



TSAD KADIMA
The Association for
Conductive Education in Israel (R.S)

Financial Statements
as of December 31, 2014
(New Israel Shekels)

Tsad Kadima

The Association for Conductive Education in Israel (R.S.)

Financial Statements as of December 31, 2014

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Jerusalem, June 17, 2014

Report of Independent Auditors to the Members of

Tsad Kadima – The Association for Conductive Education in Israel (R.S.)

We have audited the accompanying balance sheets of Tsad Kadima – The Association for Conductive Education in Israel (R.S.) (hereafter - “the Society”) as of December 31, 2014 and 2013 and the related statements of operations, changes in net assets and cash flows for each of the years then ended. These financial statements are the responsibility of the Society’s board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed under the Auditors’ Regulations (Mode of Performance) - 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the funds and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Society as of December 31, 2014 and 2013, and the results of its operations, changes in net assets and its cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP) pertaining to non-profit organizations.

Barzily & Co.
Certified Public Accountants
A Member of MSI Worldwide

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Balance Sheets
(New Israel Shekels)

Assets	Note	December 31,	
		2014	2013
Current Assets -			
Cash and Cash Equivalents		2,045,318	3,630,436
Restricted Cash		728,461	942,848
Short-term Deposit in Foreign Currency		314,844	79,064
Debtor and Debit Balance	3	940,115	214,801
		4,028,738	4,867,149
Long-term Investments -			
Investment in Securities	4	5,170,482	5,016,815
Fixed Assets, net -			
	5	8,318,952	8,319,043
		17,518,172	18,203,007
Liabilities and Net Assets			
Current Liabilities -			
Suppliers and Service Providers	6	739,172	832,705
Current Installments of Long-term Loans	7	25,278	46,667
Employees and Institutions for Salaries		1,415,333	1,465,111
Deferred Income		441,219	527,814
		2,621,002	2,872,297
Long-term Liabilities -			
Long-term Loans	7	-	25,278
Liabilities in Regard to Employee Benefits, net	8	1,428,074	1,288,251
Total Liabilities		1,428,074	1,313,529
Net Assets -			
Unrestricted Net Assets for Use in Operations:			
Undesignated by the Society		1,071,723	845,330
Designated by the Society	9	3,349,960	3,909,960
		4,421,683	4,755,290
Unrestricted Net Assets Used for Fixed Assets		8,318,952	8,319,043
		12,740,635	13,074,333
Temporarily Restricted Net Assets	10	728,461	942,848
Total Net Assets		13,469,096	14,017,181
		17,518,172	18,203,007

The accompanying notes are an integral part of these financial statements.

 Guy Salomon
 Executive Director

 Anete Mozes
 Chairperson of the Board

 Eli Glikman
 Member of the Board

June 17, 2015

 Date of Approval of the Financial Statements

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Statements of Operations
(New Israel Shekels)

	Note	Year Ended December 31,	
		2014	2013
Turnover of Operations -			
Government Offices and Public Institutions	11	12,767,133	12,225,890
Donations in Israel and Foundations		2,128,729	1,517,110
Donations from Friends Associations in Israel and Abroad		670,945	788,591
Participation of Parents		419,320	425,359
Other Income		199,362	49,916
Funds Released from Restricted Net Assets to Use in Operations		214,387	205,387
		<u>16,399,876</u>	<u>15,212,253</u>
Cost of Operations -			
Expenses for Education Centers	12	11,031,957	10,242,935
Expenses for Supplementary Education	13	1,680,951	2,013,946
Expenses for Day Care Center for Adults	14	1,679,765	546,919
Expenses for Student Training	15	737,658	928,305
Depreciation Expense		532,055	484,381
		<u>15,662,386</u>	<u>14,216,486</u>
Net Income from Operations		737,490	995,767
Fund Raising Expenses	16	206,233	254,900
General and Administrative Expenses	17	1,304,187	1,241,194
Net Expenses Prior to Financing		(772,930)	(500,327)
Financing Income, Net		439,232	42,796
Deficit for the Year		<u>(333,698)</u>	<u>(457,531)</u>

