

Institute for NGO Research (R.A.)

Financial Statements as of December 31, 2018

Institute for NGO Research (R.A.)

Table of Contents

	<u>Page</u>
Auditors' Report to the Members of the Association	1
Balance Sheets	2
Statements of Activities	3
Statements of Changes in Net Assets	4
Notes to Financial Statements	5-10

Auditors' Report
To the shareholders of

Institute for NGO Research (R.A.)

We have audited the accompanying balance sheets of Institute for NGO Research (R.A.) (hereinafter: "the Association") as of December 31, 2018 and 2017, the statement of activities and the statement of changes in net assets for each of the years then ended. These financial statements are the responsibility of the Association'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 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 examination, on a test basis, of 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 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 Association as of December 31, 2018 and 2017, the results of its activities and the changes in its net assets for each of the years then ended, in conformity with generally accepted accounting principles in Israel (Israeli GAAP).


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

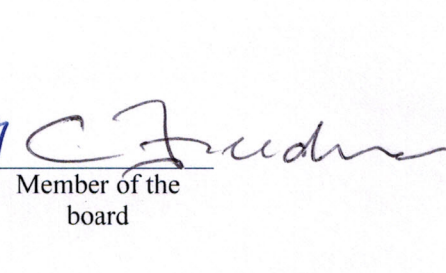
Jerusalem, 10 June 2019

Institute for NGO Research (R.A.)
Balance Sheets
(New Israeli Shekels)

		<u>As of December 31</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>			
Cash and cash equivalents	3	1,132,116	922,793
Deposits in bank		-	10,000
Debtors and debit balances	4	56,124	30,601
		<u>1,188,240</u>	<u>963,394</u>
 <u>Long-term Deposits in bank</u>		 52,724	 52,658
 <u>Fixed Assets, Net</u>	5	 81,619	 92,006
		<u>1,322,583</u>	<u>1,108,058</u>
 <u>Current Liabilities</u>			
Suppliers and service providers	6	23,415	67,950
Creditors and credit balances	7	565,366	500,321
		<u>588,781</u>	<u>568,271</u>
 <u>Long-term Liabilities</u>			
Provision for severance pay, Net	8	56,453	170,675
 <u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
Used for current activities		595,730	277,106
Used for fixed assets		81,619	92,006
		<u>677,349</u>	<u>369,112</u>
		<u>1,322,583</u>	<u>1,108,058</u>

10.6.2019
Date


Member of the board


Member of the board

The attached notes are an integral part of these statements

Institute for NGO Research (R.A.)
Statements of Activities
(New Israeli Shekels)

		Year ended December 31	
		2018	2017
Activities turnover	9	6,197,367	5,966,814
Cost of activities	10	5,027,494	4,890,324
Net income from activities		1,169,873	1,076,490
General and administrative expenses	11	827,766	697,638
Net income before financing		342,107	378,852
Financial expenses		33,870	54,202
Net income for the year		308,237	324,650

The attached notes are an integral part of these statements

Institute for NGO Research (R.A.)
Statements of Changes in Net Assets
(New Israeli Shekels)

	<u>Unrestricted Net Assets</u>		
	<u>Used for activities</u>	<u>Used for fixed assets</u>	<u>Total</u>
Balance as of January 1, 2017	(68,774)	113,236	44,462
<u>Changes during the year</u>			
Net income for the year	324,650	-	324,650
<u>Transfer of unrestricted amounts</u>			
Used for fixed assets	(28,290)	28,290	-
To cover depreciation expenses	<u>49,520</u>	<u>(49,520)</u>	<u>-</u>
Balance as of December 31, 2017	277,106	92,006	369,112
<u>Changes during the year</u>			
Net income for the year	308,237	-	308,237
<u>Transfer of unrestricted amounts</u>			
Used for fixed assets	(30,920)	30,920	-
To cover depreciation expenses	<u>41,307</u>	<u>(41,307)</u>	<u>-</u>
Balance as of December 31, 2018	<u>595,730</u>	<u>81,619</u>	<u>677,349</u>

The attached notes are an integral part of these statements

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 1 - General

Institute for NGO Research (R.A.) (hereafter: "the Association") was established as a non-profit organization on January 7, 2007 according to the Association law 1980. up until August 16, 2016 the Association operated under the name "The Amutah for NGO Responsibility (R.A.)"

The aim of the Association 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.

The association is defined as a public institution as defined in Article 9(2) of the Income Tax Ordinance.

The association has a proper management approval from the Registrar of Associations for the year 2019.

The association has an income tax certificate for purposes of donations under section 46 of the Income Tax Ordinance, which is valid until December 2020.

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. Presentation of financial statements:

(1) Definitions:

Net assets" - the difference between the assets and liabilities of the Association.

"Restriction" - the restriction on the use of net assets imposed by donors or other external factors.

"Net assets for which there is no restriction" - that part of the net assets of the Association deriving from donations, allocations or other income, the use of which has not been limited by external factors.

