

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

Financial statements  
As of 31st December 2017

Non-Profit Org.:580174225

# Arugot

Amuta registration no.: 580174225

## Financial statements as of 31st December 2017

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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 2017 and 2016, 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, 2017 and 2016, 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**

28 June 2018

# Arugot, Child and Family Development Center

## Balance Sheets

	Notes	<u>31.12.17</u> NIS	<u>31.12.16</u> NIS
<b>Current assets</b>			
Cash and cash value		2,146,365	1,507,950
Open deposits		127,417	125,110
Accounts receivable and debit balances	3	<u>261,048</u>	<u>464,180</u>
		2,534,830	2,097,240
<b>Fixed assets</b>			
	4	<u>860,525</u>	<u>967,785</u>
		<u>3,395,355</u>	<u>3,065,025</u>
<b>Current liabilities</b>			
Suppliers and checks to be paid		167,552	184,864
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance	5	301,878	261,553
Future Income		<u>441,125</u>	
		<u>910,555</u>	<u>446,417</u>
<b>Long term liabilities</b>			
Liabilities arising from termination of employer-employee relations, net	6	<u>329,246</u>	<u>328,640</u>
Total Liabilities		<u>1,239,801</u>	<u>775,057</u>
<b>Assets, net</b>			
Net assets that are not limited:			
For current activities		213,028	240,183
For acquisition of fixed assets		860,526	967,785
Designated by the Association		<u>1,082,000</u>	<u>1,082,000</u>
		<u>2,155,554</u>	<u>2,289,968</u>
<b>Total Liabilities and net assets</b>		<u>3,395,355</u>	<u>3,065,025</u>

(-)  
**Mr. Eli Hartman**  
**Committee Member**

(-)  
**Mr. Daniel Hoffner**  
**Committee Member**

28 June 2018  
Date Approved

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 2017

	Notes	31.12.2017 NIS	31.12.16 NIS
<b>Operating cycle:</b>			
Allocations from government offices and the authorities	7	2,376,046	2,228,986
Donations	8	1,129,721	1,160,888
Income from services provided	9	923,277	987,248
Payments by Parents: Day Care Center		366,907	382,216
Other Income		<u>32,746</u>	<u>43,713</u>
		4,828,697	4,803,051
<b>Cost of activities:</b>			
Salaries and accompanying payments	10	3,494,393	3,256,680
Treatments (independent workers)		222,170	182,377
Educational, activities, supervision		136,134	100,034
Hot meals for children		63,340	80,546
Materials and textbooks		40,304	27,201
Rent: Preschool and Day Care Center		189,802	138,787
Maintenance		109,343	114,312
Electricity and Water		41,707	53,472
Insurance		28,480	28,393
Depreciation		<u>137,890</u>	<u>151,925</u>
		(4,463,563)	(4,133,727)
Net income from activities		365,134	669,324
Administrative and general expenditures	11	(265,736)	(291,121)
Fundraising Expenses		<u>(101,388)</u>	<u>(14,747)</u>
Net Expenses prior to funding		(1,990)	363,456
Net Funding	12	<u>(132,424)</u>	<u>(35,565)</u>
Surplus (deficit) during the year		<u>(134,414)</u>	<u>327,891</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 2017**

		Not designated by association NIS	designated by the Association n	for use of fixed assets NIS	Total NIS
<b>Balance as of 1 January 2016</b>	-	(48,369)	882,000	1,128,446	1,962,077
<b>Additions during the year:</b>					
Income		327,891	-	-	327,891
Sums designated by association		<u>(200,000)</u>	<u>(200,000)</u>		
		<u>127,891</u>	<u>200,000</u>		<u>327,891</u>
<b>Deductions during the year:</b>					
<b>Amounts for which there are no limitations</b>					
For 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>	
<b>Balance as of December 2016</b>	-	<b>240,183</b>	<b>1,082,000</b>	<b>967,785</b>	<b>2,289,968</b>
<b>Additions in the course of the year:</b>					
Annual Deficit		(134,414)			(134,414)
<b>Deductions during the year:</b>					
<b>Amounts transferred In regard to which there are no limitations</b>					
Pertaining to use of fixed assets		(44,670)	-	44,670	
Amounts transferred to cover depreciation costs	-	<u>151,929</u>	-	<u>(151,929)</u>	-
		<u>107,259</u>	-	<u>(107,259)</u>	-
Balance as of 31 December 2017		<u>213,028</u>	<u>1,082,000</u>	<u>860,526</u>	<u>2,155,554</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 2017

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### 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

#### D. Value of Volunteers

According to opinion 69 of the Institute of Certified Accountants in Israel, section 97, it is not obligatory to include services received at no cost in the financial statements, but it is also not forbidden. This year the association changed its policy and did not report value of volunteers in the financial report. In previous years, the value of volunteers was reported without citing the specific number of hours given by Board Member, Dr. Lubasch, due to the policy of the Registrar of Amutot that volunteer hours should not be included unless special permission to do so was obtained.

