

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

FINANCIAL STATEMENTS

31 DECEMBER 2018

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet, at 31 December 2018	4
Operating Activities, for the year ended 31 December 2018	5
Statement of Changes in Assets, for the year ended 31 December 2018	6
Statement of Cash Flows, for the year ended 31 December 2018	7
Notes to the Financial Statements	8-16



ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

Independent Auditor's Report

We have audited the accompanying balance sheets of ELEM – Youth in Distress. (Not-for-profit Organization) as of December 31, 2018 and 2017 and the related statements of operations for the years ended December 31, 2018 and 2017. These financial statements are the responsibility of the management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Auditors' (Mode of Performance) Regulations (Israel), 1973. Those standards required 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management of the Organization, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly the financial position of the organization as of December 31, 2018 and 2017 and the results of its operations for the years ended December 31, 2018 and 2017, in conformity with generally accepted accounting principles.

Shimon Erlichman
Erlichman & Co.
Certified Public Accountants (Israel)

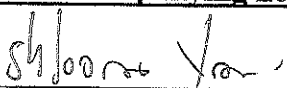
Tel-Aviv, Israel,
June 4th, 2019

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
BALANCE SHEET

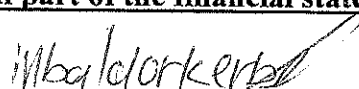
	<u>Note</u>	<u>31 December</u>	
		<u>2018</u>	<u>2017</u>
		<u>NIS</u>	<u>NIS</u>
<u>Current assets</u>			
Cash and cash equivalents	3	10,375,780	2,952,242
Accounts receivable	4	2,071,496	1,973,775
		<u>12,447,276</u>	<u>4,926,017</u>
Restricted Cash		735,689	735,657
		<u>735,689</u>	<u>735,657</u>
<u>Fixed assets</u>			
	5	1,445,850	1,515,141
		<u>1,445,850</u>	<u>1,515,141</u>
		<u>14,629,815</u>	<u>7,176,815</u>
Banks – overdraft		-	1,220,078
Outstanding Checks		576,670	571,587
Deferred income		8,662,358	501,606
Accounts payable	6	3,192,275	3,014,920
		<u>12,431,303</u>	<u>5,308,191</u>
<u>Employee severance pay liability, net</u>			
	7	291,047	296,014
		<u>291,047</u>	<u>296,014</u>
<u>Surplus, net</u>			
<u>Unrestricted assets, net:</u>			
Non-earmarked by the Association's institutions		461,615	57,451
Used for fixed and other assets		1,445,850	1,515,159
		<u>1,445,850</u>	<u>1,515,159</u>
		<u>1,907,465</u>	<u>1,572,610</u>
		<u>14,629,815</u>	<u>7,176,815</u>

Date of Approval: June 4th, 2019

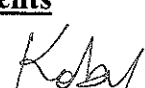
The accompanying notes are an integral part of the financial statements



Shlomo Yanai
Chairman of the board



Inbal Dor Kerbel
CEO



Koby Tsoref, CPA
CFO

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
STATEMENT OF OPERATING ACTIVITIES

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>NIS</u>	<u>NIS</u>
<u>Activity turnover</u>		
Non – earmarked donations	5,510,330	5,713,396
Earmarked donations – from foundations	8,070,877	5,398,799
From non-profit organizations	842,155	673,639
Government institutions	9,497,475	10,188,800
From local authorities	12,032,105	10,696,041
From other public organizations	1,201,056	891,697
Income from branches	188,387	623,093
Income from projects	923,488	1,643,174
From Elem-USA	491,353	1,717,910
Value of Volunteers’ work - Note 8	12,839,323	11,957,697
	<u>51,596,549</u>	<u>49,504,246</u>
 <u>Cost of activities</u> - Note 9	 <u>45,913,238</u>	 <u>44,210,267</u>
Net income from activities	<u>5,683,311</u>	<u>5,293,979</u>
 <u>General and Administrative</u> – Note 10	 <u>4,211,949</u>	 <u>4,194,978</u>
Net Income before fundraising expenses	<u>1,471,362</u>	<u>1,099,001</u>
Fundraising expenses - Note 11	<u>997,432</u>	<u>1,000,694</u>
Net gain (expenses) before financial expenses	<u>473,930</u>	<u>98,307</u>
Financial expenses	<u>(139,075)</u>	<u>(132,166)</u>
Net Surplus (deficit) for the year	<u><u>334,855</u></u>	<u><u>(33,859)</u></u>

