

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

FINANCIAL STATEMENTS

31 DECEMBER 2022

ELEM – YOUTH IN DISTRESS (REG. ASSOC.)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet, at 31 December 2022	4
Operating Activities, for the year ended 31 December 2022	5
Statement of Changes in Assets, for the year ended 31 December 2022	6
Statement of Cash Flows, for the year ended 31 December 2022	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, 2022 and 2021 and the related statements of operations for the years ended December 31, 2022 and 2021. 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, 2022 and 2021 and the results of its operations for the years ended December 31, 2022 and 2021, in conformity with generally accepted accounting principles.

Erlichman & Co.
Certified Public Accountants (Israel)

Shimon Erlichman

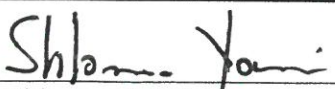
Tel-Aviv, Israel,
May 30th, 2023


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

		<u>31 December</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>NIS</u>	<u>NIS</u>
<u>Current assets</u>			
Cash and cash equivalents	3	8,785,541	8,806,025
Accounts receivable	4	2,535,646	3,503,013
		<u>11,321,187</u>	<u>12,309,038</u>
Restricted Cash		<u>743,148</u>	<u>739,219</u>
<u>Fixed assets</u>	5	<u>2,550,062</u>	<u>2,259,575</u>
		<u>14,614,397</u>	<u>15,307,832</u>
Outstanding Checks		979,594	1,005,629
Deferred income		3,291,675	5,032,435
Accounts payable	6,12	4,533,594	4,720,645
		<u>8,804,863</u>	<u>10,758,709</u>
<u>Employee severance pay liability, net</u>	7	<u>198,255</u>	<u>224,527</u>
<u>Surplus, net</u>			
<u>Unrestricted assets, net:</u>			
Non-earmarked by the Association's institutions		3,061,217	2,065,021
Used for fixed and other assets		<u>2,550,062</u>	<u>2,259,575</u>
		<u>5,611,279</u>	<u>4,324,596</u>
		<u>14,614,397</u>	<u>15,307,832</u>

Date of Approval: May 30th, 2023

The accompanying notes are an integral part of the financial statements


Shlomo Yanai
Chairman of The Board


Tali Erez
CEO


Yaakov Tsoref, CPA
CFO

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

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
<u>Activity turnover</u>		
Non – earmarked donations	8,821,223	8,745,335
Earmarked donations – from foundations,	7,359,879	8,943,118
From non-profit organizations	587,241	627,653
Government institutions	16,256,201	9,999,806
From local authorities	12,622,355	15,365,811
From other public organizations	984,954	1,007,634
Income from branches	722,397	476,210
Income from projects	678,647	663,317
From Elem-USA	3,414,476	898,152
Value of Volunteers' work - Note 8	9,497,124	12,189,688
	<u>60,944,497</u>	<u>58,916,724</u>
 <u>Cost of activities</u> - Note 9	 <u>53,031,879</u>	 <u>53,858,238</u>
Net income from activities	<u>7,912,618</u>	<u>5,058,486</u>
 <u>General and Administrative</u> – Note 10	 <u>4,730,615</u>	 <u>4,503,756</u>
 Net Income before fundraising expenses	 3,182,003	 554,730
Fundraising expenses - Note 11	<u>1,816,085</u>	<u>1,468,980</u>
 Net gain (expenses) before financial expenses	 1,365,918	 (914,250)
Financial expenses	<u>(79,235)</u>	<u>(271,564)</u>
 Net gain (expenses) before other income	 1,286,683	 (1,185,814)
Capital loss	<u>-</u>	<u>27,996</u>
 Net Surplus (deficit) for the year	 <u><u>1,286,683</u></u>	 <u><u>(1,213,810)</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>For Fixed</u> <u>Assets</u>	<u>TOTAL</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Balance at 1 January 2021	3,085,554	2,452,852	5,538,406
<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)	-
Balance at 31 December 2021	2,065,021	2,259,575	4,324,596
<u>Additions (subtractions) during 2022:</u>			
Income for the year	1,286,683	-	1,286,683
Sale of fixed assets	310,000	(310,000)	-
Amounts transferred to cover depreciation expense	19,513	(19,513)	-
Balance at 31 December 2022	3,061,217	2,550,062	5,611,279

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

	<u>For the year ended</u>	
	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
<u>Cash flow from current activities</u>		
Gain (Loss) for the year	1,286,683	(1,213,810)
<u>Income and expenses not involving cash flow:</u>		
Depreciation	19,513	91,364
Revaluation of fix assets	(310,000)	-
(Decrease) in the liability for employee severance pay	(26,272)	(144,743)
Capital loss	-	27,996
<u>Changes in assets and liability items:</u>		
Decrease (Increase) in accounts receivable	967,367	110,788
Increase (decrease) in current liabilities	(1,953,846)	(3,609,427)
Net cash derived from current activities	(16,555)	(4,737,832)
<u>Cash flow from investment activities</u>		
Sales of fixed assets	-	73,889
Net cash used for investment activities	-	73,889
<u>Cash flow from financial activities</u>		
Short-term credit	-	-
Net cash used for financial activities	-	-
(Decrease) in cash and cash equivalents	(16,555)	(4,663,943)
Balance of cash and cash equivalents at the beginning of the year	9,545,244	14,209,187
Balance of cash and cash equivalents at the end of the year	9,528,689	9,545,244

