

Muwatin

The Palestinian Institute for the Study of Democracy

Financial Statements
For the year ended December 31st, 2010

MUWATIN
The Palestinian Institute for the Study of Democracy
Financial Statements
For the Year Ended December 31st, 2010

- Contents -

	<u>PAGE</u>
Auditors' Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Statement of Operational Expenses	7
Schedule 1	8
Notes to the Financial Statements	9

BARANSI & CO.

Certified Public Accountants CPA

PO Box 21356
Beit Hanina
Jerusalem 91213

Telephone: + 972-2-5836061
Fax: + 972-2-5833874
E-mail: baransicocpa@palnet.com

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

Auditors' Report

We have audited the financial position of **Muwatit The Palestinian Institute for the Study of Democracy** (hereinafter Muwatit), as of December 31st, 2010 and 2009 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 Muwatit'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 a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material aspect, the financial position of **Muwatit** as of December 31st, 2010 and 2009 and the result of its operations for the years then ended in conformity with Generally Accepted Accounting Principles.

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

Ramallah -May, 31st 2011



MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Financial Position
As at December 31st, 2010

	<u>Note</u>	<u>2010</u> <u>NIS</u>	<u>2009</u> <u>NIS</u>
Current Asset -			
Cash and Cash Equivalent	(3)	2628710	1970023
Short Term Bank Deposits		268664	647944
Other Accounts Receivable	(4)	<u>110868</u>	<u>74197</u>
		3008242	2692164
		-----	-----
Fixed Assets, Net -	(5)	2394772	2132624
		-----	-----
Total Assets		<u>5403014</u>	<u>4824788</u>
		-----	-----
Current Liabilities -			
Bank Overdraft		-	46
Accounts Payable	(6)	313419	347316
Other Accounts Payable	(7)	<u>186042</u>	<u>176316</u>
		499461	523678
		-----	-----
Provision for Severance Pay -		399179	370703
		-----	-----
Long Term Liabilities -			
Loan from Board Members	(8)	14088	15100
		-----	-----
Total Liabilities		<u>413267</u>	<u>909481</u>
		-----	-----
Net Assets -			
Unrestricted Net Assets -			
For Operations		1213263	1360088
For Fixed Assets		<u>2394772</u>	<u>2132624</u>
		3608035	3492712
		-----	-----
Restricted Net Assets -		<u>882251</u>	<u>422595</u>
Total Net Assets		4490286	3915307
		-----	-----
Total Liabilities and Net Assets		<u>5403014</u>	<u>4824788</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, 2010

	<u>Note</u>	<u>2010</u> <u>NIS</u>	<u>2009</u> <u>NIS</u>
Support and Revenue -			
Revenues Released from Restrictions		2003723	1536800
Sales of Publication	(9)	10114	15584
Other Revenues		<u>3704</u>	<u>-</u>
		2017541	1552384
		<u>-----</u>	<u>-----</u>
Operational Expenses -		1651262	1285016
		<u>-----</u>	<u>-----</u>
Net Revenues before General and Administrative Expenses		366279	267368
		<u>-----</u>	<u>-----</u>
General and Administrative Expenses -	(10)	397898	369388
		<u>-----</u>	<u>-----</u>
Net Revenues/ (Loss) before Finance Expenses		(31619)	(102020)
Finance Expense/ (Revenues), Net	(11)	138579	(54106)
		<u>-----</u>	<u>-----</u>
Excess/ (Deficit) of Support and Revenues Over Expenses for the year -		(170198)	(47914)
Revenues Released to Cover Fixed Assets		285521	1709603
Fund at the Beginning of the Year		<u>3492712</u>	<u>1831023</u>
Fund at the End of the Year		<u>3608035</u>	<u>3492712</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, 2010

<u>Note</u>	<u>Unrestricted</u>		<u>Restricted</u>		<u>Total</u>
	<u>Operational</u> <u>Activities</u> <u>NIS</u>	<u>Fixed</u> <u>Assets</u> <u>NIS</u>	<u>Temporary</u> <u>NIS</u>	<u>Permanent</u> <u>NIS</u>	
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- Unrestricted Net Assets Used for	-	-	(1536800)	-	(1536800)
Fixed Assets	-	1709603	(1709603)	-	-
Amounts Transferred to Cover Depreciation	27022	(27022)	-	-	-
Amounts Transferred to Cover Donations for Fixed Assets	-	-	-	-	-
Balance As of January 1st, 2010	1360088	2132624	422595	-	3915307
Additions Through the Year 2010:					
Donations (12)	-	-	2748900	-	2748900
Excess/ (Deficit) of Support and Revenues Over Expenses-	(170198)	-	-	-	(170198)
Deductions Through the Year 2010:					
Net Assets Released From Restrictions (13)	-	-	(2003723)	-	(2003723)
Unrestricted Net Assets Used for Fixed Assets (13)	-	285521	(285521)	-	-
Amounts Transferred to Cover Depreciation	23373	(23373)	-	-	-
Amounts Transferred to Cover Donations for Fixed Assets	-	-	-	-	-
Balance As of December 31st, 2010	<u>1213263</u>	<u>2394772</u>	<u>882251</u>	<u>-</u>	<u>4490286</u>

