

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

Financial statements
As of 31st December 2024

Non-Profit Org.:580174225

Arugot

Amuta registration no.: 580174225

Financial statements as of 31st December 2024

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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 2024 and 2023, 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, 2024 and 2023, 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 2025

Arugot, Child and Family Development Center

Balance Sheets

| | Notes | 31.12.24 NIS | 31.12.23 NIS |
|--|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash value | 3 | 1,373,639 | 1,420,041 |
| Open deposits | 4 | 1,146,074 | 130,573 |
| Accounts receivable and debit balances | 5 | <u>426,642</u> | <u>435,217</u> |
| | | 2,946,355 | 1,985,831 |
| Fixed assets | | | |
| | 6 | <u>516,049</u> | <u>811,930</u> |
| Total Assets | | <u>3,462,404</u> | <u>2,797,761</u> |
| Current liabilities | | | |
| Suppliers and checks to be paid | | 41,101 | 52,245 |
| Employee liabilities in respect of salaries | 7 | 502,415 | 383,352 |
| | | <u>543,516</u> | <u>435,597</u> |
| Long term liabilities | | | |
| Liabilities arising from termination of employer-employee relations, net | 8 | <u>624,551</u> | <u>499,415</u> |
| Total Liabilities | | <u>1,168,067</u> | <u>935,012</u> |
| Assets, net | | | |
| Net assets that are not limited: | | | |
| Designated by the organization | | | |
| For current activities | | 1,778,288 | 1,050,819 |
| For acquisition of fixed assets | | <u>516,049</u> | <u>811,930</u> |
| | | <u>2,294,337</u> | <u>1,862,749</u> |
| Total Liabilities and net assets | | <u>3,462,404</u> | <u>2,797,761</u> |

(-)

Mr. Eli Hartman
Committee Member

Mr. Daniel Hoffner
Committee Member

June 2025
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 2024

| | Notes | 31.12.2024 NIS | 31.12.23 NIS |
|---|-------|-------------------|-----------------|
| Annual Turnover: | | | |
| Allocations from government offices and the authorities | 9 | 5,547,954 | 4,104,487 |
| Municipality | | 275,021 | 266,875 |
| Income from Health Services | | 613,740 | 502,501 |
| Payments by Parents | | 663,044 | 851,989 |
| Donations | 10 | <u>885,102</u> | <u>892,659</u> |
| | | 7,984,861 | 6,618,511 |
| Cost of activities: | | | |
| Salaries and accompanying payments | 11 | 5,619,403 | 4,629,254 |
| Treatments (independent workers) | | 235,800 | 220,328 |
| Educational, activities, supervision, materials | | 306,575 | 200,996 |
| Hot meals for children | | 86,932 | 87,665 |
| Rent: Preschools and Day Care Center, Maintenance, Insurance | | 486,205 | 447,744 |
| Depreciation | 12 | <u>329,957</u> | <u>179,744</u> |
| | | (7,064,872) | (5,765,731) |
| Net income from activities | | 919,989 | 852,780 |
| Administrative and general expenditures | 13 | (524,430) | (529,994) |
| Fundraising Expenses (without salaries) | | <u>(27,952)</u> | <u>(37,345)</u> |
| Net Income prior to funding | | 395,559 | 322,786 |
| Net Funding | 14 | <u>36,029</u> | <u>13,892</u> |
| Surplus (deficit) for year | | <u>431,588</u> | <u>336,678</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 2024

