

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

**FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

## **ELEM – YOUTH IN DISTRESS (REG. ASSOC.)**

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## **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, 2021 and 2020 and the related statements of operations for the years ended December 31, 2021 and 2020. 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, 2021 and 2020 and the results of its operations for the years ended December 31, 2021 and 2020, in conformity with generally accepted accounting principles.

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

*Simon Erlichman*

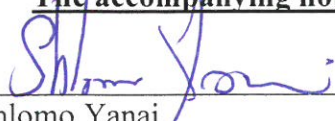
Tel-Aviv, Israel,  
May 31<sup>st</sup> 2022


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

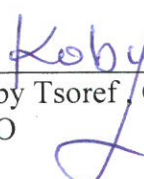
		<u>31 December</u>	
	<u>Note</u>	<u>2021</u>	<u>2020</u>
		<u>NIS</u>	<u>NIS</u>
<b><u>Current assets</u></b>			
Cash and cash equivalents	3	8,806,025	13,470,543
Accounts receivable	4	3,503,013	3,613,801
		<u>12,309,038</u>	<u>17,084,344</u>
Restricted Cash		<u>739,219</u>	<u>738,644</u>
<b><u>Fixed assets</u></b>	5	<u>2,259,575</u>	<u>2,452,824</u>
		<b><u>15,307,832</u></b>	<b><u>20,275,812</u></b>
Outstanding Checks		1,005,629	594,275
Deferred income		5,032,435	9,316,431
Accounts payable	6	4,720,645	4,457,430
		<u>10,758,709</u>	<u>14,368,136</u>
<b><u>Employee severance pay liability, net</u></b>	7	<u>224,527</u>	<u>369,270</u>
<b><u>Surplus, net</u></b>			
Unrestricted assets, net:			
Non-earmarked by the Association's institutions		2,065,021	3,085,554
Used for fixed and other assets		2,259,575	2,452,852
		<u>4,324,596</u>	<u>5,538,406</u>
		<b><u>15,307,832</u></b>	<b><u>20,275,812</u></b>

Date of Approval: May 31<sup>st</sup>, 2022

**The accompanying notes are an integral part of the financial statements**

  
Shlomo Yanai  
Chairman of the board

  
Dana Avraham  
CEO

  
Koby Tsoref, CPA  
CFO

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

	<b><u>For the year ended</u></b>	
	<b><u>31 December</u></b>	
	<b><u>2021</u></b>	<b><u>2020*</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>Activity turnover</u></b>		
Non – earmarked donations	8,745,335	10,760,631
Earmarked donations – from foundations,	8943,118	7,911,414
From non-profit organizations	627,653	642,937
Government institutions	9,999,806	9,055,065
From local authorities	15,365,811	13,388,691
From other public organizations	1,007,634	968,246
Income from branches	476,210	184,849
Income from projects	663,317	444,542
From Elem-USA	898,152	1,080,970
Value of Volunteers' work - Note 8	12,189,688	12,762,553
	<u>58,916,724</u>	<u>57,199,898</u>
 <b><u>Cost of activities</u></b> - Note 9	 <u>53,858,238</u>	 <u>47,915,190</u>
Net income from activities	<u>5,058,486</u>	<u>9,284,708</u>
 <b><u>General and Administrative</u></b> – Note 10	 <u>4,503,756</u>	 <u>4,270,823</u>
 <b>Net Income before fundraising expenses</b>	 554,730	 5,013,885
Fundraising expenses - Note 11	<u>1468,980</u>	<u>1,128,790</u>
<b>Net gain (expenses) before financial expenses</b>	(914,250)	3,885,095
Financial expenses	<u>(271,564)</u>	<u>(97,091)</u>
<b>Net gain (expenses) before other income</b>	(1,185,814)	3,788,004
Capital loss	<u>27,996</u>	<u>-</u>
<b>Net Surplus (deficit) for the year</b>	<u><u>(1,213,810)</u></u>	<u><u>3,788,004</u></u>

