

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

FINANCIAL STATEMENTS

31 DECEMBER 2020

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet, at 31 December 2020	4
Operating Activities, for the year ended 31 December 2020	5
Statement of Changes in Assets, for the year ended 31 December 2020	6
Statement of Cash Flows, for the year ended 31 December 2020	7
Notes to the Financial Statements	8-14



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, 2020 and 2019 and the related statements of operations for the years ended December 31, 2020 and 2019. 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, 2020 and 2019 and the results of its operations for the years ended December 31, 2020 and 2019, in conformity with generally accepted accounting principles.

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

Tel-Aviv, Israel,
May 25th 2021

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

	<u>Note</u>	<u>31 December</u>	
		<u>2020</u>	<u>2019</u>
		<u>NIS</u>	<u>NIS</u>
<u>Current assets</u>			
Cash and cash equivalents	3	13,470,543	7,831,653
Accounts receivable	4	3,613,801	3,075,077
		17,084,344	10,906,730
Restricted Cash		738,644	737,655
<u>Fixed assets</u>			
	5	2,452,824	1,452,237
		20,275,812	13,096,622
<u>Liabilities</u>			
Banks – overdraft		-	1,362,941
Outstanding Checks		594,275	565,500
Deferred income		9,316,431	5,573,741
Accounts payable	6	4,457,430	3,560,170
		14,368,136	11,062,352
<u>Employee severance pay liability, net</u>	7	369,270	283,868
<u>Surplus, net</u>			
<u>Unrestricted assets, net:</u>			
Non-earmarked by the Association's institutions		3,085,554	298,437
Used for fixed and other assets		2,452,852	1,452,265
		5,538,406	1,750,402
		20,275,812	13,096,622

Date of Approval: May 25th, 2021

The accompanying notes are an integral part of the financial statements

Shlomo Yami
Shlomo Yami
Chairman of the board

Inbal Dor Kerbel
Inbal Dor Kerbel
CEO

Koby
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>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
<u>Activity turnover</u>		
Non – earmarked donations	10,760,631	5,286,568
Earmarked donations – from foundations, From non-profit organizations	7,911,414	7,947,643
Government institutions	642,937	608,268
From local authorities	9,055,065	9,271,099
From other public organizations	13,388,691	14,164,819
Income from branches	968,246	1,392,795
Income from projects	184,849	423,136
From Elem-USA	444,542	762,647
Value of Volunteers' work - Note 8	1,080,970	699,946
	<u>12,762,553</u>	<u>12,183,977</u>
	57,199,898	52,740,898
 <u>Cost of activities</u> - Note 9	 <u>47,949,483</u>	 <u>47,227,183</u>
Net income from activities	<u>9,250,415</u>	<u>5,513,715</u>
 <u>General and Administrative</u> – Note 10	 <u>4,422,434</u>	 <u>4,337,089</u>
Net Income before fundraising expenses	4,827,981	1,176,626
Fundraising expenses - Note 11	<u>942,886</u>	<u>1,222,398</u>
Net gain (expenses) before financial expenses	3,885,095	(45,772)
Financial expenses	<u>(97,091)</u>	<u>(111,291)</u>
Net Surplus (deficit) for the year	<u><u>3,788,004</u></u>	<u><u>(157,063)</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 2019	461,915	1,445,850	1,907,465
<u>Additions (subtractions) during 2019:</u>			
Expenses for the year	(157,063)	-	(157,063)
Transfer of unrestricted Amounts, applied to the purchasing of fixed assets	(72,000)	72,000	
Amounts transferred to cover depreciation expense	65,585	(65,585)	-
Balance at 31 December 2019	298,137	1,452,265	1,750,402
<u>Additions (subtractions) during 2020:</u>			
Income for the year	3,788,004	-	3,788,004
Donation in fixed assets	(1,100,000)	(1,100,000)	-
Amounts transferred to cover depreciation expense	99,413	(99,413)	-
Balance at 31 December 2020	3,085,554	2,452,852	5,538,406