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 – Youth in Distress (REG. ASSOC.) 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	2-4

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>31.12.2022</u>	<u>31.12.2021</u>
Dollar Exchange rate	3.519	3.11

Note 3 - Cash and Cash Equivalents

	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Short-term deposits in NIS	4,612,051	4,189,551
Current account in NIS	3,270,224	4,256,032
Checks – receivable	118,565	132,028
Credit card companies	784,701	228,414
	<u>8,785,541</u>	<u>8,806,025</u>

Note 4 - Accounts Receivable

	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Income receivable	2,233,755	2,866,609
Advanced payment to vendors	119,680	132,995
Prepaid	137,352	271,421
Others	44,859	231,988
	<u>2,535,646</u>	<u>3,503,013</u>

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

Note 5 - Fixed Assets

	<u>Building</u>	<u>Mobile Aid Units Vans</u>	<u>Computers, and Furniture</u>	<u>TOTAL</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
<u>Cost</u>				
Cost at				
31 December 2021	2,563,500	11,000	437,250	3,011,750
Revaluation	310,000	-	-	310,000
Cost at				
31 December 2022	2,873,500	11,000	437,250	3,321,750
<u>Accumulated depreciation</u>				
Accumulated depreciation				
at 31 December 2021	303,925	11,000	437,250	752,175
Depreciation expenses	19,513	-	-	19,513
Accumulated depreciation				
at 31 December 2022	323,438	11,000	437,250	771,688
Cost, less accumulated depreciation at 31 December 2022	2,550,062	-	-	2,550,062
Cost, less accumulated depreciation at				
31 December 2021	2,259,575	-	-	2,259,575

The apartment situated on 3 Harav Pataya St. Pardes Katz, block 6196 Plot 154 – in 2023 the asset was sold for the amount of 1,410,000 NIS Net. (Minus expenses) therefore the asset is shown in the financial statement in that value.

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

Note 6 - Accounts payable

	<u>31 December</u>	
	<u>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Income Tax Authorities	274,780	278,211
National Insurance Institute	272,667	254,063
Employees	1,944,590	1,875,214
Suppliers	859,974	1,118,877
Accrued expenses	400,000	670,000
Employee institutions	548,374	522,684
Accrued expenses and other	233,209	1,596
	4,533,594	4,720,645

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>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Drop-in centers	8,589,684	9,009,633
Outreach vans, street programs	7,665,534	9,143,695
Programs for extreme distress	18,614,908	18,405,331
Voluntary and Community	674,917	523,236
Employment and Mentoring services	5,247,088	6,143,093
Instruction and Arab society	2,911,296	1,913,147
Digital and innovation	1,868,463	1,778,141
The Center for the Prevention and Treatment of Sexual Violence Among Children and Youth	<u>7,459,989</u>	<u>6,941,962</u>
	<u>53,031,879</u>	<u>53,858,238</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>2022</u>	<u>2021</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and social benefits	3,726,250	3,196,012
Rent	113,182	181,862
Office maintenance	78,565	204,376
Car maintenance	141,870	198,305
Mail and communication	105,176	104,979
Office supplies and printing	60,055	40,795
Electricity	16,336	16,160
Auditing and professional fee	311,100	217,385
Municipal taxes and rates	37,103	18,266
In-service Training	14,914	20,887
Transportation and parking	8,364	13,545
Entertainment	19,699	13,364
Insurance	18,883	16,257
Volunteer Value	131,647	272,460
Others	(52,529)	(10,897)
	<u>4,730,615</u>	<u>4,503,756</u>

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

A mediation agreement brought to an end the mutual claims between Elem and Harshi Barzel Ltd. In connection with the sublease agreement between them.

In accordance with the agreement, Elem will pay Harshi Barzel Ltd. 400,000 NIS.

A proper provision has been accrued in the accounting records.

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

ELEM/Youth in Distress in Israel (ELEM USA)	4,188,736
International Fellowship of Christians and Jews	818,500
Schusterman Family Philanthropies	787,500
The Mizrahi Family Foundation	746,161
Varda and Boaz Dotan	630,000
Nova Ltd	409,000
Check Point Software Technologies	400,000
Keled Foundation	388,703
Matan Israel/United Way	366,872
HSBC HOLDINGS PLC	338,574
Sam and Bella Sebba Charitable Foundation	250,000
Bank Hapoalim	250,000
Bank Leumi	250,000
UK ONLINE GIVING FOUNDATION	233,129
Amdocs Israel	230,000
Electra Consumer Products	200,000
Zim Integrated Shipping Services	180,000
The International Christian Embassy Jerusalem	165,000
Mifal HaPais National Lottery	160,000
Menachem Shalgi	110,000
Fiverr International	106,250
Agmon & Co. Rosenberg Hachohen & Co.	104,000
TERMCOTANK SA	100,016