of these financial statements. Our own responsibility applies to our considered opinion of the said financial report, based on our audit.

We have conducted our audit according to accepted auditing standards, including the standards set in the 1973 CPA regulations (CPA practice). According to said standards we are 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 our audit may serve as an appropriate basis for my opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the association as of December 31, 2016 and 2015, and the results of its operation and changes in its net assets of the year ended on this date, according to the accepted rules of accountancy in Israel (Israely GAAP).

Avigail Shkovitzki, CPA

June 2016

Arugot, Child and Family Development Center

Balance Sheets

	Notes	<u>31.12.16</u> NIS	<u>31.12.15</u> NIS
Current assets			
Cash and cash value		1,507,950	1,298,911
Open deposits		125,110	145,462
Accounts receivable and debit balances	3	<u>464,180</u>	<u>385,122</u>
		2,097,240	1,829,495
Fixed assets			
	4	<u>967,785</u>	<u>1,128,446</u>
		<u>3,065,025</u>	<u>2,957,941</u>
Current liabilities			
Suppliers and checks to be paid		184,864	214,174
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance	5	261,553	373,400
		<u>446,417</u>	<u>587,574</u>
Long term liabilities			
Liabilities arising from termination of employer-employee relations, net	6	<u>328,640</u>	<u>408,290</u>
Total Liabilities		<u>775,057</u>	<u>995,864</u>
Assets, net			
Net assets that are not limited:			
For current activities		240,183	(48,369)
For acquisition of fixed assets		967,785	1,128,446
Designated by the Association		<u>1,082,000</u>	<u>882,000</u>
		<u>2,289,968</u>	1,962,077
Total Liabilities and net assets		<u>3,065,025</u>	<u>2,957,941</u>

(-)
Dr. Jeremiah Lubasch
Institute Chairman

(-)
Mr. Daniel Hoffner
Committee Member

The notes constitute an integral part of the financial statements.

Arugot, Child and Family Development Center

Activities Reports for the year ending on the 31st of December 2016

		31.12.2016	31.12.15
	Notes	NIS	NIS
Operating cycle:			
Allocations from government offices and the authorities	7	2,228,986	2,277,254
Donations	8	1,144,101	1,166,406
Income from services provided	9	1,004,035	1,033,710
Payments by Parents: Day Care Center		382,216	385,811
Other Income		<u>43,713</u>	<u>64,620</u>
		4,803,051	4,927,801
Cost of activities:			
Salaries and accompanying payments		3,239,893	3,404,012
Treatments (independent workers)		182,377	178,427
Volunteer value		16,787	128,800
Educational, activities, supervision		100,034	108,549
Hot meals for children		80,546	77,548
Materials and textbooks		27,201	48,820
Rent: Preschool and Day Care Center		138,787	115,200
Maintenance		114,312	110,589
Electricity and Water		53,472	53,591
Insurance		28,393	37,889
Depreciation		<u>151,925</u>	<u>166,357</u>
		<u>(4,133,727)</u>	<u>(4,429,782)</u>
Net income from activities		669,324	498,019
Administrative and general expenditures	10	291,121	489,787
Fundraising Expenses		<u>14,747</u>	<u>44,025</u>
Net Expenses prior to funding		363,456	(35,793)
Net Funding		<u>(35,565)</u>	<u>(9,016)</u>
Surplus (deficit) during the year		<u>327,891</u>	<u>(44,809)</u>

The notes constitute an integral part of the financial statements.

Arugot, Child and Family Development Center

Reports of net changes in assets for the year ending on the 31st of December 2016

		Not designated by association <u>NIS</u>	designate d by the Associatio n <u>882,000</u>	for use of fixed assets <u>1,074,210</u>	Total <u>2,006,886</u>
Balance as of 1 January 2015	-	50,676	882,000	1,074,210	2,006,886
Additions during the year:					
Deficit		(44,809)	-	-	(44,809)
Deductions during the year:					
Amounts for which there are no limitations					
For use of fixed assets		180,738		- 234,974	415,712
Amounts transferred to cover depreciation costs		<u>(234,974)</u>		= <u>(180,738)</u>	(415,712)
		<u>(54,236)</u>		<u>54,236</u>	
Balance as of December 2015	-	(48,369)	882,000	1,128,446	1,962,077
Additions in the course of the year:					
Surplus (deficit)		327,891			327,891
Sums that were designated by the association	-	(200,000)	200,000	-	
		<u>127,891</u>	<u>200,000</u>		<u>327,891</u>
Deductions during the year:					
Amounts transferred In regard to which there are no limitations					
Pertaining to use of fixed assets		(4,185)	-	4,185	
Amounts transferred to cover depreciation costs	-	<u>164,846</u>	=	<u>(164,846)</u>	=
		<u>160,661</u>		<u>(160,661)</u>	
Balance as of 31 December 2016		<u>240,183</u>	<u>1,082,000</u>	<u>967,785</u>	<u>2,289,968</u>

The notes constitute an integral part of the financial statements.

