

Table to Table - Leket Israel (Reg. NPO)

Financial Statements

as of December 31, 2016

The information contained in these financial statements constitutes an unofficial translation of the financial statements published by the Association in Hebrew. The Hebrew version is the binding version. This translation was prepared for purposes of convenience.

Table to Table - Leket Israel (Reg. NPO)
Financial Statements
as of December 31, 2016

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Auditor's Report to the Members of the Association
of
Table to Table - Leket Israel (Reg. NPO)

We have audited the accompanying balance sheets of Table to Table - Leket Israel (Reg. NPO) (hereinafter "the Association") as of December 31, 2016 and 2015 and the statements of activities, statements of changes in net assets and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Association's executive committee 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 by the Israeli Auditors' Regulations (Auditor's Mode of Performance) – 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 executive committee and management of the Association, 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 respects, the financial position of the Association on 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 accordance with generally accepted accounting principles in Israel (Israeli GAAP).

Stark & Stark
Certified Public Accountants (Israel)

Ra'anana, June 25, 2017

Table to Table - Leket Israel (Reg. NPO)
Balance Sheets as of December 31, 2016

	Note	As of December 31	
		2016	2015
		NIS thousands	NIS thousands
<u>Current Assets</u>		17,523	11,487
Cash and cash equivalents		806	6,123
Short-term deposits		99	30
Post-dated checks receivable	3	943	1,020
Accounts receivable and other current assets	4	330	-
Related parties	2G	-	3
Investments in futures contracts		19,701	18,663
<u>Long-term deposits</u>		533	342
<u>Fixed assets, net</u>	5	5,622	4,986
		25,856	23,991
<u>Current liabilities</u>			
Suppliers and post-dated checks payable		1,688	2,648
Investments in futures contracts	2G	10	-
Accounts payable and other current liabilities		1,932	1,836
		3,630	4,484
<u>Net provision for severance pay</u>	7	525	485
<u>Unrestricted Net Assets</u>			
For activities		12,563	13,010
For fixed assets		5,622	4,986
		17,996	18,185
<u>Temporarily restricted net assets</u>	8	3,516	1,026
		25,856	23,991

Executive Committee member - Joseph Gitler

Executive Committee member - Stephen Provisor

The accompanying notes are an integral part of these financial statements.

Table to Table - Leket Israel (Reg. NPO)

Statement of Activities

For the year ended December 31, 2016

	Note	Year ending December 31	
		2016	2015 (*)
		NIS	NIS
<u>Income from activities</u>			
Donations	9	33,904	41,412
In-kind, food and service in cash equivalents	10	93,420	83,677
Volunteer services	11	3,880	3,212
		<u>131,204</u>	<u>128,301</u>
Revenues from procurement project		-	70
		<u>2,927</u>	<u>2,660</u>
Revenues released from restriction	8	<u>134,131</u>	<u>131,031</u>
<u>Cost of activities</u>			
Salaries and related expenses		11,736	10,400
Cost of in-kind, food and services in cash equivalents	10	93,419	83,677
Volunteer services	11	3,699	3,041
Direct operating expenses	12	18,880	21,152
		<u>127,734</u>	<u>118,270</u>
Net income from activities		<u>6,397</u>	<u>12,761</u>
General and administrative expenses	13	7,021	6,693
Net income (expenses) before financing		<u>(624)</u>	<u>6,068</u>
Net financing expenses		2	(13)
Net income (expense) after financing expenses		<u>(622)</u>	<u>6,055</u>
Capital gain (loss)		29	125
Net surplus for the year		<u>(593)</u>	<u>6,180</u>

(*) Reclassified

The accompanying notes are an integral part of these financial statements.