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

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
<u>Cash flow from current activities</u>		
Gain (Loss) for the year	3,788,004	(157,063)
<u>Income and expenses not involving cash flow:</u>		
Depreciation	99,413	65,585
(Decrease) in the liability for employee severance pay	85,402	(7,179)
Apartment donation	(1,100,000)	-
<u>Changes in assets and liability items:</u>		
Decrease (Increase) in accounts receivable	(538,724)	(1,003,581)
Increase (decrease) in current liabilities	4,668,725	(2,731,864)
Net cash derived from current	<u>7,002,820</u>	<u>(3,834,102)</u>
<u>Cash flow from investment activities</u>		
Purchase of fixed assets	-	(72,000)
Net cash used for investment activities	<u>-</u>	<u>(72,000)</u>
<u>Cash flow from financial activities</u>		
Short-term credit	(1,362,941)	1,362,941
Net cash used for financial activities	<u>(1,362,941)</u>	<u>1,362,941</u>
(Decrease) in cash and cash equivalents	5,639,879	(2,543,161)
Balance of cash and cash equivalents at the beginning of the year	<u>8,569,308</u>	<u>11,112,469</u>
Balance of cash and cash equivalents at the end of the year	<u>14,209,187</u>	<u>8,569,308</u>

h

7

af

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. Two 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 and Equipment	33-15
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

	31.12.2020	31.12.2019
Dollar Exchange rate	3.215	3.456

Note 3 - Cash and Cash Equivalents

	<u>31 December</u>	
	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Short-term deposits in NIS	6,389,580	7,490,316
Current account in NIS	3,597,947	60,186
Checks – receivable	24,000	114,060
Credit card companies	3,459,016	167,091
	13,470,543	7,831,653

Note 4 - Accounts Receivable

	<u>31 December</u>	
	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Income receivable	2,611,630	2,851,999
Advanced payment to vendors	63,110	20,892
Prepaid	823,120	79,127
Others	115,941	123,059
	3,613,801	3,075,077

h

f

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

Note 5 - Fixed Assets

	<u>Building (*)</u>	<u>Mobile Aid</u> <u>Units</u> <u>Vans</u>	<u>Computers,</u> <u>and Furniture</u>	<u>TOTAL</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Cost				
Cost at				
31 December 2019	1,463,500	3,012,874	437,250	4,913,624
Addition and Disposals	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>
Cost at				
31 December 2020	<u>2,563,500</u>	<u>3,012,874</u>	<u>437,250</u>	<u>6,013,624</u>
Accumulated depreciation				
Accumulated				
depreciation at				
31 December 2019	204,887	2,837,156	419,344	3,461,387
Depreciation expenses				
and Disposals	<u>50,191</u>	<u>49,222</u>	<u>-</u>	<u>99,413</u>
Accumulated				
depreciation at				
31 December 2020	<u>255,078</u>	<u>2,886,378</u>	<u>419,344</u>	<u>3,560,800</u>
Cost, less accumulated				
depreciation at				
31 December 2020	<u>2,308,422</u>	<u>126,496</u>	<u>17,906</u>	<u>2,452,824</u>
Cost, less				
accumulated				
depreciation at				
31 December 2019	<u>1,258,613</u>	<u>175,718</u>	<u>17,906</u>	<u>1,452,237</u>

The organization has inherited an apartment situated on 3 Harav Pataya St. Pardes Katz, Block 6196 Plot 154, subject to the right of the current tenant to live there for as long as he wishes. In light of the above restriction the asset was not recorded in to the organization's books in 2019. Elem estimates that the value of the asset is about NIS 1,100,000 (without having an appraisal).

In April 2020 Elem took possession of the apartment and was recorded in the organization's books.

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

Note 6 - Accounts payable

	<u>31 December</u>	
	<u>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Income Tax Authorities	232,246	211,213
National Insurance Institute	234,448	212,374
Employees	1,707,680	1,626,659
Suppliers	1,759,946	924,928
Employee institutions	504,828	528,330
Accrued expenses and other	18,282	56,666
	<u>4,457,430</u>	<u>3,560,170</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 activities.

