

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

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 at December 31, 2015, and the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 present fairly, in all material respects, the financial position of MIFTAH as at December 31, 2015 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young - Middle East
License # 206/2012



May 9, 2016
Ramallah - Palestine

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

Statement of Financial Position

As at December 31, 2015

	<u>Notes</u>	<u>2015</u> <u>U.S. \$</u>	<u>2014</u> <u>U.S. \$</u>
Assets			
Non - current assets			
Property and equipment	3	12,540	15,273
		<u>12,540</u>	<u>15,273</u>
Current assets			
Contributions receivable	4	805,126	564,870
Other current assets		2,156	3,062
Cash and cash equivalents	5	711,643	699,233
		<u>1,518,925</u>	<u>1,267,165</u>
Total Assets		<u><u>1,531,465</u></u>	<u><u>1,282,438</u></u>
Net Assets and Liabilities			
Net assets			
Unrestricted net assets		178,158	202,888
Total net assets		<u>178,158</u>	<u>202,888</u>
Non - current liabilities			
Deferred revenues	6	12,540	15,273
Provision for employees' indemnity	7	78,600	46,879
		<u>91,140</u>	<u>62,152</u>
Current liabilities			
Accounts payable and accruals	8	163,245	65,365
Temporarily restricted contributions	10	1,098,922	952,033
		<u>1,262,167</u>	<u>1,017,398</u>
Total Liabilities		<u>1,353,307</u>	<u>1,079,550</u>
Total Net Assets and Liabilities		<u><u>1,531,465</u></u>	<u><u>1,282,438</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, 2015

	<u>Notes</u>	<u>2015</u> <u>U.S. \$</u>	<u>2014</u> <u>U.S. \$</u>
<u>Revenues</u>			
Temporarily restricted contributions released from restriction	10	1,107,718	1,004,525
Deferred revenues recognized	6	5,713	5,908
Unrestricted contributions	9	110,000	-
Other revenues		1,178	980
		<u>1,224,609</u>	<u>1,011,413</u>
<u>Expenses</u>			
Projects expenses	11	1,107,718	1,004,525
General and administrative expenses	12	98,448	25,000
Depreciation of property and equipment	3	5,713	5,908
Foreign exchange loss		37,460	5,998
		<u>1,249,339</u>	<u>1,041,431</u>
Decrease in net assets		(24,730)	(30,018)
Net assets, beginning of year		<u>202,888</u>	<u>232,906</u>
Net assets, end of year		<u><u>178,158</u></u>	<u><u>202,888</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 Cash Flows

Year ended December 31, 2015

	<u>Note</u>	<u>2015</u> <u>U.S. \$</u>	<u>2014</u> <u>U.S. \$</u>
Operating Activities:			
Decrease in net assets		(24,730)	(30,018)
Adjustments:			
Depreciation of property and equipment		5,713	5,908
Deferred revenues recognized		(5,713)	(5,908)
Provision for employees' indemnity		31,721	29,025
		<u>6,991</u>	<u>(993)</u>
Changes in working capital			
Contributions receivable		(240,256)	40,317
Other current assets		906	2,182
Temporarily restricted contributions		146,889	126,174
Accounts payable and accruals		97,880	(33,542)
Deferred revenues		2,980	2,080
Net cash from operating activities		<u>15,390</u>	<u>136,218</u>
Investing Activities:			
Purchase of property and equipment		(2,980)	(2,080)
Net cash used in investing activities		<u>(2,980)</u>	<u>(2,080)</u>
Increase in cash and cash equivalents		12,410	134,138
Cash and cash equivalents, beginning of year		<u>699,233</u>	<u>565,095</u>
Cash and cash equivalents, end of year	5	<u><u>711,643</u></u>	<u><u>699,233</u></u>

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

Notes to the Financial Statements

December 31, 2015

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, 2015 were approved by the Board of Trustees on May 9, 2016.

2. 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 presented in U.S. Dollars, which is the functional currency of MIFTAH.

The financial statements have been prepared under the historical cost basis.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Furthermore, several standards and interpretations have been issued but are not yet mandatory. MIFTAH believes that the new standards and interpretations will have no significant impact on disclosures, financial position or performance when applied at a future date.

Summary of significant accounting judgments, estimates and assumptions

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.

Useful lives of properties and equipment

MIFTAH's management reassesses the useful lives of properties and equipment assets, and makes adjustments if applicable, at each financial year end.

