

Table to Table – Leket Israel (Reg. N.P.O.)

Consolidated Financial Statements

as of December 31, 2019

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Consolidated Financial Statements

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Auditor's report to association members of

Table to Table – Leket Israel (Reg. N.P.O.)

We have audited the accompanying balance sheets of Table to Table – Leket Israel (Reg. N.P.O.) ("the Association") as of December 31, 2019 and 2018, and the statements of activities, changes in net assets, and statement of cash flows for the years then ended. These financial statements are the responsibility of the Association's board of directors and management. 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 in Israel, including those standards prescribed by the Auditors Regulations (Manner of Auditor's Performance), 1973. Those standards require 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 applied and significant estimates made by the Association's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 as of December 31, 2019 and 2018, and the results of its activities, changes in net assets, and statements of cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Stark & Stark
Certified Public Accountants (Israel)

July 15, 2020

Table to Table – Leket Israel (Reg. N.P.O.)

Balance sheet
as of December 31, 2019

	Note	December 31	
		2019	2018
		NIS IN thousands	NIS IN thousands
<u>Current assets</u>			
Cash and cash equivalents		13,100	14,167
Short-term deposits		1,139	946
Checks receivable		11	12
Other receivables	3	1,456	2,122
		<u>15,706</u>	<u>17,247</u>
<u>Long-term deposits</u>		<u>691</u>	<u>637</u>
<u>Fixed assets, net</u>	5	<u>9,520</u>	<u>7,676</u>
		<u>25,917</u>	<u>25,560</u>
<u>Current liabilities</u>			
Trade payables and checks payable		1,952	2,953
Investments in futures contracts	2G	-	31
Other payables	6	2,847	(*) 2,270
		<u>4,799</u>	<u>5,254</u>
<u>Liabilities for severance benefits, net</u>	7	<u>381</u>	<u>500</u>
<u>Unrestricted net assets</u>			
For activities		11,210	11,571
For fixed assets		9,520	7,676
		<u>20,730</u>	<u>19,247</u>
<u>Temporarily restricted net assets</u>	8	<u>7</u>	<u>559</u>
		<u>25,917</u>	<u>25,560</u>

(*) Reclassified


Gideon Kroch
CEO


Ezra Haim
CFO

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

Table to Table – Leket Israel (Reg. N.P.O.)

Statement of activities

for the year ended December 31, 2019

	Note	Year ended December 31	
		2019 NIS In thousands	2018 NIS In thousands
<u>Income from activities</u>			
Donations and contributions	9	40,420	46,184
Food, products, and services as cash equivalent	10	89,837	85,491
Revenues released from restriction		6,905	2,220
		<u>137,162</u>	<u>133,895</u>
<u>Cost of activity</u>			
Salary and related expenses		(12,844)	(13,768)
Cost of food, products, and services as cash equivalent	10	(89,837)	(85,491)
Direct operating expenses	12	(25,245)	(26,548)
		<u>(127,926)</u>	<u>(125,807)</u>
Income from activity		<u>9,236</u>	<u>8,088</u>
General and administrative expenses	13	(7,691)	(7,040)
Fundraising and PR expenses		(365)	(476)
Net income before financing		<u>1,180</u>	<u>572</u>
Net Financing expenses		(67)	(196)
Net income after financing expenses		<u>1,113</u>	<u>376</u>
Capital gain (loss)		(97)	33
Net income for the year		<u>1,016</u>	<u>409</u>

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

Table to Table – Leket Israel (Reg. N.P.O.)

Statement of changes in net assets
for the year ended December 31, 2019

	Unrestricted		Restricted	Total
	Net assets used for activities	Net assets used for fixed assets	Temporarily	
	NIS In thousands			
Balance as at January 1, 2018	10,428	8,370	604	19,402
<u>Additions (reductions) during the year:</u>				
Net income for the year	409	-	-	409
Donations	-	-	2,175	2,175
Amounts released from restriction	-	-	(2,220)	(2,220)
Amounts released from restricted net assets for fixed assets	-	40	-	40
Amounts used for fixed assets	(441)	441	-	-
Amounts from the sale of fixed assets, net	91	(91)	-	-
Amounts transferred to cover depreciation expenses	1,084	(1,084)	-	-
Balance as at December 31, 2018	11,571	7,676	559	19,806
<u>Additions (reductions) during the year:</u>				
Net income for the year	1,016	-	-	1,016
Donations	-	-	6,820	6,820
Amounts released from restriction	-	-	(6,905)	(6,905)
Amounts released from restricted net assets for fixed assets	-	467	(467)	-
Amounts used for fixed assets	(2,629)	2,629	-	-
Amounts from the sale of fixed assets, net	265	(265)	-	-
Amounts transferred to cover depreciation expenses	987	(987)	-	-
Balance as at December 31, 2019	11,210	9,520	7	20,737

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

Table to Table -- Leket Israel (Reg. N.P.O.)

