

QADER FOR COMMUNITY DEVELOPMENT

Financial Statements

As of December 31, 2012

Together With Independent Auditors' Report

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Cash Flow Statement	5
Notes to the Financial Statements	6-14

El Wafa Company

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Independent Auditors' Report

To: The Board of Directors
QADER for Community Development (QADER)
Bethlehem

We have audited the accompanying Financial Statements of **QADER for Community Development (QADER)**, which comprise the statement of financial position as at December 31, 2012, the statement of activities and 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.

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 QADER'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 QADER'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.

El Wafa Company

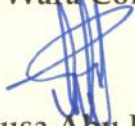
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **QADER** as of December 31, 2012, and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.

El Wafa Company



Musa Abu Dieh

Ramallah, Palestine
February 26, 2013

QADER for Community Development
Statement of Financial Position
As at December 31, 2012
(Currency: NIS)

	<u>Note</u>	<u>2012</u>	<u>2011</u>
<i>Assets</i>			
Current Assets			
Cash on hand and at bank	3	231,958	831,390
Pledges receivable	4	1,807,112	1,285,340
Prepayments and other current assets	5	72,207	66,455
Total Current Assets		<u>2,111,277</u>	<u>2,183,185</u>
Long Term Assets			
Fixed assets, net	6	228,374	179,906
Total Assets		<u>2,339,651</u>	<u>2,363,091</u>
 <i>Liabilities and Net Assets</i>			
Current Liabilities			
Payables and accruals	7	85,783	9,169
Deferred revenues		51,870	51,870
Total Current Liabilities		<u>137,653</u>	<u>61,039</u>
Long Term Liabilities			
Reserve for end of service benefits	8	84,550	59,089
Total Liabilities		<u>222,203</u>	<u>120,128</u>
 <i>Net Assets</i>			
Unrestricted		287,614	244,951
Temporarily restricted	12	1,829,834	1,998,012
Total Net Assets		<u>2,117,448</u>	<u>2,242,963</u>
 Total Liabilities and Net Assets		<u>2,339,651</u>	<u>2,363,091</u>

The accompanying notes form an integral part of these financial statements

QADER for Community Development
Statement of Activities
For the Year Ended December 31, 2012
(Currency: NIS)

	Note	2012			2011
		Unrestricted	Temporarily Restricted	Total	Total
Revenues					
Projects revenues	9	-	936,031	936,031	1,180,520
Other revenues	10	2,506	700	3,206	45,924
Bank interest		256	-	256	456
Currency differentials gain	11	-	-	-	39,377
Net assets released from restriction	12	1,104,909	(1,104,909)	-	-
Total Revenues		1,107,671	(168,178)	939,493	1,266,277
Expenses					
Program expenses	13	724,721	-	724,721	425,955
General and administrative	14	295,792	-	295,792	234,301
Depreciation	6	39,716	-	39,716	38,172
Loss on disposal of assets		-	-	-	4,910
Currency differentials loss	11	4,779	-	4,779	-
Total Expenses		1,065,008	-	1,065,008	703,338
Change in net assets		42,663	(168,178)	(125,515)	562,939
Net assets, beginning of year		244,951	1,998,012	2,242,963	1,680,024
Net assets, end of year		287,614	1,829,834	2,117,448	2,242,963

The accompanying notes form an integral part of these financial statements

QADER for Community Development
Cash Flow Statement
For the Year Ended December 31, 2012
(Currency: NIS)

	<u>2012</u>	<u>2011</u>
Cash Flow from Operating Activities		
Change in net assets	(125,515)	562,939
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	39,716	38,172
Increase in reserve for end of service benefits	25,461	14,343
(Increase) decrease in pledges receivables	(521,772)	39,709
(Increase) in prepayments and other current assets	(5,752)	(36,970)
Increase (decrease) in payables and accruals	76,614	(35,800)
Increase in deferred revenues	-	33,600
Net cash flow (used in) from operating activities	<u>(511,248)</u>	<u>615,993</u>
Cash Flow from (used in) Investing Activities		
Purchase of fixed assets	(88,184)	(4,060)
Disposal of fixed assets	-	4,910
Net cash flow (used in) investing activities	<u>(88,184)</u>	<u>850</u>
Net (decrease) increase in cash on hand and at bank	(599,432)	616,843
Cash on hand and at bank, beginning of year	<u>831,390</u>	<u>214,547</u>
Cash on hand and at bank, end of year	<u>231,958</u>	<u>831,390</u>

The accompanying notes form an integral part of these financial statements