

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

Financial statements  
As of 31st December 2019

Non-Profit Org.:580174225

# Arugot

Amuta registration no.: 580174225

## Financial statements as of 31st December 2019

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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 2019 and 2018, 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, 2019 and 2018, 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 (Israeli GAAP).

**Avigail Shkovitzki, CPA**

October 2020

# Arugot, Child and Family Development Center

## Balance Sheets

	Notes	31.12.19 NIS	31.12.18 NIS
<b>Current assets</b>			
Cash and cash value	3	1,544,452	1,975,315
Open deposits		130,160	126,731
Accounts receivable and debit balances	4	<u>331,755</u>	<u>174,976</u>
		2,006,367	2,277,022
<b>Fixed assets</b>			
	5	<u>825,822</u>	<u>878,656</u>
		<u>2,832,189</u>	<u>3,155,678</u>
<b>Current liabilities</b>			
Suppliers and checks to be paid		91,651	116,307
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance	6	360,525	331,984
Future Income		-	<u>176,450</u>
		<u>452,176</u>	<u>624,741</u>
<b>Long term liabilities</b>			
Liabilities arising from termination of employer-employee relations, net	7	<u>392,705</u>	<u>366,811</u>
Total Liabilities		<u>844,881</u>	<u>991,552</u>
<b>Assets, net</b>			
Net assets that are not limited:			
Designated by the organization		1,082,000	1,082,000
For current activities		79,486	203,470
For acquisition of fixed assets	8	<u>825,822</u>	<u>878,656</u>
		<u>1,987,308</u>	<u>2,164,126</u>
<b>Total Liabilities and net assets</b>		<u>2,832,189</u>	<u>3,155,678</u>

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

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

30 October 2020  
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 2019

	Notes	31.12.2019 NIS	31.12.18 NIS
<b>Operating cycle:</b>			
Allocations from government offices and the authorities	9	3,116,639	2,413,441
Donations	10	1,216,816	1,137,425
Income from services provided	11	1,054,472	933,700
Payments by Parents		<u>458,438</u>	<u>442,652</u>
		5,846,365	4,927,218
<b>Cost of activities:</b>			
Salaries and accompanying payments	12	4,125,368	3,614,731
Treatments (independent workers)		289,881	229,495
Educational, activities, supervision		122,344	150,148
Hot meals for children		82,136	68,757
Materials and textbooks		40,709	48,782
Rent: Preschool and Day Care Center		232,649	219,872
Maintenance		146,916	98,780
Electricity and Water		53,761	38,248
Insurance		39,784	27,622
Depreciation		<u>152,128</u>	<u>132,046</u>
		<u>(5,285,676)</u>	<u>(4,628,481)</u>
Net income from activities		560,689	298,737
Administrative and general expenditures	13	(459,865)	(390,145)
Fundraising Expenses (without salaries)		<u>(184,641)</u>	<u>(64,532)</u>
Net Expenses prior to funding		(83,817)	(155,940)
Net Funding	14	<u>(93,002)</u>	<u>92,654</u>
Surplus (deficit) during the year		<u>(176,819)</u>	<u>(63,286)</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 2019**

		Not designated by association <u>NIS</u>	designated by the Association <u>NIS</u>	for use of fixed assets <u>NIS</u>	Total <u>NIS</u>
<b>Balance as of 1 January 2018</b>	-	213,028	1,082,000	860,526	2,155,554
<b>Additions during the year:</b>					
Annual Deficit		(63,286)	-	-	(63,286)
<b>Deductions in the course of the year: Amounts for which there are no limitations</b>					
Donation of fixed assets				71,858	71,858
For use of fixed assets		(86,546)		86,546	
Amounts transferred to cover depreciation costs		<u>140,274</u>		<u>(140,274)</u>	
		<u>53,728</u>		<u>18,130</u>	71,858
<b>Balance as of 31 December 2018</b>	-	<b>203,470</b>	1,082,000	<b>878,656</b>	<b>2,164,126</b>
<b>Additions in the course of the year:</b>					
Annual Deficit		(176,819)			(176,819)
<b>Deductions during the year:</b>					
Amounts transferred In regard to which there are no limitations Pertaining to use of fixed assets		(107,520)	-	107,520	
Amounts transferred to cover depreciation costs	-	<u>160,355</u>	-	<u>(160,354)</u>	<u>1</u>
		<u>52,835</u>		<u>(52,834)</u>	<u>1</u>
Balance as of 31 December 2019		<u>79,486</u>	<u>1,082,000</u>	<u>825,822</u>	<u>1,987,308</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 2019**

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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
- 7) The Amutah has Authorization of Proper Management (Nihul Takin) for 2020

### **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 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 2019

### 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 2019	\$ 3.456	Euro 3.8782
31 Dec 2018	\$ 3.748	Euro 4.2916

### Note 3 – Monies in Banks and Cash before bank deposit

	<u>31.12.19</u>	<u>31.12.18</u>
	<u>NIS</u>	<u>NIS</u>
Cash in bank NIS	253,500	367,553
Cash in bank – foreign currency	1,288,280	1,598,739
Cash before bank deposit	2,672	9,023
	<b><u>1,544,452</u></b>	<b><u>1,975,315</u></b>

### Note 4 - Accounts payable and debit balances

	<u>31.12.19</u>	<u>31.12.18</u>
	<u>NIS</u>	<u>NIS</u>
Post Dated Checks	11,513	9,903
Various Obligations	-	866
Advance Payments	11,794	11,794
Monies to be received	308,448	152,413
	<b><u>331,755</u></b>	<b><u>174,976</u></b>



