

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

Financial statements
As of 31st December 2018

Non-Profit Org.:580174225

Arugot

Amuta registration no.: 580174225

Financial statements as of 31st December 2018

Table of Contents

	<u>Page</u>
Auditor's report	2
Balance sheets	3
Activities report	4
Changes in net assets report	5
Notes to the financial statements	6 – 11

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 2018 and 2017, 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, 2018 and 2017, 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

30 June 2019

Arugot, Child and Family Development Center

Balance Sheets

	Notes	31.12.18 NIS	31.12.17 NIS
Current assets			
Cash and cash value	3	1,975,315	2,146,365
Open deposits		126,731	127,417
Accounts receivable and debit balances	4	<u>174,976</u>	<u>261,048</u>
		2,277,022	2,534,830
Fixed assets			
	5	<u>878,656</u>	<u>860,525</u>
		<u>3,155,678</u>	<u>3,395,355</u>
Current liabilities			
Suppliers and checks to be paid		116,307	167,552
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance	6	331,984	301,878
Future Income		<u>176,450</u>	<u>441,125</u>
		<u>624,741</u>	<u>910,555</u>
Long term liabilities			
Liabilities arising from termination of employer-employee relations, net	7	<u>366,811</u>	<u>329,246</u>
Total Liabilities		<u>991,552</u>	<u>1,239,801</u>
Assets, net			
Net assets that are not limited:			
Designated by the organization		1,082,000	1,082,000
For current activities		203,470	213,028
For acquisition of fixed assets	8	<u>878,656</u>	<u>860,526</u>
		<u>2,164,126</u>	<u>2,155,554</u>
Total Liabilities and net assets		<u>3,155,678</u>	<u>3,395,355</u>

(-)
Mr. Eli Hartman
Committee Member

(-)
Mr. Daniel Hoffner
Committee Member

30 June 2019
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 2018

	Notes	31.12.2018 NIS	31.12.17 NIS
Operating cycle:			
Allocations from government offices and the authorities	9	2,413,441	2,376,046
Donations	10	1,137,425	1,129,721
Income from services provided	12	933,700	923,277
Payments by Parents: Day Care Center		409,732	366,907
Other Income		<u>33,226</u>	<u>32,746</u>
		4,927,524	4,828,697
Cost of activities:			
Salaries and accompanying payments	13	3,764,078	3,494,393
Treatments (independent workers)		229,495	222,170
Educational, activities, supervision		150,148	136,134
Hot meals for children		68,757	63,340
Materials and textbooks		48,782	40,304
Rent: Preschool and Day Care Center		219,872	189,802
Maintenance		98,780	109,343
Electricity and Water		38,248	41,707
Insurance		27,622	28,480
Depreciation		<u>132,046</u>	<u>137,890</u>
		(4,777,828)	(4,463,563)
Net income from activities		149,696	365,134
Administrative and general expenditures	14	(241,104)	(265,736)
Fundraising Expenses		<u>(64,532)</u>	<u>(101,388)</u>
Net Expenses prior to funding		(155,940)	(1,990)
Net Funding	15	<u>92,654</u>	<u>(132,424)</u>
Surplus (deficit) during the year		<u>(63,286)</u>	<u>(134,414)</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 2018

		Not designated by association NIS	designated by the Association 1,082,000	for use of fixed assets NIS	Total NIS
Balance as of 1 January 2017	-	240,183	1,082,000	967,785	2,289,968
Additions during the year:					
Annual Deficit		(134,414)			(134,414)
Deductions in the course of the year: Amounts for which there are no limitations					
For 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	-	213,028	1,082,000	860,526	2,155,554
Additions in the course of the year:					
Annual Deficit		(63,286)			(63,286)
Deductions during the year:					
Donation of fixed assets				71,858	71,858
Amounts transferred In regard to which there are no limitations Pertaining to use of fixed assets		(86,546)	-	86,546	
Amounts transferred to cover depreciation costs	-	<u>140,274</u>	<u>-</u>	<u>(140,274)</u>	<u>-</u>
		<u>53,728</u>		<u>18,130</u>	<u>71,858</u>
Balance as of 31 December 2018		<u>203,470</u>	<u>1,082,000</u>	<u>878,656</u>	<u>2,164,126</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 2018

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
- 7) The Amutah has Authorization of Proper Management (Nihul Takin) for 2019

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:

	%
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 that are not limited and were used for general use for the Association. Net Assets that are 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. It is the policy of the organization not to include those services in the report.

