



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

## **Financial Statements**

**As of December 31, 2016**

**(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 19, 2017

**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, 2016 and 2015 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, 2016 and 2015, 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)**

<b>Assets</b>	<b>Note</b>	<b>December 31,</b>	
		<b>2016</b>	<b>2015</b>
<b>Current Assets -</b>			
Cash and cash equivalents		1,769,239	2,689,053
Restricted cash		392,062	589,074
Deposit in foreign currency		- - -	466,967
Investment in securities	3	6,234,770	6,199,055
Debtor and debit balance	4	448,644	83,245
		8,844,715	10,027,394
<b>Fixed Assets, net -</b>	5	7,741,559	8,012,681
		16,586,274	18,040,075
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities -</b>			
Suppliers and service providers	6	759,377	584,523
Employees and institutions for salaries		1,889,183	1,849,169
Incomes in advance	2h	- - -	918,978
		2,648,560	3,352,670
<b>Long-Term Liabilities -</b>			
Liabilities in regard to employee benefits, net	7	1,463,452	1,433,868
<b>Net Assets -</b>			
Unrestricted net assets for use in operations:			
Undesignated by the society		1,373,526	1,301,822
Designated by the society	8	2,967,115	3,349,960
		4,340,641	4,651,782
Unrestricted net assets used for fixed assets		7,741,559	8,012,681
		12,082,200	12,664,463
Temporarily restricted net assets	9	392,062	589,074
Total net assets		12,474,262	13,253,537
		16,586,274	18,040,075

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 19, 2017  
 \_\_\_\_\_  
 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> <b>2016</b>	<u>2015 *</u>
<b>Turnover of Operations -</b>			
Income from government offices and public institutions	10	14,341,409	14,702,022
Donations in Israel and foundations		2,477,311	1,662,955
Donations from friends associations in Israel and abroad		744,647	649,677
Participation of parents		311,519	524,304
Other income		417,521	211,232
Funds released from restricted net assets for use in operations		197,012	139,387
		<u>18,489,419</u>	<u>17,889,577</u>
<b>Cost of Operations -</b>			
Expenses for educational centers	11	12,277,353	11,854,972
Expenses for complementary education	12	1,422,050	1,368,827
Expenses for adult day center	13	2,096,955	1,692,556
Expenses for student training	14	680,374	667,437
Depreciation expense		563,772	540,737
		<u>(17,040,504)</u>	<u>(16,124,529)</u>
Net income from operations		1,448,915	1,765,048
Fund raising expenses	15	(617,502)	(614,965)
General and administrative expenses	16	(1,287,489)	(1,210,173)
Net expenses prior to financing		(456,076)	(60,090)
Financing expense, net		(75,165)	(16,082)
Capital loss		(51,022)	- . -
Deficit for the year		<u>(582,263)</u>	<u>(76,172)</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>				<b>Total</b>
	<u>For Use in Operations</u>		<b>Used For Fixed Assets</b>	<b>Temporarily Restricted Net Assets</b>	
	<b>Undesignated by the Society</b>	<b>Designated by the Society</b>			
Balance as of January 1, 2015	1,071,723	3,349,960	8,318,952	728,461	13,469,096
<b>Additions During the Year -</b>					
Deficit for the year	(76,172)	- . .	- . .	- . .	(76,172)
<b>Reductions During the Year -</b>					
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>1,301,822</u>	<u>3,349,960</u>	<u>8,012,681</u>	<u>589,074</u>	<u>13,253,537</u>
<b>Additions During the Year -</b>					
Deficit for the year	(582,263)	- . .	- . .	- . .	(582,263)
<b>Reductions During the Year -</b>					
Funds released from net assets that were restricted for operation	- . .	- . .	- . .	(197,012)	(197,012)
Funds allocated by management and allocation was subsequently cancelled	382,845	(382,845)	- . .	- . .	- . .
Transfer of unrestricted funds for acquisition of fixed assets	(421,125)	- . .	421,125	- . .	- . .
Funds deriving from the realization of fixed assets	126,022	- . .	(126,022)	- . .	- . .
Funds transferred for depreciation expense	566,225	- . .	(566,225)	- . .	- . .
Balance as of December 31, 2016	<u><u>1,373,526</u></u>	<u><u>2,967,115</u></u>	<u><u>7,741,559</u></u>	<u><u>392,062</u></u>	<u><u>12,474,262</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)**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows from Operating Activities -</b>		
Deficit for the year	(582,263)	(76,172)
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b>		
<b>Revenues and Expenses not Affecting Cash Flows:</b>		
Depreciation	566,225	560,984
Capital loss	51,022	- . -
Securities revaluation	(35,715)	(28,573)
Increase in liability in regard to employee benefits, net	29,584	5,794
Funds released from net assets restricted for operations	(197,012)	(139,387)
<b>Changes in Assets and Liabilities:</b>		
Decrease (increase) in debtors and debit balance	(365,399)	856,870
Increase (decrease) in suppliers and service providers	174,854	(154,649)
Increase in employees and institutions for salaries	40,014	433,836
Increase (decrease) in incomes in advance	(918,978)	477,759
Net cash provided by (used in) operating activities	<u>(1,237,668)</u>	<u>1,936,462</u>
<b>Cash Flow For Investment Activities -</b>		
Acquisition of fixed assets	(421,125)	(254,713)
Proceeds from selling fixed assets	75,000	- . -
Realization of temporarily restricted cash	197,012	139,387
Decrease (increase) in bank deposits	466,967	(152,123)
Acquisition of negotiable securities	- . -	(1,000,000)
Net cash realized from (used for) investment activities	<u>317,854</u>	<u>(1,267,449)</u>
<b>Cash Flows for Financing Activities -</b>		
Payment of long-term loans	- . -	(25,278)
Net cash used for financing activities	<u>- . -</u>	<u>(25,278)</u>
Increase (decrease) in cash and cash equivalents	(919,814)	643,735
Balance of cash and cash equivalents - beginning of the year	<u>2,689,053</u>	<u>2,045,318</u>
Balance of cash and cash equivalents - end of the year	<u><u>1,769,239</u></u>	<u><u>2,689,053</u></u>

