

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

Financial statements
As of 31st December 2022

Non-Profit Org.:580174225

Arugot

Amuta registration no.: 580174225

Financial statements as of 31st December 2022

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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 2022 and 2021, 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, 2022 and 2021, 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

June 2023

Arugot, Child and Family Development Center

Balance Sheets

	Notes	31.12.22 NIS	31.12.21 NIS
Current assets			
Cash and cash value	3	903,933	1,096,576
Open deposits		126,616	134,404
Accounts receivable and debit balances	4	<u>443,945</u>	<u>236,909</u>
		1,474,494	1,467,889
Fixed assets			
	5	<u>975,202</u>	<u>814,628</u>
		<u>2,449,696</u>	<u>2,282,517</u>
Current liabilities			
Advance Payment Ministry of Education		-	187,071
Suppliers and checks to be paid		84,789	53,538
Employee liabilities in respect of salaries (Dec.) including Income Tax & National Insurance	6	359,499	358,382
		<u>444,288</u>	<u>598,991</u>
Long term liabilities			
Liabilities arising from termination of employer-employee relations, net	7	<u>479,337</u>	<u>403,018</u>
Total Liabilities		<u>923,625</u>	<u>1,002,009</u>
Assets, net			
Net assets that are not limited:			
Designated by the organization		-	-
For current activities		550,869	465,880
For acquisition of fixed assets		<u>975,202</u>	<u>814,628</u>
		<u>1,526,071</u>	<u>1,280,508</u>
Total Liabilities and net assets		<u>2,449,696</u>	<u>2,282,517</u>

(-)

Mr. Eli Hartman
Committee Member

Mr. Daniel Hoffner
Committee Member

June 2023
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 2022

	Notes	31.12.2022 NIS	31.12.21 NIS
Operating cycle:			
Allocations from government offices and the authorities	8	3,507,755	3,492,358
Municipality	9	217,460	103,775
Income from services provided	11	805,694	646,775
Payments by Parents (ma'on, gamin)		498,970	432,586
Donations	10	<u>1,117,299</u>	<u>983,673</u>
		6,147,178	5,659,167
Cost of activities:			
Salaries and accompanying payments	12	4,362,636	4,288,095
Treatments (independent workers)		248,771	163,334
Educational, activities, supervision, materials		181,090	181,523
Hot meals for children		72,576	75,586
Rent: Preschools and Day Care Center		228,502	233,002
Maintenance and Insurance		262,689	283,543
Depreciation		<u>189,269</u>	<u>186,419</u>
		<u>(5,545,533)</u>	<u>(5,411,502)</u>
Net income from activities		601,645	247,665
Administrative and general expenditures	13	(457,980)	(440,014)
Fundraising Expenses (without salaries)		<u>(37,345)</u>	<u>(192,273)</u>
Net Expenses prior to funding		106,320	(384,622)
Net Funding	14	<u>26,728</u>	<u>(1,320)</u>
Net Income (expenditures) after funding		133,048	(385,942)
Income from Haifa Municipality		<u>112,515</u>	=
from previous year			
Surplus (deficit) for year		<u>245,563</u>	<u>(385,942)</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 2022

		Not designated by association	designated by the Association	for use of fixed assets	Total
		NIS		NIS	NIS
Balance as of 1 January 2021	-	22,078	882,000	762,372	1,666,450
Additions during the year:					
Annual Deficit		(385,942)	-	-	(385,942)
Sums previously designated by organization and designation cancelled		<u>882,000</u>	<u>(882,000)</u>		
		<u>496,058</u>	<u>(882,000)</u>		<u>(385,942)</u>
Deductions in the course of the year: Amounts for which there are no limitations					
Invested in fixed assets		(238,674)		- 238,674	-
Amounts transferred to cover depreciation costs		186,418		- (186,418)	-
		<u>(52,256)</u>		<u>52,256</u>	
Balance as of 31 December 2021	-	465,880	-	814,628	1,280,508
Additions in the course of the year:					
Net Income for the year		245,563	-	-	245,563
Deductions in the course of the year: Sums for which there are no limitations					
Invested in fixed assets		<u>(349,843)</u>	=	<u>349,843</u>	=
Amounts transferred to cover depreciation costs		<u>189,269</u>		<u>(189,269)</u>	
		<u>(160,574)</u>		<u>160,574</u>	
Balance as of 31 December 2022		<u>550,869</u>	-	<u>975,202</u>	<u>1,526,071</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 2022

Note 1 - General

General

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

- 1) Identifying and treating 400 children with special needs 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 preschools
- 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 Amuta has Authorization of Proper Management (Nihul Takin) for 2023

Note 2 - Principles of Accounting Policy

- A. Commencing from 2021 the non-profit organization prepares its financial statements according to Statement No. 40 of Financial Accounting Standards issued by the Israeli Bureau of CPAs in November 2021 (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 calculating historical cost in nominal values. No cash flow report has been shown as required by accepted Accounting Standards because according to 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. 40 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 the Institute of Certified Accountants in Israel, 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 2022

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 2021	\$ 3.110	Euro 3.5199
31 Dec 2022	\$ 3.519	Euro 3.7530

