

The Amutah for NGO Responsibility (R.A.)

Financial Statements as of December 31, 2011

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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, 2011 and 2010, 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, 2011 and 2010, 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.)

Balance Sheets

(New Israeli Shekels)

	<u>Note</u>	<u>As of December 31</u>	
		<u>2011</u>	<u>2010</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	3	196,546	476,087
Debtors and Debit Balances	4	29,636	39,486
		<u>226,182</u>	<u>515,573</u>
<u>Fixed Assets</u>			
	5	76,465	90,492
<u>Other Assets</u>			
	6	28,659	1,327
		<u>331,306</u>	<u>607,392</u>

<u>Current Liabilities</u>			
Suppliers and Service providers	7	34,509	69,776
Creditors and Credit Balances	8	92,164	158,985
		<u>126,673</u>	<u>228,761</u>
<u>Long Term Liabilities</u>			
Provision for Severance Pay	9	63,908	66,853
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
Used for Current Activities		50,495	219,959
Used for Fixed and other Assets		90,230	91,819
		<u>140,725</u>	<u>311,778</u>
		<u>331,306</u>	<u>607,392</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>	For the Year Ended December 31	
		<u>2011</u>	<u>2010</u>
Income from Activities	10	2,588,671	2,839,667
Cost of Activities	11	<u>2,313,064</u>	<u>2,084,162</u>
Net Income (Deficit) from Activities		275,607	755,506
General and Administrative Expenses	12	<u>440,709</u>	<u>458,831</u>
Net Income (Deficit) for the Year Before Finance		(165,102)	296,675
Financing Expense		<u>5,951</u>	<u>1,501</u>
Net Income (Deficit) For the Year		<u>(171,053)</u>	<u>295,174</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, 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 amounts-for fixed assets	(21,164)	21,164	---
Amounts transferred to cover depreciation expenses	<u>22,753</u>	<u>(22,753)</u>	<u>---</u>
Balance as of January 1, 2011	219,959	91,819	311,778
<u>Changes during the year:</u>			
Net Deficit for the Year	(171,053)	---	(171,053)
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, 2011	<u>50,495</u>	<u>90,230</u>	<u>140,725</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:

Software	33%
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, 2011 \$1 = NIS 3.821

December 31, 2010 \$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.

<u>Note 3 - Cash and Cash Equivalents</u>	<u>As of December 31</u>	
	<u>2011</u>	<u>2010</u>
Cash on hand and in banks - NIS	196,546	458,447
Cash on hand and in banks - foreign currency	---	17,640
	<u>196,546</u>	<u>476,087</u>

Note 4 - Debtors and Debit Balances

Prepaid expenses	27,336	36,198
Income receivable	2,300	---
Tax authorities	---	3,288
	<u>29,636</u>	<u>39,486</u>

<u>Note 5 - Fixed Assets</u>			<u>Depreciated Cost</u>	
	<u>Cost</u>	<u>Cumulative</u>	<u>As of December 31</u>	
		<u>Depreciation</u>	<u>2011</u>	<u>2010</u>
Computers and accessories	53,307	48,644	4,663	12,644
Office furniture and Equipment	55,224	12,900	42,324	43,750
Leasehold improvements	46,200	16,722	29,478	34,098
	<u>154,731</u>	<u>78,266</u>	<u>76,465</u>	<u>90,492</u>

Note 6 - Other Assets

Software	19,186	3,166	16,020	---
Website	39,382	26,743	12,639	1,327
	<u>58,568</u>	<u>29,909</u>	<u>28,659</u>	<u>1,327</u>

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

		<u>As of December 31</u>	
		<u>2011</u>	<u>2010</u>
<u>Note 7 -</u>	<u>Suppliers and Service providers</u>		
	Open accounts	10,560	2,087
	Checks payable	23,949	67,689
		<u>34,509</u>	<u>69,776</u>
<u>Note 8 -</u>	<u>Creditors and Credit Balances</u>		
	Employees and related institutions	76,863	156,657
	Expenses payable	14,371	---
	Other credit balances	930	2,328
		<u>92,164</u>	<u>158,985</u>
<u>Note 9 -</u>	<u>Provision for Severance Pay</u>		
	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>Income from Activities</u>	<u>For the Year Ended</u>	
		<u>December 31</u>	
		<u>2011</u>	<u>2010</u>
	Donations	2,380,494	2,839,667
	Donations in kind	175,391	---
	Books sales and provision of services	32,786	---
		<u>2,588,671</u>	<u>2,839,667</u>
<u>Note 11 -</u>	<u>Cost of Activities</u>		
	Salaries and related expenses (includes gifts)	1,688,123	1,463,500
	Office expenses, Advertising and printing	384,124	352,879
	Travel (includes travel abroad)	146,482	162,680
	Rent	60,000	60,000
	Depreciation	22,126	20,478
	Legal fees and translations	12,209	24,624
		<u>2,313,064</u>	<u>2,084,162</u>

The Amutah for NGO Responsibility (R.A.)

Notes to the Financial Statements

(New Israeli Shekels)

<u>Note 12 - General and Administrative Expenses</u>	For the Year Ended December 31	
	<u>2011</u>	<u>2010</u>
Salaries and related expenses	192,774	215,005
Fundraising - travel abroad	79,601	---
Professional Services	44,254	36,940
Telephone and Postage	32,557	58,822
Property tax (including previous years)	31,079	90,522
Refreshment	24,968	10,538
Insurance	12,216	13,878
Bank fees	7,317	9,503
Office expenses	6,413	13,946
Professional training and literature	2,726	1,723
Depreciation	2,458	2,275
Travel	1,709	1,638
Gifts	1,396	890
Fees	1,241	2,320
Fines	---	831
	<u>440,709</u>	<u>458,831</u>

Note 13 - 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>2011</u>
Abroad:	
REPORT, Inc.	1,761,296
Orion Foundation	120,050
In Israel:	
The Jewish Agency for Israel	182,043
Nir Ben Josef	255,000
Peter Simpson	59,605

Donations in kind listed in the Statement on Activities:

REPORT, Inc.	175,391
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