

Nevet, Future Growth 2015 Ltd. (PBC)
Financial Statements
As of December 31, 2020

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Auditor's Report to the Shareholders

Of

Nevet, Future Growth 2015 Ltd. (PBC)

We have audited the attached balance sheets of Nevet, Future Growth 2015 Ltd. (PBC) (hereinafter – the Company) as of December 31, 2019 and 2018, and the statements of activities and statements of changes in net assets for the years ended on those dates. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audits in accordance with generally accepted auditing standards, including standards set in the Auditor's Regulations (Auditor's Mode of Performance), 1973. These standards require that we plan and perform the audit to obtain reasonable assurance that 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 an assessment of the accounting principles used and significant estimates made by the Company's board of directors and management, 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 Company as of December 31, 2020 and 2019 and the results of its activity and changes in net assets for each of the years ended on those dates, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

June 17, 2021

Signature
Stark & Stark
Accountants

Nevet, Future Growth 2015 Ltd. (PBC)
Balance Sheet
As of December 31, 2020

	<u>Note</u>	<u>December 31</u>	
		<u>2020</u>	<u>2019</u>
		<u>NIS</u>	
<u>Current assets</u>			
Cash and cash equivalents		3,139,872	2,190,571
Short-term deposits		9,126	-
Accounts receivable and debit balances	3	78,987	154,390
		<u>3,227,985</u>	<u>2,344,961</u>
<u>Non-current assets</u>			
Long-term deposit		-	9,126
Fixed assets, net	4	171,127	-
		<u>3,399,112</u>	<u>2,354,087</u>
<u>Current liabilities</u>			
Suppliers and service providers		167,526	189,009
Accounts payable and credit balances	5	735,180	110,749
		<u>902,706</u>	<u>299,758</u>
<u>Capital stock</u>	7	<u>7</u>	<u>7</u>
<u>Net unrestricted assets:</u>			
For use in activities		665,272	1,180,877
Designated by the NPO institutions	8	1,660,000	873,445
Invested in fixed assets		171,127	-
		<u>2,496,399</u>	<u>2,054,322</u>
		<u>3,399,112</u>	<u>2,354,087</u>

Signature

 Joseph Mandelbaum – Board Member

Signature

 Shelly Zichlinsky – Board Member

The attached notes are an integral part of the financial statements.

Nevet, Future Growth 2015 Ltd. (PBC)
Statement of Activities
As of December 31, 2020

	Note	For the Year ended December 31	
		2020	2019
		NIS	
<u>Revenues from activities</u>			
Donations and participations	9	3,205,618	3,678,711
Value of volunteers	10	1,301,002	1,535,963
		4,506,620	5,214,674
Cost of activities	11	(3,589,359)	(*) (4,062,867)
Net income from activities		917,261	1,151,807
Administrative and general expenses	12	(537,123)	(552,186)
Public relations expenses and fundraising		(107,278)	(*) (155,923)
Other income	13	150,297	
Net income before financing		423,157	443,698
Financing income, net		18,920	6,087
Net income for the year		442,077	449,785
(*) Reclassification			

The attached notes are an integral part of the financial statements.

Nevat, Future Growth 2015 Ltd. (PBC)
Statement of Changes in Net Assets
For the Year ended December 31, 2020

	<u>Unrestricted Assets</u>			<u>Total</u>
	<u>Net Assets for Use in Activities</u>	<u>Designated by the NPO Institutions</u>	<u>Net Assets Invested in Fixed Assets</u>	
	NIS			
Balance as of January 1, 2019	731,092	873,445	-	1,604,537
<u>Additions during the year:</u>				
Net income for the year	449,785	-	-	449,785
Balance as of December 31, 2019	<u>1,180,877</u>	<u>873,445</u>	-	<u>2,054,322</u>
<u>Additions (disposals) during the year:</u>				
Net income for the year	442,077	-	-	442,077
Amounts designated by the NPO Institutions	(786,555)	786,555	-	-
Amounts invested in fixed assets	(182,479)	-	182,479	-
Amounts transferred to cover depreciation expenses	<u>11,352</u>	-	<u>(11,352)</u>	-
Balance as of December 31, 2020	<u>665,272</u>	<u>1,660,000</u>	<u>171,127</u>	<u>2,496,399</u>

The attached notes are an integral part of the financial statements.

