

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

Independent Auditors' Report to the Board of Trustees of The Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH)

We have audited the accompanying financial statements of the Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH), which comprise the statement of financial position as at December 31, 2014, and the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MIFTAH as at December 31, 2014 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young - Middle East
License # 206/2012



April 30, 2015
Ramallah - Palestine

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Financial Position

As at December 31, 2014

	<u>Notes</u>	<u>2014</u> <u>U.S. \$</u>	<u>2013</u> <u>U.S. \$</u>
Assets			
Non - current assets			
Property and equipment	3	15,273	19,101
Current assets			
Contributions receivable	4	564,870	605,187
Other current assets		3,062	5,244
Cash and cash equivalents	5	699,233	565,095
		<u>1,267,165</u>	<u>1,175,526</u>
Total Assets		<u>1,282,438</u>	<u>1,194,627</u>
Net Assets and Liabilities			
Net assets			
Unrestricted net assets		202,888	232,906
Total net assets		<u>202,888</u>	<u>232,906</u>
Non - current liabilities			
Deferred revenues	6	15,273	19,101
Provision for employees' indemnity	7	46,879	17,854
		<u>62,152</u>	<u>36,955</u>
Current liabilities			
Accounts payable and accruals	8	65,365	98,907
Temporarily restricted contributions	10	952,033	825,859
		<u>1,017,398</u>	<u>924,766</u>
Total Liabilities		<u>1,079,550</u>	<u>961,721</u>
Total Net Assets and Liabilities		<u>1,282,438</u>	<u>1,194,627</u>

The attached notes 1 to 16 form part of these financial statements

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Activities and Changes in Net Assets

Year ended December 31, 2014

	<u>Notes</u>	<u>2014</u> <u>U.S. \$</u>	<u>2013</u> <u>U.S. \$</u>
<u>Revenues</u>			
Temporarily restricted contributions released from restriction	10	1,004,525	935,777
Deferred revenues recognized	6	5,908	6,601
Unrestricted contributions	9	-	25,000
Foreign exchange gain		-	3,946
Other revenues		980	3,061
		<u>1,011,413</u>	<u>974,385</u>
<u>Expenses</u>			
Projects expenses	11	1,004,525	935,777
General and administrative expenses	12	25,000	-
Depreciation of property and equipment	3	5,908	6,977
Foreign exchange loss		5,998	-
		<u>1,041,431</u>	<u>942,754</u>
(Decrease) increase in net assets		(30,018)	31,631
Net assets, beginning of year		<u>232,906</u>	<u>201,275</u>
Net assets, end of year		<u><u>202,888</u></u>	<u><u>232,906</u></u>

The attached notes 1 to 16 form part of these financial statements

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Cash Flows

Year ended December 31, 2014

	Note	2014 U.S. \$	2013 U.S. \$
Operating Activities:			
(Decrease) increase in net assets		(30,018)	31,631
Adjustments:			
Depreciation of property and equipment		5,908	6,977
Deferred revenues recognized		(5,908)	(6,601)
Provision for employees' indemnity		29,025	30,600
		(993)	62,607
Changes in working capital			
Contributions receivable		40,317	(188,801)
Other current assets		2,182	(5,246)
Temporarily restricted contributions		126,174	84,944
Accounts payable and accruals		(33,542)	27,910
Deferred revenues		2,080	14,070
Employees' indemnity paid		-	(194,438)
Net cash from (used in) operating activities		<u>136,218</u>	<u>(198,954)</u>
Investing Activities:			
Purchase of property and equipment		(2,080)	(14,070)
Net cash used in investing activities		<u>(2,080)</u>	<u>(14,070)</u>
Increase (decrease) in cash and cash equivalents		134,138	(213,024)
Cash and cash equivalents, beginning of year		<u>565,095</u>	<u>778,119</u>
Cash and cash equivalents, end of year	5	<u><u>699,233</u></u>	<u><u>565,095</u></u>

The attached notes 1 to 16 form part of these financial statements

Notes to the Financial Statements

December 31, 2014

1. General

The Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH) was established in December 1998 as a non-governmental non-partisan Jerusalem-based institution dedicated to fostering democracy and good governance within the Palestinian society through promoting public accountability, transparency, the free flow of information and ideas, and challenging of stereotyping at home and abroad. MIFTAH's aim is to serve as a Palestinian platform for global dialogue and cooperation guided by the principles of democracy, human rights, gender equity, and participatory governance. To this end, MIFTAH undertakes the pro-active generation and presentation of policy proposals and the focused dissemination of reliable information. Since its establishment, MIFTAH has established the cogency of its positions in Palestine and in the region, and has formulated long and short-term policies and strategies to deal with particular pressing issues. Through networking with like-minded organizations locally, regionally and internationally, and with Palestinian expatriate communities, MIFTAH maintains lasting relationships and partnerships in pursuit of a common vision of dialogue and democracy.