## Notes to the financial statements as of 31st December 2017

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### Note 3 - Accounts payable and debit balances

	<u>31.12.17</u>	<u>31.12.16</u>
	NIS	NIS
Post Dated Checks	7,040	9,690
Various Obligations	200	571
Advance Payments *	96,274	84,922
Monies to be received	157,534	368,997
	<b><u>261,048</u></b>	<b><u>464,180</u></b>

\*including rental costs paid in advance  
with postdated checks

### Note 4 - Fixed Assets Net

<b>Composition:</b>	Computers	Improve- ments of rental premises	Office furniture & equipment	Air- Conditioning & electronic equipment	Total 2017`	Total 2016
	NIS	NIS	NIS	NIS	NIS	
<b>Cost</b>						
Balance January 2017	206,996	2,086,199	696,519	365,291	3,355,005	3,350,863
Additions during the year	<u>12,030</u>	<u>19,480</u>	<u>2,160</u>	<u>11,000</u>	<u>44,670</u>	<u>4,186</u>
Balance December 2017	219,026	2,105,679	698,679	376,291	3,399,675	3,355,049
<b>Accumulated depreciation</b>						
Balance January 2017	188,147	1,411,308	485,099	302,667	2,387,221	2,222,418
Additions during the year	<u>14,039</u>	<u>108,688</u>	<u>18,225</u>	<u>10,997</u>	<u>151,929</u>	<u>164,846</u>
Balance December 2017	<u>202,186</u>	<u>1,519,996</u>	<u>503,324</u>	<u>313,644</u>	<u>2,539,150</u>	<u>2,387,264</u>
Depreciated balance as of 31st December 2017	<u>16,840</u>	<u>585,683</u>	<u>195,355</u>	<u>62,647</u>	<u>860,525</u>	<u>967,785</u>



## Notes to the financial statements as of 31st December 2016

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### Note 5 – Employees and Payable Organizations

	<u>2017</u>	<u>2016</u>
	<u>NIS</u>	<u>NIS</u>
Employees (December)	208,123	178,784
Organizations (December)	93,755	82,769
	<u>301,878</u>	<u>261,553</u>

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

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>NIS</u>	<u>NIS</u>
Reserves for retirement compensations*	580,989	562,430
Retained sums deposited in reserve	251,743	233,790
	<u>329,246</u>	<u>328,640</u>

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

### Note 7 – Funding and Support

	<u>2017</u>	<u>2016</u>
	<u>NIS</u>	<u>NIS</u>
Ministry of Education	1,487,039	1,446,651
Ministry of Social Welfare	85,207	64,817
Haifa Municipality (including Igrot Chutz)	188,493	155,736
Ministry of Economics	590,192	561,782
Estates Committee	25,115	-
	<u>2,376,046</u>	<u>2,228,986</u>

### Note 8 – Donations

	<u>2017</u>	<u>2016</u>
	<u>NIS</u>	<u>NIS</u>
Private donations	72,670	43,264
Foundations – Israel	209,495	278,746
Foundations – Overseas	847,556	822,091
Value of Volunteers*		16,787
Total	<u>1,129,721</u>	<u>1,160,888</u>

\*see note 2 D

## Note 9 – Income from Treatments and Assessments

	December 31	
	2017	2016
	<u>NIS</u>	<u>NIS</u>
Tuition paid by parents	455,655	539,066
Income from Health Services	419,622	400,182
Elwyn Israel Supervision	48,000	48,000
Total	<u>923,277</u>	<u>987,248</u>

## Note 10 – Salaries & Accompanying Payments

	December 31	
	2017	2016
	<u>NIS</u>	<u>NIS</u>
Salaries & Accompanying payments - Activities	3,305,645	3,072,956
Salaries & Accompanying payments - Fundraising	188,748	166,937
Value of Volunteers*	-	16,787
Total	<u>3,494,393</u>	<u>3,256,680</u>

\*See Note 2D

## Note 11 - Administrative and General Expenditures

	2017	2016
	<u>NIS</u>	<u>NIS</u>
Salaries	97,463	115,867
Accompanying payments	25,716	30,638
Professional Services	31,386	35,768
Public Relations, Publicity	60,371	41,973
Telephone, Postal Expenses, Communications	34,137	42,607
Transportation	2,624	1,517
Depreciation	14,039	12,921
Lost debts	-	9,830
<u>Total</u>	<u>265,736</u>	<u>291,121</u>

## Note 12 – Financing, net

	December 31	
	2017	2016
	<u>NIS</u>	<u>NIS</u>
Exchange rate difference foreign currency accounts	(141,129)	(24,376)
Banking charges and credit	(11,556)	(13,838)
Increase in open deposits and severance pay fund	20,261	2,649
Total	<u>(132,424)</u>	<u>(35,565)</u>