Table to Table - Leket Israel (Reg.NPO)
Statement of Changes in Net Assets
For the year ended December 31, 2016

	Unrestricted Net Assets		Temporarily Restricted Net Assets	Total
	For Activities	For Fixed Assets		
NIS thousands				
Balance as of January 1, 2015	8,249	3,567	2,660	14,476
<u>Additions (reductions) during the year:</u>				
Net surplus for the year	6,180	-	-	6,180
Donations	-	-	1,026	1,026
Sums released from restriction	-		(2,660)	(2,660)
Sums used for the purchase of fixed assets)2,721)	2,721	-	-
Net sums from the sale of fixed assets	146	(146)	-	-
Sums transferred to cover depreciation expenses	1,156	(1,156)	-	-
	13,010	4,986	1,026	19,022
Balance as of December 31, 2015				
<u>Additions (reductions) during the year:</u>				
Net surplus for the year	(593)	-	-	(593)
Donations	-	-	6,199	6,199
Sums released from restriction	-	-	(2,927)	(2,927)
Sums used for the purchase of fixed assets	-	782	(782)	-
Net sums from the sale of fixed assets	(1,089)	1,089	-	-
Sums transferred to cover depreciation expenses	75	(75)	-	-
	1,160	(1,160)	-	-
Balance as of December 31, 2016	12,563	5,622	3,516	21,701

The accompanying notes are an integral part of these financial statements.

Table to Table - Leket Israel (Reg. NPO)

Statement of Cash Flows

For the year ended December 31, 2016

	Year ending December 31	
	2016	2015
	NIS thousands	NIS thousands
<u>Cash flows from (to) operating activities</u>		
Net surplus for the year	(593)	6,180
Adjustments required to present cash flows from operating activities	(2,929)	(771)
Net cash provided by operating activities	<u>(3,522)</u>	<u>5,409</u>
<u>Cash flows from investing activities</u>		
Purchase of fixed assets	(1,871)	(2,721)
Sale of fixed assets	104	271
Decrease (increase) in short-term deposit	5,317	(5,291)
Increase (decrease) in long-term deposit	(191)	(61)
Net cash used in investing activities	<u>3,359</u>	<u>(7,802)</u>
<u>Cash flows from financing activities</u>		
Receipts to net assets from external parties	6,199	1,026
Net cash provided by financing activities	6,199	1,026
Increase (decrease) in cash from activities this year	<u>6,036</u>	<u>(1,367)</u>
Cash balance at the beginning of year	<u>11,487</u>	<u>12,854</u>
Total cash balance at end of the year	<u><u>17,523</u></u>	<u><u>11,487</u></u>

The accompanying notes are an integral part of these financial statements.

Table to Table - Leket Israel (Reg. NPO)
Statement of Cash Flows
For the year ended December 31, 2016

Adjustments required to present cash flows from operating activities

	Year ending December 31	
	2016	2015
	NIS thousands	NIS thousands
Income not related to cash flows		
Depreciation	1,160	1,156
Increase in reserve for severance pay	40	67
Capital gain (loss) on sale of fixed assets	(29)	(125)
Sums released from temporarily restricted net assets	(2,927)	(2,660)
	(1,756)	(1,562)
<u>Changes in assets and liabilities</u>		
Decrease (increase) in investments in futures contracts	13	(105)
Decrease (increase) in post-dated checks receivable	(69)	58
Decrease (increase) in accounts receivable and other current assets	77	(244)
Increase in related party	(330)	-
Increase in trade accounts payable and post-dated checks payable	(960)	48
Increase (decrease) in accounts payable and other current liabilities	96	205
Decrease in income receivable	-	829
	(1,173)	791
	(2,929)	(711)

The accompanying notes are an integral part of these financial statements.

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 1 – General

- A. Table to Table - Leket Israel (NPO) (hereinafter "the Association") is a non-profit institution (registration number 580407633) registered in accordance with the Associations Law on March 18, 2003 under the name "Table to Table (Reg. NPO)." On November 16, 2009, the Association changed its name to "Table to Table – Leket Israel (NPO)."
- B. The Association's goals are:
1. To collect leftover food products, as well as cooked foods from events, army bases, hotels and cafeterias, that under other circumstances would be thrown away, and to distribute the food to existing organizations that assist the needy.
 2. To collect dry foods from businesses and distribute them to organizations assisting the needy.
 3. To collect agricultural products from farmers and resellers for distribution to the needy.
 4. To assist civilians and Israel Defense Force soldiers as needed during times of emergency. In this context, emergency periods refer to times of war, military operations, and any other period in which the civilian population is under any kind of threat by virtue of its being a civilian population.
 5. The collection, acquisition and distribution of food to the needy to promote solutions to the problem of food shortages in Israeli society.
 6. To be engaged in any act of kindness, charity, and aid to those in need.
- C. The Association has been recognized as a public institution by the Israeli tax authorities in accordance with Section 9(2) of the Income Tax Ordinance.
- D. The Association has approval under Section 46 of the Income Tax Ordinance until the end of 2017.
- E. The management practices of the Association are certified by the Registrar of Associations until the end of 2017.
- F. Amendment to the Associations Law (Amendment No. 11) – 2008
- During the fiscal year, the Association did not receive contributions from a foreign political entity for its operations.

