

Muwatin

The Palestinian Institute for the Study of Democracy

**Financial Statements
For the year ended December 31st, 2009**

MUWATIN
The Palestinian Institute for the Study of Democracy
Financial Statements
For the Year Ended December 31st, 2009

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To The Board of Trustees of
Muwatin the Palestinian Institute for the Study of Democracy

Auditors' Report

We have audited the financial position of **Muwatin The Palestinian Institute for the Study of Democracy** (hereinafter Muwatin), as of December 31st, 2009 and 2008 and the statement of activities, cash flow statement and statement of operational expenses for the years then ended. These financial statements are the responsibility of the Muwatin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, in a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide basis for our opinion.

The above mentioned financial statements are presented according to the historical cost convention in nominal values. Information regarding the effect of the changes in the purchase power of the local currency is not included in these financial statements.

In our opinion, except for not including the information mentioned in the previous paragraph, the financial statement referred to above present fairly, in all material aspect, the financial position of **Muwatin** as of December 31st, 2009 and 2008 and the result of its operations for the years then ended in conformity with Generally Accepted Accounting Principles, under the historical cost convention.

Baransi & Co. CPA ACCA
Certified Public Accountant C.P.A
Members of the Association of Chartered Certified Accountants ACCA (UK)

Ramallah -June, 9th 2010

MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Financial Position
As at December 31st, 2009

	<u>Note</u>	<u>2009</u> <u>NIS</u>	<u>2008</u> <u>NIS</u>
Current Asset -			
Cash and Cash Equivalent	(3)	1970023	2371519
Short Term Bank Deposits		647944	1624577
Other Accounts Receivable	(4)	<u>74197</u>	<u>216334</u>
		2692164	4212430
		-----	-----
Fixed Assets, Net -	(5)	2132624	450043
		-----	-----
Total Assets		<u>4824788</u>	<u>4662473</u>
Current Liabilities -			
Bank Overdraft		46	-
Accounts Payable	(6)	347316	126947
Other Accounts Payable	(7)	<u>176316</u>	<u>144210</u>
		523678	271157
		-----	-----
Provision for Severance Pay -		370703	256135
		-----	-----
Long Term Liabilities -			
Loan from Board Members	(8)	15100	15208
		-----	-----
Total Liabilities		909481	542500
		-----	-----
Net Assets -			
Unrestricted Net Assets -			
For Operations		1360088	1380980
For Fixed Assets		<u>2132624</u>	<u>450043</u>
		3492712	1831023
		-----	-----
Restricted Net Assets -		<u>422595</u>	<u>2288950</u>
Total Net Assets		3915307	4119973
		-----	-----
Total Liabilities and Net Assets		<u>4824788</u>	<u>4662473</u>

- Notes to the Financial Statements Form an Integral Part Thereof.

Dr. George Giacaman
General Director

Mrs. May Jayyusi
Executive Director

MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Activities
For the Year Ended December 31st, 2009

	<u>Note</u>	<u>2009</u> <u>NIS</u>	<u>2008</u> <u>NIS</u>
Support and Revenue -			
Revenues Released from Restrictions		1536800	1412068
Sales of Publication	(9)	<u>15584</u>	<u>33250</u>
		1552384	1445318
		-----	-----
Operational Expenses -		1285016	938566
		-----	-----
Net Revenues before General and Administrative Expenses		267368	506752
		-----	-----
General and Administrative Expenses -	(10)	369388	318550
		-----	-----
Net Revenues/ (Loss) before Finance Expenses		(102020)	188202
Finance Expense/ (Revenues), Net	(11)	(54106)	171422
		-----	-----
Excess/ (Deficit) of Support and Revenues Over Expenses for the year -		(47914)	16780
Revenues Released to Cover Fixed Assets		1709603	29666
Fund at the Beginning of the Year		<u>1831023</u>	<u>1784577</u>
Fund at the End of the Year		<u>3492712</u>	<u>1831023</u>

- Notes to the Financial Statements Form an Integral Part Thereof.

MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Changes in Net Assets
For the year Ended December 31st, 2009