The accompanying notes are an integral part of these financial Statements.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Statements of Changes in Net Assets
(New Israel Shekels)

	<u>Unrestricted Net Assets</u>				Total
	<u>For Use in Operations</u>			Temporarily Restricted Net Assets	
	Undesignated by the Society	Designated by the Society	Used For Fixed Assets		
Balance as of January 1, 2013	693,892	4,337,260	8,500,712	1,148,235	14,680,099
Additions During the Year -					
Deficit for the Year	(457,531)	- -	- -	- -	(457,531)
Reductions During the Year -					
Funds Released from Temporarily Restriction for operation	- -	- -	- -	(205,387)	(205,387)
Funds allocated by Management, and the allocation was subsequently cancelled	427,300	(427,300)	- -	- -	- -
Transfer of Unrestricted Funds for Acquisition of Fixed Assets	(322,958)	- -	322,958	- -	- -
Funds Transferred for Depreciation Expense	504,627	- -	(504,627)	- -	- -
Balance as of December 31, 2013	<u>845,330</u>	<u>3,909,960</u>	<u>8,319,043</u>	<u>942,848</u>	<u>14,017,181</u>
Additions During the Year -					
Deficit for the Year	(333,698)	- -	- -	- -	(333,698)
Reductions During the Year -					
Funds Released from Temporarily Restriction for Operation	- -	- -	- -	(214,387)	(214,387)
Funds allocated by Management, and the allocation was subsequently cancelled	560,000	(560,000)	- -	- -	- -
Transfer of Unrestricted Funds for Acquisition of Fixed Assets	(552,211)	- -	552,211	- -	- -
Funds Transferred for Depreciation Expense	552,302	- -	(552,302)	- -	- -
Balance as of December 31, 2014	<u><u>1,071,723</u></u>	<u><u>3,349,960</u></u>	<u><u>8,318,952</u></u>	<u><u>728,461</u></u>	<u><u>13,469,096</u></u>

The accompanying notes are an integral part of these financial statements.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Statements of Cash Flows
(New Israel Shekels)

	Year Ended December 31,	
	2014	2013
Cash Flows from Operating Activities -		
Deficit for the Year	(333,698)	(457,531)
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Revenues and Expenses not Affecting Cash Flows:		
Depreciation	552,302	504,627
Increase in Liability in Regard to Employee Benefits, Net	139,823	230,807
Funds Released from Net Assets Restricted for Operations	(214,387)	(205,387)
Changes in Assets and Liabilities:		
Decrease (Increase) in Debtors and Debit Balance	(725,314)	60,598
Decrease in Employees and Institutions for Salaries	(49,778)	(242,955)
Increase (Decrease) in Suppliers and Service Providers	(93,533)	384,239
Increase (Decrease) in Deferred Income	(86,595)	47,668
Net Cash Provided by (Used in) Operating Activities	(811,180)	322,066
 Cash Flow For Investing Activities -		
Acquisition of Fixed Assets	(552,211)	(322,958)
Realization of Temporarily Restricted Contributions	214,387	205,387
Decrease (Increase) in Bank Deposits	(235,780)	1,945,188
Realization of Funds Allocated by the Society	560,000	427,300
Investment in Marketable Securities, Net	(153,667)	(167,330)
Net Cash Realized from (Used for) Investment Activities	(167,271)	2,087,587
 Cash Flows for Financing Activities -		
Payment of Long-term Loans	(46,667)	(46,666)
Net Cash Used for Financing Activities	(46,667)	(46,666)
Increase (Decrease) in Cash and Cash Equivalents	(1,025,118)	2,362,987
Balance of Cash and Undesignated Cash Equivalents Withdrawn from Allocated Funds - Beginning of Year	(279,524)	(2,642,511)
Balance of Cash and Cash Equivalents Withdrawn from Allocated Funds - End of Year	(1,304,642)	(279,524)
 Reconciliation of Cash to the Balance Sheet -		
Cash and Cash Equivalents Allocated by Management	3,349,960	3,909,960
Cash and Cash Equivalents Withdrawn from Allocated Funds	(1,304,642)	(279,524)
Total Cash and Cash Equivalents in Balance Sheet	2,045,318	3,630,436

