

LATET - ISRAELI HUMANITARIAN AID, R.A.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

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AUDITORS' REPORT

To the Members of

LATET - ISRAELI HUMANITARIAN AID, R.A.

We have audited the accompanying statements of financial position of Latet - Israeli Humanitarian Aid, R.A. ("the Association") as of December 31, 2024 and 2023, and the related statements of activities, changes in net assets and cash flows for each of the years then ended. These financial statements are the responsibility of the Association's 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 Auditor's Regulations (Auditor's Mode of 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 used and significant estimates made by the Association's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We did not audit revenues from services for 2024 and 2023 totaling approximately NIS 9,260 thousand and NIS 8,941 thousand, respectively.

In our opinion, except for the abovementioned, these financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2024 and 2023, and the results of its operations, changes in its net assets and cash flows for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).

Tel-Aviv, Israel
June 23, 2025

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2024	2023
	Note	NIS in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		8	20
Short-term investments		7,600	5,148
Accounts receivable	3	15,636	4,458
Designated cash in short-term deposits	4	70,855	78,069
Inventories		5,685	5,558
		99,784	93,253
NON-CURRENT ASSETS:			
Fixed assets:	5		
Cost		66,500	12,951
Less - accumulated depreciation		6,092	5,772
		60,408	7,179
		160,192	100,432
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Trade and notes payable	6	27,140	13,299
Other accounts payable	7	17,364	21,200
		44,504	34,499
NON-CURRENT LIABILITIES:			
Accrued severance pay, net	8	170	151
NET ASSETS:			
Unrestricted net assets:			
Designated by the Association		47,590	51,143
Undesignated by the Association		7,520	7,460
Used in fixed assets		44,170	7,179
		99,280	65,782
Restricted net assets	9a(6)	16,238	-
	2k	115,518	65,782
		160,192	100,432

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

June 23, 2025

Date of approval of the
financial statements

Liad Cohen
Member of the
Executive Committee

Zvika Bar Natan
Chairman of the
Executive Committee

STATEMENTS OF ACTIVITIES

	Note	Year ended December 31,	
		2024	2023
		NIS in thousands	
Operating turnover:			
Cash donations	9a	129,785	95,101
Cash-equivalent donations	9a	135,947	187,945
Total operating turnover		265,732	283,046
Cost of operation:			
Cost of products donated in cash		51,463	50,646
Cost of products donated in cash equivalents	9b	126,687	178,686
Total cost of donated products		178,150	229,332
Cost of services donated in cash equivalents	9c	9,260	8,941
Total cost of donated products and services donated in cash equivalents		187,410	238,273
Wages		14,083	13,049
Transport and conveyance		1,811	2,035
Project operating expenses		8,108	8,178
Logistic centers		3,994	2,634
Other expenses	10	4,407	3,755
Total operating costs		32,403	29,651
Total cost of operation	11	219,813	267,924
Net operating income		45,919	15,122
General and administrative expenses	12	11,968	10,714
Income from ordinary operation		33,951	4,408
Financial income, net		3,602	925
Other income, net		495	167
Net surplus		38,048	5,500

Additional information (unaudited):

The Association estimates that during 2024, some 36,771 volunteers took part in the various projects hosted by the Association with an aggregate scope of about 464 thousand hours. The value of the services (included in the Association's operating turnover and in cost of operations in cash equivalents) approximates NIS 8,546 thousand in respect of some 17,262 non-youth volunteers with an aggregate scope of about 265 thousand volunteer hours. See Note 9a(4).

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

STATEMENTS OF CHANGES IN NET ASSETS

	Unrestricted net assets				
	Undesignated by the Association *)	Designated by the Association	Used in fixed assets	Restricted net assets	Total
	NIS in thousands				
Balance as of January 1, 2023	7,220	42,261	4,251	-	53,732
Additions during the year:					
Net surplus	5,500	-	-	-	5,500
Amounts designated by Association	(2,332)	2,332	-	-	-
Donations to War Fund	-	15,050	-	-	15,050
Disposals during the year:					
Amounts released from Corona Relief Fund	-	(8,500)	-	-	(8,500)
Transfer of unrestricted amounts:					
Used in fixed assets, net	(4,151)	-	4,151	-	-
Amounts transferred to cover depreciation expenses, net	1,223	-	(1,223)	-	-
Balance as of December 31, 2023	7,460	51,143	7,179	-	65,782
Additions during the year:					
Net surplus	38,048	-	-	-	38,048
Donations restricted to investment in fixed assets	-	-	-	16,238	16,238
Amounts designated by Association	(997)	997	-	-	-
Donations to War Fund		16,000			16,000
Donations to Nutritional Security initiative	-	1,000	-	-	1,000
Disposals during the year:					
Amounts released from War Fund	-	(15,050)	-	-	(15,050)
Amounts released from Nutritional Security initiative	-	(6,500)	-	-	(6,500)
Transfer of unrestricted amounts:					
Used in fixed assets, net	(38,861)	-	38,861	-	-
Amounts transferred to cover depreciation expenses, net	1,870	-	(1,870)	-	-
Balance as of December 31, 2024	7,520	47,590	44,170	16,238	115,518