Statement of cash flows
for the year ended December 31, 2019

	Year ended December 31	
	2019	2018
	NIS In thousands	NIS In thousands
<u>Cash flows from operating activities</u>		
Net income for the year	1,016	409
Adjustments required to present cash flows from operating activities	(6,195)	(953)
Net cash used for operating activities	(5,179)	(544)
<u>Cash flow used for investing activities</u>		
Purchase of fixed assets	(2,629)	(441)
Proceeds from the sale of fixed assets	168	124
Decrease (increase) in short-term deposit	(193)	496
Increase in long-term deposit	(54)	(222)
Net cash used for investment activity	(2,708)	(43)
<u>Cash flows from financing activities</u>		
Proceeds to net assets from outside entities	6,820	2,175
Net cash from financing activities	6,820	2,175
Increase (decrease) in cash and from activities in the year	(1,067)	1,588
Cash Balance as at the beginning of the year	14,167	12,579
Total cash balance at the end of the year	13,100	14,167

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

Table to Table – Leket Israel (Reg. N.P.O.)

Statement of cash flows

for the year ended December 31, 2019

Adjustments required to present cash flows from operating activities

	Year ended December 31	
	2019	2018
	NIS In thousands	NIS In thousands
<u>Income and expenses not related to cash flows</u>		
Depreciation	987	1,084
Increase (decrease) in severance reserve	(119)	20
Capital gain (loss) from the sale of fixed assets	97	(33)
Amounts released from temporarily restricted net assets	(7,372)	(2,220)
	<u>(6,407)</u>	<u>(1,149)</u>
<u>Changes in asset and liabilities</u>		
Increase (decrease) in investments in futures	(31)	32
Decrease in checks for collection	1	149
Decrease (increase) in other receivables	666	(1,164)
Increase in related party balances	-	322
Increase (decrease) in payables and checks payable	(1,001)	707
Increase in other payables	577	150
	<u>212</u>	<u>196</u>
	<u>(6,195)</u>	<u>(953)</u>

Non-cash activities – Appendix B

In 2018, the Association received a donation of a vehicle valued at NIS 40 thousand.

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

Table to Table – Leket Israel (Reg. N.P.O.)
Notes to the Financial Statements as of December 31, 2019

NOTE 1 – GENERAL

- A. Table to Table – Leket Israel (Reg. N.P.O.) ("the Association") is a non-profit organization. The Association was registered with the Registrar of Associations on March 18, 2003 under the name Table to Table (Reg. N.P.O.). On November 16, 2009, the Association changed its name to Table to Table – Leket Israel (Reg. N.P.O.).

The Association's registration number is 580407633.

- B. The Association's objectives are:

1. To collect surplus food products, agricultural produce, and cooked food from events, military bases, hotels, catering companies, cafeterias, farmers, and packing houses, which, if not collected, would be discarded, and to distribute the food to the needy, directly or through aid organizations.
2. To collect or acquire of all kinds of food and to distribute it to the needy, directly or through aid organizations.
3. To grow agricultural produce for distribution to the needy, directly or through aid organization.
4. To assist civilians and Israel Defense Forces soldiers in states of emergency, according to their needs in this period. States of emergency for this purpose refer to: war, military operations, and any other period in which civilians are under any kind of threat due to their being civilians.
5. To engage in public activity, including lobbying to advance solutions for the problem of food insecurity in Israeli society
6. To engage in any act of kindness, charity, and aid for the needy.

- C. The Association has been recognized as a public institution by the Israel Tax Authority, under Section 9(2) of the Income Tax Ordinance.

- D. The Association has approval under Section 46 of the Income Tax Ordinance through the end of 2023.

- E. The Association has proper management approval for two years from the Registrar of Associations until the end of 2021.