The accompanying notes to these financial statements form an integral part thereof.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
As of December 31, 2014
(New Israel Shekels)

1) General

- a. A Tsad Kadima – The Association for Conductive Education in Israel – Petō Approach (R.S.) (hereinafter: “the Society”) was established in 1987, under the Societies Law (1980).
- b. The Society's objectives are:
 1. Active implementation in Israel of the "Petō Approach" involving education and rehabilitation of children with motor disabilities using specialized education and rehabilitation centers.
 2. Active to promote and increase publicity and awareness for the "Petō Approach" in Israel among professionals, parents of children with problems and motor disabilities, as well as for educators and public figures.
 3. Establishment of an education and rehabilitation center for treating children with motor disabilities and training of a professional staff with expertise in implementation of the "Petō Approach".
- c. The Society has been recognized in Israel as a “Public Institution” as defined in the Income Tax Ordinance [Section 9(2)].
- d. The Society has a permit to receive contributions in accordance with Section 46 of the Income Tax Ordinance.
- e. The Society received certification for satisfactory management from the Societies Registrar for the year 2014. This certification entitles the Society to receive allocations and support from Government offices and institutions.
- f. This English version is a translation of the Company's Hebrew financial statements signed June 17, 2015, which remain the official financial statements.

2) Accounting Policies

- a. These financial statements, prepared in accordance with Ordinance 5 of The Israel Accounting Standards Board include, inter alia, as follows:
 - “Unrestricted Net Assets”- that portion of net assets of the Society the usage of which has not been restricted by donors.
 - “Restrictions by Donors on Usage of Net Assets” - specification of a donor or other outside party (hereinafter-“the donor”) in regard to usage of assets received from him as a contribution, which specification is more specific than the general restrictions deriving from the Society’s designation as a non-profit institution, its area of activity and its objectives as defined in the charter of the Society.
 - “Temporarily Restricted Net Assets” – that portion of net assets of the Society deriving from contributions or other internal flow of assets, the usage of which has been restricted in accordance with specifications of the donors.

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2) Accounting Policies (cont.)

- b. Fixed Assets Allocated by the Society -
Funds designated by the Society for development of programs and Conductive Education and Cerebral Palsy Studies certificate program, renovation and general and rehabilitation equipment, and for the maintenance and operation of the therapeutic swimming pool in the Rishon Letzion Center (see also explanation 9).
- c. Basis of Recognition for Income and Expenses -
Income and expenses are reported on the accrual basis, except for revenues from donation that are registered in cash.
- d. Cash and Cash Equivalents
Cash and cash equivalents include bank deposits the original maturity of which at the date of deposit did not exceed three months and are unrestricted in regard to usage.
- e. Provision for Doubtful Accounts -
The provision for doubtful accounts is computed mainly for specific accounts that, according to management, collection is doubtful.
- f. Marketable Securities -
Marketable securities are presented at cost. Changes in value are included in the statement of operations.
- g. Fixed Assets -
Fixed assets are presented at cost net of accumulated depreciation computed using the straight-line method over the estimated useful lives of the assets.

Annual rates of depreciation are as follows:

Furniture and electronic equipment	6% - 33%
Vehicles	15%
Renovations	10%
Structures	2%

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2) Accounting Policies (cont.)

- h. Use of Estimates in Preparation of Financial Statements -
Preparation of financial statements in accordance with accepted accounting principles in Israel requires management to make estimates and assumptions that affect funds of assets and liabilities presented in these financial statements, as well as disclosure in regard to contingencies and funds of revenues and expenses for the reported periods.
Actual results may differ from these abovementioned estimates.
- i. Balances linked to foreign currency are included at the representative exchange rate at balance sheet date.

