



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

Financial Statements

As of December 31, 2015

(New Israel Shekels)

Tsad Kadima

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

Financial Statements as of December 31, 2015

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Jerusalem, June 15, 2016

**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, 2015 and 2014 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, 2015 and 2014, 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,	
		2015	2014
Current Assets -			
Cash and cash equivalents		2,689,053	2,045,318
Restricted cash		589,074	728,461
Deposit in foreign currency		466,967	314,844
Investment in securities	3	6,199,055	5,170,482
Debtor and debit balance	4	83,245	940,115
		<u>10,027,394</u>	<u>9,199,220</u>
Fixed Assets, net -	5	8,012,681	8,318,952
		<u>18,040,075</u>	<u>17,518,172</u>
Liabilities and Net Assets			
Current Liabilities -			
Suppliers and service providers	6	584,523	739,172
Current installments of long-term loans	7	- . -	25,278
Employees and institutions for salaries		1,849,169	1,415,333
Incomes in advance	2h	918,978	441,219
		<u>3,352,670</u>	<u>2,621,002</u>
Long-Term Liabilities -			
Liabilities in regard to employee benefits, net	8	1,433,868	1,428,074
Net Assets -			
Unrestricted net assets for use in operations:			
Undesignated by the society		1,301,822	1,071,723
Designated by the society	9	3,349,960	3,349,960
		<u>4,651,782</u>	<u>4,421,683</u>
Unrestricted net assets used for fixed assets		8,012,681	8,318,952
		<u>12,664,463</u>	<u>12,740,635</u>
Temporarily restricted net assets	10	589,074	728,461
Total net assets		<u>13,253,537</u>	<u>13,469,096</u>
		<u>18,040,075</u>	<u>17,518,172</u>

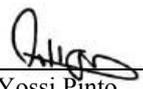
The accompanying notes are an integral part of these financial statements.



 Guy Salomon
 Executive Director



 Anete Mozes
 Chairperson of the Board



 Yossi Pinto
 Member of the Board

June 15, 2016

 Date of Approval of the Financial Statements

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

	<u>Note</u>	<u>Year Ended December 31,</u> 2015	<u>2014 *</u>
Turnover of Operations -			
Income from government offices and public institutions	11	14,702,022	12,767,133
Donations in Israel and foundations		1,662,955	2,128,729
Donations from friends associations in Israel and abroad		649,677	670,945
Participation of parents		524,304	419,320
Other income		211,232	199,362
Funds released from restricted net assets for use in operations		139,387	214,387
		<u>17,889,577</u>	<u>16,399,876</u>
Cost of Operations -			
Expenses for educational centers	12	11,840,761	10,958,407
Expenses for complementary education	13	1,368,827	1,563,928
Expenses for day center for adults	14	1,692,556	1,679,765
Expenses for student training	15	667,437	737,658
Depreciation expense		540,737	532,055
		<u>(16,110,318)</u>	<u>(15,471,813)</u>
Net income from operations		1,779,259	928,063
Fund raising expenses	16	(404,267)	(206,233)
General and administrative expenses	17	(1,435,082)	(1,494,760)
Net expenses prior to financing		(60,090)	(772,930)
Financing (expense) income, net		(16,082)	439,232
Deficit for the year		<u>(76,172)</u>	<u>(333,698)</u>

* Reclassification.