- F. Amendment to the Associations Law (Amendment No. 11), 2008

In the accounting year, the Association did not receive any donations for its activities from a foreign political entity.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting principles

The financial statements have been prepared in accordance with generally accepted accounting principles and in accordance with Opinion No. 69 of the Institute of Certified Public Accountants in Israel regarding accounting and financial reporting principles for NPOs, and as set out in Accounting Standard No. 5 of the Israel Accounting Standards Board, and in accordance with Accounting Standard No. 36, which includes amendments to and clarifications of Opinion No. 69 and Standard No. 5.

- B. Financial statements 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 amounts of non-monetary assets do not necessarily represent disposal or current economic value, but rather the reported amounts of those assets.
- (3) In the financial statements, "cost" refers to cost in reported amounts.

Table to Table -- Leket Israel (Reg. N.P.O.)
Notes to the Financial Statements as of December 31, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities disclosed in the financial statements, as well as the amounts of income and expenses in the reporting period. It should be clarified that actual results may differ from such estimates.

D. Cash and cash equivalents

The Association considers highly liquid investments, including short-term bank deposits (up to three months), as cash equivalents with a maturity date of up to three months from the date of investment.

E. Fixed assets

(1) Depreciation is recognized on a straight-line basis at annual rates considered sufficient to depreciate the assets over their estimated useful lives.

(2) Improvements and betterments are recognized in cost of assets, while expenses for maintenance and repairs are recognized in the statement of activities as incurred.

(3) Annual depreciation rates:

	<u>%</u>
Vehicles	15-25
Furniture, equipment, and computers	6-33
Leasehold improvements	7-33

F. Liabilities for severance pay

The reserve reflects the liability due to employees as at the date of the financial statements, net of liabilities covered by compensation funds.

G. Futures contracts

The investment in futures that are not intended for hedging are presented at their fair value in the financial statements in accordance with Israel Accounting Standard No. 22. Fair value changes are recognized as financing in the statement of income in the period in which they occurred.

H. Recognition of income and expenses

Income is included on an accrual basis. Donations are recognized as income or as an addition to restricted net assets only if actually received. Donations of non-monetary assets are recognized at fair value when received. Expenses are included in the financial statements on an accrual basis.

I. Donations as cash equivalent

As from 2011, the Association has managed the food inventory and its distribution in a computerized system for the accurate recording of quantities of dry food, cooked food, and agricultural produce arriving at the Association's warehouses as donations. The value of donations is recorded in the Association's financial statements on a cost basis. See Note 10.

J. Volunteers as cash equivalent

As from 2018, the Association decided not to include the volunteer value the statement of activities. See also Note 11.

K. Related parties

As defined in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.

Table to Table -- Leket Israel (Reg. N.P.O.)
Notes to the Financial Statements as of December 31, 2019

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

L. Balances in or linked to foreign currency

Balances in or linked to foreign currency are included in the financial statements at the representative exchange rates as at the balance sheet date.

Below is information about USD exchange rates and the CPI:

<u>As at</u>	USD representative exchange rate	CPI for December
	In NIS	in points (*)
December 31, 2019	3.456	101.8
December 31, 2018	3.748	101.2
 <u>Change in the year ended</u>	 %	 %
December 31, 2019	(7.79)	0.60
December 31, 2018	8.10	0.80

(*) Based on 2016 CPI

NOTE 3 – OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
	<u>NIS In thousands</u>	<u>NIS In thousands</u>
Israel Gives	860	909
Advances to suppliers	55	90
Income receivable	425	-
Prepaid expenses	116	1,123 (*)
	<u>1,456</u>	<u>2,122</u>

(*) Includes NIS 965 thousand in advance for rental of the new logistics center See also Note 14.

Table to Table – Leket Israel (Reg. N.P.O.)

Notes to the Financial Statements as of December 31, 2019

NOTE 4 – RELATED PARTY AND PAYABLES

A. Credit balance:

	December 31	
	2019	2018
	NIS In thousands	NIS In thousands
Nevet, Future Growth (2015) Ltd. (PBC)	5 (*)	5

B. Transactions: Nevet, Future Growth (2015) Ltd. (PBC):

	Year ended December 31	
	2019	2018
	NIS In thousands	NIS In thousands
Transfer of donations and participations: the Sandwich Project (2)	-	(105)
Debt remission to a related party (3)	-	(500)
	-	(605)
Offset of Sandwich Project expenses (2)	-	405

(*) In 2019, there were changes in the board members of Nevet, Future Growth (2015) (PBC) ("Nevet"), therefore as from the date of the change, Nevet is no longer a related party of the Association.