| | | Not designated by association <u>NIS</u> | for use of fixed assets <u>NIS</u> | Total <u>NIS</u> |
|---|---|--|---|-------------------------|
| Balance as of 1 January 2023 | - | 550,869 | 975,202 | 1,526,071 |
| Additions during the year: | | | | |
| Net income for the year | | 336,678 | - | 336,678 |
| Deductions in the course of the year: Amounts for which there are no limitations | | | | |
| Invested in fixed assets | | (16,472) | 16,472 | - |
| Amounts transferred to cover depreciation costs | | 179,744 | (179,744) | - |
| | | <u>163,272</u> | <u>(163,272)</u> | |
| Balance as of 31 December 2023 | - | 1,050,819 | 811,930 | 1,862,749 |
| Additions in the course of the year: | | | | |
| Net Income for the year | | 431,588 | - | 431,588 |
| Deductions in the course of the year: Sums for which there are no limitations | | | | |
| Invested in fixed assets | | (34,076) | 34,076 | = |
| Amounts transferred to cover depreciation costs | | 329,957 | (329,957) | |
| | | <u>295,881</u> | <u>(295,881)</u> | |
| Balance as of 31 December 2024 | | <u>1,778,288</u> | <u>516,049</u> | <u>2,294,337</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 2024

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 2025

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:

| | % |
|---|-------|
| 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 2024

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 2023 | \$ 3.627 | Euro 4.0116 |
| 31 Dec 2024 | \$ 3.647 | Euro 3.7964 |

Note 3 – Monies in Banks and Cash before bank deposit

| | <u>31.12.24</u> | <u>31.12.23</u> |
|------------------------------------|-------------------------|-------------------------|
| | NIS | NIS |
| Cash in bank NIS | 647,807 | 785,602 |
| Cash in bank – foreign currency | 724,125 | 630,350 |
| Cash before bank deposit | 1,707 | 4,089 |
| | <u>1,373,639</u> | <u>1,420,041</u> |

Note 4 – Bank Deposits and Securities

| | <u>31.12.24</u> | <u>31.12.23</u> |
|-----------------|-------------------------|-----------------------|
| | NIS | NIS |
| Bank Deposits | 1,146,074 | - |
| Bank Securities | | 130,573 |
| | <u>1,146,074</u> | <u>130,573</u> |

Note 5 - Accounts payable and debit balances

| | <u>31.12.24</u> | <u>31.12.23</u> |
|-----------------------|-----------------------|-----------------------|
| | NIS | NIS |
| Ministry of Labor | 177,655 | 45,519 |
| Ministry of Education | 167,347 | 331,424 |
| Health Services | 42,305 | 33,810 |
| Tax Authority – Grant | 31,485 | - |
| Post Dated Checks | 7,850 | 12,670 |
| Advance Payments | - | 11,794 |
| | <u>426,642</u> | <u>435,217</u> |

Notes to the financial statements as of 31st December 2024

Note 6 - Fixed Assets Net

| Composition: | Improvements of rental premises | Office furniture & equipment | Air-Conditioning, computers & electronic equipment | Total 2024 |
|--|---------------------------------|------------------------------|--|------------------|
| | NIS | NIS | NIS | NIS |
| Cost | | | | |
| Balance 1 January 2024 | 636,887 | 201,006 | 550,826 | 1,388,719 |
| Additions during the year | 15,706 | 14,150 | 4,220 | 34,076 |
| Deducted during the year | <u>(202,047)</u> | <u>(389,217)</u> | <u>(29,998)</u> | <u>(621,262)</u> |
| Balance 31 December 2024 | 450,546 | 174,061 | 525,048 | 801,533 |
| Accumulated depreciation | | | | |
| Balance 1 January 2024 | 181,974 | 49,200 | 345,615 | 576,789 |
| Additions during the year | 144,649 | 168,381 | 16,927 | 329,957 |
| Deducted during the year | <u>(202,047)</u> | <u>(389,217)</u> | <u>(29,998)</u> | <u>(621,262)</u> |
| Balance 31 December 2024 | <u>124,576</u> | <u>171,636</u> | <u>332,544</u> | <u>285,484</u> |
| Depreciated balance as of 31 December 2024 | <u>325,970</u> | <u>2,425</u> | <u>192,504</u> | <u>516,049</u> |
| Depreciated balance as of 31 December 2023 | <u>723,290</u> | <u>191,846</u> | <u>103,206</u> | <u>811,930</u> |

Location of Activities

| Address | Purpose | Status |
|-----------------------------|-------------------------------|-----------|
| 16 Arlosoroff Street, Haifa | Assessment and Therapy Center | Allocated |
| 65 Herzl Street, Haifa | Preschools | Rented |
| 4 Frishman Street, Haifa | Preschool and Day Care Center | Rented |
| 9 Ha'ari Street, Haifa | Preschools | Allocated |