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>		Used For Fixed Assets	Temporarily Restricted Net Assets	
	Undesignated by the Society	Designated by the Society			
Balance as of January 1, 2014	845,330	3,909,960	8,319,043	942,848	14,017,181
Additions During the Year -					
Deficit for the year	(333,698)	- . -	- . -	- . -	(333,698)
Reductions During the Year -					
Funds released from net assets that were restricted for operation	- . -	- . -	- . -	(214,387)	(214,387)
Funds allocated by management and 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>1,071,723</u>	<u>3,349,960</u>	<u>8,318,952</u>	<u>728,461</u>	<u>13,469,096</u>
Additions During the Year -					
Deficit for the year	(76,172)	- . -	- . -	- . -	(76,172)
Reductions During the Year -					
Funds released from net assets that were restricted for operation	- . -	- . -	- . -	(139,387)	(139,387)
Funds allocated by management	(1,453,403)	1,453,403	- . -	- . -	- . -
Funds allocated by management and allocation was subsequently cancelled	1,453,403	(1,453,403)	- . -	- . -	- . -
Transfer of unrestricted funds for acquisition of fixed assets	(254,713)	- . -	254,713	- . -	- . -
Funds transferred for depreciation expense	560,984	- . -	(560,984)	- . -	- . -
Balance as of December 31, 2015	<u><u>1,301,822</u></u>	<u><u>3,349,960</u></u>	<u><u>8,012,681</u></u>	<u><u>589,074</u></u>	<u><u>13,253,537</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, 2015	2014 *
Cash Flows from Operating Activities -		
Deficit for the year	(76,172)	(333,698)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Revenues and Expenses not Affecting Cash Flows:		
Depreciation	560,984	552,302
Securities revaluation	(28,573)	(153,667)
Increase in liability in regard to employee benefits, net	5,794	139,823
Funds released from net assets restricted for operations	(139,387)	(214,387)
Changes in Assets and Liabilities:		
Decrease (increase) in debtors and debit balance	856,870	(725,314)
Increase (decrease) in employees and institutions for salaries	433,836	(49,778)
Decrease in suppliers and service providers	(154,649)	(93,533)
Increase (decrease) in incomes in advance	477,759	(86,595)
Net cash provided by (used in) operating activities	1,936,462	(964,847)
 Cash Flow For Investment Activities -		
Acquisition of fixed assets	(254,713)	(552,211)
Realization of temporarily restricted contributions	139,387	214,387
Increase in bank deposits	(152,123)	(235,780)
Investment of funds allocated by the Society	(1,453,403)	- . -
Realization of funds allocated by the Society	1,453,403	560,000
Investment in marketable securities, net	(1,000,000)	- . -
Net cash realized from (used for) investment activities	(1,267,449)	(13,604)
 Cash Flows for Financing Activities -		
Payment of long-term loans	(25,278)	(46,667)
Net cash used for financing activities	(25,278)	(46,667)
Increase (decrease) in cash and cash equivalents	643,735	(1,025,118)
Balance of cash and cash equivalents withdrawn from allocated funds - beginning of the year	(1,304,642)	(279,524)
Balance of cash and cash equivalents withdrawn from allocated funds – end of the year	(660,907)	(1,304,642)
 <u>Reconciliation of Cash to the Balance Sheet -</u>		
Cash and cash equivalents allocated by the Society	3,349,960	3,349,960
Cash and cash equivalents withdrawn from allocated funds	(660,907)	(1,304,642)
Total cash and cash equivalents in balance sheet	2,689,053	2,045,318

* Reclassification.

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, 2015
(New Israel Shekels)

1) General

- a. Tsad Kadima – The Association for Conductive Education in Israel – Petō (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. Promote and increase publicity and awareness for the "Petō Approach" in Israel among professionals, parents of children with various motor disabilities, educators and public figures.
 3. Establishment of an education and rehabilitation center for treating children with motor disabilities and training of professionals with expertise in implementation of the "Petō Approach".
- c. The Society deals with education and rehabilitation of people with Cerebral Palsy (CP): infants, children and adults throughout Israel. The Society operates various educational frameworks and programs under the supervision of government ministries Education, Welfare and Health. In addition, the Society trains special education teachers to become specialists in the Conductive Education approach for rehabilitation and education of people with CP and motor disabilities.
- d. The Society holds a certificate of approval, in accordance with Section 46 of the Income Tax Ordinance, to receive contributions.
- e. The Society holds a proper management approval from the Societies Registrar for the year 2016.
- f. This English version is a translation of the Society's Hebrew financial statements signed June 15, 2016, which remains the official financial statements.