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statements
As of December 31, 2020

Note 1 – General

1. Nevet, Future Growth 2015 Ltd. (PBC) (hereinafter: “the Company” or “the NPO”) is a non-profit Public Benefit Company. The Company’s registration number is: 515354793.
2. Company goals:
 - a. To provide breakfast to school children.
 - b. To work for the welfare of the community.
 - c. To assist the civilian population and IDF soldiers in emergency situations.
 - D. To engage in any act of kindness, charity and assistance to those in need.
3. The Company is registered at the Value Added Tax Authorities as an NPO (Non-Profit Organization).
4. The Company has a Certificate of Proper Management from the Registrar of Endowments in effect until December 31, 2021.
5. The Company has approval regarding donations under Section 46 of the Income Tax Ordinance until December 31, 2021.

Note 2 – Significant Accounting Policies

a. Reporting principles

The financial statements are presented in accordance with accepted accounting rules and as determined in Accounting Standard No. 40 which was published by the Israel Accounting Standards Board and consolidates the accounting rules and financial reporting on NPOs.

The Company chose the early implementation of the standard starting from 2020, and that is in place of implementation of Opinion No. 69 and Accounting Standard No. 5 which were published by the Institute of Certified Public Accountants in Israel regarding accounting rules and financial reporting by NPOs.

There was no effect from the measurement provisions for the beginning of the year from implementation of the standard. In the matter of presentation provisions, the Company implemented the presentation provisions of the standard retroactively for 2019 as well. See Section i. below as well.

b. Financial statements in reported amounts

The financial statements are prepared in reported amounts in accordance with the provisions of Standard No. 12 of the Israel Accounting Standards Board regarding the discontinuance of the adjustment of financial statements. The nominal data corresponds to the reported data for tax purposes because the Company began its activities after the implementation of Standard No. 12.

c. Cash and cash equivalents

Cash and cash equivalents include short-term bank deposits and negotiable government bonds, the period up to their repayment, at the time of the investment, did not exceed three months.

Nevet, Future Growth 2015 Ltd. (PBC)

d. **Fixed assets**

Fixed assets are presented according to cost. The depreciation of the asset's cost is calculated according to the straight-line depreciation method, in measurements which are considered sufficient to in depreciation of the assets over the period of use estimated for them.

e. **Recognition of income and expenses**

Income is included on an accrual basis. Donations are recognized as income or as an addition to net restricted assets in accordance with Accounting Standard No. 40. Donations of non-monetary assets are presented at their fair value on the date they are received. Expenses are included in the financial statements on an accrual basis.

f. **Use of estimates**

Preparation of the financial statements in accordance with generally accepted accounting principles requires the Company's management to use estimates and valuations that have an effect on the reported data on assets and liabilities that have been given a value in the financial statements, as well as on the income and expense data in the reporting periods. It should be clarified that the actual results could differ from these estimates.

g. **Employee benefits**

The Company's employees have signed Section 14 of the Severance Pay Law as of the beginning of their employment.

h. **Amendment to the Amutot Law (Amendment No. 11), 2008**

In accordance with Amendment No. 11 to the Amutot Law, 2008, the Company did not receive donations from a foreign government entity for its activities during the accounting year.

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 2 – Significant Accounting Policies (continued)

i. Effects of new accounting standards:

Accounting Standard No. 40 accounting rules and financial reporting by NPOs

On August 13, 2020, the professional committee of the Israel Accounting Standards Board confirmed Accounting Standards No. 40 regarding accounting rules and financial reporting by NPOs. The standard consolidates accounting rules and financial reporting for NPOs, and when it takes effect will replace Opinion No. 69 which is combined with Accounting Standard No. 5. The standard includes changes in comparison with the existing standard which are detailed in the introduction to the standard, for instance in the rules of an NPO's income recognition (in regard to donations of fixed assets and cash set aside for investment in fixed assets as well as in regard to services received without consideration), in the rules of artworks recognition and measurement, historic assets and similar assets, cash flows classification in the framework of cash flows statements, and more. The standard will apply to financial statements for annual periods from January 1, 2021 or later.

