

PALESTINE TRADE CENTER (PALTRADE)
RAMALLAH - PALESTINE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

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Independent Auditor's Report

Independent Auditor's Report

**To the General Assembly
Palestine Trade Center (PalTrade)
Ramallah - Palestine**

Report on the Financial Statements

We have audited the accompanying financial statements of **Palestine Trade Center (Paltrade)**, which comprise of the statement of financial position as of December 31, 2010, the statement of activities and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with relevant International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 auditor's 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 Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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 give a true and fair view of the financial position of Paltrade as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with relevant International Financial Reporting Standards.

Emphasis of a matter

The accompanying financial statements have been prepared assuming that the Center will continue as a going concern. As reflected in the financial statements, the net operating deficit reported through December 31, 2010 amounted to U.S.Dollar 338,006 and resulted from insufficient funding during 2010. The ability of the Center to operate as a going concern entity is entirely dependent upon the financial support that will be received from funders in the forthcoming years to finance the deficit in working capital of U.S.Dollar 309,277, its operations; and thus to enable it to finance its obligations toward third parties and its staff.

In the absence of any evidence to support the intention of funders to provide financial support to the Center, there will be doubt about the ability of the Center to continue as a going concern. Management's plan in regard of these matters are described in Note (18).

Ramallah:
February 9, 2011

A handwritten signature in blue ink that reads "Saba & Co." with a stylized flourish at the end.

Saba & Co.
Deloitte & Touche – M.E

Statement of Financial Position

Palestine Trade Center (Paltrade)
Ramallah – Palestine

Statement of Financial Position
As of December 31 , 2010

		<u>December 31, 2010</u>	<u>December 31, 2009</u>
	<u>Note</u>	<u>USD</u>	<u>USD</u>
<u>Assets</u>			
Current Assets:			
Cash in Hand and at Banks	3	604,314	1,075,254
Accounts Receivable - Net	4	55,741	155,791
Advances	5	19,411	41,789
Total Current Assets		679,466	1,272,834
 Property, Plant & Equipment:			
Land	6	122,085	122,085
Furniture and Equipment – Net	7	124,343	167,988
Total Property, Plant & Equipment		246,428	290,073
 Total Assets		 925,894	 1,562,907
 <u>Liabilities and Net Assets</u>			
Current Liabilities:			
Banks' Overdraft		62	11,909
Accounts Payable and Accruals	8	497,400	478,505
Unearned Revenue		--	7,750
Deferred Revenue	9	491,281	755,061
Total Current Liabilities		988,743	1,253,225
 Provision for Employees' Indemnity	10	275,157	226,892
 Net Assets:			
Unrestricted Net Assets		(338,006)	82,790
(Deficit) Net Assets		(338,006)	82,790
 Total Liabilities and Net Assets		 925,894	 1,562,907

The Accompanying Notes Constitute an Integral Part of These Statements

Statement of Activities

Palestine Trade Center (Paltrade)
Ramallah - Palestine

Statement of Activities
For the Year Ended December 31, 2010

		<u>Unrestricted</u>	<u>Temporary</u>	<u>Total</u>	<u>Total</u>
		<u>Fund</u>	<u>Restricted</u>	<u>December</u>	<u>December</u>
	<u>Note</u>	<u>Fund</u>	<u>Fund</u>	<u>31 , 2010</u>	<u>31 , 2009</u>
		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Grants and Revenues:					
Grants from Donors	11	--	1,047,589	1,047,589	1,546,142
Membership Fees		52,865	--	52,865	72,869
Services and Participation Fees	12	194,495	--	194,495	524,607
Service Revenue	13	611,861	--	611,861	130,937
Other Revenues	14	117,928	--	117,928	212,633
Total Grants and Revenues		977,149	1,047,589	2,024,738	2,487,188
Net Assets Released From Restriction	11	1,047,589	(1,047,589)	--	--
Total Revenues, Gains and Other Supports		2,024,738	--	2,024,738	2,487,188
Expenses:					
Trade Promotion		715,093	--	715,093	578,610
Trade Development		675,333	--	675,333	661,213
Administration and Finance		510,852	--	510,852	563,895
Trade Policy		430,889	--	430,889	731,109
Membership		96,675	--	96,675	86,073
Trade Information		16,692	--	16,692	58,941
Total Expenses	16	2,445,534	--	2,445,534	2,679,841
Net (Decrease) in Net Assets		(420,796)	--	(420,796)	(192,653)
Net Assets at Beginning of the Year		82,790	--	82,790	274,837
Adjustment to Net Assets at Beginning of the Year	15	--	--	--	606
(Deficit) Net Assets at End of the Year		(338,006)	--	(338,006)	82,790

The Accompanying Notes Constitute an Integral Part of These Statements

Statement of Cash Flows

Palestine Trade Center (Paltrade)
Ramallah – Palestine

Statement of Cash Flows
For the Year Ended December 31, 2010

	<u>December</u> <u>31 , 2010</u> <u>USD</u>	<u>December</u> <u>31 , 2009</u> <u>USD</u>
Operating Activities:		
(Decrease) in net assets	(420,796)	(192,653)
Adjustments:		
Net adjustments to net assets at the beginning of the year	--	606
Depreciation	48,976	38,026
Provision for bad debts	--	28,188
Provision for employees' indemnity	62,086	59,114
	<u>(309,734)</u>	<u>(66,719)</u>
(Increase) Decrease in Current Assets:		
Accounts Receivable	100,050	(14,245)
Advances	22,378	198,144
Other current assets	--	4,680
Increase (Decrease) in Current Liabilities:		
Accounts payable and accruals	18,895	146,067
Unearned revenue	(7,750)	(12,420)
Deferred revenue	(263,780)	182,701
Net cash (used in) provided from operating activities before indemnity payment	<u>(439,941)</u>	<u>438,208</u>
Indemnity paid	(13,821)	(30,677)
Net cash (used in) provided from operating activities after indemnity payment	<u>(453,762)</u>	<u>407,531</u>
Investing Activities:		
Purchase of fixed assets	(5,331)	(13,436)
Net cash (used in) investing activities	<u>(5,331)</u>	<u>(13,436)</u>
Financing Activities:		
(Decrease) in overdrawn bank balances	(11,847)	(6,787)
Net cash (used in) financing activities	<u>(11,847)</u>	<u>(6,787)</u>
Net (decrease) increase in cash for the year	<u>(470,940)</u>	<u>387,308</u>
Cash and cash equivalents at beginning of the year	1,075,254	687,946
Cash and cash equivalents at end of the year	<u>604,314</u>	<u>1,075,254</u>

The Accompanying Notes Constitute an Integral Part of These Statements