

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

FINANCIAL STATEMENTS

DECEMBER 31, 2009

**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 of December 31, 2009, and the statement of activities and changes in net assets and the cash flow statement 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 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.

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 give a true and fair view of the financial position of the Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH) as of December 31, 2009 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

May 4, 2010
Ramallah, Palestine

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

Statement of Financial Position

As of December 31, 2009

	<u>Notes</u>	<u>2009</u> <u>U.S. \$</u>	<u>2008</u> <u>U.S. \$</u>
Assets			
Non - current assets			
Property and equipment	3	48,602	60,856
Current assets			
Contributions receivable	4	223,516	131,956
Due from Board of Trustees	5	25,000	85,000
Other current assets		4,508	3,533
Cash and cash equivalents	6	821,886	653,692
		<u>1,074,910</u>	<u>874,181</u>
Total Assets		<u><u>1,123,512</u></u>	<u><u>935,037</u></u>
Net Assets and Liabilities			
Net assets			
Unrestricted net assets		<u>174,941</u>	<u>284,059</u>
Total net assets		<u>174,941</u>	<u>284,059</u>
Non - current liabilities			
Deferred revenues	7	42,953	53,878
Provision for employees' indemnity	8	124,631	104,732
		<u>167,584</u>	<u>158,610</u>
Current liabilities			
Accounts payable and accruals	9	64,413	60,407
Temporarily restricted contributions	10	716,574	431,961
		<u>780,987</u>	<u>492,368</u>
Total Liabilities		<u>948,571</u>	<u>650,978</u>
Total Net Assets and Liabilities		<u><u>1,123,512</u></u>	<u><u>935,037</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 Activities and Changes in Net Assets

Year ended December 31, 2009

	<u>Notes</u>	<u>2009</u> U.S. \$	<u>2008</u> U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	10	799,119	810,124
Unrestricted contributions	5	65,000	83,113
Deferred revenues recognized	7	20,101	19,923
Other revenues		6,688	9,269
Foreign exchange gain		787	-
		<u>891,695</u>	<u>922,429</u>
Expenses			
Projects' expenses	11	801,770	810,124
Administrative expenses	12	177,526	67,015
Depreciation expense	3	21,517	21,993
Foreign exchange loss		-	13,710
		<u>1,000,813</u>	<u>912,842</u>
(Decrease) increase in net assets		(109,118)	9,587
Net assets, beginning of year		<u>284,059</u>	<u>274,472</u>
Net assets, end of year		<u><u>174,941</u></u>	<u><u>284,059</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)

Cash Flow Statement

Year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Operating Activities:		
(Decrease) increase in net assets	(109,118)	9,587
Adjustments:		
Depreciation	21,517	21,993
Deferred revenues recognized	(20,101)	(19,923)
Provision for employees' indemnity	36,771	28,456
Write-off of contribution receivable	-	450
	<u>(70,931)</u>	<u>40,563</u>
Changes in working capital		
Contributions receivable	(91,560)	111,378
Due from Board of Trustees	60,000	(75,000)
Other current assets	(975)	5,177
Temporarily restricted contributions	284,613	(79,557)
Accounts payable and accruals	4,006	16,339
Deferred revenues	9,176	16,520
Employees' indemnity paid	(16,872)	(8,549)
Net cash flows from operating activities	<u>177,457</u>	<u>26,871</u>
Investing Activities:		
Purchase of property and equipment	(9,263)	(19,900)
Net cash used in investing activities	<u>(9,263)</u>	<u>(19,900)</u>
Increase in cash and cash equivalents	168,194	6,971
Cash and cash equivalents, beginning of year	<u>653,692</u>	<u>646,721</u>
Cash and cash equivalents, end of year	<u>821,886</u>	<u>653,692</u>

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

Notes to the Financial Statements

December 31, 2009

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, 2009 were approved by the Board of Trustees on May 4, 2010.

2.1 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 prepared under the historical cost convention

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

2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that MIFTAH has adopted the following revised IFRS. Adoption of these new and revised standards and interpretations did not have any effect on the financial performance or position of MIFTAH.

IFRS 7 - Financial Instruments (Revised), effective.

IAS 1 - Presentation of Financial Statements (Revised), effective.

IAS 24 - Related Party Disclosures (Revised), not yet effective.