Note 3 – Monies in Banks and Cash before bank deposit

	<u>31.12.22</u>	<u>31.12.21</u>
	NIS	NIS
Cash in bank NIS	349,828	381,902
Cash in bank – foreign currency	549,249	712,023
Cash before bank deposit	4,856	2,651
	<u>903,933</u>	<u>1,096,576</u>

Note 4 - Accounts payable and debit balances

	<u>31.12.22</u>	<u>31.12.21</u>
	NIS	NIS
Post Dated Checks	3,530	3,765
Advance Payments	11,794	11,794
Monies to be received - Government funding	51,638	9,310
Monies to be received – Municipal*	195,189	65,670
Monies to be received -Health Services	181,794	146,370
	<u>443,945</u>	<u>236,909</u>

*See also Note 9 Municipal Funding

Notes to the financial statements as of 31st December 2022

Note 5 - Fixed Assets Net

Composition:

	Improvements of rental premises	Office furniture & equipment	Air-Conditioning, computers & electronic equipment	Total 2022
	NIS	NIS	NIS	NIS
Cost				
Balance 1 January 2022	2,504,593	832,380	669,035	4,006,008
Additions during the year	<u>339,785</u>	-	<u>10,057</u>	<u>349,842</u>
Balance 31 December 2022	2,844,378	832,380	679,092	4,355,850
Accumulated depreciation				
Balance 1 January 2022	1,849,646	584,919	756,814	3,191,379
Additions during the year	<u>141,917</u>	<u>27,825</u>	<u>19,527</u>	<u>189,269</u>
Balance 31 December 2022	<u>1,991,563</u>	<u>612,744</u>	<u>776,341</u>	<u>3,380,648</u>
Depreciated balance as of 31 December 2022	<u>852,815</u>	<u>219,636</u>	<u>97,249</u>	<u>975,202</u>
Depreciated balance as of 31 December 2021	<u>654,947</u>	<u>247,460</u>	<u>87,779</u>	<u>814,628</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

	2022	2021
	NIS	NIS
Employees	257,738	244,178
Organizations	101,761	114,204
	<u>359,499</u>	<u>358,382</u>

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

	<u>31.12.22</u>	<u>31.12.21</u>
	NIS	NIS
Reserves for retirement compensations*	774,895	727,387
Retained sums deposited in reserve	295,558	324,369
	<u>479,337</u>	<u>403,018</u>

Note 8 – Government Funding

	<u>2022</u>	<u>2021</u>
	NIS	NIS
Ministry of Education	2,967,381	2,601,293
Ministry of Social Welfare	72,954	149,653
Ministry of Economics	467,420	526,456
Ministry of Finance (Covid Grant)	-	174,956
Estates Committee	-	40,000
	<u>3,507,755</u>	<u>3,492,358</u>

* The organization sets aside a legal obligatory pension provision for employees. The reserve was calculated accordingly. Pension payment is set aside for 72% of the salary and therefore subject to section 14 of the Severance Pay Law, there is no obligation to supplement compensation. For the remaining salary, liability is calculated at time of termination of the employer-employee relationship based on the last wage, averaged with seniority of employee and at a rate of 28%. The compensation provision includes payments for the period prior to the enactment of mandatory pension. For that period the reserve is calculated fully, deducting sums that accumulated in the central compensation fund.

Notes to the financial statements as of 31st December 2022

Note 9 – Municipal Funding

	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Haifa Municipality(includes Igrot Chutz)(*)	190,580	89,339
Matnas Hadar Haifa	23,520	
Other Municipalities	3,360	14,436
	<u>217,460</u>	<u>103,775</u>

(*) Includes NIS172,000 from Haifa Municipality for 2022 that was received in February 2023. 2021 includes NIS66,000 first payment from Haifa Municipality. NIS 112,000 second payment for 2021 (see payments for previous year).

Note 10 – Donations

	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Private donations	159,571	327,099
Foundations – Israel	85,000	75,035
Foundations – Overseas	872,728	581,539
	<u>1,117,299</u>	<u>983,673</u>

Note 11 – Income from Treatments and Assessments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Tuition paid by parents	143,812	118,829
Income from Health Services	590,752	503,946
Elwyn Israel Supervision	-	24,000
Various payments	71,130	-
Total	<u>805,694</u>	<u>646,775</u>

Notes to the financial statements as of 31st December 2022

Note 12 – Salaries & Accompanying Payments

	December 31	
	2022	2021
	NIS	NIS
Salaries & Accompanying payments	4,253,595	4,179,443
– Activities		
Salaries & Accompanying payments	<u>109,041</u>	<u>108,652</u>
– Fundraising		
	4,362,636	4,288,095

Note 13 - Administrative and General Expenditures

	2022	2021
	NIS	NIS
Salaries	338,229	347,215
Professional Services	33,533	33,723
Public Relations, Publicity	49,755	30,155
Telephone, Postal Expenses, Communications	36,463	28,921
<u>Total</u>	<u>(457,980)</u>	<u>(440,014)</u>

Note 14 – Financing, net

	December 31	
	2022	2021
	NIS	NIS
Exchange rate difference foreign currency accounts	72,004	(30,923)
Banking charges and credit	(8,678)	(10,946)
Increase in open deposits and severance pay fund	(36,598)	40,549
Total	<u>26,728</u>	<u>(1,320)</u>