The Company chose to adopt early implementation of the standard in the statement year.

Accounting Standard No. 41 disclosures in the context of a related party

On June 29, 2020, the professional committee of the Israel Accounting Standards Board confirmed Accounting Standards No. 41 – disclosures in the context of a related party. This standard replaces Opinion No. 29, related parties, while expanding the disclosure requirements.

The purpose of the standard is to ensure that financial statements of the entity includes the required disclosures in order to direct attention towards the possibilities that the financial condition and its income and expenses may have been influenced by the existence of related parties, from transactions with such parties and from their balances outstanding balances including correspondence with them.

In accordance to the standard, in examining all possible related party relationships, the nature of the relationship must be taken into account, and not only their legal status.

The starting date of the standard is in relation to the yearly reporting periods which start from January 1, 2020 or later.

According to the Company's management there has been no material effect from financial statement disclosures.

j. Related parties

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

k. Assets and services received without consideration

The value of income and expenses for volunteers was included in the financial statements according to a management estimate and in accordance with the provisions of Opinion No. 69 and Accounting Standard No. 5 that was published by the Israel Accounting Standards Board. See also Note 10.

l. Statement of activities

In the statement's presentation

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 2 – Significant Accounting Policies (continued)

m. Statement of cash flows

The financial statements do not include a statement of cash flows since it does not add significant information to the information presented in the financial statements.

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 3 – Accounts Receivable and Debit Balances

	As of December 31	
	2020	2019
	NIS	
Israel Toremet	44,920	51,311
Income receivable	-	90,896
Prepaid expenses	-	4,064
Checks collectible and credit	-	3,602
Related party and receivables	4,517	4,517
Others	29,550	
	78,987	154,390

Note 4 – Fixed Assets, Net

	As of December 31			
	Leasehold Improvements	2020		2019
		Furniture, Equipment and Computers NIS	Total	Total
<u>Cost</u>				
Purchases for the Year	151,957	30,522	182,479	-
<u>Accumulated Depreciation</u>				
Depreciation for the Year	9,782	1,570	11,352	-
<u>Depreciated Cost</u>	142,175	28,952	171,127	
	10%	10%-33%		

Note 5 – Accounts Payable and Credit Balances

	As of December 31	
	2020	2019
	NIS	
Prepaid Income	581,614	
Employees and institutions for wages	78,305	83,645
Expenses payable	26,297	16,104
Provision for vacation	40,000	11,000
Others	8,964	-
	735,180	110,749

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 6 – “Table to Table – Leket Israel” Reg. NPO

The Company was founded in December 2015 and its goals are mainly to provide breakfast meals to students in schools (hereinafter: “Sandwich Project”). Sandwich Project was operated by Table to Table - Leket Israel Reg. NPO (hereinafter: “Leket”) for around a decade. Over the course of 2016, Sandwich Project was gradually transferred from Leket to the Company and Leket became a related party to the Company.

In the month of June 2018, an agreement was signed between the parties, in which Leket would provide various services to the Company such as: logistics, computerization, rent, accounting services and more. In consideration for the above services, the Company pays Leket on a cost basis. In addition, the agreement set forth that income intended for Sandwich Project which were still receivable by Leket, would be fully transferred to the Company.

Over the course of 2019, and under the framework of separation from Leket, the Board members in the Company were changed and therefore, from the date of change Leket is no longer a related party to the Company.

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 7 – Capital Stock

Composition as of December 31, 2020 and 2019:

	Listed Number of Shares	Issued and Paid-up
Common stock of NIS 1 PV each	<u>100</u>	<u>7</u>

Note 8 – Amounts Designated by the NPO Institutes

In April 2018 a one-time unlimited donation of NIS 873 thousand was received to be used in the Company's current activities. The Company's management decided to designate this donation for use over 3 years as of academic year 2019-2020 in order to use the full potential of the donation which depends on finding additional partners for the purpose of suitable parallel financing (differential model). As a result of the COVID-19 crisis (see also Note 13), which did not allow the Company to operate given the closure of the education system, the Company's management decided to postpone the activities above and to designate additional funds as follows:

Differential Model

As mentioned above, the Company's management decided to postpone the designation of the donations in the amount of NIS 873 thousand which was received in 2018 and to designate an additional NIS 72 thousand (total of NIS 945 thousand) for 3 years of activities, starting with the school year 2021-2022 for finding financing partners to match funds in order to expand the scope of students benefitting from the Company's activities. (The school year 2021-2022 – NIS 270,000, the school year 2022-2023 – NIS 472,500 and the school year 2023-2024 – NIS 202,500).