2) Accounting Policies

- a. These financial statements, prepared in accordance with accounting standard number 5 of The Israel Accounting Standards Board that determined and defined, inter alia, as follows:
 - “Unrestricted Net Assets” - the Society's portion of net assets that has not been restricted, permanently or temporarily, set by donors.
 - “Restricted Net Assets” - specification of a donor or other outside party (hereinafter: “the donor”) in regard to usage of contributions.
 - “Temporarily Restricted Net Assets” – restrictions that expire with a specific event or with the passage of time or with actions taken according to the restrictions or conditions.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

2) Accounting Policies (cont.)

- b. Fixed Assets Allocated by the Society -
Funds designated by the Society's management for development of programs and Conductive Education and Cerebral Palsy Studies certificate program, renovation, purchase of 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%

- h. Incomes in Advance -
Incomes in advance include contributions that were received for activities that are scheduled for implementation in the following year.
- i. 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.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

2) Accounting Policies (cont.)

- j. Balances linked to foreign currency are included at the representative exchange rate at balance sheet date.

	31.12.2015	31.12.2014	Rate of change in year of report
Representative exchange rate for U.S. \$	3.902	3.889	0.3%
Representative exchange rate for €	4.247	4.725	(10.1%)
Representative exchange rate for £	5.784	6.064	(4.6%)

3) 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.

4) Debtors and Debit Balance

	31.12.2015	31.12.2014
Checks for collection and credit card companies	83,245	303,486
Revenues to receive	- . -	636,629
	<u>83,245</u>	<u>940,115</u>

5) Fixed Assets, net

	31.12.2015		31.12.2014	
	Cost	Accumulated Depreciation	Depreciated Cost	Depreciated Cost
Beer Sheva Structure*	6,889,762	737,245	6,152,517	6,291,904
Furniture and equipment in centers and kindergartens	2,385,574	1,426,296	959,278	927,037
Renovation	907,684	536,231	371,453	462,221
Vehicles	360,949	198,303	162,646	216,789
Office furniture and equipment	569,663	230,191	339,472	389,518
Therapeutic Swimming pool equipment	149,126	121,811	27,315	31,483
Total	<u>11,262,758</u>	<u>3,250,077</u>	<u>8,012,681</u>	<u>8,318,952</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.

6) Suppliers and Service Providers

	31.12.2015	31.12.2014
Checks for repayment	361,074	569,306
Open debts	223,449	169,866
	<u>584,523</u>	<u>739,172</u>

7) Long-term Loans

Loans acquired in order to purchase vehicles for the Society for repayment in 36 installments. The loans were fully redeemed by August 2015.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

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:	31.12.2015	31.12.2014
Reserve for retirement pay	5,765,442	5,244,790
Net of accumulated funds in management insurance on account of retirement pay	<u>(3,655,355)</u>	<u>(3,140,520)</u>
	2,110,087	2,104,270
Central compensation office deducted	<u>(676,219)</u>	<u>(676,196)</u>
	<u>1,433,868</u>	<u>1,428,074</u>

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

1. Composition:	Balance as of 31.12.2014	Funds allocated by management	Funds allocated by management and allocation was subsequently cancelled	Balance as of 31.12.2015
a. Development and operation of programs according to the Conductive Education – Petō in Israel.	1,287,229	- . -	- . -	1,287,229
b. Renovation of the Society's centers and frameworks and purchase of general and rehabilitation equipment.	1,609,328	- . -	(1,000,000)	609,328
c. Maintenance and operation of the therapeutic swimming pool in Rishon Letzion center.	453,403	- . -	(453,403)	- . -
d. Planning and development of a therapeutic swimming pool in Beer Sheba Center.	- . -	453,403	- . -	453,403
h. Planning, development and expansion of Beer Sheba Center.	- . -	500,000	- . -	500,000
i. Development and renovation of Rishon Letzion center.	- . -	500,000	- . -	500,000
Total	<u>3,349,960</u>	<u>1,453,403</u>	<u>(1,453,403)</u>	<u>3,349,960</u>

2. The Society financed the programs it operates from the revenues of the year of the report.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

10) Temporarily Restricted Net Assets –

Composition:	Balance as of 31.12.2014	Funds allocated by management	Funds released by management for maintenance	Balance as of 31.12.2015
a. Maintenance and operation of therapeutic swimming pool in Rishon Letzion center.	57,625	- . -	- . -	57,625
b. Construction, maintenance, renovation, expansion and equipping of the Beer Sheba Center.	670,836	- . -	(139,387)	531,449
Total	728,461	- . -	(139,387)	589,074

