

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

Financial statements
As of 31st December 2020

Non-Profit Org.:580174225

Arugot

Amuta registration no.: 580174225

Financial statements as of 31st December 2020

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 2020 and 2019, 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, 2020 and 2019, 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

August 2021

Arugot, Child and Family Development Center

Balance Sheets

	Notes	31.12.20 NIS	31.12.19 NIS
Current assets			
Cash and cash value	3	1,106,690	1,544,452
Open deposits		128,881	130,160
Accounts receivable and debit balances	4	<u>476,034</u>	<u>331,755</u>
		1,711,605	2,006,367
Fixed assets			
	5	<u>762,373</u>	<u>825,822</u>
		<u>2,473,978</u>	<u>2,832,189</u>
Current liabilities			
Suppliers and checks to be paid		77,227	91,651
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance Future Income	6	361,577	360,525
		<u>438,804</u>	<u>452,176</u>
Long term liabilities			
Liabilities arising from termination of employer-employee relations, net	7	<u>368,724</u>	<u>392,705</u>
Total Liabilities		<u>807,528</u>	<u>844,881</u>
Assets, net			
Net assets that are not limited:			
Designated by the organization		882,000	1,082,000
For current activities		22,078	79,487
For acquisition of fixed assets	8	<u>762,372</u>	<u>825,821</u>
		<u>1,666,450</u>	<u>1,987,308</u>
Total Liabilities and net assets		<u>2,473,978</u>	<u>2,832,189</u>

(-)
Mr. Eli Hartman
Committee Member

(-)
Mr. Daniel Hoffner
Committee Member

30 August 2021
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 2020

	Notes	31.12.2020 NIS	31.12.19 NIS
Operating cycle:			
Allocations from government offices and the authorities	9	3,066,038	3,116,639
Donations	10	798,685	1,216,816
Income from services provided	11	756,867	1,054,472
Payments by Parents		349,273	458,438
Other income		<u>44,922</u>	-
		5,015,785	5,846,365
Cost of activities:			
Salaries and accompanying payments	12	3,746,576	4,125,368
Treatments (independent workers)		187,590	289,881
Educational, activities, supervision		131,879	122,344
Hot meals for children		54,294	82,136
Materials and textbooks		54,269	40,709
Rent: Preschool and Day Care Center		233,002	232,649
Maintenance		237,498	146,916
Electricity and Water		42,257	53,761
Insurance		37,841	39,784
Depreciation		<u>165,183</u>	<u>152,128</u>
		<u>(4,890,389)</u>	<u>(5,285,676)</u>
Net income from activities		125,396	560,689
Administrative and general expenditures	13	(412,905)	(459,865)
Fundraising Expenses (without salaries)		<u>(73,384)</u>	<u>(184,641)</u>
Net Expenses prior to funding		(360,893)	(83,817)
Net Funding	14	<u>(59,965)</u>	<u>(93,001)</u>
Surplus (deficit) during the year		(420,858)	(176,818)
Income from Ezvonot – previous years		<u>100,000</u>	-
Annual Deficit		<u>(320,858)</u>	<u>(176,818)</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 2020

		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 2019	-	203,470	1,082,000	878,656	2,164,126
Additions during the year:					
Annual Deficit		(176,818)	-	-	(176,818)
Deductions in the course of the year: Amounts for which there are no limitations					
Donation of fixed assets For use of fixed assets		(107,520)		107,520	
Amounts transferred to cover depreciation costs		160,355		(160,355)	
Balance as of 31 December 2019	-	<u>52,835</u> 79,487	1,082,000	<u>(52,835)</u> 825,821	1,987,308
Additions in the course of the year:					
Annual Deficit		(320,858)			(320,858)
Amounts designated in previous years by the Association and the designation was cancelled		<u>200,000</u>	<u>(200,000)</u>	=	=
		<u>(120,858)</u>	<u>(200,000)</u>	=	<u>(320,858)</u>
Deductions during the year:					
Amounts transferred In regard to which there are no limitations Pertaining to use of fixed assets		(101,734)	-	101,734	-
Amounts transferred to cover depreciation costs		<u>165,183</u>	-	<u>(165,183)</u>	-----
		<u>63,449</u>	-----	<u>(63,449)</u>	-----
			=		
Balance as of 31 December 2020		<u>22,078</u>	<u>882,000</u>	<u>762,372</u>	<u>1,666,450</u>
The notes constitute an integral part of financial statements					

Arugot, Child and Family Development Center

Notes to the financial statements as of 31st December 2020

Note 1 - General

General

The Amutah (non-profit organization no. 580174225) was founded in 1990 with the purpose of:

- 1) Identifying and treating 400 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) treating victims of terror, anxiety and post-trauma and their families including individual and family counseling
- 4) operating special-education pre-schools
- 5) identifying, treating and preventing problems affecting the child and family including para-medical services and family counseling
- 6) the organization did not receive donations in this fiscal year from a foreign political entity
- 7) The Amutah has Authorization of Proper Management (Nihul Takin) for 2021

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. Net assets that were not limited and were designated by the Association pertaining to sums designated for the Building Fund.