(\*) – reclassified

**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>
<b>Balance at 1 January 2020</b>	<b>298,137</b>	<b>1,452,265</b>	<b>1,750,402</b>
<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)	-
<b>Balance at 31 December 2020</b>	<b>3,085,554</b>	<b>2,452,852</b>	<b>5,538,406</b>
<u>Additions (subtractions) during 2021:</u>			
Expenses for the year	(1,213,810)	-	(1,213,810)
Sale of fixed assets	101,913	(101,913)	-
Amounts transferred to cover depreciation expense	91,364	(91,364)	-
<b>Balance at 31 December 2021</b>	<b>2,065,021</b>	<b>2,259,575</b>	<b>4,324,596</b>

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

	<b><u>For the year ended</u></b>	
	<b><u>31 December</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
<b><u>Cash flow from current activities</u></b>		
Gain (Loss) for the year	(1,213,810)	3,788,004
<u>Income and expenses not involving cash flow:</u>		
Depreciation	91,364	99,413
(Decrease) in the liability for employee severance pay	(144,743)	85,402
Apartment donation	-	(1,100,000)
Capital loss	27,996	-
<u>Changes in assets and liability items:</u>		
Decrease (Increase) in accounts receivable	110,788	(538,724)
Increase (decrease) in current liabilities	(3,609,427)	4,668,725
<b>Net cash derived from current activities</b>	<b><u>(4,737,832)</u></b>	<b><u>7,002,820</u></b>
<b><u>Cash flow from investment activities</u></b>		
Sales of fixed assets	73,889	-
<b>Net cash used for investment activities</b>	<b><u>73,889</u></b>	<b><u>-</u></b>
<b><u>Cash flow from financial activities</u></b>		
Short-term credit	-	(1,362,941)
<b>Net cash used for financial activities</b>	<b><u>-</u></b>	<b><u>(1,362,941)</u></b>
(Decrease) in cash and cash equivalents	(4,663,943)	5,639,879
Balance of cash and cash equivalents at the beginning of the year	<u>14,209,187</u>	<u>8,569,308</u>
<b>Balance of cash and cash equivalents at the end of the year</b>	<b><u>9,545,244</u></b>	<b><u>14,209,187</u></b>

**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:

	<u>%</u>
Computers and Equipment	33-15
Motor vehicles	15
Building	2-4



**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**

	<u>31.12.2021</u>	<u>31.12.2020</u>
Dollar Exchange rate	3.11	3.215

**Note 3 - Cash and Cash Equivalents**

	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
	<u>NIS</u>	<u>NIS</u>
Short-term deposits in NIS	4,189,551	6,389,580
Current account in NIS	4,256,032	3,597,947
Checks – receivable	132,028	24,000
Credit card companies	228,414	3,459,016
	<u>8,806,025</u>	<u>13,470,543</u>

**Note 4 - Accounts Receivable**

	<u>31 December</u>	
	<u>2021</u>	<u>2020</u>
	<u>NIS</u>	<u>NIS</u>
Income receivable	2,866,609	2,611,630
Advanced payment to vendors	132,995	63,110
Prepaid	271,421	823,120
Others	231,988	115,941
	<u>3,503,013</u>	<u>3,613,801</u>

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

**Note 5 - Fixed Assets**

	<b><u>Building (*)</u></b>	<b><u>Mobile Aid</u></b>	<b><u>Computers, and Furniture</u></b>	
	<b><u>NIS</u></b>	<b><u>Units Vans NIS</u></b>	<b><u>NIS</u></b>	<b><u>TOTAL NIS</u></b>
<b><u>Cost</u></b>				
Cost at				
31 December 2020	2,563,500	3,012,874	437,250	6,013,624
Addition and Deductions	-	(3,001,874)	-	(3,001,874)
Cost at				
31 December 2021	2,563,500	11,000	437,250	3,011,750
<b><u>Accumulated depreciation</u></b>				
Accumulated depreciation				
at 31 December 2020	255,078	2,886,378	419,344	3,560,800
Depreciation expenses	48,847	24,611	17,906	91,364
Deductions	-	(2,899,989)	-	(2,899,989)
Accumulated depreciation				
at 31 December 2021	303,925	11,000	437,250	752,175
<b>Cost, less accumulated depreciation at 31 December 2021</b>	<b><u>2,259,575</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,259,575</u></b>
<b>Cost, less accumulated depreciation at 31 December 2020</b>	<b><u>2,308,422</u></b>	<b><u>126,496</u></b>	<b><u>17,906</u></b>	<b><u>2,452,824</u></b>