2.3 Summary of Significant accounting policies

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 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 and uncollectibility of financial assets

An assessment is made at each financial statement date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of activities and changes in net assets. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value less any impairment loss previously recognized in the statement of activities and changes in net assets;
- For assets carried at cost, impairment is the difference between carrying value and present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

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 are stated at cost less accumulated depreciation and any impairment in value.

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

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell or their value in use.

Expenditure incurred to replace a component of an item of property, and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditures are capitalized only when they increase future economic benefits of the related item of property and equipment. All other expenditures are recognized in the statement of activities and changes in net assets as the expense is incurred.

Income taxes

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

Provision for employees' indemnity

Provision for employees' indemnity is calculated in accordance with the labour law prevailing in Palestine, and MIFTAH's internal policies, based on one-month indemnity for each year of employment.

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.

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.

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 statement of financial position date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and Equipment

	<u>Office equipment</u> U.S. \$	<u>Office furniture</u> U.S. \$	<u>Leasehold improvements</u> U.S. \$	<u>Total</u> U.S. \$
<u>Cost:</u>				
At January 1, 2009	188,996	64,420	28,495	281,911
Additions	9,176	87	-	9,263
Disposals	(2,050)	-	-	(2,050)
At December 31, 2009	<u>196,122</u>	<u>64,507</u>	<u>28,495</u>	<u>289,124</u>
<u>Depreciation:</u>				
At January 1, 2009	165,909	43,669	11,477	221,055
Depreciation charge for the year	14,726	1,571	5,220	21,517
Disposals	(2,050)	-	-	(2,050)
At December 31, 2009	<u>178,585</u>	<u>45,240</u>	<u>16,697</u>	<u>240,522</u>
<u>Net carrying value:</u>				
At December 31, 2009	<u>17,537</u>	<u>19,267</u>	<u>11,798</u>	<u>48,602</u>
At December 31, 2008	<u>23,087</u>	<u>20,751</u>	<u>17,018</u>	<u>60,856</u>

Property and equipment include U.S. \$ 192,340 and U.S. \$ 180,234 of fully depreciated assets that are still being used in MIFATH's activities as of December 31, 2009 and 2008, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Currency difference	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Arab Fund for Economic and Social Development (OFID)	109,115	2,681	(99,215)	(405)	12,176
The European Community and The Ford Foundation through Keshev	19,058	-	(19,058)	-	-
The Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures through Keshev (ALF)	-	6,323	(5,103)	271	1,491
Ford Foundation through KESHEV (FF)	-	29,235	(29,235)	-	-
Danish Representative Office (DRO)	3,783	110,120	(85,826)	-	28,077
Henrich Boell Stiftung (HBS)	-	22,432	(20,050)	(2,382)	-
United Nations Population Fund (UNFPA)	-	89,600	(88,744)	(856)	-
National Endowment for Democracy (NED)	-	33,000	(19,000)	-	14,000
Representative Office of Norway	-	114,817	(114,817)	-	-
Konrad Adenauer Stiftung in the Palestinian Autonomous Territories (KAS)	-	42,451	(45,326)	2,875	-
The Henrich Boell Foundation (HBF) and The Institute for Foreign Cultural Relations (IFA)	-	61,689	(61,689)	-	-
Creative Associates International (CA)	-	300,101	(225,101)	-	75,000
Austrian Representative Office	-	184,070	(91,298)	-	92,772
The Ministry for Foreign Affairs of Ireland(MFAI)	-	89,508	(89,508)	-	-
Council of Religious Institutions of the Holy Land (CRIHL)	-	6,000	(6,000)	-	-
	<u>131,956</u>	<u>1,092,027</u>	<u>(999,970)</u>	<u>(497)</u>	<u>223,516</u>

5. Due from Board of Trustees

During 2009 and 2008, a number of MIFTAH's members of Board of Trustees made commitments to donate unrestricted contributions of U.S. \$ 65,000 and U.S. \$ 75,000, respectively. As at December 31, 2009 unrestricted contributions of U.S. \$ 25,000 were still uncollected.