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 2020

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 2020	\$ 3.215	Euro 3.9441

Note 3 – Monies in Banks and Cash before bank deposit

	<u>31.12.20</u>	<u>31.12.19</u>
	NIS	NIS
Cash in bank NIS	443,860	253,500
Cash in bank – foreign currency	659,995	1,288,280
Cash before bank deposit	2,835	2,672
	<u>1,106,690</u>	<u>1,544,452</u>

Note 4 - Accounts payable and debit balances

	<u>31.12.20</u>	<u>31.12.19</u>
	NIS	NIS
Post Dated Checks	3,530	11,513
Various Obligations	-	-
Advance Payments	11,794	11,794
Monies to be received	460,710	308,448
	<u>476,034</u>	<u>331,755</u>

Notes to the financial statements as of 31st December 2020

Note 5 - Fixed Assets Net

Composition:

	Improvements of rental premises	Office furniture & equipment	Air-Conditioning, computers & electronic equipment	Total 2020
	NIS	NIS	NIS	NIS
Cost				
Balance 1 January 2020	2,207,208	815,110	643,282	3,665,600
Additions during the year	<u>65,131</u>	<u>17,270</u>	<u>19,333</u>	<u>101,734</u>
Balance 31 December 2020	2,272,339	832,380	662,615	3,767,334
Accumulated depreciation				
Balance 1 January 2020	1,612,644	531,275	695,839	2,839,778
Additions during the year	<u>109,174</u>	<u>26,222</u>	<u>29,787</u>	<u>165,183</u>
Balance 31 December 2020	<u>1,721,838</u>	<u>557,497</u>	<u>725,626</u>	<u>3,004,961</u>
Depreciated balance as of 31 December 2020	<u>550,501</u>	<u>274,883</u>	<u>63,011</u>	<u>762,373</u>
Depreciated balance as of 31 December 2019	<u>485,673</u>	<u>259,259</u>	<u>80,890</u>	<u>825,822</u>

Location of Activities:

Address	Purpose	Status
16 Arlosoroff Street, Haifa	Assessment & Therapy Center	Allocation
65 Herzl Street, Haifa	Preschools	Rented
4 Frishman Street, Haifa	Preschool and Day Care Center	Rented
5 Pinat Herzl, Haifa	Preschool	Rented
9 Ha'ari, Haifa	Preschool	Allocation

Note 6 – Employees and Payable Organizations

	2020	2019
	NIS	NIS
Employees (December)	235,241	244,748
Organizations (December)	126,336	115,777
	<u>361,577</u>	<u>360,525</u>

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

	<u>31.12.20</u>	<u>31.12.19</u>
	NIS	NIS
Reserves for retirement compensations*	658,067	670,801
Retained sums deposited in reserve	289,343	278,096
	<u>368,724</u>	<u>392,705</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>2020</u>	<u>2019</u>
	NIS	NIS
Ministry of Education	2,392,104	2,201,839
Ministry of Social Welfare	45,581	41,217
Haifa Municipality (including Igrot Chutz)	199,732	199,758
Ministry of Economics	428,621	673,825
Estates Committee	-	-
	<u>3,066,038</u>	<u>3,116,639</u>

Notes to the financial statements as of 31st December 2020

Note 10 – Donations

	<u>2020</u>	<u>2019</u>
	NIS	NIS
Private donations	130,215	128,456
Foundations – Israel	45,000	54,000
Foundations – Overseas	622,400	1,033,360
Vouchers	1,070	1,000
	<u>798,685</u>	<u>1,216,816</u>

Note 11 – Income from Treatments and Assessments

	December 31	
	<u>2020</u>	<u>2019</u>
	NIS	NIS
Tuition paid by parents	239,478	388,487
Income from Health Services	469,389	617,985
Elwyn Israel Supervision	48,000	48,000
Total	<u>756,867</u>	<u>1,054,472</u>

Note 12 – Salaries & Accompanying Payments

	December 31	
	<u>2020</u>	<u>2019</u>
	NIS	NIS
Salaries & Accompanying payments – Activities	3,628,124	4,004,961
Salaries & Accompanying payments - Fundraising	118,452	120,407
Total	<u>3,746,576</u>	<u>4,125,368</u>

Note 13 - Administrative and General Expenditures

	<u>2020</u>	<u>2019</u>
	NIS	NIS
Salaries	302,938	336,436
Professional Services	31,177	39,181
Public Relations, Publicity	44,393	30,947
Telephone, Postal Expenses, Communications	34,177	40,139
Transportation	220	4,935
Depreciation	-	8,227
<u>Total</u>	<u>(412,905)</u>	<u>(459,865)</u>

Notes to the financial statements as of 31st December 2020

Note 14 – Financing, net

	December 31	
	2020	2019
	NIS	NIS
Exchange rate difference foreign currency accounts	(61,862)	(111,502)
Banking charges and credit	(8,070)	(15,112)
Increase in open deposits and severance pay fund	9,967	33,613
Total	<u>(59,965)</u>	<u>(93,001)</u>

Note 15 – Changes due to COVID 19 virus

As a result of the spread of the Covid 19 virus and its impact on the economic situation throughout the world and in Israel and due to the adoption of significant measures on the part of government authorities to try to prevent the spreading of the virus, such as restrictions on the movement of citizens, gatherings, etc. in 2020, changes took place in the financial activities of the Association.

The changes were reflected in a significant decrease activities in the Preschools, Day Care Center and Therapy Center of the Association. In addition, the Association received certain grants: NIS 47,750 for enabling workers to return to work after a period of unemployment - reflected in: Salaries and accompanying payments; NIS 34,922 from a government philanthropic fund to strengthen social organizations - reflected in: Other income.