1. Nevet was established in December 2015, with the objective, among other things, to provide breakfast to school children ("the Sandwich Project"). The Sandwich Project was operated by the Association for about a decade. In 2016, the Sandwich Project was gradually transferred from the Association to Nevet.
2. In June 2018, the parties signed an agreement according to which the Association provides various services to Nevet, such as: logistics, computing, rent, and accounting services. For these services, Nevet pays the Association a consideration at cost. In addition, under the agreement, the income earmarked for the Sandwich Project that is still received by Leket will be transferred in full to Nevet.
3. In 2018, the Association's board of directors made a decision to remit Nevet's debt of NIS 500,000, which arose from reciprocal accounting for prior years. Remission of the debt was recorded as a donation under infrastructure and support of associations in the statement of activities.

Table to Table -- Leket Israel (Reg. N.P.O.)
Notes to the Financial Statements as of December 31, 2019

NOTE 5 – FIXED ASSETS, NET

	December 31					2018	
	2019				Total		Total
	Leasehold improvements	Land	Vehicles	Furniture, equipment, and computers			
	NIS In thousands						
<u>Cost</u>							
Balance as at the beginning of the year	2,291	3,521	3,479	4,348	13,639	14,068	
Additions in the year	2,594 (*)	-	75	427	3,096	481	
Derecognition in the year	-	-	(785)	-	(785)	(910)	
Balance as at the end of the year	<u>4,885</u>	<u>3,521</u>	<u>2,769</u>	<u>4,775</u>	<u>15,950</u>	<u>13,639</u>	
<u>Accumulated depreciation</u>							
Balance as at the beginning of the year	844	-	2,546	2,573	5,963	5,698	
Depreciation in the year	280	-	284	423	987	1,084	
Depreciation for derecognitions in the year	-	-	(520)	-	(520)	(819)	
Balance as at the end of the year	<u>1,124</u>	<u>-</u>	<u>2,310</u>	<u>2,996</u>	<u>6,430</u>	<u>5,963</u>	
<u>Amortized cost</u>	<u>3,761</u>	<u>3,521</u>	<u>459</u>	<u>1,779</u>	<u>9,520</u>	<u>7,676</u>	
<u>Annual depreciation rates</u>	<u>7%-33%</u>	<u>0%</u>	<u>15%-25%</u>	<u>6%-33%</u>			

(*) Composed of leasehold improvements for the new logistics center See also Note 14.

NOTE 6 – OTHER PAYABLES

	Note	December 31	
		2019	2018
		NIS In thousands	NIS In thousands
Employees		913	947
Payroll institutions		633	599
Expenses payable		662	292
Related party and payables	4	5	5
Provision for vacation and recreation		626	424
Others		8	3
		<u>2,847</u>	<u>2,270</u>

NOTE 7 – LIABILITIES FOR SEVERANCE PAY, NET

The reserve for severance pay covers the balance due to employees net of the liabilities covered by directors insurance plans. The amounts deposited are not included in the balance sheets, since they are not under the control and management of the Association. The liability amount for severance pay included in the balance sheets reflects the balance of the liability not covered by the insurance policies, as aforesaid

Employees who started work at the Association as from October 2012 are signed on section 14 of the Severance Pay Law.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Below are details of donations received and released in 2019 and 2018:

1. In 2018, a donation of NIS 920,000 was received to finance the rent for the new logistics center. This amount was released for activities in 2018.
2. In 2018, a donation of NIS 255,000 was received for vehicle rentals for the Association's activities. This amount was released for activities in 2018.
3. In 2019 and 2018, a donation of NIS 1,291 thousand and NIS 1,000 thousand was received, respectively, for assistance for the elderly. In 2019 and 2018, project expenses (including payroll expenses) financed from donations amounted to NIS 1,376 thousand and NIS 1,045 thousand, respectively. These amounts were released each year, respectively.
4. In 2015, a donation of NIS 480,000 was received to establish a visitor center. An amount of NIS 13,000 was released for activities in 2017 and the balance was released in the reporting year and transferred to net assets used for fixed assets.
5. In 2019, a donation of NIS 3,056 thousand was received for the operation of hot meals in the south of Israel. This amount was released in the reporting year.
6. In 2019, a donation of NIS 2,473 thousand was received for indemnification of expenses for salaries of agricultural pickers and subcontractors. This amount was released in the reporting year.