MUWATIN
The Palestinian Institute for the Study of Democracy
Statement of Cash Flows
For the Year Ended December 31st, 2010

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Cash Flows from Operating Activities		
Excess of Support and Revenues Over Expenses	(170198)	(47914)
Adjustments to Reconcile Excess of Support and Revenues Over Expenses to Net Cash Used for (Generated from) Activities		
Depreciation	23373	27022
Reserve for Severance Pay	28476	114568
Changes in Assets and Liabilities		
(Increase) Decrease in Other Accounts Receivable	(36671)	142137
Increase (Decrease) in Board Member's Loan	(1012)	(108)
Increase (Decrease) in Bank Overdraft	(46)	46
Increase (Decrease) in Accounts Payable	<u>(24171)</u>	<u>252475</u>
Net Cash from (Used for) Operating Activities	(180249)	488226
	-----	-----
Cash Flows used for Investment Activities		
Purchase of Fixed Assets	<u>(285521)</u>	<u>(1709603)</u>
Net Cash from (Used for) Investment Activities	(285521)	(1709603)
	-----	-----
Cash Flows from Finance Activities		
Net Assets Released for Fixed Assets	285521	1709603
Increase (Decrease) in Restricted Net Assets	<u>459656</u>	<u>(1866355)</u>
Net Cash from (Used for) Finance Activities	745177	(156752)
	-----	-----
Net Increase (Decrease) in Cash	279407	(1378129)
Cash and Cash Equivalents, Beginning of year	<u>2617967</u>	<u>3996096</u>
Cash and Cash Equivalents, End of year	<u><u>2897374</u></u>	<u><u>2617967</u></u>

MUWATIN
The Palestinian Institute for the Study of Democracy
Statements of Operational Expenses
For the Year Ended December 31st, 2010

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Authors and Researchers	324493	239280
Coordinators, Editors and Journalists	591729	729177
Publications and Printing Costs	332566	163859
Library purchases and books	38438	64764
Training, Workshops and Seminars	212657	34722
Travel and Transportation	64370	8496
Advertisements / Announcements	38400	16602
Translation	48609	28116
	<u>1651262</u>	<u>1285016</u>

Muwatin-The Palestinian Institute for the Study of Democracy
Schedule I – A Breakdown of Expenditures for the Respective Programs

	Ford Foundation project	CMI	HBF project 2009	Oxfam Novib	Cordaid	HBF project 2010	CMI Party politics in Palestine	Grand Total
	NIS	NIS	NIS	NIS	NIS	NIS	NIS	NIS
Operational Expenses (I)								
Authors and Researches	48715	65744	375	119803	65006	11254	13597	324493
Coordinators, Editors and Journalists	142315	104204	15843	187491	32439	109437	0	591729
Publication and printing cost	73579	17159	49900	96293	1419	94216	0	332566
Library purchases and books	10869	19671	0	0	0	7898	0	38438
Training Workshops and Seminars	0	45476	57757	32253	19999	57172	0	212657
Travel and Transportation	0	36819	75	0	16325	11151	0	64370
Advertisements / Announcements	8169	0	10337	4502	5396	9996	0	38400
Translation	0	14789	14676	0	0	19144	0	48609
Sub Total	283647	303882	148963	440342	140583	320268	13597	1651262
Administrative Expenses (II)								
Salaries and Social Benefits	22615	62836	0	19410	13766	25993	0	144620
Stationary and Office Supplies	1986	3256	158	3671	392	8480	0	17943
Rental Expenses and Maintenance	27564	4877	0	0	0	27124	0	59585
Professional fees	8435	0	0	5901	5332	0	0	19668
Communication and Postage	70	1595	4271	268	0	5963	0	12167
Advertisements / Announcements	1786	0	0	0	0	0	0	1786
Local Transportation	454	1826	2218	180	5137	1557	0	11372
Electricity, Water and Heat	1373	647	21	6083	75	11302	0	19501
Equipment Maintenance	7580	8190	1457	1785	0	7574	0	26586
Hospitality and kitchen supplies	0	3492	266	1430	812	3729	0	9729
Depreciation	0	0	0	0	0	0	0	0
Other expenses	11064	0	0	0	0	0	0	11064
Sub Total	82927	86719	8391	38728	25514	91722	0	334001
Finance (Revenues) /Expenses (III)								
Bank Charges and Interests	321	2541	0	357	229	372	0	3820
Sub Total	321	2541	0	357	229	372	0	3820
TOTAL (I+II+III)	366895	393122	157354	479427	166326	412362	13597	1989083
Current assets	0	14640	0	0	0	0	0	14640
GRAND TOTAL 1	366895	407762	157354	479427	166326	412362	13597	2003723
Fixed Assets	0	285521	0	0	0	0	0	285521
GRAND TOTAL 2	366895	693283	157354	479427	166326	412362	13597	2289244