*) See Note 2k.

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

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2024	2023
	NIS in thousands	
<u>Cash flows from operating activities:</u>		
Net surplus	38,048	5,500
Adjustments to reconcile net surplus to net cash provided by operating activities (a)	588	9,977
Net cash provided by operating activities	38,636	15,477
<u>Cash flows from investing activities:</u>		
Purchase of fixed assets	(38,861)	(4,151)
Decrease (increase) in designated cash, net	4,763	(17,862)
Net cash used in investing activities	(34,098)	(22,014)
<u>Cash flows from financing activities:</u>		
Temporarily restricted donations, net	(4,550)	6,550
Net cash provided by (used in) financing activities	(4,550)	6,550
Increase (decrease) in cash and cash equivalents	(12)	14
Cash and cash equivalents at beginning of year	20	6
Cash and cash equivalents at end of year	8	20
(a) <u>Adjustments to reconcile net surplus to net cash provided by operating activities:</u>		
Income and expenses not involving cash flows:		
Depreciation expenses	1,870	1,223
Increase in accrued severance pay, net	19	56
Changes in asset and liability items:		
Decrease (increase) in accounts receivable	(11,177)	5,021
Increase in inventories	(127)	(469)
Increase (decrease) in trade and notes payable	13,840	(2,955)
Increase (decrease) in other accounts payable	(3,837)	7,101
	588	9,977

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1:- GENERAL

- a. Latet - Israeli Humanitarian Aid, R.A. ("the Association") is a non-profit organization.
- b. The Association was founded to offer humanitarian aid. The Association commenced its operation on February 11, 1997.
- c. Definitions:

In these financial statements:

Related party - As defined in Accounting Standard No. 5 of the Israel Accounting Standards Board.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

In August 2020, the Israel Accounting Standards Board issued Accounting Standard No. 40, "Accounting Principles and Financial Reporting of Nonprofits", which supersedes Opinion 69 of the Israel Accounting Standards Board, "Accounting Principles and Financial Reporting of Nonprofits", and the amendments thereto, and also supersedes Accounting Standard No. 9, "Financial Statements of Institutions of Higher Education".

In November 2021, the Israel Accounting Standards Board issued an amendment to Accounting Standard No. 40 (2021), "Accounting Principles and Financial Reporting of Nonprofits" ("the Standard").

The Standard is applicable to the financial statements of nonprofits for annual periods beginning on or after January 1, 2021.

The significant accounting policies applied in the preparation of the financial statements on a consistent basis are as follows:

- a. Reporting basis of the financial statements:

The financial statements have been prepared in nominal amounts based on the historical cost convention since the effect of the changes in the general purchasing power of the Israeli currency on the financial statements prior to December 31, 2003 (the date of transition to nominal financial reporting in accordance with Accounting Standard No. 12 of the Israel Accounting Standards Board) is immaterial.

NOTES TO FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Unrestricted net assets:

The Association's component of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations

The Association's unrestricted net assets are presented in three subcategories as follows:

1. Net assets undesignated by the Association.
2. Net assets designated by the Association.
3. Net assets used in fixed assets.

c. Cash equivalents:

The Association considers highly liquid investments, including unrestricted short-term bank deposits purchased with original maturities of three months or less from the date of investment, to be cash equivalents.

d. Designated cash:

Designated cash is considered cash which is earmarked for the Association's activities.

e. Inventories of food and disposable products:

Inventories of donated food and disposable products are included based on the donors' pricelists.

f. Fixed assets:

Fixed assets are measured at cost less accumulated depreciation.

Depreciation is calculated on a straight-line basis at rates which, in management opinion, correspond to the life of the assets, as follows:

	%
Computers and related equipment	33
Office furniture and equipment	6 - 15
Motor vehicles	15
Leasehold improvements	10

NOTES TO FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Accrued severance pay:

The plans are normally financed by contributions to insurance companies and classified as defined benefit plans or as defined contribution plans.