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, 2016**  
**(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) – Society number 580115319.
- 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 is a public institution in accordance with section 9(2) of the Income Tax Ordinance.
- d. 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.
- e. The Society holds a certificate of approval, in accordance with Section 46 of the Income Tax Ordinance, to receive contributions.
- f. The Society holds a proper management approval from the Societies Registrar for the year 2017.
- g. This English version is a translation of the Society's Hebrew financial statements signed June 19, 2017, 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 Restriction” – restrictions that expire with a specific event or with the passage of time or with actions taken according to the restrictions or conditions.
  - "Fixed Assets Allocated by the Society" - Funds designated by the Society's management for development of programs, 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).

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

**2) Accounting Policies (cont.)**

- b. Basis of reporting of the financial reports -  
The financial reports are prepared with "reported amounts" in accordance with Accountant Standard 12 of the Israel Accounting Standards Boards.
- c. Basis of Recognition for Income and Expenses -  
Income and expenses are reported on the accrual basis.
- 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**  
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**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.

	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>Rate of change in year of report</b>
Representative exchange rate for U.S. \$	3.845	3.902	(1.46%)
Representative exchange rate for €	4.044	4.247	(4.78%)
Representative exchange rate for £	4.725	5.784	(18.31%)

**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**

	<b>31.12.2016</b>	<b>31.12.2015</b>
Checks for collection and credit card companies	79,944	83,245
Revenues to receive	368,700	- . -
	<u>448,644</u>	<u>83,245</u>

**5) Fixed Assets, net**

	<b>31.12.2016</b>		<b>31.12.2015</b>	
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Depreciated Cost</b>	<b>Depreciated Cost</b>
Beer Sheva Structure*	6,889,853	876,632	6,013,221	6,152,517
Furniture and equipment in centers and kindergartens	2,808,713	1,702,229	1,106,484	959,278
Renovation	907,684	627,000	280,684	371,453
Vehicles	98,200	82,876	15,324	162,646
Furniture and office equipment	613,386	310,686	302,700	339,472
Equipment for therapeutic pool	149,126	125,980	23,146	27,315
Total	<u>11,466,962</u>	<u>3,725,403</u>	<u>7,741,559</u>	<u>8,012,681</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**

	<b>31.12.2016</b>	<b>31.12.2015</b>
Checks for repayment	310,545	361,074
Open debts	448,832	223,449
	<u>759,377</u>	<u>584,523</u>

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

**7) 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:	<b>31.12.2016</b>	<b>31.12.2015</b>
Reserve for retirement pay	5,704,597	5,765,442
Net of accumulated funds in management insurance on account of retirement pay	<u>(3,563,581)</u>	<u>(3,655,355)</u>
	2,141,016	2,110,087
Central compensation office deducted	<u>(677,564)</u>	<u>(676,219)</u>
	<u>1,463,452</u>	<u>1,433,868</u>

**8) Net Assets Designated by the Society's Management -**

1. Composition:	Balance as of 31.12.2015	Funds allocated by management	Funds allocated by management and allocation was subsequently cancelled	Balance as of 31.12.2016
a. Development and operation of programs according to the Conductive Education – Petō in Israel	1,287,229	- . -	(282,500)	1,004,729
b. Renovation of the Society's centers and purchase of general and rehabilitation equipment	609,328	- . -	(100,345)	508,983
c. Planning and development of a therapeutic pool in Beer Sheba Center	453,403	- . -	- . -	453,403
d. Planning, development and expansion of Beer Sheba Center	500,000	- . -	- . -	500,000
e. Development and renovation of Rishon Letzion center	<u>500,000</u>	<u>- . -</u>	<u>- . -</u>	<u>500,000</u>
Total	<u>3,349,960</u>	<u>- . -</u>	<u>(382,845)</u>	<u>2,967,115</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)**