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 in the statement of activities and changes in net assets 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 of financial assets

An assessment is made at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the statement of activities and changes in net assets.

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 is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities and changes in net assets as incurred.

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

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

Any item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and changes in net assets when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Income taxes

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

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.

Foreign currencies

Transactions in foreign currencies are presented in U.S. \$ 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 financial statements date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and equipment

	Office equipment	Office furniture	Leasehold improvements	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Cost:				
At January 1, 2015	220,985	67,249	28,495	316,729
Additions	2,980	-	-	2,980
At December 31, 2015	<u>223,965</u>	<u>67,249</u>	<u>28,495</u>	<u>319,709</u>
Depreciation:				
At January 1, 2015	207,904	65,057	28,495	301,456
Depreciation charge for the year	5,217	496	-	5,713
At December 31, 2015	<u>213,121</u>	<u>65,553</u>	<u>28,495</u>	<u>307,169</u>
Net carrying value:				
At December 31, 2015	<u>10,844</u>	<u>1,696</u>	-	<u>12,540</u>
At December 31, 2014	<u>13,081</u>	<u>2,192</u>	-	<u>15,273</u>

Property and equipment include U.S. \$ 294,028 and U.S. \$ 290,772 of fully depreciated assets that are still being used in MIFATAH's activities as at December 31, 2015 and 2014, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	write-off	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Arab Fund	14,661	264,113	(13,987)	-	-	264,787
Representative Office of Norway (NRO)	-	404,538	(190,093)	-	(30,285)	184,160
Human Rights Secretariat	250,000	-	(108,000)	-	-	142,000
Irish Representative Office (IRO)	-	74,060	-	-	-	74,060
United Nations Development Programme (UNDP)	5,200	181,257	(138,197)	-	-	48,260
Oxfam Novib and Dutch Ministry of Foreign Affairs (OXFAM Novib-BuZa)	165,475	128,605	(241,846)	-	(13,057)	39,177
United Nations Population Fund (UNFPA)	471	149,321	(104,928)	(3,418)	656	42,102
Local Governance & Civil Society Development (GIZ)	29,997	116,087	(130,311)	-	(5,193)	10,580
Palestinian Anti-Corruption Commission (PACC)	6,180	-	(6,156)	-	(24)	-
The Department for International Development (DFID)	92,886	1,485	(91,349)	-	(3,022)	-
Canada Fund	-	23,614	(8,082)	(15,532)	-	-
	<u>564,870</u>	<u>1,343,080</u>	<u>(1,032,949)</u>	<u>(18,950)</u>	<u>(50,925)</u>	<u>805,126</u>

5. Cash and cash equivalents

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Cash in hand and at banks	392,798	296,366
Short-term deposits	318,845	402,867
	<u>711,643</u>	<u>699,233</u>

Short term deposits in U.S. \$ are due within three months after the financial statements date with an average interest rate of 0.36% and 0.5%, during the years 2015 and 2014, respectively.

Short-term deposits as at December 31, 2015 and 2014 include U.S. \$ 78,600 and U.S. \$ 46,879, respectively as deposits designated for employees' indemnity.

6. Deferred revenues

This item represents the value of property and equipment acquired during the year using the temporarily restricted contributions. It is recorded as deferred revenues and recognized regularly based on the expected useful life of an asset.

Movement on deferred revenues during the year was as follows:

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Balance, beginning of year	15,273	19,101
Additions (Note 10)	2,980	2,080
Deferred revenues recognized	(5,713)	(5,908)
Balance, end of year	<u>12,540</u>	<u>15,273</u>

7. Provision for employees' indemnity

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

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Balance, beginning of year	46,879	17,854
Additions during the year	31,721	29,025
Balance, end of year	<u>78,600</u>	<u>46,879</u>

8. Accounts payable and accruals

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Outstanding checks	117,257	48,074
Accounts payable	37,510	10,096
Accrued expenses	8,478	7,195
	<u>163,245</u>	<u>65,365</u>

9. Unrestricted contributions

During 2015, several private sector institutions donated an amount U.S. \$ 110,000 which was recognized as unrestricted contributions as follows:

	<u>2015</u>
	U.S. \$
Unipal General Trading Co.	45,000
Palestine Association for Development	25,000
Bank of Palestine	25,000
Medical Supplies and Services Company	15,000
	<u>110,000</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 during 2015 is as follows:

	Balance, beginning of year	Additions	Temporarily restricted contributions released from restriction	Deferred revenues	Write- Off	Interest revenue	Currency difference	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
United Nations Development Programme (UNDP)	17,560	181,257	(96,164)	(1,745)	-	-	-	100,908
Local Governance & Civil Society Development (GIZ)	7,824	116,087	(29,960)	-	-	-	(4,037)	89,914
Oxfam Novib and Dutch Ministry of Foreign Affairs (OXFAM Novib-BuZa)	320,061	128,605	(398,180)	(916)	-	-	(34,967)	14,603
Representative Office of Norway (NRO)	-	404,538	(185,931)	(224)	-	-	(21,559)	196,824
Irish Representative Office (IRO)	85,450	74,060	(78,070)	(95)	-	-	(7,285)	74,060
Human Rights Secretariat	230,000	-	(110,000)	-	-	-	-	120,000
The Department for International Development (DFID)	53,943	1,485	(55,428)	-	-	-	-	-
United Nations Population Fund (UNFPA)	-	149,321	(145,903)	-	(3,418)	-	-	-
Canada Fund	-	23,614	(8,082)	-	(15,532)	-	-	-
Arab Fund	-	264,113	-	-	-	-	-	264,113
Other donations	237,195	-	-	-	-	1,305	-	238,500
	<u>952,033</u>	<u>1,343,080</u>	<u>(1,107,718)</u>	<u>(2,980)</u>	<u>(18,950)</u>	<u>1,305</u>	<u>(67,848)</u>	<u>1,098,922</u>

11. Projects expenses

Components of projects expenses are as follows:

	UNDP	UNDP	UNDP	GIZ	GIZ	OXFAM Novib	OXFAM Novib & BuZa	OXFAM Novib	
	Support Young Palestinian Women Political Activists	Conference "Women's Call for National Reconciliation"	Rule of Law- Enhancing Women access to Security and Social Accountability	Support Women Active Leadership Roles at LGUs	Improve the Capacity of LC Members	AMAL	Women Peace and Security	Tax Justice & Budgeting	Subtotal
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Program personnel salaries and benefits	2,800	4,595	13,715	9,604	1,471	22,874	50,558	32,826	138,443
Consultant researchers, trainers, facilitators	3,550	1,836	4,665	1,143	2,344	7,704	18,872	52,177	92,291
Public opinion poll	6,000	-	-	-	-	-	11,375	-	17,375
International travel and perdiems	-	-	-	-	-	16,921	7,514	-	24,435
Field coordinators' expenses	979	2,878	-	526	202	1,660	7,317	4,123	17,685
Paid Internships and shadowing	-	-	385	-	-	2,650	-	1,515	4,550
Printings and publication	1,728	2,088	828	-	2,009	8,120	2,000	13,577	30,350
Workshops, Seminars, Training Sessions	1,446	16,044	1,416	1,892	5,179	10,657	13,810	9,124	59,568
Transportation and accommodation	398	4,973	1,601	812	2,679	22,369	29,609	5,392	67,833
Media campaign and activities	-	1,844	-	-	-	-	777	19,078	21,699
Membership fees	-	-	-	-	-	-	-	-	-
Staff Capacity development	-	-	-	-	-	-	-	-	-
Other program direct costs	21	-	-	-	-	500	-	219	740
Program direct cost	14,122	29,663	8,895	4,373	12,413	70,581	91,274	105,205	336,526
Admin staff salaries and benefits	50	2,000	125	-	-	1,807	50	200	4,232
Audit fees	-	-	368	-	-	-	-	-	368
Monitoring and evaluation salaries and related benefits	-	1,222	3,250	1,377	-	-	7,301	3,138	16,288
Overall management	50	3,222	3,743	1,377	-	1,807	7,351	3,338	20,888
Rent	400	700	1,550	645	-	3,350	100	2,990	9,735
Utilities	182	75	550	-	-	22	259	696	1,784
Communication	-	530	-	-	-	472	1,261	550	2,813
Transportation	-	-	-	-	-	319	-	81	400
Stationary and supplies	-	-	84	-	-	131	1,094	394	1,703
Hospitality	-	-	-	-	-	-	-	-	-
Advertising	-	11,223	-	-	-	-	-	58	11,281
Bank charges and other expenses	7	58	-	77	-	256	277	56	731
Annual Board Meetings	-	-	-	-	-	-	-	-	-
Other admin costs	589	12,586	2,184	722	-	4,550	2,991	4,825	28,447
Total	17,561	50,066	28,537	16,076	13,884	99,812	152,174	146,194	524,304

