

The Amutah for NGO Responsibility (R.A.)

Financial Statements as of December 31, 2009

The Amutah for NGO Responsibility (R.A.)

Financial Statements as of December 31, 2009

Table of Contents

	<u>Page</u>
Auditors' Report to the Members of the Association	1
Balance Sheets	2
Statements on Activities	3
Statements of Changes in Net Assets	4
Notes to the Financial Statements	5

Auditors' Report
to the Shareholders of
The Amutah for NGO Responsibility (R.A.)

We have audited the accompanying balance sheets of The Amutah for NGO Responsibility (R.A.) (hereafter: "the Amutah") as of December 31, 2009 and 2008, the statements of activities, and the statements of changes in net assets for each of the two years then ended. These financial statements are the responsibility of the Amutah's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Israeli Generally Accepted Auditing Standards, including those prescribed by the Auditors' 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 an 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 and management of the association, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Amutah as of December 31, 2009 and 2008, the results of its activities and the changes in its net assets for each of the two years then ended, according to Israeli GAAP.

Without qualifying our opinion, we draw attention to note 2H regarding the restatement of the financial statement as of December 31, 2008 in order to present the correction in active turnover as a result of income from donations that was recorded after the forgiveness of a debt and which, in fact, was not forgiven by the creditor.

Shalvi, Kop & Co.
Certified Public Accountants, (Isr.)

Jerusalem,

The Amutah for NGO Responsibility (R.A.)

Balance Sheets

(New Israeli Shekels)

	<u>Note</u>	As of December 31 <u>2009</u>	<u>2008</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	3	27,222	387,200
Debtors and Debit Balances		<u>22,808</u>	<u>18,800</u>
		50,030	406,000
 <u>Fixed Assets</u>	 4	 90,416	 105,877 *
 <u>Other Assets</u>	 5	 <u>2,992</u>	 <u>8,231</u> *
		<u>143,438</u>	<u>520,108</u>

 <u>Current Liabilities</u>			
Checks Payable		7,650	2,709
Creditors and Credit Balances	6	<u>83,754</u>	<u>141,507</u> **
		91,404	144,216
 <u>Long Term Liabilities</u>			
Provision for Severance Pay	7	35,430	16,146
 <u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
Used for Current Activities		(76,804)	245,638 **
Used for Fixed and other Assets		<u>93,408</u>	<u>114,108</u>
		16,604	359,746
		<u>143,438</u>	<u>520,108</u>

Date	Member of the Board	Member of the Board
------	---------------------	---------------------

* Reclassified

** Restated - see note 2H

The attached notes are an integral part of these statements.

The Amutah for NGO Responsibility (R.A.)

Statements on Activities

(New Israeli Shekels)

	<u>Note</u>	For the Year Ended December 31	
		<u>2009</u>	<u>2008</u>
Donations	10	1,319,676	1,608,512 **
Cost of Activities	8	<u>1,321,943</u>	<u>1,157,612</u>
Net Income (Deficit) from Activities		(2,267)	450,900
General and Administrative Expenses	9	<u>318,132</u>	<u>204,970</u>
Net Income (Deficit) for the Year Before Finance		(320,399)	245,930
Financing Income (Expense)		<u>(22,743)</u>	<u>15,439</u>
Net Income (Deficit) For the Year		<u>(343,142)</u>	<u>261,369</u>

** Restated - see note 2H

The attached notes are an integral part of these statements.

The Amutah for NGO Responsibility (R.A.)
Statements of Changes in Net Assets

(New Israeli Shekels)

	<u>Unrestricted Net Assets</u>		
	<u>Used for</u>	<u>Used for</u>	
	<u>Activities</u>	<u>Fixed and</u>	<u>Total</u>
		<u>Other Assets</u>	
Balance as of January 1, 2008	69,786	28,591	98,377
<u>Changes during the year:</u>			
Net Income for the Year	261,369 **	---	261,369
Transfer of unrestricted amounts-for fixed assets	(107,173)	107,173	---
Amounts transferred to cover depreciation expenses	<u>21,656</u>	<u>(21,656)</u>	<u>---</u>
Balance as of January 1, 2009	245,638	114,108	359,746
<u>Changes during the year:</u>			
Net Deficit for the Year	(343,142)	---	(343,142)
Transfer of unrestricted sums used for fixed and other assets	(7,399)	7,399	---
Amounts transferred to cover depreciation expenses	<u>28,099</u>	<u>(28,099)</u>	<u>---</u>
Balance as of December 31, 2009	<u>(76,804)</u>	<u>93,408</u>	<u>16,604</u>

** Restated - see note 2H

The attached notes are an integral part of these statements.

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

Note 1 - The Amutah for NGO Responsibility (R.A.) (hereafter: "the Amutah") was established as a non-profit organization according to the Law of Amutot 5740-1980, and began its activity in February 2007.

The aim of the Amutah is to serve as a public research institute that publicly (not politically) analyses the activities of NGO's, especially those working within the international community and in the Palestinian Authority territories and who deal with the Arab-Israeli conflict, and to examine the transparency of the mission statements of the humanitarian NGO's.

Note 2 - **Significant Accounting Policies**

A. The financial statements were prepared according to generally accepted accounting principles for non-profit institution and in accordance with Standard No. 5 of the Israel Accounting Standard Board, regarding "accounting principles and financial reporting by nonprofit organizations."

B. Historical Cost Convention

The financial statements were prepared on the basis of the historical cost convention and do not include the impact of changes in the general purchasing power of the Israeli currency on the results of the activities.