MIFTAH's financial statements as at December 31, 2014 were approved by the Board of Trustees on April 30, 2015.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial statements have been presented in U.S. Dollars, which is the functional currency of MIFTAH.

The financial statements have been prepared under the historical cost basis.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Furthermore, several standards and interpretations have been issued but are not yet mandatory. MIFTAH believes that the new standards and interpretations will have no significant impact on disclosures, financial position or performance when applied at a future date.

Summary of significant accounting judgments, estimates and assumptions

Judgements and estimation uncertainty

MIFTAH's financial position and results of activities are sensitive to accounting methods, assumptions, estimates and judgments that underlie the preparation of the financial statements. MIFTAH bases its estimates on its past experience and on various other assumptions deemed reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Due to different assumptions and situations, the actual results may differ significantly from these estimates.

Useful lives of properties and equipment

MIFTAH's management reassesses the useful lives of properties and equipment assets, and makes adjustments if applicable, at each financial year end.

Donation revenues

Donors' unconditional pledges are those pledges where donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Donation revenues from unconditional pledges are recognized as follows:

- Unconditional pledges that are not restricted for a specific purpose or time are recognized when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by donor for a specific purpose or time are recognized when such purpose or time is satisfied.

Deferred revenues

Donations related to property and equipment are measured at fair value, recorded as deferred revenues and recognized as revenue in the statement of activities and changes in net assets on a systematic basis over the useful life of the asset.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Impairment of financial assets

An assessment is made at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the statement of activities and changes in net assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges. An estimate for the uncollectible amount is made when the collection of full unconditional pledge is no longer probable.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities and changes in net assets as incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Useful life (years)
Office equipment	4-5
Office furniture	6-7
Leasehold improvements	5

Any item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and changes in net assets when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Income taxes

MIFTAH is a not-for-profit organization; accordingly, it is not subject to income tax.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and equipment

	Office equipment	Office furniture	Leasehold improvements	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<u>Cost:</u>				
At January 1, 2014	219,917	66,237	28,495	314,649
Additions	1,068	1,012	-	2,080
At December 31, 2014	<u>220,985</u>	<u>67,249</u>	<u>28,495</u>	<u>316,729</u>
<u>Depreciation:</u>				
At January 1, 2014	202,482	64,571	28,495	295,548
Depreciation charge for the year	5,422	486	-	5,908
At December 31, 2014	<u>207,904</u>	<u>65,057</u>	<u>28,495</u>	<u>301,456</u>
<u>Net carrying value:</u>				
At December 31, 2014	<u>13,081</u>	<u>2,192</u>	<u>-</u>	<u>15,273</u>
At December 31, 2013	<u>17,435</u>	<u>1,666</u>	<u>-</u>	<u>19,101</u>

Property and equipment include U.S. \$ 290,772 and U.S. \$ 288,900 of fully depreciated assets that are still being used in MIFATH's activities as at December 31, 2014 and 2013, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Arab Fund	129,590	-	(112,456)	(2,473)	14,661
NGO Development Centre (NDC)	6,400	-	(6,400)	-	-
Oxfam Novib and Dutch Ministry of Foreign Affairs (BuZa)	73,873	406,623	(308,848)	(6,173)	165,475
United Nations Development Programme (UNDP)	-	75,200	(70,000)	-	5,200
Representative Office of Norway	-	167,987	(153,571)	(14,416)	-
U.S Consulate	26,250	-	(26,250)	-	-
United Nations Population Fund (UNFPA)	1,612	29,693	(32,282)	1,448	471
The Department for International Development (DFID)/ UK Aid	283,302	-	(192,830)	2,414	92,886
Palestinian Anti-Corruption Commission (PACC)	5,000	6,180	(5,000)	-	6,180
Local Governance & Civil Society Development - GIZ	-	50,876	(20,184)	(695)	29,997
Human Rights Secretariat	-	330,000	(80,000)	-	250,000
Canada Fund	-	13,455	(13,455)	-	-
The Ministry for Foreign Affairs of Ireland (MFAI)	-	87,360	(87,360)	-	-
International Republic Institute (IRI)	79,160	-	(79,160)	-	-
	<u>605,187</u>	<u>1,167,374</u>	<u>(1,187,796)</u>	<u>(19,895)</u>	<u>564,870</u>

5. Cash and cash equivalents

	2014	2013
	U.S. \$	U.S. \$
Cash in hand and at banks	296,366	242,627
Short-term deposits	402,867	322,468
	<u>699,233</u>	<u>565,095</u>

Short term deposits in U.S. \$ are due within three months after the financial statements date with an average interest rate of 0.36% and 0.5%, during the years ended December 31, 2014 and 2013, respectively.