MUWATIN
The Palestinian Institute for the Study of Democracy
Notes to the Financial Statements
For the Year Ended December 31st, 2010

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.

MUWATIN
The Palestinian Institute for the Study of Democracy
Notes to the Financial Statements
For the Year Ended December 31st, 2010

Note (3) - Cash and Cash Equivalent - Details

	<u>2010</u>	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>FC</u>	<u>NIS</u>
Cash on Hand	14499	-	15972
Bank, Current Account - NIS	179684	-	7559
Bank, Current Account - USD	988235	278455 USD	1133281
Bank, Current Account - EURO	1394852	294403 EURO	758553
Bank, Current Account - JD	51440	10258 JD	54658
	<u>2628710</u>		<u>1970023</u>

Note (4) - Other Accounts Receivable - Details-

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Prepaid Expenses	16120	40522
Advances to Suppliers	81098	32782
Other Accounts Receivables	13650	893
	<u>110868</u>	<u>74197</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	537232	17400	2050844	2605476
Additions During the Year	21422	-	264099	285521
Total Cost	558654	17400	2314943	2890997
Accumulated Depreciation -				
Beginning Balance	456755	16097	-	472852
Depreciation During the Year	23205	168	-	23373
Total Accumulated Depreciation	479960	16265	-	496225
Net Assets, 2010 -	<u>78694</u>	<u>1135</u>	<u>2314943</u>	<u>2394772</u>
Net Assets, 2009 -	<u>80477</u>	<u>1303</u>	<u>2050844</u>	<u>2132624</u>

2. Depreciation Rates - From 6 % to 33 %

MUWATIN
The Palestinian Institute for the Study of Democracy
Notes to the Financial Statements
For the Year Ended December 31st, 2010

Note (6) - Accounts Payable -
Details-

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Accounts Payable	257858	342778
Outstanding Cheques	<u>55561</u>	<u>4538</u>
	<u>313419</u>	<u>347316</u>

Note (7) - Other Accounts Payable -
Details-

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Payroll Tax	25326	38892
Accrued Expenses	73480	67511
Provident Fund	<u>87236</u>	<u>69913</u>
	<u>186042</u>	<u>176316</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 31/12/2010.

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
Notes to the Financial Statements
For the Year Ended December 31st, 2010

Note (10) - General and Administrative Expenses -
Details-

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Salaries and Social Benefits	144620	182844
Stationery and Office Supplies	17943	21706
Rental Expenses and Maintenance	89252	86567
Professional Fees	19668	22654
Communication and Postage	12167	9614
Advertisements / Announcements	1786	-
Local Transportation	11372	7830
Electricity, Water and Heat	19501	9595
Equipment Maintenance	37423	-
Hospitality	9729	1556
Depreciation	23373	27022
Other expenses	11064	-
	<u>397898</u>	<u>369388</u>

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

	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Bank Charges and Interests	4067	1015
Currency Differentials	134512	(55121)
	<u>138579</u>	<u>(54106)</u>

Note (12) - Donations -
Details-

	<u>2010</u>	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>E. C.</u>	<u>NIS</u>
The Heinrich Böell Foundation	372070	75000 EURO	397345
FORD Foundation	536152	145000 USD	400000
Chr. Michlesen	1542837	298588 EURO	-
Oxfam Novib	195108	40000 EURO	582703
Cordaid	102733	19950 EURO	-
	<u>2748900</u>		<u>1380048</u>

MUWATIN
The Palestinian Institute for the Study of Democracy
Notes to the Financial Statements
For the Year Ended December 31st, 2010

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

	<u>2010</u>
	<u>NIS</u>
The Heinrich Böell Foundation	569716
FORD Foundation	366895
Chr. Michlesen	421359
Oxfam Novib	479427
Cordaid	166326
Other Projects	-
	<u>2003723</u>

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

Details-

	<u>2010</u>
	<u>NIS</u>
Chr. Michlesen	285521
	<u>285521</u>