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 2 - Significant Accounting Policies

A. Reporting Principals

The financial statements have been prepared in accordance with generally accepted accounting principles and in accordance with Opinion No. 69 issued by the Institute of Certified Public Accountants in Israel, in regards to accounting and financial reporting principles for nonprofit organizations and as prescribed in Accounting Standard No. 5 published by the Israeli Accounting Standards Board, and in accordance with Accounting Standard No. 36, which includes amendments and interpretations to Opinion No. 69 and Standard No. 5.

B. Financial Reports in reported amounts

1. The Association applies the provisions of Accounting Standard No. 12 of the Israel Accounting Standards Board – “Discontinuance of Adjustment of Financial Statements.”.
2. The non-monetary asset amounts do not necessarily represent realization or updated economic value, but rather the reported amounts of those assets.
3. In the financial statements, “cost” means cost in reported amounts.

C. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities disclosed in the financial statements and the amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

D. Cash and cash equivalents:

The Association views highly liquid assets, including short-term bank deposits with an original term to maturity of up to three months, as cash equivalents

E. Fixed assets

1. Depreciation is calculated using the straight-line depreciation method at annual rates considered sufficient to depreciate the assets over their estimated useful lives.
2. Improvements and enhancements are capitalized to the cost of the assets while repairs and maintenance are expensed as incurred.
3. Annual depreciation rates are as follows:

	%
Vehicles	15-20
Furniture, equipment and computers	6-33
Leasehold improvements	7-10

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 2 - Significant Accounting Policies (cont.)

F. Employee Benefits

Liabilities for short-term employee benefits

Short-term employee benefits include salaries, vacation and National Insurance Institute contributions and are recognized as expenses upon the provision of services.

Liabilities for employee termination benefits:

The Association's liabilities for employee termination benefits are recorded in appropriate obligations under law, agreement, practice, and management expectations.

G. Future contracts

The investment in future contracts not intended for hedging are presented in the financial statements in accordance with Israel Accounting Standard No. 22, at their fair value. Fair value fluctuations are recognized in the financing item in the statement of activities in the period they occurred.

H. Recognition of income and expenses

The Association reports its income and expenses by the accrual basis.

I. Donations in kind

Since 2011, the Association has been managing the food inventory and its distribution using a computerized system for the precise recording of quantities of dry food, cooked food and agricultural produce arriving at the Association's warehouses as donations. The value of the donations is recorded on the Association's books on the cost basis. See Note 10.

J. Related Parties

Are as defined in Opinion 29 issued by the Institute of Certified Public Accountants in Israel.

Table to Table - Leket Israel (Reg. NPO)**Notes to the Financial Statements as of December 31, 2016****Note 4 – Related Party****A. Current receivables from a related party**

	As of December 31	
	2016	2015
	NIS	NIS
	thousands	thousands
Nevet	330	-

B. Transactions with a related party – Nevet

	As of December 31	
	2016	2015
	NIS	NIS
	thousands	thousands
Transfers to a related party	(2,016)	-
Less expenses related to the Sandwich Project	967	-

1. Nevet was established in December 2015. Its goals are, *inter alia*, to provide breakfasts for schoolchildren. The Sandwiches Project has been operated by the Association for approximately ten years.
2. During the reporting year, the sandwich activity was gradually transferred from the Association to Nevet. As of May 2016, most of the expenses for the project were incurred through Nevet. Project revenues were transferred accordingly.
3. The Association carried both direct costs of purchasing and employees' salaries until the date their employment was transferred to Nevet, and also carried indirect expenses (accounting services, fundraising, public relations, etc.). In accordance with the above, mutual accounting was conducted between the entities.