	NRO	IRO	Human Rights Secretariat	DFID	UNFPA	Canada Fund	Total Project Expenses 2015	Project Expenses 2014	
		Core Fund		Tajawob	Support for the Protection of Women	Enhancing the Role of Female LC Members in Nablus			
Subtotal	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
Program personnel salaries and benefits	138,443	50,643	20,015	30,976	6,461	15,516	1,300	263,354	237,127
Consultant researchers, trainers, facilitators	92,291	12,852	1,252	3,861	23,025	42,696	2,151	178,128	136,663
Public opinion poll	17,375	-	-	18,000	-	-	-	35,375	42,000
International travel and perdiems	24,435	1,005	150	-	-	-	-	25,590	1,165
Field coordinators' expenses	17,685	9,812	1,644	24,711	279	26	900	55,057	53,344
Paid Internships and shadowing	4,550	100	100	-	1,935	-	-	6,685	1,500
Printings and publication	30,350	1,218	-	-	870	16,243	-	48,681	27,801
Workshops, Seminars, Training Sessions	59,568	6,459	3,288	6,683	844	11,258	2,020	90,120	113,301
Transportation and accommodation	67,833	7,932	3,380	3,137	2,370	5,019	1,021	90,692	97,401
Media campaign and activities	21,699	4,287	387	387	2,320	5,147	-	34,227	33,092
Membership fees	-	326	-	-	-	-	-	326	300
Staff Capacity development	-	-	-	-	-	-	-	-	3,101
Other program direct costs	740	97	55	125	14,880	40,028	-	55,925	56,985
Program direct cost	336,526	44,088	10,256	56,904	46,523	120,417	6,092	620,806	566,653
Admin staff salaries and benefit	4,232	65,724	31,844	4,765	2,195	4,661	-	113,421	102,787
Audit fees	368	1,500	1,500	1,500	-	500	-	5,368	6,000
Monitoring and evaluation salaries and related benefits	16,288	10,301	3,552	5,029	-	255	300	35,725	31,334
Overall management	20,888	77,525	36,896	11,294	2,195	5,416	300	154,514	140,121
Rent	9,735	4,000	3,950	4,000	100	3,615	-	25,400	25,500
Utilities	1,784	3,774	3,618	3,933	22	498	127	13,756	15,415
Communication	2,813	1,622	873	943	43	325	173	6,792	7,126
Transportation	400	2,102	1,322	1,073	80	-	-	4,977	5,342
Stationary and supplies	1,703	1,263	667	596	-	116	-	4,345	3,407
Hospitality	-	355	148	140	-	-	-	643	1,409
Advertising	11,281	338	180	-	-	-	-	11,799	1,492
Bank charges and other expenses	731	149	15	141	4	-	90	1,130	933
Annual Board Meetings	-	72	130	-	-	-	-	202	-
Other admin costs	28,447	13,675	10,903	10,826	249	4,554	390	69,044	60,624
Total	524,304	185,931	78,070	110,000	55,428	145,903	8,082	1,107,718	1,004,525

12. General and administrative expenses

	<u>2015</u>	<u>2014</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
International travel and perdiems	82,069	-
Admin staff salaries and benefit	4,050	25,000
Workshops, Seminars, Training Sessions	1,451	-
Other expenses	10,878	-
	<u>98,448</u>	<u>25,000</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.

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

	<u>2015</u>	<u>2014</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Key management personnel compensation		
Short-term benefits	59,540	58,780
Termination benefits	4,640	4,560

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contributions receivable 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's exposure to the risk of changes in interest rates 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</u>	<u>Effect on</u>
	<u>interest rate</u>	<u>results of</u>
	<u>Basis Points</u>	<u>activities</u>
		<u>U.S.\$</u>
<u>2015</u>		
U.S. \$	+20	638
<u>2014</u>		
U.S. \$	+20	806

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 foreign currencies 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.

	Increase in currency exchange rate to U.S. \$	Effect on results of activities
	<u>%</u>	<u>U.S. \$</u>
<u>2015</u>		
EURO	+20	39,832
ILS	+20	(21,258)
GBP	+20	-
<u>2014</u>		
EURO	+20	(46,166)
ILS	+20	-
GBP	+20	7,814

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.