	31.12.2014	31.12.2013	Rate of change in year of report
Representative exchange rate for U.S. \$	3.889	3.471	12.0%
Representative exchange rate for €	4.725	4.782	(1.2%)
Representative exchange rate for £	6.064	5.742	5.6%

3) Debtors and Debit Balance

	31.12.2014	31.12.2013
Checks for Collection and Credit card companies	303,486	135,766
Revenues to receive	636,629	79,035
	<u>940,115</u>	<u>214,801</u>

4) Investment in Securities

Investment in a securities portfolio that is mainly debentures. Funds invested in securities serve partially as security for maintenance of cash flows and continuity of operations during recession or a freeze in mobilization of resources from fundraising.

5) Fixed Assets, net

	31.12.2014			31.12.2013
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Cost</u>	<u>Depreciated Cost</u>
Beer Sheva Structure*	6,889,762	597,585	6,291,904	6,431,290
Furniture and equipment in centers and kindergartens	2,137,077	1,210,040	927,037	1,081,631
Renovation	907,684	445,463	462,221	294,863
Vehicles	360,949	144,160	216,789	270,931
Office furniture and equipment	563,447	173,929	389,518	201,438
Swimming pool equipment	149,126	117,643	31,483	38,890
Total	<u>11,008,045</u>	<u>2,689,093</u>	<u>8,318,952</u>	<u>8,319,043</u>

* The building in Beer Sheva was built on land designated pro-bono for the Society, by the Beer Sheva municipality, to be maintained for a period of thirty years in order to establish a rehabilitation day-care center and kindergartens for children afflicted with cerebral palsy in Beer Sheva and its environs.

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6) Suppliers and Service Providers

	31.12.2014	31.12.2013
Checks for repayment	569,306	777,424
Open debts	169,866	55,281
	739,172	832,705

7) Long-term Loans

Loans acquired in order to purchase vehicles for the Society for repayment in 36 installments

8) Liabilities in Regard to Employee Benefits, Net

a. The Society's obligation for retirement pay is covered by a provision shown as deposits and as payments to a provident fund, insurance policies and a central severance pay fund.

b. Composition:

	31.12.2014	31.12.2013
Reserve for retirement pay	5,244,790	5,675,124
Net of accumulated Funds in management insurance on account of retirement pay	(3,140,520)	(3,474,829)
	2,104,270	2,200,295
Central compensation Office Deducted	(676,196)	(912,044)
	1,428,074	1,288,251

9) Net Assets Designated by the Society's Institutions -

1. Composition:

a. Net Assets Allocated by the Society's Institutions for Development and Expansion of Projects Utilizing the Conductive Education - Peto Approach in Israel

	31.12.2014	31.12.2013
Composition:		
Balance at the beginning of the year	1,571,229	1,867,529
Cancellation of designation for the year	(284,000)	(296,300)
	1,287,229	1,571,229

b. Net Assets Allocated by the Society's Institutions for Renovations and Purchase of General and Rehabilitation Equipment for the Facilities and Frameworks wherein it Operates.

Composition:

Balance at the beginning of the year	1,885,328	2,016,328
Designated for the year	(276,000)	(131,000)
	1,609,328	1,885,328

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9) Net Assets Designated by the Society's Institutions (cont.)

c. Net Assets Allocated by the Society's Institutions for Operations and Maintenance of the Therapeutic Swimming Pool in Rishon Letzion.		
Composition:		
Balance at the beginning of the year	<u>31.12.2014</u>	<u>31.12.2013</u>
Designated for the year	453,403	453,403
	-	-
	<u>453,403</u>	<u>453,403</u>
Total	<u>3,349,960</u>	<u>3,909,960</u>