The accompanying notes are an integral part of the financial statements

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
STATEMENT OF CHANGES IN ASSETS, NET

	<u>Unrestricted</u> <u>For Activities</u> <u>NIS</u>	<u>For Fixed</u> <u>Assets</u> <u>NIS</u>	<u>TOTAL</u> <u>NIS</u>
Balance at 1 January 2017	124,931	1,481,538	1,606,469
<u>Additions (subtractions) during 2017:</u>			
Expenses for the year	(33,859)	-	(33,859)
Transfer of unrestricted Amounts, applied to the purchasing of fixed assets	(115,146)	115,146	-
Amounts transferred to cover depreciation expense	81,525	(81,525)	-
Balance at 31 December 2017	57,451	1,515,159	1,572,610
<u>Additions (subtractions) during 2018:</u>			
Income for the year	334,865	-	334,865
Amounts transferred to cover depreciation expense	69,309	(69,309)	-
Balance at 31 December 2018	461,915	1,445,850	1,907,465

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
STATEMENT OF CASH FLOW

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>NIS</u>	<u>NIS</u>
<u>Cash flow from current activities</u>		
Gain for the year	334,855	(33,859)
<u>Income and expenses not involving cash flow:</u>		
Depreciation	69,309	81,525
(Decrease) in the liability for employee severance pay	(4,967)	164,152
<u>Changes in assets and liabilities items:</u>		
Decrease (Increase) in accounts receivable	(97,721)	(617,320)
Increase (decrease) in current liabilities	8,343,172	(15,279)
Net cash derived from current	8,644,648	(420,781)
<u>Cash flow from investment activities</u>		
Purchase of fixed assets	-	(115,146)
Net cash used for investment activities	-	(115,146)
<u>Cash flow from financial activities</u>		
Short-term credit	(1,220,078)	652,622
Net cash used for financial activities	(1,220,078)	652,622
(Decrease) in cash and cash equivalents	7,424,570	116,695
Balance of cash and cash equivalents at the beginning of the year	3,687,899	3,571,204
Balance of cash and cash equivalents at the end of the year	11,112,469	3,687,899

The accompanying notes are an integral part of the financial statements

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS

Note 1 - General

- A. ELEM operates according to Israeli laws and regulations covering nonprofit organizations.
- B. The main objectives of Elem - Youth in Distress are to support and develop different types of treatment and education frameworks for youth in distress and arouse public awareness to the problems of youth in distress.
- C. Many of ELEM's professional programs are operated in cooperation with other services and agencies.
The financial activities recorded in the Financial Statements reflect ELEM's activities and not the overall activities of all the programs and partners.
- D. ELEM was founded at the initiative of "Elem USA", an association registered in the United States with the objective of providing assistance to youth in distress in Israel. Since the foundation of the Association, "Elem USA" has been involved in its activities and has provided financial assistance to the Association. Three members of "Elem USA" also serve as members of the Board of Management of the Association in Israel.

Note 2 - Significant accounting policies

The following significant accounting policies were applied on a consistent basis in preparing the Financial Statements:

- A. The financial statements are presented in accordance with Opinion No. 69 of the Institute of Certified Public Accountants in Israel.
- B. **Cash and cash equivalents**
Cash equivalents refer to highly liquid investments, including, among others, short-term bank deposits with due dates not exceeding three months from the date of deposit.
- C. **Fixed Assets**
These assets are stated at cost, less accumulated depreciation. Depreciation is computed by the straight-line method on the basis of the estimated useful life of the assets, at the following annual rates:

	%
Computers	33
Furniture and Equipment	6-15
Leasehold improvements	10-16
Motor vehicles	15
Building	2

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS
(Continue)

Note 2 - Significant accounting policies (continue)

D. Recognition of revenue and expenses

Revenue is presented on the basis of the collection during the current year, in addition to amounts that belong to the current year which Elem collected until the end of January of the following year.

The expenses are presented on accrued basis.