11) Revenues from Government Offices and Public Institutions -

	Year Ended	
	31.12.2015	31.12.2014
Ministry of Education	6,331,612	6,462,240
Ministry of Social Affairs and Social Services	4,457,360	3,971,701
Local Authorities	2,026,713	1,074,185
Health maintenance organization, HMO	838,579	530,594
Ministry of Health	721,468	613,413
National Insurance Fund	326,290	115,000
	14,702,022	12,767,133

12) Expenses for Educational Centers -

Year Ended December 31, 2015

	Year Ended December 31, 2015				Total	Year Ended 31.12.2014 *
	Rishon Letzion	Hasharon	Beer Sheva and Environs	Karmiel Netanya and Eilat		
Salaries and payroll	5,386,135	819,812	3,295,470	547,890	10,049,307	9,489,924
Rent, maintenance and security	542,331	23,433	205,092	15,873	786,729	519,814
Food	181,391	27,560	104,865	53,707	367,523	326,628
Maintenance of therapeutic pool	338,063	- . -	- . -	- . -	338,063	363,438
Operation	70,864	8,141	33,997	3,037	116,039	52,106
Insurance	47,869	10,180	12,725	- . -	70,774	73,628
Conductive medical follow-up	- . -	- . -	54,894	- . -	54,894	69,751
Transportation	31,554	- . -	- . -	- . -	31,554	28,188
Communication and other	10,486	1,126	14,266	- . -	25,878	34,930
Total	6,608,693	890,252	3,721,309	620,507	11,840,761	10,958,407

* Reclassification.

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

13) Conductive Education Expenses -

	Year Ended	
	31.12.2015	31.12.2014 *
Salaries and related expenses	880,035	1,052,298
Summer camps	148,358	160,095
Maintenance	119,159	87,978
Courses and seminars	97,963	130,139
Rent	71,324	67,043
Travel and vehicle maintenance	38,298	57,311
Publications and professional literature	13,690	9,064
	<u>1,368,827</u>	<u>1,563,928</u>

* Reclassification.

14) Day Center for Adults Expenses -

	Year Ended	
	31.12.2015	31.12.2014
Salaries and related expenses	844,317	858,341
Transportation	432,644	414,251
Rent	240,444	241,606
Food	100,450	102,164
Maintenance	64,336	58,252
Summer Camp	6,415	- . -
Communication	3,950	5,151
	<u>1,692,556</u>	<u>1,679,765</u>

15) Student Training Expenses -

	Year Ended	
	31.12.2015	31.12.2014
Salaries for professional consultation, training and administration	322,508	363,013
Sustenance grants	254,600	252,000
Operation, sorting and evaluating expenses	46,527	45,298
Visits of lecturers from Petō institution to Israel	43,802	21,295
Annual tuition and knowledge agreement	- . -	56,052
	<u>667,437</u>	<u>737,658</u>

Tsad Kadima
The Association for Conductive Education in Israel (R.S.)
Notes to the Financial Statements
(New Israel Shekels)

16) Fund Raising Expenses -

	Year Ended	
	31.12.2015	31.12.2014
Salaries and related expenses	364,203	177,466
Fund raising initiatives	33,118	22,011
Communication, mail and other	6,946	6,756
	<u>404,267</u>	<u>206,233</u>

17) General and Administrative Expenses -

	Year Ended	
	31.12.2015	31.12.2014 *
Salaries and related expenses	897,884	984,805
Fund raising events	210,698	190,573
Office maintenance	184,890	191,988
Travel and other (includes depreciation of vehicles in the amount of approximately NIS 20,000)	59,773	58,528
Professional services	21,240	23,240
Office expenses	16,037	19,550
Bank charges	15,764	13,136
Communication, mail and messengers	14,585	12,940
Training and professional educational programs	14,211	- . -
	<u>1,435,082</u>	<u>1,494,760</u>

* Reclassification.