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**

	<b><u>31 December</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Income Tax Authorities	278,211	232,246
National Insurance Institute	254,063	234,448
Employees	1,875,214	1,707,680
Suppliers	1,118,877	1,759,946
Accrued expenses	670,000	-
Employee institutions	522,684	504,828
Accrued expenses and other	1,596	18,282
	4,720,645	4,457,430

**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**

	<b><u>For the year ended</u></b>	
	<b><u>31 December</u></b>	
	<b><u>2021</u></b>	<b><u>2020*</u></b>
	<b><u>NIS</u></b>	<b><u>NIS</u></b>
Drop-in centers	9,009,633	8,558,394
Outreach vans, street programs	9,143,695	8,006,128
Programs for extreme distress	18,405,331	16,202,958
Voluntary and Community	523,236	454,511
Employment and Mentoring services	6,143,093	6,163,152
Instruction and Arab society	1,913,147	1,213,988
Digital and innovation	1,778,141	1,622,442
The Center for the Prevention and Treatment of Sexual Violence Among Children and Youth	<u>6,941,962</u>	<u>5,675,617</u>
	<u>53,858,238</u>	<u>47,915,190</u>

(\*) – reclassified

**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>2021</u>	<u>2020 *</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and social benefits	3,196,012	3,132,433
Rent	181,862	232,980
Office maintenance	204,376	66,433
Car maintenance	198,305	189,046
Mail and communication	104,979	53,242
Office supplies and printing	40,795	59,858
Electricity	16,160	18,470
Auditing and professional fee	217,385	170,694
Municipal taxes and rates	18,266	15,322
In-service Training	20,887	21,420
Transportation and parking	13,545	13,747
Entertainment	13,364	10,454
Insurance	16,257	35,210
Volunteer Value	272,460	239,859
Others	(10,897)	11,655
	<u>4,503,756</u>	<u>4,270,823</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 lessee of a building owned by Mr. Avraham Shauli. Harshei Barzel took possession of a guarantee of NIS 150,000 that ELEM had given to them. 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 delay proceedings in the case pending a clarification of Harshei Barzel's claim against Avraham Shauli.

On 04.09.21 Harshei Barzel's lawsuit against Avraham Shauli has ended (Mr. Shauli Avraham won the lawsuit). Now Elem is awaiting the opening of its procedure to receive the amount of the guarantee from Harshei Barzel and start a process of mediation with Harshei Barzel..

A review of the claim's risk was compiled by Elem's legal consultants, and assessed the risk at 670,000 NIS.

Since the project has been financed by The Ministry of Welfare, they have refunded NIS 120,000

A proper provision has been accrued in the accounting records.

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

ELEM USA	1,759,297.88
Charles and Lynn Schusterman Family Philanthropies	915,611.00
Keled Foundation	808,989.25
Check Point Software Technologies	800,000.00
DBSI Investments Ltd	650,600.00
Stempel Zafir Ltd	600,000.00
International Fellowship of Christians and Jews	480,075.00
Tmura - The Israeli Public Service Venture Fund	446,370.98
Matan Investing in the Community	411,543.55
UK ONLINE GIVING FOUNDATION	364,843.57
HSBC HOLDINGS PLC	312,514.61
Anonymous donation *	300,000.00
PEF	244,083.96
THE CHARITIES AID FOUNDATION CAF	236,598.09
BOXENBAUM-NETA FOUNDATION	200,000.00
Unilever Israel	200,000.00
Final Israel	178,600.00
Maurice & Vivienne Wohl Philanthropic Foundation	129,209.30
Sam and Bella Sebba Charitable Foundation	125,000.00
PSYCHOLOGY EXPERT UK LTD	120,000.00
Nova Measuring Instruments	110,000.00
Amdocs Israel	101,300.00
Ne'eman Foundation	101,082.00

(\*) – The donor asked to remain anonymous, an application was submitted in according with the Registrar of Associations