E. Details on Foreign Exchange and consumer price index

	31.12.2018	31.12.2017
Dollar Exchange rate	3.748	3.467

Note 3 - Cash and Cash Equivalents

	31 December	
	2018	2017
	NIS	NIS
Short-term deposits in NIS	9,097,633	2,735,400
Current account in NIS	920,737	57,927
Checks – receivable	243,036	30,580
Credit company	114,374	128,335
	10,375,780	2,952,242

Note 4 - Accounts Receivable

	31 December	
	2018	2017
	NIS	NIS
Income receivable	1,860,158	1,664,718
Advanced payment to vendors	37,473	13,296
Prepaid	71,332	188,046
Others	102,533	107,715
	2,071,496	1,973,775

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS
(Continue)

Note 5 - Fixed Assets

	<u>Mobile aid units</u> <u>vans</u> <u>NIS</u>	<u>Computers,</u> <u>Equipment</u> <u>and Furniture</u> <u>NIS</u>	<u>Building</u> <u>(*)</u> <u>NIS</u>	<u>TOTAL</u> <u>NIS</u>
<u>Cost</u>				
Cost at				
31 December 2017	2,940,874	437,250	1,463,500	4,841,624
Addition and				
Disposals	-	-	-	-
Cost at				
31 December 2018	2,940,874	437,250	1,463,500	4,841,624
<u>Accumulated depreciation</u>				
Accumulated				
depreciation at				
31 December 2017	2,741,386	419,218	165,861	3,326,465
Depreciation				
expenses and	49,733	63	19,513	69,309
Disposals				
Accumulated				
depreciation at				
31 December 2018	2,791,119	419,281	185,374	3,395,774
Cost, less				
accumulated				
depreciation at	149,755	17,951	1,278,126	1,445,850
31 December 2018				
Cost, less				
accumulated				
depreciation at	199,488	18,014	1,297,639	1,515,141
31 December 2017				

(*) The building is situated at 8 Tiberias Street, Tel Aviv, Block 7091, Plot 159/1-4.

The association has received under the order of inheritance an apartment residence on 3 Harav Pataya St. Pardes Katz, Block 6196 Plot 154, subject to the right of the current tenant living there for the rest of his life. In light of the above restriction the asset was not recorded in to the organization's books. Elem estimates that the value of the assets is about NIS 800,000,

The apartment was registered as being in Elem's ownership at the land registry office (Tabu) on July 21, 2013.

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS
(Continue)

Note 6 - Accounts payable

	<u>31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>NIS</u>	<u>NIS</u>
Income Tax Authorities	216,032	189,953
National Insurance Institute	206,221	187,465
Employees	1,551,231	1,428,565
Suppliers	650,585	669,975
Employee institutions	523,656	477,888
Accrued expenses and other	44,550	61,074
	<u>3,192,275</u>	<u>3,014,920</u>

Note 7 - Liability for termination of employer-employee relationship, net

ELEM's liabilities for retirement and severance pay to its employees are computed on the basis of their most recent salary and the length of their employment. Part of these liabilities are covered by regular deposits, in the name of the employee, with provident funds or insurance companies.

Note 8 - Value of Volunteers' work

The calculation was performed by taking the minimum wage plus social benefits by law, and in accordance with Elem's benefits policy, and in consideration of the number of the projects during the year.

The Registration was performed against the various operating items.

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS
(Continue)

Note 9 - Cost of Activities

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2018</u>	<u>2017*</u>
	<u>NIS</u>	<u>NIS</u>
Information centers, counseling and community programs	10,998,201	11,930,860
Patrol vehicles, street programs	8,454,047	8,351,899
Programs for extreme distress and unique projects **	12,185,808	10,445,744
Multi-Cultural projects	-	622,670
Voluntary and Community	682,351	544,632
Occupational Activity for Professional Training	6,770,011	5,954,821
Guidance and Management of Knowledge and Elem Digital	2,381,255	1,971,710
The Center for the Prevention and Treatment of Sexual Violence Among Children and Youth	<u>4,441,565</u>	<u>4,387,931</u>
	<u>45,913,238</u>	<u>44,210,267</u>

(*) - Reclassified

(**) – The amount in 2017 includes leasehold improvements for the Jerusalem homeless shelter (“Galgal”) in the amount of NIS 586,000 funded by the Ministry of Social Affairs.

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
NOTES TO THE FINANCIAL STATEMENTS
(Continue)

Note 10 - General Administrative and Expenses

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2018</u>	<u>2017</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and social benefits	2,928,953	3,017,188
Advertising and public relations	99,116	125,513
Rent	257,130	252,121
Office maintenance	196,934	167,019
Car maintenance	163,999	183,427
Mail and communication	100,130	110,241
Office supplies and printing	76,693	66,376
Depreciation	116	2,405
Electricity	26,031	23,448
Auditing and professional fee	79,862	81,675
Municipal taxes and rates	26,631	35,892
In-service Training	62,539	10,973
Transportation and parking	25,773	20,908
Entertainment	28,751	29,914
Insurance	33,797	23,357
Others	105,494	44,521
	<u>4,211,949</u>	<u>4,194,978</u>