Marketing

The Company's management decided to designate a total of NIS 400 thousand to 2 years of activities, starting with the school year 2021-2022 for marketing activities. (The school year 2021-2022 – NIS 200,000, the school year 2022-2023 – NIS 200,000).

Nevet's Pilot Program during Summer Break

The Company decided to designate a total of NIS 315 thousand for the advancement of a pilot program for the feeding of students during the educational systems' breaks in the school year 2021-2022.

The balance of funds designated as of the date of the balance sheet is NIS 1,660 thousand.

Nevet, Future Growth 2015 Ltd. (PBC)
Notes to Financial Statement
As of December 31, 2020

Note 9 – Donations and Participations

	For the Year ended December 31	
	<u>2020</u>	<u>2019</u>
	NIS	
Donations	1,853,776	1,748,473
Participations of educational institutions and local councils	1,351,842	1,930,238
	<u>3,205,618</u>	<u>3,678,711</u>

Note 10 – Monetary Value of Products and Services

	For the Year ended December 31	
	2020	2019
	NIS	
Value of volunteers (Note a.)	1,270,622	1,535,963
Value of products (Note b.)	30,380	
	<u>1,301,002</u>	<u>1,535,963</u>

a. Value of Volunteers

The Company receives assistance from volunteers who work to fulfil the Company's goals without consideration. Over the course of 2020, the Company benefitted from approximately 43,634 volunteer hours with a monetary value of NIS 1,271 thousand. (In 2019 – approximately 52,746 volunteer hours with a monetary value of NIS 1,536 thousand). This amount is included in the Statement of Activities of the Company as income and expenses. The monetary value is calculated according to minimum wage.

These income and expenses are included in the financial statements according to the Amuta management's estimate and in accordance with the directives of Accounting Standard No. 40 published by the Israel Accounting Standards Board.

b. Value of Products

Over the course of the statement year the Company received an amount of NIS 30,380 of products as a donation.

Note 11 – Cost of Activities

	Note	For the Year ended December 31	
		2020	2019
		NIS	
Products for preparing sandwiches		1,329,273	1,696,542
Value of volunteers	10	1,301,002	1,535,963
Deliveries		149,006	170,489
Salaries and related expenses		528,819	439,117
Rent, operations and logistics		168,390	131,383
Depreciation		11,352	-
Advertising and printing		101,517	(*) 89,373
		<u>3,589,867</u>	<u>4,062,867</u>

(*) Reclassified

Note 12 – Administrative and General Expenses

	For the Year ended December 31	
	2020	2019
	NIS	
Salaries and related expenses	319,923	371,495
Rent, maintenance and office expenses	75,430	43,073
Vehicle maintenance	44,992	57,058
Professional services	94,453	78,093
Fees	1,137	1,133
Bank fees	1,188	1,334
	<u>537,123</u>	<u>552,186</u>

Note 13 – Material Events in the Reporting Period

Effect of the COVID-19 Pandemic on the Company's Activities

As a result of the COVID -19 pandemic which spread across Israel and the world, and given the closing of the educational system, the main activities of the Company (distribution of sandwiches to students) were reduced. As a result, there was a decrease in income from participants, expenses from the purchase of raw materials and the number of volunteers in the reporting year. The educational system shifted to studies from a distance, which caused the Company to initiate an alternate project for feeding students which they were at home. This project was the distribution of closed food kits for three weeks. Likewise, and due to the effect that the COVID crisis had on the economic shape of the students' families, the Company assisted by purchasing food baskets for the students' families in the period of the Jewish High Holidays.

Over the course of 2020 the Company recorded income from a grant from the Israeli government assistance fund – philanthropy due to a grant received because of a decrease in the Company's income in comparison to last year.