Arugot, Child and Family Development Center

Notes to the financial statements as of 31st December 2016

Note 1 - General

General

The Amutah (non-profit organization no. 580174225) 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, including the treatment of entire families in a variety of frameworks.
- 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 special-education pre-schools
- 6) identifying, treating and preventing problems affecting the child and family including para-medical services and family counseling

Note 2 - Principles of Accounting Policy

- A.** 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).

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.

No cash flow report has been shown as required by accepted Accounting Standards because the administration of the Association this report will not add significant financial information to what already has been reported.

B. Fixed Assets

- (1) Fixed assets are presented at their cost value (minus depreciation)
- (2) Annual Depreciation has been calculated according to the following rates:

	<u>%</u>
Furniture and equipment	6-7
Computers	33
Air conditioners and electronic equipment	10-15
Improvements of rental premises	10

C. Net Assets

According to Statement No. 69 of Financial Accounting Standards, net assets of the Association are presented as follows:

Net Assets are not limited and were used for general use for the Association.

Net Assets that were not limited and were used as fixed assets – for amounts covering purchase of fixed assets, including purchase and depreciation .

Notes to the financial statements as of 31st December 2016

Note 3 - Accounts payable and debit balances

	<u>31.12.16</u>	<u>31.12.15</u>
	NIS	NIS
Post Dated Checks	9,690	16,053
Various Obligations	571	17,290
Advance Payments	84,922	95,096
Monies to be received	368,997	256,683
	<u>464,180</u>	<u>385,122</u>

Note 4 - Fixed Assets Net

Composition:

	Computers	Improve- ments of rental premises	Office furniture & equipment	Air- Conditioning & electronic equipment	Total 2016`	Total 2015
	NIS	NIS	NIS	NIS	NIS	
Cost						
Balance January 2016	189,225	2,088,473	792,279	280,886	3,350,863	3,115,891
Additions during the year			<u>1,686</u>	<u>2,500</u>	<u>4,186</u>	<u>234,973</u>
Balance December 2016	189,225	2,088,473	793,965	283,386	3,355,049	3,350,864
Accumulated depreciation						
Balance January 2016	175,226	1,295,652	463,273	288,267	2,222,418	2,041,680
Additions during the year	<u>12,921</u>	<u>115,679</u>	<u>21,826</u>	<u>14,420</u>	<u>164,846</u>	<u>180,738</u>
Balance December 2016	<u>188,147</u>	<u>1,411,331</u>	<u>485,099</u>	<u>302,687</u>	<u>2,387,264</u>	<u>2,222,418</u>
Depreciated balance as of 31st December 2015	<u>1,078</u>	<u>677,142</u>	<u>308,866</u>	<u>19,301</u>	<u>967,785</u>	<u>1,128,446</u>

Notes to the financial statements as of 31st December 2016

Note 5 – Employees and Payable Organizations

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Employees (December)	178,784	235,995
Organizations (December)	82,769	85,031
Allocations for vacation payment*	-	52,374
	<u>261,553</u>	<u>373,400</u>

*funding from Ministry of Education for Preschools for months of September to December 2015 include the portion of the funding of salaries for July – August 2016 vacation. As of Sept.2016 Ministry of Education updated funding and this divided over 12 months equally

Note 6 - Liabilities Arising from Termination of Employee-Employer Relations

	<u>31.12.16</u>	<u>31.12.15</u>
	<u>NIS</u>	<u>NIS</u>
Reserves for retirement compensations*	562,430	639,027
Retained sums deposited in reserve	233,790	230,737
	<u>328,640</u>	<u>408,290</u>

*Reserves for retirement compensations are shown as deductions in the name of employees

Note 7 – Funding and Support

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Ministry of Education	1,446,651	1,518,982
Ministry of Social Welfare	64,817	107,780
Haifa Municipality (including Igrot chutz)	155,736	158,077
Ministry of Economics	561,782	492,415
	<u>2,228,986</u>	<u>2,277,254</u>

Note 8 – Donations*

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Private donations	43,264	62,098
Foundations - Israel	278,746	125,541
Foundations - Overseas	822,091	978,767
Total	<u>1,144,101</u>	<u>1,166,406</u>

Note 9 – Income from Treatments and Assessments

	December 31	
	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Tuition paid by parents	539,066	539,425
Income from Health Services	400,182	317,485
*Value of volunteers	-	128,800
Elwyn Israel Supervision	48,000	48,000
Total	<u>987,248</u>	<u>1,033,710</u>

*Accounting Standard No. 5, combined with Opinion No. 6, states that a non-profit organization may choose to include in its financial statements services received at no cost according to value. In 2015, the value of the volunteers was significant. Volunteers in 2016, did not make a significant contribution to the overall running of the organization, and therefore the financial statements do not reflect the services received without remuneration.

Note 10 - Administrative and General Expenditures

	<u>2016</u>	<u>2015</u>
	<u>NIS</u>	<u>NIS</u>
Salaries	115,867	235,089
Accompanying payments	30,638	65,243
Professional Services	35,768	62,274
Public Relations, Publicity	41,973	67,416
Telephone, Postal Expenses, Communications	42,607	42,221
Transportation	1,517	3,163
Depreciation	12,921	14,381
Lost debts	9,830	-
<u>Total</u>	<u>291,121</u>	<u>489,787</u>