Components of unrestricted contributions are as follows:

	2009 U.S. \$	2008 U.S. \$
Board of Trustees	65,000	75,000
Other	-	8,113
	<u>65,000</u>	<u>83,113</u>

6. Cash and cash equivalents

	2009 U.S. \$	2008 U.S. \$
Cash in hand and at banks	435,980	214,116
Short-term deposits	385,906	439,576
	<u>821,886</u>	<u>653,692</u>

Short term deposits in U.S. \$ are due within one month after the financial statements date with an average interest rate of 0.5% and 0.8 %, during the years ended December 31, 2009 and 2008, respectively.

Short-term deposits as at December 31, 2009 and 2008 include U.S. \$ 124,631 and U.S. \$ 104,732, respectively as restricted deposits against employees' indemnity.

7. Deferred revenues

This item represents the value of property and equipment acquired during the year using the temporarily restricted contributions. Such property and equipment are recorded as deferred revenues and recognized as revenues on a systematic basis over the useful lives of the property and equipment. Movement on deferred revenues during the year was as follows:

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Balance, beginning of year	53,878	57,281
Additions (Note 10)	9,176	16,520
Deferred revenues recognized	<u>(20,101)</u>	<u>(19,923)</u>
Balance, end of year	<u>42,953</u>	<u>53,878</u>

8. Provision for employees' indemnity

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

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Balance, beginning of year	104,732	84,825
Additions	36,771	28,456
Payments	<u>(16,872)</u>	<u>(8,549)</u>
Balance, end of year	<u>124,631</u>	<u>104,732</u>

9. Accounts payable and accruals

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Postdated checks	38,975	39,962
Accounts payable	14,810	6,030
Accrued expenses	<u>10,628</u>	<u>14,415</u>
	<u>64,413</u>	<u>60,407</u>

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 <u>U.S. \$</u>	Additions <u>U.S. \$</u>	Temporarily restricted contributions released from restriction <u>U.S. \$</u>	Deferred revenues <u>U.S. \$</u>	Currency difference <u>U.S. \$</u>	Balance, end of year <u>U.S. \$</u>
Arab Fund for Economic and Social Development (OFID)	144,586	2,681	(147,115)	-	(152)	-
The Anna Lindh Euro-Mediterranean Foundation for the Dialogue between Cultures through Keshev (ALF)	-	6,323	(6,712)	-	389	-
Ford Foundation through KESHEV (FF)	-	29,235	(23,728)	-	-	5,507
Danish Representative Office (DRO)	-	110,120	(85,223)	-	-	24,897
Henrich Boell Stiftung (HBS)	-	22,432	(19,624)	-	(2,808)	-
United Nations Population Fund (UNFPA)	-	89,600	(85,233)	(320)	592	4,639
National Endowment for Democracy (NED)	906	33,000	(22,657)	-	-	11,249
Representative Office of Norway (NRO)	61,240	114,817	(67,154)	-	-	108,903
Konrad Adenauer Stiftung in the Palestinian Autonomous Territories (KAS)	-	42,451	(38,492)	(5,728)	1,769	-
The Henrich Boell Foundation (HBF) and The Institute for Foreign Cultural Relations (IFA)	-	61,689	(50,208)	-	1,091	12,572
Creative Associates International (CA)	-	300,101	(207,777)	(3,051)	-	89,273
Austrian Representative Office (ARO)	-	184,070	(25,467)	-	-	158,603
The Ministry for Foreign Affairs of Ireland (MFAI)	-	89,508	(13,806)	-	-	75,702
Council of Religious Institutions of the Holy Land (CRIHL)	-	6,000	(5,923)	(77)	-	-
Special donations	225,229	-	-	-	-	225,229
	<u>431,961</u>	<u>1,092,027</u>	<u>(799,119)</u>	<u>(9,176)</u>	<u>881</u>	<u>716,574</u>

11. Project expenses

Components of projects expenses are as follows:

	<u>HBF and IFA</u>	<u>CRIHL</u>	<u>CA</u>	<u>HBS</u>	<u>UNFPA</u>	<u>OFID</u>	<u>DRO</u>	<u>NED</u>
		The Portrayal of Religion in the Palestinian Media	Empowerment of Women in Elections	Gender Responsive Budgets in Local Councils	Gender, Peace and Security - Gender Equality and Women Empowerment	The Empowerment of Palestinian Women and Youth in Rural Areas through Income- Generating Projects	Instituting a Gender- Responsive Palestinian National Budget	Active Youth for Social Change
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Salaries and related expenses	27,126	3,116	101,893	9,619	34,927	21,098	31,859	12,246
Office, equipment and hall rental	100	-	20,250	-	1,348	2,246	4,500	1,520
Travel and accommodation	16,403	230	9,676	1,570	3,093	3,384	1,242	600
Information Technology and publications	377	275	6,058	1,801	37,871	108,038	38,917	4,053
Professional fees	-	-	2,000	-	-	-	-	360
Training expenses	2,481	-	29,832	3,331	2,787	4,592	2,475	1,052
Hosting delegations and meetings	2,896	27	28,525	3,293	4,546	2,865	2,538	1,140
Postage, telephone and fax	472	70	2,642	-	311	1,665	1,306	770
Utilities	353	2,195	6,421	-	325	3,181	2,386	866
Sundry	-	10	480	10	25	46	-	50
Total	50,208	5,923	207,777	19,624	85,233	147,115	85,223	22,657

Project expenses - continued

		MFAI	FF	ARO *	ALF	NRO	KAS		
				Combating Violence against Palestinian Women through the Empowerment of Community- Based Organisations	Promoting Critical Media	Empowerment of Young Palestinian Political Leadership	Monitoring the Legislative Process through Enhancing the Civil Society	Total Project Expenses 2009	Total Project Expenses 2008
	Subtotal	2007-2011	Media						
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries and related expenses	241,884	9,079	18,737	21,070	2,232	32,941	22,679	348,622	408,945
Office, equipment and hall rental	29,964	1,200	100	3,200	-	3,500	-	37,964	41,478
Travel and accommodation	36,198	133	1,496	953	-	4,773	1,105	44,658	27,926
Information technology and publications	197,390	1,563	2,508	744	3,696	8,577	10,440	224,918	197,739
Professional fees	2,360	1,500	-	-	-	400	-	4,260	13,717
Training expenses	46,550	-	153	-	-	6,629	1,583	54,915	36,694
Hosting delegations and meetings	45,830	-	-	141	-	5,934	1,842	53,747	42,239
Postage, telephone and fax	7,236	-	113	468	784	2,159	324	11,084	14,327
Utilities	15,727	331	438	1,353	-	2,209	502	20,560	25,553
Sundry	621	-	183	189	-	32	17	1,042	1,506
Total	<u>623,760</u>	<u>13,806</u>	<u>23,728</u>	<u>28,118</u>	<u>6,712</u>	<u>67,154</u>	<u>38,492</u>	<u>801,770</u>	<u>810,124</u>

* During the year, U.S \$ 25,467 were expensed from the program's budget and accordingly released from restriction. The remaining amount of U.S. \$ 2,651 was self-financed by MIFTAH.

12. Administrative expenses

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Salaries and related expenses	142,740	55,468
Office rent	10,084	9,159
Utilities	12,465	1,375
Professional fees	4,740	-
Travel and accommodation	5,479	-
Hosting delegations and meetings	1,202	-
Sundry	816	1,013
	<u>177,526</u>	<u>67,015</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.

Balances with related parties included in the statement of financial position are as follows:

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Due from Board of Trustees	<u>25,000</u>	<u>85,000</u>

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

	<u>2009</u>	<u>2008</u>
	U.S. \$	U.S. \$
Unrestricted contributions	<u>65,000</u>	<u>75,000</u>
Key management personnel compensation		
Short-term benefits	<u>46,480</u>	<u>43,522</u>
Termination benefits	<u>3,785</u>	<u>3,764</u>

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contributions receivable, due from Board of Trustees 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 basis points</u>	<u>Effect on results of activities U.S.\$</u>
<u>2009</u>		
U.S. \$	+20	772
<u>2008</u>		
U.S. \$	+20	879

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 Israeli Sheqel (ILS) and European Monetary Unit (Euro) 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.

	<u>Increase in ILS rate to U.S. \$</u>	<u>Effect on results of activities U.S. \$</u>	<u>Increase in Euro rate to U.S. \$</u>	<u>Effect on results of activities U.S. \$</u>
	<u>%</u>		<u>%</u>	
<u>2009</u>				
U.S. \$	+5	76	+5	11,986
<u>2008</u>				
U.S. \$	+5	1,020	+5	5,443

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.