The Association has defined contribution plans pursuant to section 14 to the Severance Pay Law under which the Association pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods.

Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed concurrently with performance of the employee's services and no additional contribution is required in the financial statements.

h. Revenue recognition:

Unrestricted unconditional donations are recognized as revenue. Revenues in cash equivalents are carried according to the Association's current records of the quantitative data of disposable assets and services received by the Association from donations and offered by it as aid and the Association's current costs. The financial statements include the value of goods received by the Association in cash equivalents as donations based on the donors' pricelists and references. The value of donated services is estimated by the Association based on its evaluation and references of the service's market value.

i. Expenses in cash equivalents:

Expenses in cash equivalents are carried based on pricelists and references regarding the value of the donated goods. Expenses in respect of donated services are carried by the Association concurrently with the revenue according to management's evaluation and references of the service's market value.

j. Use of estimates for the preparation of financial statements:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the adoption of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates. The basis of the estimates and assumptions is reviewed regularly. The changes in accounting estimates are reported in the period of the change in estimate. See also h and i above.

NOTES TO FINANCIAL STATEMENTS**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)****k. Net assets undesignated by the Association:**

The balance of net assets undesignated by the Association totaling NIS 7,520 thousand and NIS 7,460 thousand in 2024 and 2023, respectively, represents donations that can be used freely by the Association in the various projects and its operating activities and that have been designated by the Association and not by the donors.

l. Initial application of accounting standards:

In August 2020, the Israel Accounting Standards Board issued Accounting Standard No. 40, "Accounting Principles and Financial Reporting of Nonprofits", which supersedes Opinion 69 of the Israel Accounting Standards Board, "Accounting Principles and Financial Reporting of Nonprofits", and the amendments thereto, and also supersedes Accounting Standard No. 9, "Financial Statements of Institutions of Higher Education".

In November 2021, the Israel Accounting Standards Board issued an amendment to Accounting Standard No. 40 (2021), "Accounting Principles and Financial Reporting of Nonprofits" ("the Standard").

The Standard is applicable to the financial statements of nonprofits for annual periods beginning on or after January 1, 2021. Early application is permitted.

The Standard was first applied to the financial statements for 2021. According to the Standard's transition provisions, the Association is required to report the effect of the adoption of the Standard's measurement guidelines on the initial adoption date as an adjustment of net assets at beginning of the period in which the Standard is initially applied without restatement of comparative date for changes in measurement arising from the Standard's provisions, but with retrospective application of the Standard's presentation guidelines.

The application of the Standard did not have a material impact on the Association's financial statements.

NOTE 3:- ACCOUNTS RECEIVABLE

	December 31,	
	2024	2023
	NIS in thousands	
Credit cards	1,260	1,124
Prepaid expenses and advances to suppliers	464	1,913
Accrued income	13,912	1,421
	<u>15,636</u>	<u>4,458</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4:- BALANCES OF DESIGNATED CASH

In the context of the Association's activities, donations were received and allocated to the following projects:

<u>NIS in thousands</u>	<u>Project</u>
16,000	Setting up the War Fund
1,545	"Give with Love"
7,000	"Nutritional Security" initiative infrastructures
36,589	"Nutritional Security" initiative
101	"Foreign Aid"
531	"Latet Youth"
1,569	"Aid for Life"
7,520	donations that can be used freely by the Association in the various projects.

As of December 31, 2024, the designated funds are deposited in current bank accounts in NIS and in foreign currency and in short-term deposits. The deposits earn interest at the average rate of about 4.2%.

The designated cash will be used by the Association for its operating activities in 2025 and thereafter.