(2) In accordance with Opinion No. 69, all the Association's accounts are presented in the financial statements in only one comprehensive framework, while classifying all

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 2 - Significant Accounting Policies (Cont.)

the balances of the funds under the heading "Net assets."

The classification of the balances included in the net asset group is made by distinguishing between:

- Net assets for which there is no restriction.
- Net assets for which there is a temporary restriction.
- Fixed assets with fixed restrictions.

The net assets for which there is no restriction are presented with a distinction between:

- Net assets used for activities.
- Net assets used to purchase fixed assets.
- Net assets designated by the Association's institutions.

(3) The statement of activities and the statement of changes in net assets:

The activities statement includes all income and all expenses in the reporting period.

"Revenues" includes all income received and accrued in the period without any restriction on their use, as well as that part of the net assets that were restricted and released during the period from the contributing stipulations.

"Expenses" also include expenditures financed from sources restricted by their grant.

The statement of changes in net assets includes, in addition to the net result transferred from the activities statement, all the sources received while limiting their use and the amounts released from the restrictions. Amounts released from the restrictions due to use of activities are transferred as income to the statement of activities.

D. 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.

E. Fixed Assets

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:

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 2 - Significant Accounting Policies (Cont.)

Computers	33%
Furniture and equipment	7-15%
Leasehold improvements	10%

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, as follows:

	<u>As of December 31</u>	
	<u>2018</u>	<u>2017</u>
US dollar	3.748	3.467
Euro	4.292	4.152

G. Statements of Changes in Cash Flows

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. Donations in kind

The Association receives donations in money value for the Association's activities. Donations in money value are valued according to the market value of the donation, according to the management's assessment.

Note 3 - Cash and cash equivalents

	<u>As of December 31</u>	
	<u>2018</u>	<u>2017</u>
Cash on hand and in banks - NIS	1,132,116	575,941
Cash in banks - foreign currency	-	346,852
	<u>1,132,116</u>	<u>922,793</u>

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 4 - Debtors and debit balances

	<u>As of December 31</u>	
	<u>2018</u>	<u>2017</u>
Prepaid expenses	56,124	25,980
Income receivable	-	4,621
	<u>56,124</u>	<u>30,601</u>

Note 5 - Fixed Assets, Net

	<u>Computers</u>	<u>Furniture</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>				
Balance as of January 1, 2018	274,278	103,246	48,540	426,064
Additions	21,299	9,621	-	30,920
Balance as of December 31, 2018	295,577	112,867	48,540	456,984
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2018	240,431	48,954	44,673	334,058
Depreciation for the year	31,461	7,854	1,992	41,307
Balance as of December 31, 2018	271,892	56,808	46,665	375,365
 Fixed Assets, Net as of December 31, 2018	 <u>23,685</u>	 <u>56,059</u>	 <u>1,875</u>	 <u>81,619</u>
 Fixed Assets, Net as of December 31, 2017	 <u>33,847</u>	 <u>54,292</u>	 <u>3,867</u>	 <u>92,006</u>

Note 6 - Suppliers and service providers

	<u>As of December 31</u>	
	<u>2018</u>	<u>2017</u>
Open accounts	23,415	50,846
Checks payable	-	17,104
	<u>23,415</u>	<u>67,950</u>

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 7 - Creditors and credit balances

	<u>As of December 31</u>	
	<u>2018</u>	<u>2017</u>
Employees and related institutions	509,955	441,789
Expenses payable	49,006	56,628
Other creditors	6,405	1,904
	<u>565,366</u>	<u>500,321</u>

Note 8 - Provision for severance pay, Net

- 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 Association 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 9 - Activities turnover

	<u>Year ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Donations	5,884,734	5,624,643
Donations in kind *	298,703	335,171
Income from research and consulting	13,930	7,000
	<u>6,197,367</u>	<u>5,966,814</u>

* See note 2H.

Institute for NGO Research (R.A.)
Notes to Financial Statements
(New Israeli Shekels)

Note 10 - Cost of activities

	Year ended December 31	
	2018	2017
Salaries and related expenses	3,922,923	3,649,904
Research and information expenses in kind *	298,703	335,171
Rent and maintenance	323,476	310,895
Travel (includes travel abroad)	249,095	284,780
Office expenses, advertising, printing and research	195,436	251,729
Depreciation	33,453	41,674
Events	4,408	16,171
	<u>5,027,494</u>	<u>4,890,324</u>

* see note 2H.

Note 11 - General and administrative expenses

	Year ended December 31	
	2018	2017
Salaries and related expenses	289,460	242,082
Fundraising - travel abroad	245,332	161,449
Professional services	81,358	76,151
Hospitality from Israel and abroad	62,183	72,546
Property tax	60,782	59,500
Communication and postage	26,831	25,184
Office expenses	22,459	16,402
Insurance	13,905	14,423
Professional training and literature	10,589	13,380
Depreciation	7,854	7,846
Bank fees	3,445	4,384
Gifts	2,199	2,727
Fees and taxes	1,369	1,564
	<u>827,766</u>	<u>697,638</u>