

Institute for NGO Research (R.A.)

Financial Statements as of December 31, 2017

Institute for NGO Research (R.A.)

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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, 2017 and 2016, 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, 2017 and 2016, 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 & Co.
Certified Public Accountants, (Isr.)

Jerusalem, _____ 2018

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

		<u>As of December 31</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
<u>Curret Assets</u>			
Cash and cash equivalents	3	932,793	661,401
Debtors and debit balances	4	30,601	38,372
		<u>963,394</u>	<u>699,773</u>
<u>Long-term Deposits</u>		52,658	52,522
<u>Fixed Assets, Net</u>	5	92,006	113,236
		<u>1,108,058</u>	<u>865,531</u>

<u>Current Liabilities</u>			
Suppliers and service providers	6	67,950	70,637
Creditors and credit balances	7	500,321	503,675
		<u>568,271</u>	<u>574,312</u>
<u>Long-term Liabilities</u>			
Provision for severance pay, Net	8	170,675	246,757
<u>Net Assets</u>			
<u>Unrestricted Net Assets</u>			
Used for current activities		277,106	(68,774)
Used for fixed assets		92,006	113,236
		<u>369,112</u>	<u>44,462</u>
		<u>1,108,058</u>	<u>865,531</u>

Date	Member of the board	Member of the board
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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	
		2017	2016
Activities turnover	9	5,966,814	4,651,933
Cost of activities	10	4,890,324	4,633,280
Net income from activities		1,076,490	18,653
General and administrative expenses	11	697,638	710,543
Net income (expenses) before financing		378,852	(691,890)
Financial expenses ,net		54,202	58,395
Net income (Deficit) for the year		324,650	(750,285)

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)

	Unrestricted Net Assets		Total
	Used for activities	Used for fixed assets	
Balance as of January 1, 2016	682,856	111,891	794,747
<u>Changes during the year</u>			
Deficit for the year	(750,285)	-	(750,285)
<u>Transfer of unrestricted amounts</u>			
Used for fixed assets	(48,684)	48,684	-
To cover depreciation expenses	47,339	(47,339)	-
Balance as of December 31, 2016	(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	49,520	(49,520)	-
Balance as of December 31, 2017	277,106	92,006	369,112

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 Organization has a proper management confirmation form in 2018.

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

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

Note 2 - Significant Accounting Policies (Cont.)

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:

Computers	33%
Furniture and equipment	7-15%

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

Note 2 - Significant Accounting Policies (Cont.)

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>2017</u>	<u>2016</u>
US dollar	3.467	3.845
Euro	4.152	4.044

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>2017</u>	<u>2016</u>
Cash on hand and in banks - NIS	575,941	661,401
Cash in banks - foreign currency	346,852	-
Deposits	10,000	-
	<u>932,793</u>	<u>661,401</u>

Note 4 - Debtors and debit balances

	<u>As of December 31</u>	
	<u>2017</u>	<u>2016</u>
Prepaid expenses	25,980	38,372
Income receivable	4,621	-
	<u>30,601</u>	<u>38,372</u>

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

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, 2017	274,278	77,296	46,200	397,774
Additions	-	25,950	2,340	28,290
Balance as of December 31, 2017	274,278	103,246	48,540	426,064
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2017	203,608	41,108	39,822	284,538
Depreciation for the year	36,823	7,846	4,851	49,520
Balance as of December 31, 2017	240,431	48,954	44,673	334,058
Fixed Assets, Net as of December 31, 2017	<u>33,847</u>	<u>54,292</u>	<u>3,867</u>	<u>92,006</u>
Fixed Assets, Net as of December 31, 2016	<u>70,670</u>	<u>36,188</u>	<u>6,378</u>	<u>113,236</u>

Note 6 - Suppliers and service providers

	<u>As of December 31</u>	
	<u>2017</u>	<u>2016</u>
Checks payable	17,104	48,971
Open accounts	50,846	21,666
	<u>67,950</u>	<u>70,637</u>

Note 7 - Creditors and credit balances

	<u>As of December 31</u>	
	<u>2017</u>	<u>2016</u>
Employees and related institutions	441,789	455,093
Expenses payable	56,628	45,359
Other creditors	1,904	3,223
	<u>500,321</u>	<u>503,675</u>

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

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

	Year ended December 31	
	2017	2016
Donations	5,624,643	4,467,571
Donations in kind *	335,171	137,241
Income from research and consulting	7,000	47,121
	<u>5,966,814</u>	<u>4,651,933</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	
	2017	2016
Salaries and related expenses	3,649,903	3,775,025
Research and information expenses in kind *	335,171	137,241
Rent	310,895	74,400
Travel (includes travel abroad)	284,780	229,097
Office expenses, advertising, printing and research	251,502	251,631
Depreciation	41,674	42,605
Events	16,171	120,278
Translation	228	3,003
	<u>4,890,324</u>	<u>4,633,280</u>

* see note 2H.

Note 11 - General and administrative expenses

	Year ended December 31	
	2017	2016
Salaries and related expenses	242,082	254,101
Fundraising - travel abroad	161,449	188,434
Professional services	76,151	82,796
Hospitality from Israel and abroad	72,546	68,745
Property tax	59,500	32,691
Communication and postage	25,184	31,295
Office expenses	16,402	18,414
Insurance	14,423	14,591
Professional training and literature	13,380	5,194
Depreciation	7,846	4,734
Bank fees	4,384	6,671
Gifts	2,727	1,593
Fees	1,564	1,284
	<u>697,638</u>	<u>710,543</u>