NOTE 9 – DONATIONS AND PARTICIPATIONS

	Year ended	
	2019	2018
	NIS In thousands	NIS In thousands
Donations for activities	37,799	44,137
Eshel Jerusalem Soup Kitchen	1,989	1,960
Joint venture - Ministry of Agriculture	628	78
Miscellaneous	4	9
	40,420	46,184

NOTE 10 – FOOD, PRODUCTS, AND SERVICES AS CASH EQUIVALENT

A. Cooked food

In 2019, the Association received donations of cooked food with a monetary value of NIS 41,608 thousand (in 2018, NIS 41,907 thousand).

The main donors are IDF bases, companies, hotels and more.

The cost of cooked food in the reporting year was calculated according to the number of meals donated multiplied by the cost of the meal. The cost of a meal was based on information received from the various catering companies and the assessment of the Association's management.

The cost of a meal amounts to NIS 19.

In the reporting year, the market price of the meals is estimated at NIS 63,506 thousand (in 2018, NIS 63,963 thousand) according to the market value based on the price of a meal for the consumer at NIS 29.

B. Leket project

The Leket project collects agricultural produce from farmers and distributors. The Association's volunteers pick and pack the agricultural produce, which is distributed to shelters and to associations that provide food to the needy.

In 2019, the Association received donations of agricultural produce from farmers and distributors with a monetary value of NIS 48,229 thousand (in 2018, NIS 43,584 thousand).

The value of agricultural produce was calculated according to the price of wholesale fruit and vegetables published by the Ministry of Agriculture, multiplied by the number of kilograms received.

Due to difficulty in collecting information about retail prices, the Association reassessed the market value of agricultural produce, including information for 2018. According to the reassessment, the market value was determined according to the average margin between the wholesale price and the retail price of fruit and vegetables in leading food chains.

Accordingly, the management's assessment is that the market value of the agricultural produce received as a donation in the reporting year amounted to NIS 99,037 thousand. In 2018, the market value of fruit and vegetables, according to the reassessment, amounted to NIS 92,984 thousand (unaudited information).

NOTE 11 – VALUE OF VOLUNTEERS

The Association is assisted by volunteers working for no consideration. Some of the volunteers use their own private vehicles to collect and distribute food to the needy.

In 2019, the Association used 84,827 volunteer hours with a monetary value of NIS 2,305 thousand based on the minimum wage. The association elected not to include this amount in the statement of activities for 2019.

In 2018, the Association used 151,632 volunteer hours with a monetary value of NIS 4,076 thousand based on the minimum wage. The association elected not to include this amount in the statement of activities for 2018.

Table to Table – Leket Israel (Reg. N.P.O.)

Notes to the Financial Statements as of December 31, 2019

NOTE 12 – DIRECT OPERATING EXPENSES

	Year ended December 31	
	2019	2018
	NIS thousands	NIS thousands
Leket project	11,284	(*) 9,912
Border police and Holocaust survivors project	92	114
Nutrition workshops and research	664	444
Nahalal and Binyamina project	903	1,519
Infrastructure and support for associations	400	1,470
Gala events	-	278
Project for elderly assistance	674	686
Rent, communications, and maintenance	2,478	(**) 3,768
Advertising, printing, and study courses	1,800	1,771
Vehicle maintenance, including depreciation	6,670	6,387
Depreciation	280	199
	<u>25,245</u>	<u>26,548</u>

(*) Reclassified

(**) Includes NIS 1,351 thousand for lease of the new logistics center See also Note 14.

NOTE 13 – GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31	
	2019	2018
	NIS In thousands	NIS In thousands
Salary and related expenses	5,176	4,248
Rent and maintenance	587	503
Communications and office expenses	471	428
Professional services	543	659
Travel abroad	256	306
Motor vehicle maintenance	101	149
Banking	56	61
Advertising and public relations	78	256
Depreciation	423	430
	<u>7,691</u>	<u>7,040</u>