## Notes to the financial statements as of 31st December 2019

### Note 5 - Fixed Assets Net

#### Composition:

	Computers	Improvements of rental premises	Office furniture & equipment	Air-Conditioning & electronic equipment	Total 2019
	NIS	NIS	NIS	NIS	NIS
<b>Cost</b>					
Balance 1 January 2019	243,196	2,176,133	757,777	380,974	3,558,080
Additions during the year	<u>15,660</u>	<u>31,075</u>	<u>57,333</u>	<u>3,452</u>	<u>107,520</u>
Balance 31 December 2019	258,856	2,207,208	815,110	384,426	3,665,600
<b>Accumulated depreciation</b>					
Balance 1 January 2019	210,413	1,612,664	531,275	325,071	2,679,423
Additions during the year	<u>14,687</u>	<u>108,871</u>	<u>24,576</u>	<u>12,221</u>	<u>160,355</u>
Balance 31 December 2019	<u>225,100</u>	<u>1,721,535</u>	<u>555,851</u>	<u>337,292</u>	<u>2,839,778</u>
Depreciated balance as of 31 December 2019	<u>33,756</u>	<u>485,673</u>	<u>259,259</u>	<u>47,134</u>	<u>825,822</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>

#### Location of Activities:

Address	Purpose	Status
16 Arlosoroff Street, Haifa	Therapy & Learning Center	Allocation
65 Herzl Street, Haifa	Preschools	Rented
4 Frishman Street, Haifa	Preschool and Day Care Center	Rented
5 Pinat Herzl, Haifa	Preschool	Rented
Kaplan 6, Afula	Therapy & Learning Center	Use at no cost

### Note 6 – Employees and Payable Organizations

	2019	2018
	NIS	NIS
Employees (December)	244,748	234,944
Organizations (December)	115,777	97,040
	<u>360,525</u>	<u>331,984</u>

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

	<u>31.12.19</u>	<u>31.12.18</u>
	NIS	NIS
Reserves for retirement compensations*	670,801	614,723
Retained sums deposited in reserve	278,096	247,912
	<u>392,705</u>	<u>366,811</u>

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

## Note 8 – Designated by Organization

Amounts designated for building fund

## Note 9 – Funding and Support

	<u>2019</u>	<u>2018</u>
	NIS	NIS
Ministry of Education	2,201,839	1,536,048
Ministry of Social Welfare	41,217	74,637
Haifa Municipality (including Igrot Chutz)	199,758	211,466
Ministry of Economics	673,825	591,290
Estates Committee	-	-
	<u>3,116,639</u>	<u>2,413,441</u>

## Note 10 – Donations

	<u>2019</u>	<u>2018</u>
	NIS	NIS
Private donations	128,456	124,299
Foundations – Israel	54,000	73,200
Foundations – Overseas	1,033,360	938,926
Vouchers	1,000	1,000
	<u>1,216,816</u>	<u>1,137,425</u>

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## Notes to the financial statements as of 31st December 2019

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### Note 11 – Income from Treatments and Assessments

	December 31	
	2019	2018
	NIS	NIS
Tuition paid by parents	388,487	417,589
Income from Health Services	617,985	468,111
Elwyn Israel Supervision	48,000	48,000
<b>Total</b>	<b><u>1,054,472</u></b>	<b><u>933,700</u></b>

### Note 12 – Salaries & Accompanying Payments

	December 31	
	2019	2018
	NIS	NIS
Salaries & Accompanying payments – Activities*	4,004,961	3,472,130
Salaries & Accompanying payments - Fundraising	120,407	142,601
<b>Total</b>	<b><u>4,125,368</u></b>	<b><u>3,614,731</u></b>
*Increase in expenses due to opening of new preschool 9/2018, income from 2019		

### Note 13 - Administrative and General Expenditures

	2019	2018
	NIS	NIS
Salaries	264,132	214,680(*)
Accompanying payments	72,304	58,157
Professional Services	39,181	33,588
Public Relations, Publicity	30,947	35,912
Telephone, Postal Expenses, Communications	40,139	34,091
Transportation	4,935	5,490
Depreciation	8,227	8,227
<b>Total</b>	<b><u>(459,865)</u></b>	<b><u>(390,145)</u></b>

## Notes to the financial statements as of 31st December 2019

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### Note 14 – Financing, net

	December 31	
	2019	2018
	NIS	NIS
Exchange rate difference foreign currency accounts	(111,502)	107,960
Banking charges and credit	(15,113)	(10,789)
Increase in open deposits and severance pay fund	33,613	(4,517)
Total	<u>(93,002)</u>	<u>92,654</u>

### Note 15 – Events after the date of the audit

After the period of the report, there was an outbreak of corona – Covid-19, a pandemic, including in Israel. As a result of the outbreak, many countries, including Israel, are taking significant steps to try and stop the spreading of the virus, including limiting movement of citizens, gatherings of people, and so on.

At the time of the approval of the Audit, as a result of this situation which occurred in 2020, activities carried out by the organization were significantly reduced. This was expressed on the one hand by a decrease in donations, independent income such as tuition, and funding from Ministry of Economics and the Ministry of Social Welfare to the Day Care Center; on the other hand activities were cancelled due to limitations imposed by the authorities.

However, the organization does not expect this to result in an intrinsic effect on the financial stability of the organization for year 2020.