Note 7 – Employees and Payable Organizations

| | 2024 | 2023 |
|-----------------------|----------------|----------------|
| | NIS | NIS |
| Employees | 342,704 | 249,799 |
| Organizations | 159,711 | 133,553 |
| For December Salaries | <u>502,415</u> | <u>383,352</u> |

Note 8 - Liabilities Arising from Termination of Employee-Employer Relations

| | <u>31.12.24</u> | <u>31.12.23</u> |
|--|-----------------|-----------------|
| | NIS | NIS |
| Reserves for retirement compensations* | 976,786 | 814,963 |
| Retained sums deposited in reserve | 352,235 | 315,548 |
| | <u>624,551</u> | <u>499,415</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.

Note 9 – Government Funding

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| | NIS | NIS |
| Ministry of Education | 4,481,989 | 3,361,765 |
| M. of Welfare & Social Affairs, M. of Economy & Industry | 892,952 | 742,722 |
| Ministry of Economics | 100,000 | - |
| Ministry of Justice | 73,013 | - |
| Tax Authorities – Grant "Swords of Iron" | <u>5,547,954</u> | <u>4,104,487</u> |

Note 10 – Donations

| | <u>2023</u> | <u>2022</u> |
|------------------------|----------------|----------------|
| | NIS | NIS |
| Private donations | 108,405 | 111,195 |
| Foundations – Israel | 10,000 | 27,500 |
| Foundations – Overseas | 766,697 | 753,964 |
| | <u>885,102</u> | <u>892,659</u> |

Notes to the financial statements as of 31st December 2024

Note 11 – Salaries & Accompanying Payments

| | December 31 | |
|----------------------------------|------------------|------------------|
| | 2024 | 2023 |
| | NIS | NIS |
| Salaries & Accompanying payments | 5,513,417 | 4,527,793 |
| – Activities | | |
| Salaries & Accompanying payments | 105,986 | 101,461 |
| – Fundraising | | |
| | 5,619,403 | 4,629,254 |

Note 12 – Devaluation and Deductions

For deductions in fixed equipment that has not been in use for a number of years

Note 13 - Administrative and General Expenditures

| | 2024 | 2023 |
|--|------------------|------------------|
| | NIS | NIS |
| Salaries | 405,045 | 400,405 |
| Professional Services | 52,516 | 39,510 |
| Public Relations, Publicity, Office expenses | 26,849 | 41,034 |
| Telephone, Postal Expenses, Communications | 20,300 | 19,878 |
| Fundraising costs | 18,458 | 27,952 |
| Fees | 1,262 | 1,215 |
| Total | (524,430) | (529,994) |

Note 14 – Financing, net

| | December 31 | |
|---|---------------|---------------|
| | 2024 | 2023 |
| | NIS | NIS |
| Exchange rate difference foreign currency accounts | (10,146) | 550 |
| Banking charges and credit | (11,656) | (10,605) |
| Increase in open deposits and severance pay fund | 57,831 | 23,947 |
| Total | 36,029 | 13,892 |

Notes to the financial statements as of 31st December 2024

Note 15 – Swords of Iron War

On 7 October 2023, as a result of an attack on Israel and the security situation, Israel declared the Swords of Iron War, resulting in various limitations including the limiting of movement of citizens, limitations on various gatherings, and changes in educational activities.

As a result of the security situation and instructions from the authorities, towards the end of 2023, the organization had to close the Assessment and Therapy Center for a certain period of time, causing a decrease in both activities and income for the organization. In 2024 the organization continued all its regular activities until September 2024 when Operation Northern Arrows broke out and affected the activities of the organization. During one and a half months some of the programs were closed and some were partially active. The security situation demanded special preparations such as finding alternative, safe buildings for activities and installation of blast doors at considerable cost. The organization sustained losses due to a decrease in activities in the Assessment and Therapy Center and in the Day Care Center.