	<u>Note</u>	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total</u> <u>NIS</u>
		<u>Operational</u>	<u>Fixed</u>	<u>Temporary</u>	<u>Permanent</u>	
		<u>Activities</u> <u>NIS</u>	<u>Assets</u> <u>NIS</u>	<u>NIS</u>	<u>NIS</u>	
Balance As of January 1st, 2008		1331227	453350	2317874	-	4102451
Additions Through the Year 2008:						
Donations	(12)	-	-	1412810	-	1412810
Excess/ (Deficit) of Support and Revenues Over Expenses-		16780	-	-	-	16780
Deductions Through the Year 2008:						
Net Assets Released From Restrictions-		-	-	(1412068)	-	(1412068)
Unrestricted Net Assets Used for Fixed Assets		-	29666	(29666)	-	-
Amounts Transferred to Cover Depreciation		32973	(32973)	-	-	-
Amounts Transferred to Cover Donations for Fixed Assets		-	-	-	-	-
Balance As of January 1st, 2009		1380980	450043	2288950	-	4119973
Additions Through the Year 2009:						
Donations	(12)	-	-	1380048	-	1380048
Excess/ (Deficit) of Support and Revenues Over Expenses-		(47914)	-	-	-	(47914)
Deductions Through the Year 2009:						
Net Assets Released From Restrictions (13)		-	-	(1536800)	-	(1536800)
Unrestricted Net Assets Used for Fixed Assets		-	1709603	(1709603)	-	-
Amounts Transferred to Cover Depreciation		27022	(27022)	-	-	-
Amounts Transferred to Cover Donations for Fixed Assets		-	-	-	-	-
Balance As of December 31st, 2009		1360088	2132624	422595	-	3915307

MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Cash Flows
For the Year Ended December 31st, 2009

	2009	2008
	NIS	NIS
Cash Flows from Operating Activities		
Excess of Support and Revenues Over Expenses	(47914)	16780
Adjustments to Reconcile Excess of Support and Revenues Over Expenses to Net Cash Used for (Generated from) Activities		
Depreciation	27022	32973
Reserve for Severance Pay	114568	5761
Changes in Assets and Liabilities		
(Increase) Decrease in Other Accounts Receivable	142137	(190160)
Increase (Decrease) in Board Member's Loan	(108)	(176)
Increase (Decrease) in Bank Overdraft	46	(296)
Increase (Decrease) in Accounts Payable	252475	(17657)
Net Cash from (Used for) Operating Activities	488226	(152775)
	-----	-----
Cash Flows used for Investment Activities		
Purchase of Fixed Assets	(1709603)	(29666)
Net Cash from (Used for) Investment Activities	(1709603)	(29666)
	-----	-----
Cash Flows from Finance Activities		
Net Assets Released for Fixed Assets	1709603	29666
Increase (Decrease) in Restricted Net Assets	(1866355)	(28924)
Net Cash from (Used for) Finance Activities	(156752)	742
	-----	-----
Net Increase (Decrease) in Cash	(1378129)	(181699)
Cash and Cash Equivalents, Beginning of year	3996096	4177795
Cash and Cash Equivalents, End of year	2617967	3996096

MUWATIN
The Palestinian Institute for the Study of Democracy
Statements of Operational Expenses
For the Year Ended December 31st, 2009

	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>NIS</u>
Authors and Researchers	239280	165984
Coordinators, Editors and Journalists	729177	403775
Library purchases and books	64764	63874
Publications and Printing Costs	163859	176677
Training, Workshops and Seminars	34722	71868
Travel and Transportation	8496	21281
Advertisements / Announcements	16602	25205
Translation	28116	9902
	<u>1285016</u>	<u>938566</u>

MUWATIN
The Palestinian Institute for the Study of Democracy
Notes to the Financial Statements
For the Year Ended December 31st, 2009

Note (1) - General -

Muwatin, the Palestinian Institute for the Study of Democracy, was founded in January 1992 to promote the development of democracy in Palestine and in the region. Muwatin was founded at a critical juncture in Palestine life and is committed to playing a full role at this crucial time, which marks a period of transformation for Palestinian life.

As an institute whose main focus is on issues of democracy, it is first of its kind in the area. Founded by a group of scholar and academics, Muwatin has already been widely active in holding symposia and seminars on issues of public importance, and in publishing divers of varied audiences.

One of the main aims of Muwatin is to initiate a full and wide- ranging debate on democratic issues and to provide a public space for debate on the need for a democratic transformation of Palestinian Political and civil life.

Muwatin is also actively engaged in the practical dissemination of democratic ideas and culture through its series of publications.

Muwatin is actively in the Palestinian NGO Network (PNGO), in the belief that building a strong network of independent NGOs is one way of insuring the correct institutional frame for a democratic process on Palestine.

Muwatin's activities are many sided. The core program includes five series of publications, a continuing series of symposia and workshops, a research program involving publications and the exchange of scholar, a training program for democratic education, and the establishment of a specialized research library.

**Note (2) - Accounting Policies -
Fund Accounting -**

The above mentioned financial statements are stated according to the fund accounting standards to represent the limitations of the use of the funds received.

The accompanying financial statements represent the financial status and the results of operations of Muwatin. A cash flow report is included therein.

Fixed Assets -

Fixed assets are stated at cost and are depreciated using the straight- line method, with depreciation rates are considered to be adequate to write-off the cost of the assets during their useful economic life.

Inflation and Currency Differentials -

The financial statements are stated in NIS at nominal value. No adjustments have been made therein to reflect the changes of the purchase power of the reporting currency.