Table to Table - Leket Israel (Reg. NPO)**Notes to the Financial Statements as of December 31, 2016****Note 5 – Fixed Assets, net**

	2016				2015	
	Leasehold improvements	Real estate	Vehicles	Furniture, equipment & computers	Total	Total
	NIS Thousands					
<u>Cost:</u>						
Balance at beginning of year	1,585	-	4,695	4,675	10,955	9,454
Additions during the year	423	782	401	265	1,871	2,721
Disposals during the year	-	-	(1,602)	(1,404)	(3,006)	(1,220)
Balance at end of year	2,008	782	3,494	3,536	9,820	10,955
<u>Accumulated depreciation</u>						
Balance at beginning of year	274	-	3,018	2,677	5,969	5,887
Year's depreciation	171	-	546	443	1,160	1,156
Depreciation of year's disposals	-	-	(1,527)	(1,404)	(2,931)	(1,074)
Balance at end of year	445	-	2,037	1,716	4,198	5,969
Depreciated cost:	1,563	782	1,457	1,820	5,622	4,986
Annual depreciation rates	7%-10%	0%	15%-20%	6%-33%		

Note 6 – Accounts Payable and Other Current Liabilities

	As of December 31	
	2016	2015
	NIS thousands	NIS thousands
Credit card companies	-	26
Employees	783	735
Payroll institutions	552	457
Accrued expenses	128	115
Provision for vacation	467	500
Other	2	3
	1,932	1,836

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 7 - Provision for Severance Pay

Reserves for severance pay cover the balance due to employees beyond the portion of the liabilities covered by managers' insurance. The amounts so deposited are not included in the balance sheets, since they are not under the control or management of the Association. The liability amount for severance pay included in the balance sheets expresses the balance of the liability not covered by the policies, as aforesaid.

Note 8 - Temporarily restricted net assets

Following are details of donations received/released in the report year:

1. In 2012, a donation in the amount of NIS 1,482 thousand was received from a donor, earmarked for use toward salary expenses of the Association's Executive Director for the years 2013-2015. The sum of NIS 494 thousand was released during 2015.
2. In 2013, a donation of NIS 1,200 thousand was received from a donor, earmarked for the expenses of the Table to Table project in the years 2014-2015. The sum of NIS 600 thousand was released for activities in 2015.
3. In 2013, a donation of NIS 1,424 thousand was received from a donor, earmarked for use in the Sandwich project in the years 2014-2015. The sum of NIS 712 thousand was released for activities during 2015.
4. In 2015, a donation of NIS 854 thousand was received to cover expenses incurred as a result of a fire that occurred in the Association's warehouse in Ra'anana in August 2014. The Association utilized these monies during 2015.
5. In 2015, a donation of NIS 546 thousand was received from a donor, earmarked for use in the Sandwich project in 2016-2017. The sum of NIS 243 thousand was released for activities in the report year.
6. In 2015, a donation of NIS 480 thousand was received from a donor, earmarked for establishment of a Visitors Center. The amount is yet to be released.
7. In the report year, a donation of NIS 6,199 thousand was received, earmarked for purchasing agricultural land for the purpose of growing agricultural produce intended for distribution to the needy. In December 2016, the Association signed contracts for the purchase of 2 plots of land. The acquisition costs total NIS 3,515. During the reporting year, the Association paid only NIS 782 thousand. This amount was released from the restriction, and transferred to net assets used for fixed assets. In view of the fact that the Association did not utilize the entire donation for the purchase of the land, permission was received from the donor to use the balance of NIS 2,684 for the general activities of the Association. Therefore, this amount was released for operations during the report year.

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 9 – Donations

	As of December 31	
	2016	2015
	NIS	NIS
	thousands	thousands
Donations to activities	30,405	35,153
Leket Project	754	662
Sandwiches Project (*)	1,307	3,467
Holidays Project	586	503
Gala events	741	1,296
Infrastructure for Associations Project	111	261
Aid for Southern Communities Project	-	70
	<u>33,904</u>	<u>41,412</u>

(*) The total donations received during the report year for the Sandwiches Project amounted to NIS 3,323 thousand. A total of NIS 2,016 thousand was transferred to a related party for sandwich preparation services, in accordance with mutual accounting between the parties. See Note 4.

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 10 - Food, in-kind donations and services in cash equivalents

A. Dry foods

During 2016, the Association received donations of dry foods, such as dairy products, puddings, bread, etc., having a monetary value of NIS 6,343 thousand (in 2015, NIS 5,529 thousand).