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>2020</u>	<u>2019</u>
	<u>NIS</u>	<u>NIS</u>
Drop-in centers	8,786,636	9,866,201
Outreach vans, street programs	7,971,127	8,340,992
Programs for extreme distress	16,160,959	13,966,722
Voluntary and Community	694,370	756,308
Employment and Mentoring services	6,163,152	6,908,052
Knowledge Management and Elem Digital	2,462,622	2,535,510
The Center for the Prevention and Treatment of Sexual Violence Among Children and Youth	<u>5,710,617</u>	<u>4,853,398</u>
	<u>47,949,483</u>	<u>47,227,183</u>



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>2020</u>	<u>2019*</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and social benefits	3,223,433	3,051,545
Advertising and public relations	185,903	186,947
Rent	232,980	254,544
Office maintenance	181,000	182,496
Car maintenance	189,046	192,596
Mail and communication	53,242	88,139
Office supplies and printing	59,858	61,194
Depreciation	-	63
Electricity	18,470	24,832
Auditing and professional fee	170,694	175,246
Municipal taxes and rates	15,322	3,655
In-service Training	21,420	24,523
Transportation and parking	13,747	26,475
Entertainment	10,454	17,691
Insurance	35,210	27,560
Others	11,655	19,583
	<u>4,422,434</u>	<u>4,337,089</u>

(*) – reclassified

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

Note 11 - Fundraising expenses

Since the year 2004, Elem has been carrying out a mass fund raising campaign. The project's main goals are:

1. To raise the public's awareness of its activities.
2. To expose the activity of Elem association to its target audience.
3. To recruit volunteers for Elem's projects of the Elem association.
4. To encourage the public to contribute to Elem.

Therefore, 50 percent of the project cost was categorized as a part of Elem's activities expenses, and 50 percent of the project cost was categorized as fundraising expenses.

Note 12 - Claims and contingent liabilities

ELEM rented a building as a sublessee from Harshei Barzel Ltd., the original lessees of a building owned by Mr. Avraham Shauli. Following the forfeiture of a guarantee of NIS 150,000 that ELEM gave to Harshei Barzel Ltd., ELEM filed a claim to collect the guarantee from Harshei Barzel. Following this claim, Harshei Barzel filed a claim against ELEM in the amount of NIS 1,350,000. On 28.12.17, the District Court of Tel Aviv decided to stay proceedings in the case pending a clarification of Harshei Barzel's claim against Avraham Shauli regarding ownership of the property.

A review of the claim's risk was compiled by the legal consultants, and assessed the risk at 675,000 NIS.

Since the project is funded by the Ministry of Social Affairs, all of the costs incurred in the claim thus far (120,000 NIS) was returned to ELEM by the Ministry of Social Affairs.

In the event that ELEM will be charged in the claim, ELEM estimates that the Ministry of Social Affairs will bear the cost of the ruling, if there should be one. Therefore, no provision was made in the financial statements regarding this suit.

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)
Donations above 100,000 NIS

FUNDACION HONESTY	3,435,669
Charles and Lynn Schusterman Family Philanthropies	1,684,811
ELEM USA	735,533
Varda and Boaz Dotan	692,000
MATAN - Investing in the Community	571,948
International Fellowship of Christians and Jews	510,460
Yad Hanadiv	500,000
Bank Hapoalim, Social Responsibility	375,000
Check Point Software Technologies	370,000
HSBC HOLDINGS PLC	310,513
Final Israel	298,604
Roi Mann	266,000
UK ONLINE GIVING FOUNDATION	259,717
PEF Israel Endowment Funds	256,953
Boxenbaum-Neta Foundation	200,000
Sam And Bella Sebba Charitable Trust	200,000
Electra Consumer Products	200,000
Unilever Israel	200,000
Amdocs Israel	161,764
Maurice and Vivienne Wohl Charitable Foundation	144,928
Neeman Foundation	142,261
Check Point Software Technologies	115,000
Tmura – The Israeli Public Service Venture Fund	112,549
Jewish Agency for Israel	102,735
Bat Or Michal	102,000
Fritz-Naphtali Foundation	100,000
Agmon & Co. Rosenberg Hachohen & Co.	100,000
Ehud and Shlomit Eliashar	100,000