Short-term deposits as at December 31, 2014 and 2013 include U.S. \$ 46,879 and U.S. \$ 17,854, respectively as deposits designated for employees' indemnity.

6. Deferred revenues

This item represents the value of property and equipment acquired during the year using the temporarily restricted contributions.

Movement on deferred revenues during the year was as follows:

	2014	2013
	U.S. \$	U.S. \$
Balance, beginning of year	19,101	11,632
Additions (Note 10)	2,080	14,070
Deferred revenues recognized	(5,908)	(6,601)
Balance, end of year	<u>15,273</u>	<u>19,101</u>

7. Provision for employees' indemnity

Following is a summary of the movement on the provision for severance pay during the year:

	2014	2013
	U.S. \$	U.S. \$
Balance, beginning of year	17,854	181,692
Additions during the year	29,025	30,600
Payments during the year*	-	(194,438)
Balance, end of year	<u>46,879</u>	<u>17,854</u>

* On their meeting dated May 25, 2013, Board of Trustees decided to pay employees' indemnity provision's outstanding amount as of that date, which amounted to U.S \$ 138,145. The remaining balance of U.S \$ 56,293 was paid to resigned employees.

8. Accounts payable and accruals

	2014	2013
	U.S. \$	U.S. \$
Outstanding checks	48,074	77,086
Accounts payable	10,096	14,752
Accrued expenses	7,195	7,069
	<u>65,365</u>	<u>98,907</u>

9. Unrestricted contributions

During 2013, a member of MIFTAH's Board of Trustees donated U.S. \$ 25,000 which was recognized as unrestricted contributions.

10. Temporarily restricted contributions

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations received over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions is as follows:

	Balance, beginning of year	Additions	Temporarily restricted contributions released from restriction	Deferred revenues	Interest revenue	Currency difference	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Arab Fund	92,284	-	(92,284)	-	-	-	-
Oxfam Novib and Dutch Ministry of Foreign Affairs (BuZa)	63,548	406,623	(131,994)	-	-	(18,116)	320,061
United Nations Development Programme (UNDP)	-	75,200	(57,640)	-	-	-	17,560
Representative Office of Norway (NRO)	-	167,987	(152,648)	(924)	-	(14,415)	-
U.S. Consulate	34,541	-	(34,541)	-	-	-	-
United Nations Population Fund (UNFPA)	-	29,693	(31,016)	-	-	1,323	-
The Ministry for Foreign Affairs of Ireland (MFAI)	95,144	87,360	(94,220)	(924)	-	(1,910)	85,450
International Republic Institute (IRI)	54,321	-	(54,321)	-	-	-	-
The Department for International Development (DFID)/ UK Aid	244,613	-	(188,539)	(116)	-	(2,015)	53,943
Palestinian Anti-Corruption Commission (PACC)	5,510	6,180	(11,690)	-	-	-	-
Local Governance & Civil Society Development - GIZ	-	50,876	(42,293)	-	-	(759)	7,824
Human Rights Secretariat	-	330,000	(99,884)	(116)	-	-	230,000
Canada Fund	-	13,455	(13,455)	-	-	-	-
Special donations	235,898	-	-	-	1,297	-	237,195
	<u>825,859</u>	<u>1,167,374</u>	<u>(1,004,525)</u>	<u>(2,080)</u>	<u>1,297</u>	<u>(35,892)</u>	<u>952,033</u>

11. Projects expenses

Components of projects expenses are as follows:

	Canada Fund	UNDP*	Arab Fund	UNFPA	GIZ	IRI	OXFAM Novib	OXFAM Novib and BuZa	Subtotal
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Program personnel salaries and benefits	1,300	15,163	14,883	12,000	6,647	11,805	18,912	32,636	113,346
Consultant researchers, trainers, facilitators	3,828	2,040	14,470	3,073	12,521	8,394	1,335	16,021	61,682
Public opinion poll	-	24,000	-	-	-	-	-	-	24,000
International travel and perdiems	-	-	-	-	-	-	-	815	815
Field coordinators' expenses	300	1,374	1,000	679	1,549	12,902	2,228	8,657	28,689
Volunteers' Stipend/Paid Internships	-	-	-	-	-	-	-	600	600
Information and publication	243	1,071	1,520	584	825	5,751	83	6,353	16,430
Workshops, Seminars, Training Sessions	3,367	2,750	11,071	2,826	13,630	6,817	3,057	8,247	51,765
Transportation and accommodation	4,164	2,071	8,125	3,463	5,680	3,701	3,963	8,354	39,521
Media campaign and activities	-	-	-	1,200	-	-	-	-	1,200
Membership fees	-	-	-	-	-	-	-	-	-
Staff Capacity development	-	-	-	-	-	-	-	-	-
Other program direct costs	-	-	34,797	4,604	-	-	1,350	-	40,751
Program direct cost	11,902	33,306	70,983	16,429	34,205	37,565	12,016	49,047	265,453
Admin staff salaries and benefit	-	150	1,225	267	537	1,714	5,418	976	10,287
Audit fees	-	1,000	-	-	-	-	-	-	1,000
Monitoring and evaluation salaries and related benefits	253	-	-	-	900	1,500	-	4,832	7,485
Overall management	253	1,150	1,225	267	1,437	3,214	5,418	5,808	18,772
Rent	-	1,200	1,900	1,100	-	400	3,000	2,000	9,600
Utilities	-	781	1,854	617	-	663	19	97	4,031
Communication	-	735	1,041	455	4	185	29	2,182	4,631
transportation	-	-	-	-	-	-	263	-	263
Stationary and supplies	-	53	120	-	-	270	53	39	535
Hospitality	-	-	278	117	-	189	130	35	749
Advertising	-	-	-	-	-	-	-	-	-
Bank charges	-	51	-	31	-	30	31	279	422
Other admin costs	-	2,820	5,193	2,320	4	1,737	3,525	4,632	20,231
Total	13,455	52,439	92,284	31,016	42,293	54,321	39,871	92,123	417,802

Projects expenses - continued

	NRO		MFAI		Human Rights Sec.		PACC*		U.S. Consulate		DFID		UNDP and PAAC* Anti-Corruption International Day		Total Project Expenses 2014		Project Expenses 2013	
	U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$	
	Subtotal		Core Fund				Strategy to Fight Corruption		Women in Leadership Positions		Tajawob							
Program personnel salaries and benefits	113,346	41,876	26,326	24,104			2,478		1,952		27,045		-		237,127		256,516	
Consultant researchers, trainers, facilitators	61,682	9,836	4,604	1,261	-	-	-	-	100	-	59,180	-	-	-	136,663	-	78,671	-
Public opinion poll	24,000	-	-	18,000	-	-	-	-	-	-	-	-	-	-	42,000	-	-	-
International travel and perdiems	815	275	75	-	-	-	-	-	-	-	-	-	-	-	1,165	-	9,535	-
Field coordinators' expenses	28,689	1,542	713	20,037	-	-	-	-	300	-	2,063	-	-	-	53,344	-	59,995	-
Volunteers' Stipend/Paid Internships	600	250	250	-	-	-	400	-	-	-	-	-	-	-	1,500	-	1,103	-
Information and publication Workshops, Seminars, Training Sessions	16,430	2,645	1,936	2,023	-	-	1,730	-	161	-	2,876	-	-	-	27,801	-	73,408	-
Transportation and accommodation	51,765	11,108	5,399	5,545	-	-	1,312	-	2,732	-	35,440	-	-	-	113,301	-	100,206	-
Media campaign and activities	39,521	13,855	7,383	3,312	-	-	1,111	-	1,491	-	29,457	-	1,271	-	97,401	-	79,665	-
Membership fees	1,200	1,492	841	-	-	-	-	-	23,059	-	-	-	6,500	-	33,092	-	14,340	-
Staff Capacity development	-	300	-	-	-	-	-	-	-	-	-	-	-	-	300	-	500	-
Other program direct costs	-	-	-	3,101	-	-	-	-	-	-	-	-	-	-	3,101	-	1,000	-
Program direct cost	40,751	-	-	-	-	-	-	-	4,373	-	11,861	-	-	-	56,985	-	67,686	-
Admin staff salaries and benefit	265,453	41,303	21,201	53,279	4,553	4,553	-	32,216	50	-	140,877	7,771	-	-	566,653	-	486,109	-
Audit fees	10,287	47,532	29,473	6,478	-	-	-	-	50	-	8,967	-	-	-	102,787	-	102,327	-
Monitoring and evaluation salaries and related benefits	1,000	1,500	1,500	1,500	-	-	-	-	-	-	500	-	-	-	6,000	-	6,000	-
Overall management	7,485	9,235	7,213	4,210	1,762	1,762	-	-	-	-	1,429	-	-	-	31,334	-	15,358	-
Rent	18,772	58,267	38,186	12,188	-	-	-	-	50	-	10,896	-	-	-	140,121	-	123,685	-
Utilities	9,600	3,100	3,000	3,500	-	-	-	-	100	-	6,200	-	-	-	25,500	-	25,500	-
Communication	4,031	3,976	3,011	2,367	-	-	-	-	29	-	2,001	-	-	-	15,415	-	15,580	-
Transportation	4,631	502	190	914	90	90	-	-	49	-	750	-	-	-	7,126	-	8,105	-
Stationary and supplies	263	2,047	1,255	1,210	77	77	-	-	-	-	490	-	-	-	5,342	-	6,338	-
Hospitality	535	887	910	893	-	-	-	-	-	-	182	-	-	-	3,407	-	2,753	-
Advertising	749	113	1	240	160	160	-	-	145	-	1	-	-	-	1,409	-	1,980	-
Bank charges and other expenses	-	475	-	1,017	-	-	-	-	-	-	-	-	-	-	1,492	-	86	-
Other admin costs	422	102	140	172	-	-	-	-	-	-	97	-	-	-	933	-	9,125	-
Total	20,231	11,202	8,507	10,313	327	327	-	323	-	-	9,721	-	-	-	60,624	-	69,467	-
	417,802	152,648	94,220	99,884	9,120	9,120	-	34,541	-	-	188,539	-	-	-	1,004,525	-	935,777	-