Notes to the financial statements as of 31st December 2018

E. Rate of Exchange

Monetary deposits linked to foreign currency or denominated in foreign currency are included according to rate of exchange on date of audit as published by the Bank of Israel:

31 Dec 2018	\$ 3.748	Euro 4.2916
31 Dec 2017	\$ 3.467	Euro 4.1526

Note 3 – Monies in Banks and Cash before bank deposit

	<u>31.12.18</u>	<u>31.12.17</u>
	NIS	NIS
Cash in bank NIS	367,553	248,944
Cash in bank – foreign currency	1,598,739	1,894,745
Cash before bank deposit	9,023	2,676
	<u>1,975,315</u>	<u>2,146,365</u>

Note 4 - Accounts payable and debit balances

	<u>31.12.18</u>	<u>31.12.17</u>
	NIS	NIS
Post Dated Checks	9,903	7,040
Various Obligations	866	200
Advance Payments	11,794	96,274
Monies to be received	152,413	157,534
	<u>174,976</u>	<u>261,048</u>

Notes to the financial statements as of 31st December 2018

Note 5 - Fixed Assets Net

Composition:	Computers	Improve- ments of rental premises	Office furniture & equipment	Air- Conditioning & electronic equipment	Total 2018`
	NIS	NIS	NIS	NIS	NIS
Cost					
Balance 1 January 2018	219,026	2,105,679	698,679	376,291	3,399,675
Additions during the year	<u>24,170</u>	<u>70,454</u>	<u>61,080</u>	<u>2,700</u>	<u>158,404</u>
Balance 31 December 2018	243,196	2,176,133	759,759	378,991	3,558,079
Accumulated depreciation					
Balance 1 January 2018	202,186	1,519,996	503,324	313,644	2,539,150
Additions during the year	<u>8,227</u>	<u>101,956</u>	<u>18,663</u>	<u>11,427</u>	<u>140,273</u>
Balance 31 December 2018	<u>210,413</u>	<u>1,621,952</u>	<u>521,987</u>	<u>325,071</u>	<u>2,679,423</u>
Depreciated balance as of 31 December 2018	<u>32,783</u>	<u>554,181</u>	<u>237,772</u>	<u>53,920</u>	<u>878,656</u>
Depreciated balance as of 31 December 2017	<u>16,840</u>	<u>585,683</u>	<u>195,355</u>	<u>62,647</u>	<u>860,525</u>

Note 6 – Employees and Payable Organizations

	2018	2017
	NIS	NIS
Employees (December)	234,944	208,123
Organizations (December)	97,040	93,755
	<u>331,984</u>	<u>301,878</u>

Note 7 - Liabilities Arising from Termination of Employee-Employer Relations

	31.12.18	31.12.17
	NIS	NIS
Reserves for retirement compensations*	614,723	580,989
Retained sums deposited in reserve	247,912	251,743
	<u>366,811</u>	<u>329,246</u>

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

Note 8 – Designated by Organization

Amounts designated for building fund

Notes to the financial statements as of 31st December 2018

Note 9 – Funding and Support

	<u>2018</u>	<u>2017</u>
	NIS	NIS
Ministry of Education	1,536,048	1,487,039
Ministry of Social Welfare	74,637	85,207
Haifa Municipality (including Igrot Chutz)	211,466	188,493
Ministry of Economics	591,290	590,192
Estates Committee	-	25,115
	<u>2,413,441</u>	<u>2,376,046</u>

Note 10 – Donations

	<u>2018</u>	<u>2017</u>
	NIS	NIS
Private donations	124,299	72,670
Foundations – Israel	73,200	209,495
Foundations – Overseas	938,926	847,556
Vouchers	1,000	
	<u>1,137,425</u>	<u>1,129,721</u>

Note 11 – Overseas Donations

Donations above NIS 100,000

<u>Name of Donor</u>	<u>Tax/Charity no.</u>	<u>Amount NIS</u>
Arcadya	1040-512-72	372,700
P.E.F.	26-3725699	102,530
Weinberg Foundation	55-0817117	264,675

Notes to the financial statements as of 31st December 2018

Note 12 – Income from Treatments and Assessments

	December 31	
	2018	2017
	NIS	NIS
Tuition paid by parents	417,589	455,655
Income from Health Services	468,111	419,622
Elwyn Israel Supervision	48,000	48,000
Total	<u>933,700</u>	<u>923,277</u>

Note 13 – Salaries & Accompanying Payments

	December 31	
	2018	2017
	NIS	NIS
Salaries & Accompanying payments	*3,621,477	3,305,645
- Activities		
Salaries & Accompanying payments	142,601	188,748
- Fundraising		
Total	<u>3,764,078</u>	<u>3,494,393</u>
*Increase in expenses due to opening of new preschool 9/2019, as yet no income from M. of Education, eligibility to be attained		

Note 14 - Administrative and General Expenditures

	2017	2016
	NIS	NIS
Salaries	97,550	97,463
Accompanying payments	25,940	25,716
Professional Services	33,588	31,386
Public Relations, Publicity	36,218	60,371
Telephone, Postal Expenses, Communications	34,091	34,137
Transportation	5,490	2,624
Depreciation	8,227	14,039
Total	<u>(241,104)</u>	<u>(265,736)</u>

Notes to the financial statements as of 31st December 2018

Note 15 – Financing, net

	December 31	
	2018	2017
	NIS	NIS
Exchange rate difference foreign currency accounts	107,960	(141,129)
Banking charges and credit	(10,789)	(11,556)
Increase in open deposits and severance pay fund	(4,517)	20,261
Total	<u>92,654</u>	<u>(132,424)</u>