C. Cash and Cash Equalivants

The Association considers all highly liquid investments, including short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

D. Fixed Assets

The fixed assets are shown at cost less accumulated depreciation. The depreciation was calculated according to the estimated length of use of the assets and at the following rates:

Computers and accessories	33%
Office furniture and equipment	6-33%
Leasehold improvements	10%

E. Other Assets

The other assets are shown at cost less accumulated depreciation. The depreciation was calculated according to the estimated length of use of the assets and at the following rate:

Website	33%
---------	-----

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

Note 2 - Significant Accounting Policies (cont.)

F. Indexation to Foreign Currency

Balances in or indexed to foreign currency are recorded at the exchange rate on the balance sheet. Income and expenses indexed to foreign currency are recorded on the transaction day. The dollar exchange rates for the dates of the financial statement are as follows:

December 31, 2009	\$1 = NIS 3.775
December 31, 2008	\$1 = NIS 3.802

G. Statement of Changes in Cash Flow

The financial statements do not include a statement of cash flow, as such a statement would not add significant financial information to that already included in the financial statements.

H. Restatement

The Amutah restated the financial statements as of December 31, 2008 in order to present the correction in active turnover as a result of income from donations that was recorded after the forgiveness of a debt and which, in fact, was not forgiven by the creditor.

The effect of the coordination above on the financial statements is as follows:

	Balance Sheet As of December 31 2008
Creditors and credit balances - as reported	102,718
The effects of the restatement	38,789
Creditors and credit balances - corrected	141,507
Unrestricted net assets used for activities - as reported	284,427
The effects of the restatement	(38,789)
Unrestricted net assets used for activities - corrected	245,638

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

Note 2 - Significant Accounting Policies (cont.)

H. Restatement (cont.)

	<u>Statement on Activities</u> <u>For the Year Ended December 31 2008</u>
Donations - as reported	1,647,301
The effects of the restatement	<u>(38,789)</u>
Donations - corrected	<u><u>1,608,512</u></u>

	<u>Statement of Changes in Net Assets</u> <u>For the Year Ended December 31 2008</u>
Net income - as reported	300,158
The effects of the restatement	<u>(38,789)</u>
Net income - corrected	<u><u>261,369</u></u>

	<u>As of December 31</u> <u>2009</u>	<u>2008</u>
<u>Note 3 - Cash and Cash Equivalents</u>		
Cash on hand and in banks - NIS	27,222	152,570
Cash on hand and in banks - foreign currency	---	9
Short-term deposits in foreign currency	<u>---</u>	<u>234,621</u>
	<u><u>27,222</u></u>	<u><u>387,200</u></u>

	<u>Cost</u>	<u>Cumulative Depreciation</u>	<u>Depreciated Cost As of December 31</u> <u>2009</u>	<u>2008</u>
<u>Note 4 - Fixed Assets</u>				
Computers and accessories	45,002	27,524	17,478	25,303
Office furniture and Equipment	39,072	4,852	34,220	37,236
Leasehold improvements	<u>46,200</u>	<u>7,482</u>	<u>38,718</u>	<u>43,338</u>
	<u><u>130,274</u></u>	<u><u>39,858</u></u>	<u><u>90,416</u></u>	<u><u>105,877</u></u>

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

Note 5 - Other Assets

Website	<u>23,973</u>	<u>20,981</u>	<u>2,992</u>	<u>8,231</u>
---------	---------------	---------------	--------------	--------------

Note 6 - Creditors and Credit Balances

	As of December 31	
	2009	2008
Employees and related institutions	40,703	97,256
Other credit balances	<u>43,051</u>	<u>44,251</u> **
	<u>83,754</u>	<u>141,507</u>

Note 7 - Provision for Severance Pay

- A. The provision for severance pay is computed based on the last salary of the employees and according to their seniority, for the employees who worked in the Amutah more than one year.
- B. The liability for severance pay to employees as of the balance sheet date is covered by payments to a management insurance policy and funds included in a provision for severance pay.

Note 8 - Cost of Activities

	For the Year Ended December 31	
	2009	2008
Salaries and related expenses (includes gifts)	922,654	754,212 *
Travel (includes travel abroad)	123,978	66,017 *
Office expenses	93,826	67,602
Advertising and printing	70,539	45,817
Rent	60,000	45,000
Depreciation	25,289	19,490 *
Legal fees and translations	25,195	22,642
Outsourcing	462	129,181
Hosting and conferences	---	7,651
	<u>1,321,943</u>	<u>1,157,612</u>

* Reclassified

** Restated - see note 2H

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

		For the Year Ended December 31	
<u>Note 9 -</u>	<u>General and Administrative Expenses</u>	<u>2009</u>	<u>2008</u>
	Salaries and related expenses	187,059	119,785
	Professional Services	32,870	16,620
	Telephone and Postage	25,732	22,895
	Office expenses	23,455	16,901
	Refreshment (last year includes hosting of guests from abroad)	18,417	5,996
	Insurance	11,509	9,706
	Bank fees	10,647	5,685
	Fees	3,568	3,247
	Depreciation	2,810	2,166 *
	Travel	1,158	405 *
	Gifts	664	1,564 *
	Fines	243	---
		<u>318,132</u>	<u>204,970</u>

Note 10 - Details of Donations Above NIS 20,000

Donations listed in the Statement on Activities:

<u>Name of Donor</u>	For the Year Ended <u>December 31</u> <u>2009</u>
Abroad:	
Center for Jewish Community Studies	1,319,676

* Reclassified