**9) Temporarily Restricted Net Assets –**

Composition:	Balance as of <b>31.12.2015</b>	Funds allocated by management	Funds released by management for maintenance	Balance as of <b>31.12.2016</b>
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	531,449	- . -	(139,387)	392,062
<b>Total</b>	<b>589,074</b>	<b>- . -</b>	<b>(197,012)</b>	<b>392,062</b>

**10) Revenues from Government Offices and Public Institutions -**

	Year Ended	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Ministry of Education	6,527,696	6,331,612
Ministry of Social Affairs and Social Services	5,398,512	4,457,360
Local Authorities	1,090,908	2,026,713
Health maintenance organization, HMO	689,846	838,579
Ministry of Health	423,387	721,468
National Insurance Fund	211,060	326,290
	<b>14,341,409</b>	<b>14,702,022</b>

**11) Expenses for Educational Centers -**

**Year Ended December 31, 2016**

	Year Ended December 31, 2016					Year Ended
	<b>Rishon Letzion</b>	<b>Hasharon</b>	<b>Beer Sheva</b>	<b>Eilat</b>	<b>Total</b>	<b>31.12.2015 *</b>
Salaries and payroll	5,679,991	507,777	3,821,676	735,614	10,745,058	10,049,307
Rent, maintenance and security	293,128	22,122	207,764	38,496	561,510	786,729
Food	169,632	12,740	138,949	44,638	365,959	367,523
Maintenance of therapeutic pool (including salaries)	332,641	- . -	- . -	- . -	332,641	338,063
Operation	70,940	4,290	37,666	4,001	116,897	116,039
Insurance	29,004	1,765	29,109	- . -	59,878	70,774
Conductive medical follow-up	- . -	- . -	33,553	- . -	33,553	54,894
Transportation	42,534	- . -	7,244	- . -	49,778	31,554
Communication and other	8,320	583	3,176	- . -	12,079	25,878
Training programs	- . -	- . -	- . -	- . -	- . -	14,211
<b>Total</b>	<b>6,626,190</b>	<b>549,277</b>	<b>4,279,137</b>	<b>822,749</b>	<b>12,277,353</b>	<b>11,854,972</b>

\* Reclassification.

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

**12) Conductive Education Expenses -**

	<b>Year Ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Salaries and related expenses	736,170	880,035
Maintenance	279,830	119,159
Courses and seminars	180,379	97,963
Summer camps	136,125	148,358
48,Rent	58,807	71,324
Travel and vehicle maintenance	30,739	38,298
Publications and professional literature	- . -	13,690
	<u>1,422,050</u>	<u>1,368,827</u>

**13) Adult Day Center Expenses -**

	<b>Year Ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Salaries and related expenses	992,480	844,317
Transportation	536,283	432,644
Rent	302,540	240,444
Food	100,117	100,450
Maintenance	140,342	64,336
Insurance	15,172	- . -
Summer Camp	6,022	6,415
Communication	3,999	3,950
	<u>2,096,955</u>	<u>1,692,556</u>

**14) Student Training Expenses -**

	<b>Year Ended</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>
Salaries for professional consultation, training and administration	312,007	322,508
Sustenance grants	263,241	254,600
Visits of lecturers from Petō institution to Israel	43,605	43,802
Operation, sorting and evaluating expenses	39,521	46,527
Annual tuition and knowledge agreement	22,000	- . -
	<u>680,374</u>	<u>667,437</u>

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

**15) Fund Raising Expenses -**

	Year Ended	
	<u>31.12.2016</u>	<u>31.12.2015*</u>
Salaries and related expenses	386,257	364,203
Fund raising events	176,158	210,698
Fund raising initiatives	47,077	33,118
Communication, mail and other	8,010	6,946
	<u>617,502</u>	<u>614,965</u>

\* Reclassification.

**16) General and Administrative Expenses -**

	Year Ended	
	<u>31.12.2016</u>	<u>31.12.2015 *</u>
Salaries and related expenses	925,487	897,884
Office maintenance	233,749	184,890
Vehicles maintenance (including depreciation)	62,417	59,773
Professional services	21,060	21,240
Office expenses	17,928	16,037
Bank charges	17,856	15,764
Communication, mail and messengers	8,992	14,585
	<u>1,287,489</u>	<u>1,210,173</u>

\* Reclassification.

**17) Guaranties and Dependent Obligations -**

The Society has bank guarantees of some NIS 69,000 in favor of the Ministry of Education and the Jerusalem and Bat Yam Municipalities.