

The Amutah for NGO Responsibility (R.A.)

Financial Statements as of December 31, 2010

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, 2010 and 2009, 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, 2010 and 2009, the results of its activities and the changes in its net assets for each of the two years then ended, according to Israeli GAAP.

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

Jerusalem,

The Amutah for NGO Responsibility (R.A.)

Financial Statements as of December 31, 2010

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

The Amutah for NGO Responsibility (R.A.)

Balance Sheets

(New Israeli Shekels)

	<u>Note</u>	<u>As of December 31</u>	
		<u>2010</u>	<u>2009</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	3	476,087	27,222
Debtors and Debit Balances	4	39,486	22,808
		<u>515,573</u>	<u>50,030</u>
<u>Fixed Assets</u>			
	5	90,492	90,416
<u>Other Assets</u>			
	6	1,327	2,992
		<u>607,392</u>	<u>143,438</u>

<u>Current Liabilities</u>			
Suppliers and Service providers	7	69,776	7,650
Creditors and Credit Balances	8	158,985	83,754
		<u>228,761</u>	<u>91,404</u>
<u>Long Term Liabilities</u>			
Provision for Severance Pay	9	66,853	35,430
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
Used for Current Activities		219,959	(76,804)
Used for Fixed and other Assets		91,819	93,408
		<u>311,778</u>	<u>16,604</u>
		<u>607,392</u>	<u>143,438</u>

Date

Member of the Board

Member of the Board

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>	<u>For the Year Ended</u> <u>December 31</u>	
		<u>2010</u>	<u>2009</u>
Donations		2,839,667	1,319,676
Cost of Activities	10	<u>2,084,162</u>	<u>1,321,943</u>
Net Income (Deficit) from Activities		755,506	(2,267)
General and Administrative Expenses	11	<u>458,831</u>	<u>318,132</u>
Net Income (Deficit) for the Year Before Finance		296,675	(320,399)
Financing Expense		<u>1,501</u>	<u>22,743</u>
Net Income (Deficit) For the Year		<u><u>295,174</u></u>	<u><u>(343,142)</u></u>

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>Total</u>
	<u>Used for Activities</u>	<u>Used for Fixed and Other Assets</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 amounts-for fixed assets	(7,399)	7,399	---
Amounts transferred to cover depreciation expenses	<u>28,099</u>	<u>(28,099)</u>	<u>---</u>
Balance as of January 1, 2010	(76,804)	93,408	16,604
<u>Changes during the year:</u>			
Net Income for the Year	295,174	---	295,174
Transfer of unrestricted sums used for fixed and other assets	(21,164)	21,164	---
Amounts transferred to cover depreciation expenses	<u>22,753</u>	<u>(22,753)</u>	<u>---</u>
Balance as of December 31, 2010	<u>219,959</u>	<u>91,819</u>	<u>311,778</u>

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 - General

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 Equivalents

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	7-15%
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%
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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, 2010 \$1 = NIS 3.549
 December 31, 2009 \$1 = NIS 3.775

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.

Note 3 - Cash and Cash Equivalents

	<u>As of December 31</u>	
	<u>2010</u>	<u>2009</u>
Cash on hand and in banks - NIS	458,447	27,222
Cash on hand and in banks - foreign currency	17,640	---
	476,087	27,222

Note 4 - Debtors and Debit Balances

Prepaid expenses	36,198	22,808
Tax authorities	3,288	---
	39,486	22,808

Note 5 - Fixed Assets

	<u>Cost</u>	<u>Cumulative Depreciation</u>	<u>Depreciated Cost As of December 31</u>	
			<u>2010</u>	<u>2009</u>
Computers and accessories	53,307	40,663	12,644	17,478
Office furniture and Equipment	51,930	8,180	43,750	34,220
Leasehold improvements	46,200	12,102	34,098	38,718
	151,437	60,945	90,492	90,416

Note 6 - Other Assets

Website	23,973	22,646	1,327	2,992
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The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

<u>Note 7 -</u>	<u>Suppliers and Service providers</u>	<u>As of December 31</u>	
		<u>2010</u>	<u>2009</u>
	Open accounts	2,087	---
	Checks payable	67,689	7,650
		<u>69,776</u>	<u>7,650</u>

<u>Note 8 -</u>	<u>Creditors and Credit Balances</u>		
	Employees and related institutions	156,657	40,703
	Other credit balances	2,328	43,051
		<u>158,985</u>	<u>83,754</u>

Note 9 - **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 over 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.

<u>Note 10 -</u>	<u>Cost of Activities</u>	<u>For the Year Ended</u>	
		<u>December 31</u>	
		<u>2010</u>	<u>2009</u>
	Salaries and related expenses (includes gifts)	1,463,500	922,654
	Advertising and printing	227,352	70,539
	Travel (includes travel abroad)	162,680	123,978
	Office expenses	125,527	93,826
	Rent	60,000	60,000
	Legal fees and translations	24,624	25,195
	Depreciation	20,478	25,289
	Outsourcing	---	462
		<u>2,084,162</u>	<u>1,321,943</u>

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

<u>Note 11 - General and Administrative Expenses</u>	For the Year Ended December 31	
	<u>2010</u>	<u>2009</u>
Salaries and related expenses	215,005	187,059
Property tax (including previous years)	90,522	---
Telephone and Postage	58,822	25,732
Professional Services	36,940	32,870
Office expenses	13,946	23,455
Insurance	13,878	11,509
Refreshment (last year includes hosting of guests from abroad)	10,538	18,417
Bank fees	9,503	10,647
Fees	2,320	3,568
Depreciation	2,275	2,810
Professional training and literature	1,723	---
Travel	1,638	1,158
Gifts	890	664
Fines	831	243
	<u>458,831</u>	<u>318,132</u>

Note 12 - Details of Donations Above NIS 20,000

Donations listed in the Statement on Activities:

Name of Donor	For the Year Ended December 31	
	<u>2010</u>	
Abroad:		
American Friends of NGO Monitor, Inc.	1,726,754	
Center for Jewish Community Studies	258,952	
Orion Foundation	95,000	
In Israel:		
The Jewish Agency for Isreal	570,776	
Matan	100,000	
Peter Simpson	74,750	