NOTE 5:- FIXED ASSETS

	<u>Computers and related equipment</u>	<u>Office furniture and equipment</u>	<u>Motor vehicles</u>	<u>Warehouse equipment and leasehold improvements</u>	<u>Logistic center</u>	<u>Total</u>
	<u>NIS in thousands</u>					
Cost:						
Balance at January 1, 2024	705	363	6,480	5,403	-	12,951
Purchased fixed assets	107	-	706	5,833	48,453	55,099
Disposals during the year	(68)	(124)	(571)	(787)	-	(1,550)
Balance at December 31, 2024	<u>744</u>	<u>239</u>	<u>6,615</u>	<u>10,449</u>	<u>48,453</u>	<u>66,500</u>
Accumulated depreciation:						
Balance at January 1, 2024	570	203	3,476	1,523	-	5,772
Additions during the year	92	18	754	917	89	1,870
Disposals during the year	(68)	(124)	(571)	(787)	-	(1,550)
Balance at December 31, 2024	<u>594</u>	<u>97</u>	<u>3,659</u>	<u>1,653</u>	<u>89</u>	<u>6,092</u>
Depreciated cost at December 31, 2024	<u>150</u>	<u>142</u>	<u>2,956</u>	<u>8,796</u>	<u>48,364</u>	<u>60,408</u>
Depreciated cost at December 31, 2023	<u>135</u>	<u>160</u>	<u>3,004</u>	<u>3,880</u>	<u>-</u>	<u>7,179</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6:- TRADE AND NOTES PAYABLE

	December 31,	
	2024	2023
	NIS in thousands	
Trade payables	23,779	7,889
Notes payable	3,361	5,411
	<u>27,140</u>	<u>13,300</u>

NOTE 7:- OTHER ACCOUNTS PAYABLE

	December 31,	
	2024	2023
	NIS in thousands	
Employees and payroll accruals	2,512	2,558
Deferred revenues	11,661	13,990
Government ministries	708	503
Accrued expenses	<u>2,483</u>	<u>4,150</u>
	<u>17,364</u>	<u>21,201</u>

NOTE 8:- ACCRUED SEVERANCE PAY, NET

a. Composition:

	December 31,	
	2024	2023
	NIS in thousands	
Accrued severance pay, net	<u>170</u>	<u>151</u>
	<u>170</u>	<u>151</u>

- b. The Association's liabilities for severance pay are computed on the basis of the employees' last salary as of the reporting date and in accordance with the Severance Pay Law and are fully covered by regular contributions to insurance companies in respect of managers' insurance policies and provident funds as well as by the accrual that is presented in the statement of financial position.
- c. The amounts accumulated in managers' insurance policies and provident funds on behalf of the employees and the respective liabilities are not included in the statement of financial position since they are not under the control or management of the Association.

NOTES TO FINANCIAL STATEMENTS

NOTE 9:- DONATIONS

a. Revenues from donations:

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Donations in cash (1) (6)	122,219	87,263
Government (2)	7,566	7,838
Assets received for free	-	319
Services received gratis (3)	714	813
Services provided by volunteers (4)	8,546	8,128
Donated food and disposable products (5)	126,687	178,685
	<u>265,732</u>	<u>283,046</u>

(1) Includes donations from companies, foundations and the public. Donations from companies and foundations totaled approximately NIS 94.95 million, the Claims Conference - NIS 5.55 million and NIS 42.48 million, the Claims Conference - NIS 6.58 million in 2024 and 2023, respectively. Public donations in 2024 and 2023 totaled approximately NIS 37.9 million and NIS 38.2 million, respectively.

(2) Government: Ministry of Education, Ministry of Welfare and Ministry for Social Equality.

(3) Services received gratis from various companies consisting, among others, of communication, graphics and advertising, audit, logistic assistance etc.

(4) In 2024, some 36,771 volunteers took part in the various projects hosted by the Association with an aggregate scope of about 464 thousand hours. Revenues from donations in cash equivalents consisted of about 265 thousand volunteer hours by 17,262 non-youth volunteers based on a minimum wage of approximately NIS 32.3 per hour (a total of approximately NIS 8,546 thousand). This information is unaudited.

In 2023, some 38,376 volunteers took part in the various projects hosted by the Association with an aggregate scope of about 459 thousand hours. Revenues from donations in cash equivalents consisted of about 265 thousand volunteer hours by 28,348 non-youth volunteers based on a minimum wage of approximately NIS 30.61 per hour (a total of approximately NIS 8,127 thousand). This information is unaudited.

NOTES TO FINANCIAL STATEMENTS

NOTE 9:- DONATIONS (Cont.)

- (5) Donated food and other disposable products and equipment were used in the various programs. The products and equipment were donated by businesses and the public. As per management's estimate, donations from companies in 2024 and 2023 totaled approximately NIS 124.72 million and NIS 176.32 million, respectively and public donations in 2024 and 2023 totaled approximately NIS 1.95 million and NIS 2.36 million, respectively.

The Association's revenues from donations of disposable assets are recognized in the financial statements based on the current quantitative records kept by the Association. The monetary value is determined based on pricelists and references regarding the value of the donations.