2. The Society financed her programs out of this year's revenues.

10) Temporarily Restricted Net Assets –

a. Donations Allocated for Operations and Maintenance of the Therapeutic Swimming Pool in Rishon Letzion.		
Composition:		
Balance at the beginning of the year	<u>31.12.2014</u>	<u>31.12.2013</u>
Deduction of funds released for operating and maintenance of the therapeutic swimming pool	132,625	198,625
	(75,000)	(66,000)
	<u>57,625</u>	<u>132,625</u>
b. Donations Designated for Construction, Maintenance, Renovation, Expansion and Equipment of the Educational Rehabilitation Center in Beer Sheva.		
Composition:		
Balance at the beginning of the year	810,223	949,610
Utilizing this year for maintenance	(139,387)	(139,387)
	<u>670,836</u>	<u>810,223</u>
Total	<u>728,461</u>	<u>942,848</u>

11) Revenues from Government Offices and Public Institutions -

	Year Ended	
	31.12.2014	31.12.2013
Ministry of Education	6,462,240	6,732,205
Ministry of Social Affairs and Social Services	3,971,701	2,655,397
Local Authorities	1,074,185	1,543,908
Ministry of Health	613,413	417,400
Health Services	530,594	584,785
National Insurance Fund	115,000	217,195
Inheritance States Committee	-	75,000
	<u>12,767,133</u>	<u>12,225,890</u>

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12) Expenses for Educational Centers -

	Year Ended December 31, 2014					Year Ended 31.12.2013
	Rishon Letzion	Hasharon	Beer Sheva and Environs	Carmiel Netanya and Eilat	Total	
Salaries and payroll	5,417,026	882,572	2,933,383	256,943	9,489,924	8,520,628
Rent, maintenance and security	280,495	47,934	177,085	14,300	519,814	600,497
Food	199,550	30,160	96,918	-	326,628	318,089
Insurance	50,083	10,464	13,081	-	73,628	74,181
Operation	49,470	788	1,692	156	52,106	8,760
Maintenance of therapeutic pool	363,438	-	-	-	363,438	402,640
Fund-raising events	73,550	-	-	-	73,550	129,662
Conductive medical follow-up	-	-	69,751	-	69,751	108,977
Communication, office and other	18,088	1,545	15,297	-	34,930	20,124
Transportation	28,188	-	-	-	28,188	33,888
Training and enrichment	-	-	-	-	-	25,489
Total	6,479,888	973,463	3,307,207	271,399	11,031,957	10,242,935

13) Conductive Education Expenses -

	Year Ended	
	31.12.2014	31.12.2013
Salaries and related expenses	1,052,298	1,350,962
Summer camps	160,095	163,114
Courses and seminars	130,139	75,343
Fund-raising events	117,023	139,822
Maintenance	87,978	121,727
Rent	67,043	60,937
Travel and vehicle maintenance	57,311	77,032
Publications and professional literature	9,064	25,009
	1,680,951	2,013,946

14) Day Care Center for Adults -

	Year Ended	
	31.12.2014	31.12.2013
Salaries and related expenses	858,341	278,458
Transportation	414,251	138,043
Rent	241,606	74,011
Food	102,164	33,879
Maintenance	58,252	21,137
Communication	5,151	1,391
	1,679,765	546,919

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15) Student Training Expenses -

	Year Ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Salaries for professional consultation, training and administration	363,013	337,993
Sustenance grants	252,000	428,400
Annual tuition and knowledge agreement	56,052	54,146
Operation, sorting and evaluating expenses	45,298	76,632
Visits of lecturers from Petõ institution in Israel	21,295	31,134
	<u>737,658</u>	<u>928,305</u>

16) Fund Raising Expenses -

	Year Ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Salaries and related expenses	177,466	230,945
Fund raising initiatives	22,011	15,274
Communication, mail and other	6,756	8,681
	<u>206,233</u>	<u>254,900</u>

17) General and Administrative Expenses -

	Year Ended	
	<u>31.12.2014</u>	<u>31.12.2013</u>
Salaries and related expenses	984,805	945,732
Office maintenance	191,988	180,989
Travel and other (includes depreciation of a vehicle in the amount of approximately NIS 20,000)	58,528	50,194
Professional services	23,240	21,240
Office expenses	19,550	11,985
Bank charges	13,136	12,665
Communication, mail and messengers	12,940	18,389
	<u>1,304,187</u>	<u>1,241,194</u>