

**QADER For Community Development**

FINANCIAL STATEMENTS  
And Independent Auditors' Report  
December 31, 2010

**QADER for Community Development**  
Bethlehem

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**Independent Auditor's Report**

To The Board of Trustees / director of  
QADER for Community Development

We have audited the accompanying financial statements of QADER for Community Development, which comprise of the statement of financial position as at December 31, 2010 and 2009, the statement of Activities and change in net assets and cash flow statement for the years 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.

*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 of 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 entity'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 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 our audit provides a reasonable basis for our opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of QADER for Community Development as of December 31, 2010 and 2009, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

خزر وشركاه - مدققو حسابات  
Khader & Co  
Certified Public Accountants

Member of Leading Edge Alliance International  
George Khader

March 22, 2011  
Bethlehem



Statement (A)

**QADER for Community Development**

Statement of Financial Position  
As of December 31, 2010

<u>ASSETS</u>	<u>2010/NIS</u>	<u>2009/NIS</u>
<u>Current Assets</u>		
Cash and Cash Equivalents ( Note 3 )	214,334.17	199,383.59
Accounts Receivables ( Note 6 )	18,482.50	35,570.00
Prepaid Expenses ( Note 5 )	10,914.50	5,762.00
Grants Receivables ( Note 8 )	1,325,048.56	159,891.00
Total Current Assets	<u>1,568,779.73</u>	<u>400,606.59</u>
Fixed assets, less accumulated depreciation of NIS 50,440.00 ( Note 4 )	200,827.00	119,377.00
Total Assets	<u>1,769,606.73</u>	<u>519,983.59</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payables ( Note 7 )	33,157.94	33,302.15
Reserve for Severance Pay	44,746.03	31,179.03
Deferred Revenue	18,270.00	195,461.00
Total Current Liabilities	<u>96,173.97</u>	<u>259,942.18</u>
<u>Net Assets</u>		
Unrestricted ( Statement B )	189,507.63	260,041.41
Temporarily Restricted ( Statement B )	1,483,925.13	--
Total Net Assets ( Statement B )	<u>1,673,432.76</u>	<u>260,041.41</u>
Total Liabilities and Nets Assets	<u>1,769,606.73</u>	<u>519,983.59</u>

“See Notes to Financial Statements “

Statement (B)

**QADER for Community Development**

Statement of Activities and Change in Net Assets  
For the year ended December 31, 2010

	Unrestricted	Temporarily Restricted	<u>2010/NIS</u> Total	<u>2009/NIS</u> Total
<u>Grants and Revenues:</u>				
Grants ( Note 9 )	26,411.00	2,083,317.78	2,109,728.78	890,109.00
Other Revenues ( Note 10 )	12,239.20	1,820.00	14,059.20	17,640.00
Interest Revenue	136.02	--	136.02	431.57
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Total Grants and Revenues	<b>38,786.22</b>	<b>2,085,137.78</b>	<b>2,123,924.00</b>	<b>908,180.57</b>
Donation in kind	--	55,000.00	55,000.00	--
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Total Grants and Revenues	<b>38,786.22</b>	<b>2,140,137.78</b>	<b>2,178,924.00</b>	<b>908,180.57</b>
Net assets released for Restriction ( 2 )	656,212.65	(656,212.65)	--	--
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	<b>694,998.87</b>	<b>1,483,925.13</b>	<b>2,178,924.00</b>	<b>908,180.57</b>
 <u>Expenses</u>				
Personnel Expenses ( Note 11 )	498,390.64	--	498,390.64	455,642.65
Program Expenses ( Note 12 )	73,298.30	--	73,298.30	348,943.52
Administrative & Operating Expenses (Note 13)	120,382.10	--	120,382.10	144,021.06
Other Expenses ( Note 14 )	29,290.00	--	29,290.00	18,615.00
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Total Expenses	<b>721,361.04</b>	<b>--</b>	<b>721,361.04</b>	<b>967,222.23</b>
Excess (Deficit) of Grants and Revenues Over (Under) Expenses	(26,362.17)	1,483,925.13	1,457,562.96	(59,041.66)
Gain ( loss ) on Currency Translation ( 2B )	(44,171.61)	--	(44,171.61)	7,323.26
Net assets at beginning of year	260,041.41	--	260,041.41	311,759.81
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<b>Net Assets at end of year( Statement A )</b>	<b>189,507.63</b>	<b>1,483,925.13</b>	<b>1,673,432.76</b>	<b>260,041.41</b>
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“See Notes to Financial Statements “

## Statement (C)

## QADER for Community Development

Statement of Cash Flows  
For the year ended December 31, 2010

	<u>2010/NIS</u>	<u>2009/NIS</u>
<u>Cash Flows From Operating Activities :</u>		
Change in net assets	1,413,391.35	(51,718.40)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expenses	29,290.00	18,615.00
<i>Decrease (Increase) in operating assets:</i>		
Account Receivable	17,087.50	(35,570.00)
Prepaid Expenses	(5,152.50)	16,097.00
Grants Receivables	(1,165,157.56)	890,109.00
<i>Increase (Decrease) in operating liabilities:</i>		
Accounts Payable	(144.21)	33,302.15
Reserve for Severance Pay	13,567.00	31,179.03
Deferred Revenue	(177,191.00)	(854,539.00)
	<u>125,690.58</u>	<u>47,474.78</u>
<u>Cash Flows From Investing Activities:</u>		
Acquisition of additional Furniture and Equipment ( Note 4 )	(165,740.00)	(16,513.80)
Disposal of Car ( Note 4 )	55,000.00	--
	<u>(110,740.00)</u>	<u>(16,513.80)</u>
Net cash provided by operating activities	<b>125,690.58</b>	<b>47,474.78</b>
Net cash used in investing activities	<b>(110,740.00)</b>	<b>(16,513.80)</b>
Net Decrease in cash and cash equivalents	<b>14,950.58</b>	<b>30,960.98</b>
Cash & Cash Equivalents at beginning of year	<u>199,383.59</u>	<u>168,422.61</u>
Cash & Cash Equivalents at end of year ( Note 3 )	<u><b>214,334.17</b></u>	<u><b>199,383.59</b></u>

“See Notes to Financial Statements “