Transaction in other currencies were translated to NIS using the official exchange rate at the date of the transaction, foreign currency balances were translated to NIS using the official exchange rate at the end of the year

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Note (3) - Cash and Cash Equivalent -

Details	<u>2009</u> <u>NIS</u>	<u>2009</u> <u>FC</u>	<u>2008</u> <u>NIS</u>
Cash on Hand	15972	-	16688
Bank, Current Account - NIS	7559	-	180678
Bank, Current Account - USD	1133281	300207 USD	1543093
Bank, Current Account - EURO	758553	139396 EURO	576098
Bank, Current Account - JD	54658	10258 JD	54962
	<u>1970023</u>		<u>2371519</u>

Note (4) - Other Accounts Receivable -

Details-	<u>2009</u> <u>NIS</u>	<u>2008</u> <u>NIS</u>
Prepaid Expenses	40522	15437
Advances to Suppliers	32782	200105
Other Accounts Receivables	893	792
	<u>74197</u>	<u>216334</u>

Note (5) - Fixed Assets, Net -

Details	<u>Furniture &Equipment</u>	<u>leasehold Improvements</u>	<u>Land & Buildings</u>	<u>Total</u>
Cost -				
Beginning Balance	510311	17400	368162	895873
Additions During the Year	<u>26921</u>	<u>-</u>	<u>1682682</u>	<u>1709603</u>
Total Cost	537232	17400	2050844	2605476
	-----	-----	-----	-----
Accumulated Depreciation -				
Beginning Balance	429901	15929	-	445830
Depreciation During the Year	<u>26854</u>	<u>168</u>	<u>-</u>	<u>27022</u>
Total Accumulated Depreciation	456755	16097	-	472852
	=====	=====	=====	=====
Net Assets, 2009 -	<u>80477</u>	<u>1303</u>	<u>2050844</u>	<u>2132624</u>
Net Assets, 2008 -	<u>80410</u>	<u>1471</u>	<u>368162</u>	<u>450043</u>

2. Depreciation Rates - From 6 % to 33 %

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Note (6) - Accounts Payable -

Details-	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>NIS</u>
Accounts Payable	342778	108047
Outstanding Cheques	<u>4538</u>	<u>18900</u>
	<u>347316</u>	<u>126947</u>

Note (7) - Other Accounts Payable -

Details-	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>NIS</u>
Payroll Tax	38892	38467
Accrued Expenses	67511	44857
Provident Fund	<u>69913</u>	<u>60886</u>
	<u>176316</u>	<u>144210</u>

Note (8) - Loan from Board Members -

The loan from board members (2812.416 JD equivalent to 4000 USD) was given to the institute in 1992 for an unlimited period of repayment. The loan will be repaid according to the financial situation of Muwatin and after the approval of the board members' majority. In our report we have revalued the loan using the exchange rate at 31/12/2009.

Note (9) - Sales of Publications -

Parts of the publications of Muwatin are sold at cost price, many of which are distributed free of charge.

MUWATIN
The Palestinian Institute for the Study of Democracy
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For the Year Ended December 31st, 2009

Note (10) - General and Administrative Expenses -

Details-	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and Social Benefits	182844	124662
Stationery and Office Supplies	21706	9271
Rental Expenses and Maintenance	86567	90642
Professional Fees	22654	20501
Communication and Postage	9614	9936
Advertisements / Announcements	-	2801
Local Transportation	7830	4506
Electricity, Water and Heat	9595	16137
Hospitality	1556	1380
Depreciation	27022	32973
Other expenses	-	5741
	<u>369388</u>	<u>318550</u>

Note (11) - Finance Expense / (Revenues), Net -

Details-	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>NIS</u>
Bank Charges and Interests	2228	2273
Income from Interest	(1213)	(13195)
Currency Differentials	<u>(55121)</u>	<u>182344</u>
	<u>(54106)</u>	<u>171422</u>

Note (12) - Donations -

Details-	<u>2009</u>	<u>2009</u>	<u>2008</u>
	<u>NIS</u>	<u>F. C</u>	<u>NIS</u>
The Heinrich Böell Foundation	397345	75009 EURO	254584
FORD Foundation	400000	100000 USD	360000
Chr. Michlesen	-	-	318160
Oxfam Novib	582703	110000 EURO	267000
Kerkinactie	-	-	213066
	<u>1380048</u>		<u>1412810</u>

MUWATIN
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Notes to the Financial Statements
For the Year Ended December 31st, 2009

Note (13) - (A) Net Assets Released from Restrictions for Operations-
Details-

	2009
	NIS
The Heinrich Böell Foundation	238612
FORD Foundation	387604
Chr. Michlesen	322289
Oxfam Novib	392118
Kerkinactie	71001
Cordaid	57760
Other Projects	67416
	1536800

Note (13) - (B) Net Assets Released from Restrictions used for Fixed Assets -

Details-

	2009
	NIS
Chr. Michlesen	1686341
FORD Foundation	23262
	1709603