* The project "Anti-Corruption International Day" was co-funded by two different donors which are the UNDP and PAAC. Expenditures borne by UNDP were in the amount of U.S. \$ 5,201 and by PAAC were in the amount of U.S. \$ 2,570. According to this, UNDP's total expenditures were U.S. \$ 57,640 and PAAC's total expenditures were U.S. \$ 11,690.

12. General and administrative expenses

	<u>2014</u>	<u>2013</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Salaries and related expenses	<u>25,000</u>	<u>-</u>
	<u>25,000</u>	<u>-</u>

13. Related party transactions

Related parties represent members of the Board of Trustees and key management personnel of MIFTAH. Pricing policies and terms of these transactions are approved by MIFTAH's management.

Transactions with related parties included in the statement of activities and changes in net assets are as follows:

	<u>2014</u>	<u>2013</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Unrestricted contributions-from Board members	<u>-</u>	<u>25,000</u>
Key management personnel compensation		
Short-term benefits	<u>58,780</u>	<u>48,817</u>
Termination benefits	<u>4,560</u>	<u>4,100</u>

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contributions receivable and cash and cash equivalents. Financial liabilities consist of accounts payable and accruals.

The fair values of financial instruments are not materially different from their carrying values.

15. Risk management

Interest rate risk

MIFTAH is exposed to interest rate risk on its short-term deposit.

The following table demonstrates the sensitivity of the statement of activities and changes in net assets to reasonably possible changes in interest rates, with all other variables held constant, the effect of decreases in interest rate is expected to be equal and opposite to the effect of the increase shown:

	<u>Increase in</u>	<u>Effect on</u>
	<u>interest rate</u>	<u>results of</u>
	<u>Basis Points</u>	<u>activities</u>
<u>2014</u>		<u>U.S.\$</u>
U.S. \$	+20	806
 <u>2013</u>		
U.S. \$	+20	645

Liquidity risk

MIFTAH limits its liquidity risk by maintaining adequate cash balances to meet its current obligations and to finance its operating activities. In addition, the activities of MIFTAH are financed by multiple donors.

Most of MIFTAH's financial liabilities are due within a period of three months.

Foreign currency risk

The table below indicates MIFTAH's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the U.S. \$ currency rate against the foreign currencies with all other variables held constant, on the statement of activities and changes in net assets. The effect of decrease in foreign currency exchange rate is expected to be equal and opposite to the effect of the increase shown.

	Increase in currency exchange rate to U.S. \$	Effect on results of activities
	%	U.S. \$
<u>2014</u>		
EURO	+20	(46,166)
ILS	+20	-
GBP	+20	7,814
<u>2013</u>		
EURO	+20	18,912
ILS	+20	(2,156)
GBP	+20	7,736

16. Concentration of risk in geographic area

MIFTAH is carrying out all of its activities in Palestine. The political and economic situation in the area increases the risk of carrying out these activities and may adversely affect MIFTAH's performance.