- (6) In 2024, designated donations totaling some NIS 49 million were received for the purchase of a logistic center, of which approximately NIS 16 million was carried to restricted net assets.

b. Cost of donated products:

The cost of products donated in cash equivalents includes the provision of aid packages of food and disposable products to needy populations and therefore the expenses in respect of these donations are identical to the Association's revenues therefrom in cash equivalents, see also paragraph a above. The closing balance of inventories of cash donations as of December 31, 2024 and 2023 is NIS 1,658 and NIS 1,692 thousand, respectively. The closing balance of inventories donated in cash equivalents as of December 31, 2024 and 2023 is NIS 4,026 thousand and NIS 3,866 thousand, respectively.

The total cost of donated products in 2024 and 2023 based on market prices in leading retail chains totaled approximately NIS 231.14 million and NIS 295.12 million, respectively. This information is unaudited.

c. Cost of services donated in cash equivalents:

The cost of services donated in cash equivalents includes cost of services received by the Association as donations. Therefore, the expenses in respect of these donations are identical to the Association's revenues therefrom in cash equivalents, see also paragraph a above. This information is unaudited.

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Value of volunteer hours (see a(4))	8,546	8,128
Production of "Give with Love" and "Give for Passover" food drives	150	133
Operation of "Latet Youth" program	520	520
Professional and logistic aid	4	120
Audit fees	40	40
	<u>9,260</u>	<u>8,941</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10:- OTHER EXPENSES

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Office and printing expenses	227	253
IT expenses	1,318	886
Vehicle maintenance and equipment	963	1048
Depreciation	1,225	828
Office maintenance	674	739
	<u>4,407</u>	<u>3,754</u>

NOTE 11:- COST OF OPERATION

Following is a breakdown of the Association's cost of operations according to projects:

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Nutritional Security initiative, Food Rescue Fund and War Fund	194,412	245,924
Aid for Life	18,988	16,451
Latet Youth	6,413	5,547
	<u>219,813</u>	<u>267,922</u>

NOTE 12:- GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Wages and related expenses	9,592	8,786
Office maintenance and rent	452	457
Vehicle maintenance and travel expenses	272	245
Professional services	322	255
Office and communication expenses	194	181
Depreciation	645	395
Marketing events	355	304
Other	136	91
	<u>11,968</u>	<u>10,714</u>

NOTES TO FINANCIAL STATEMENTS**NOTE 13:- TAXES ON INCOME**

The Association operates as a non-profit organization and accordingly it is tax exempt pursuant to Article 9(2) to the Income Tax Ordinance. Payroll tax imposed pursuant to the Value Added Tax Law is included in payroll expenses.

The Association has obtained the Income Tax Commission's approval according to which it is a recognized institution for donation purposes pursuant to Article 46 to the Income Tax Ordinance.

NOTE 14:- ADDITIONAL INFORMATION TO STATEMENTS OF ACTIVITIES

	Year ended December 31,	
	2024	2023
	NIS in thousands	
Operating turnover:		
Donations	248,906	266,267
State appropriations / funding	7,566	7,838
Services received without payment	9,260	8,941
Total	265,732	283,046
Expenses:		
Cost of donated products	178,150	229,331
Cost of services	9,260	8,941
Wages and related expenses – employee benefits	23,675	21,836
Vehicle and equipment maintenance	963	1,048
Office maintenance, office and printing expenses	901	992
IT	1,215	767
Transport and conveyance	1,811	2,035
Project operation	8,108	8,178
Logistic center operation	3,994	2,634
Marketing events	355	304
Depreciation	1,870	1,223
Procurement of services	322	255
Other	662	927
Total	231,286	278,471
Net revenues before financing	34,446	4,575
Financial income	3,602	925
Net surplus for the year	38,048	5,500

NOTES TO FINANCIAL STATEMENTS

NOTE 15:- EVENTS AFTER THE REPORTING DATE

In furtherance to the matters discussed in Note 4 above, during the year, the Association established a NIS 16 million War Fund to benefit people evicted from their homes and families in need of financial aid due to the war.

As of the date of approval of the financial statements, a total of approximately NIS 10 million from this fund has been used and the balance will be used by the end of 2025.

Following the June 2025 armed conflict between Iran and Israel, the Association took steps to expand the emergency aid to populations affected by the conflict such as families in financial need, senior citizens and Holocaust survivors, displaced families and anyone who endured prolonged stays in public shelters and protected spaces.

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