The major donors are the following firms: Strauss, Tara, Super-Sol and others. The food value was calculated based on the market price of the food in the donor's supermarket chains, net of a 30% discount, after clarifications with the supermarket chains' managers.

The market value of the food donated during the report year is NIS 9,060 thousand (in 2015, NIS 7,899 thousand), based on the price to the consumer at leading supermarket chains.

B. Cooked food

During 2016, the Association received donations of cooked food having a monetary value of NIS 33,747 thousand (in 2015, NIS 26,562 thousand).

The major donors are IDF bases, Intel, hotels and others.

The food's value was calculated based on the number of donated meals multiplied by a price per meal of NIS 15, based on data received from various catering companies.

In the report year, the market price of the meals is estimated at NIS 56,245 thousand (in 2015, NIS 44,270 thousand) in market value based on the price of a meal to the consumer of NIS 25.

C. Leket Project

This is a project to collect agricultural produce from farmers and resellers. The Association's employees and volunteers harvest and package the agricultural produce. This produce is then distributed to soup kitchens and charities that provide food to the needy.

During 2016, the Association received donations of agricultural produce from farmers and resellers totaling NIS 48,924 thousand (in 2015, NIS 45,844 thousand). The value of the agricultural produce was calculated according to the wholesale fruit and vegetable prices published by the Ministry of Agriculture, multiplied by the number of kilograms received. The value of agricultural produce received as donations totaled NIS 80,642 thousand according to a market value based on the retail price in the leading supermarket chain (in 2015, NIS 77,550 thousand).

D. Value of food and services

During 2016, the Association received donations of food and services from the following suppliers: Strauss, Yotvata, Tel Aviv Hilton Hotel and others totaling NIS 4,406 thousand (in 2015, NIS 5,741 thousand)

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 11 - Volunteers

The Association is assisted by volunteers working for no compensation, some whom use their own private vehicles to collect and distribute food to the needy.

During 2016, the Association received the support of 155,217 volunteer hours at a monetary value of NIS 3,880 thousand by volunteers in projects and in management and administrative positions. This amount is included in the Association's statement of activities (in 2015, 138,908 volunteer hours at a monetary value of NIS3,427 thousand). The monetary value is calculated according to the minimum wage for 2016.

This income and these expenses are included in the financial statements in accordance with the estimates of the Association's management and as provided in Opinion No. 69 and Accounting Standard No. 5 published by the Israel Accounting Standards Board.

Note 12 – Direct Operating Expenses

	As of December 31	
	2016	2015
	NIS thousands	NIS thousands
Procurement project	-	73
Leket project	6,734	6,557
Night project	551	455
Sandwich project (*)	987	2,610
Border Police and Holocaust Survivors project	388	247
Nahalal project	841	1,606
Holidays project	94	206
Infrastructure for Associations	245	545
Gala events	72	653
Communications	245	284
Rental fees	1,162	1,194
Maintenance	975	1,021
Insurance	125	105
Travel and deliveries	48	51
Advertising, printing and continuing education	386	495
Vehicle maintenance including depreciation	5,536	4,811
Depreciation	171	97
Taxes and fees	320	142
	<u>18,880</u>	<u>21,152</u>

(*) See also note 4.

Table to Table - Leket Israel (Reg. NPO)

Notes to the Financial Statements as of December 31, 2016

Note 13 - General and Administrative Expenses

	As of December 31	
	2016	2015
	NIS thousands	NIS thousands
Salaries and benefits	4,027	3,526
Value of volunteer services (*)	181	171
Rental fees	138	113
Maintenance	359	243
Communications	32	46
Office expenses	328	179
Professional services	380	586
Insurance	11	13
Travel abroad	192	155
Vehicle maintenance	173	187
Banking	41	45
Taxes and fees	38	52
Advertising and public relations	438	836
Fundraising	232	166
Unrecoverable debts	8	-
Depreciation	443	375
	<u>7,021</u>	<u>6,693</u>

(*) See also Note 11.

Note 14 – Guarantees

The Association furnished bank guarantees totaling NIS 80 thousand for the rental of a building, renting trucks, and guarantees for implementation of a joint initiative with the Ministry of Agriculture (in 2015, NIS 306 thousand for renting “Dolav” plastic box pallets).