

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF
GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)
FINANCIAL STATEMENTS
DECEMBER 31, 2007

**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, 2007, 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, 2007 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



May 29, 2008
Ramallah, Palestine

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

Statement of Financial Position

As of December 31, 2007

	<u>Notes</u>	<u>2007</u> <u>U.S. \$</u>	<u>2006</u> <u>U.S. \$</u>
<u>Assets</u>			
Non - current assets			
Property and equipment	3	62,949	31,087
Current assets			
Contributions receivable	4	243,784	162,500
Due from Board of Trustees	5	10,000	100,000
Other current assets		8,710	4,126
Cash and cash equivalents	6	646,721	678,177
		<u>909,215</u>	<u>944,803</u>
Total Assets		<u><u>972,164</u></u>	<u><u>975,890</u></u>
<u>Net Assets and Liabilities</u>			
Net assets			
Unrestricted net assets		<u>274,472</u>	<u>186,975</u>
Total net assets		<u><u>274,472</u></u>	<u><u>186,975</u></u>
Non - current liabilities			
Deferred revenues	7	57,281	27,515
Provision for severance pay	8	84,825	71,447
		<u>142,106</u>	<u>98,962</u>
Current liabilities			
Accounts payable and accruals	9	44,068	52,493
Temporarily restricted contributions	10	511,518	637,460
		<u>555,586</u>	<u>689,953</u>
Total Liabilities		<u><u>697,692</u></u>	<u><u>788,915</u></u>
Total Net Assets and Liabilities		<u><u>972,164</u></u>	<u><u>975,890</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, 2007

	<u>Notes</u>	<u>2007</u> U.S. \$	<u>2006</u> U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	10	732,991	521,762
Unrestricted contributions	5	75,000	162,000
Deferred revenues recognized	7	15,997	10,494
Sundry		<u>14,665</u>	<u>7,861</u>
		<u>838,653</u>	<u>702,117</u>
Expenses			
Projects' expenses	11	732,991	521,762
Administrative expenses	12	-	79,332
Depreciation expense		<u>18,165</u>	<u>14,592</u>
		<u>751,156</u>	<u>615,686</u>
Increase in net assets		87,497	86,431
Net assets, beginning of year		<u>186,975</u>	<u>100,544</u>
Net assets, end of year		<u>274,472</u>	<u>186,975</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, 2007

	<u>2007</u>	<u>2006</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Operating Activities:		
Increase in net assets	87,497	86,431
Adjustments:		
Depreciation	18,165	14,592
Deferred revenues recognized	(15,997)	(10,494)
Loss from disposal property and equipment	424	-
Provision for severance pay	<u>32,904</u>	<u>23,898</u>
	122,993	114,427
Changes in working capital		
Contributions receivable	(81,284)	129,249
Due from Board of Trustees	90,000	(100,000)
Other current assets	(4,584)	21,953
Temporarily restricted contributions	(125,942)	(38,188)
Accounts payable and accruals	(8,425)	(8,550)
Deferred revenues	45,763	11,655
Payment of employees' severance pay	<u>(19,526)</u>	<u>(23,796)</u>
Net cash flows from operating activities	<u>18,995</u>	<u>106,750</u>
Investing Activities:		
Purchase of property and equipment	<u>(50,451)</u>	<u>(12,125)</u>
Net cash used in investing activities	<u>(50,451)</u>	<u>(12,125)</u>
(Decrease) Increase in cash and cash equivalents	(31,456)	94,625
Cash and cash equivalents, beginning of year	<u>678,177</u>	<u>583,552</u>
Cash and cash equivalents, end of year	<u><u>646,721</u></u>	<u><u>678,177</u></u>

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

Notes to the Financial Statements

December 31, 2007

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 of December 31, 2007 were approved by the Board of Trustees on May 29, 2008.

2. Summary of Significant Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Currently, the International Financial Reporting Standards do not include any specific requirements regarding the not-for-profit organization in connection with the accounting policies or the presentation of the financial statements.

The financial statements have been presented in U.S. Dollars.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that MIFTAH has adopted the following new and amended IFRS during the year. Adoption of these revised standards did not have any effect on the financial performance or position of MIFTAH. They did however give rise to additional disclosures:

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of MIFTAH's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the result of activities or financial position, comparative information has been revised where needed.

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 specific purpose or time are recognized when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by donor for 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:

	<u>Useful life (years)</u>
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 expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditures are recognised in the statement of activities as the expense is incurred.

Income taxes

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

Provision for severance pay

Provision for severance pay 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 currency transactions

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 taken to 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, 2007	150,292	57,771	5,137	213,200
Additions	20,444	6,649	23,358	50,451
Disposals	(1,640)	-	-	(1,640)
At December 31, 2007	<u>169,096</u>	<u>64,420</u>	<u>28,495</u>	<u>262,011</u>
Depreciation:				
At January 1, 2007	141,806	37,614	2,693	182,113
Depreciation charges for the year	11,439	3,162	3,564	18,165
Disposals	(1,216)	-	-	(1,216)
At December 31, 2007	<u>152,029</u>	<u>40,776</u>	<u>6,257</u>	<u>199,062</u>
Net carrying value:				
At December 31, 2007	<u>17,067</u>	<u>23,644</u>	<u>22,238</u>	<u>62,949</u>
At December 31, 2006	<u>8,486</u>	<u>20,157</u>	<u>2,444</u>	<u>31,087</u>

Property and equipment include U.S. \$ 156,022 and U.S. \$ 149,275 of fully depreciated assets that are still operational as of December 31, 2007 and 2006, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Currency difference	Write off	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
International Republican Institute (IRI)	120,000	332,400	(230,800)	-	-	221,600
Henrich Boell Foundation	-	32,775	(16,747)	714	-	16,742
Canadian Representative Office	-	30,000	(26,314)	-	-	3,686
United Nation Population Fund (UNFPA)	20,000	64,600	(83,064)	220	-	1,756
The European Community and Ford Foundation through KESHEV	-	29,968	(29,968)	-	-	-
Kvinna Till Kvinna	-	56,790	(56,790)	-	-	-
National Endowment for Democracy (NED)	22,500	-	(22,500)	-	-	-
Coalition for Accountability and Integrity - (AMAN)	-	32,737	(27,222)	1,572	(7,087)	-
British Council	-	2,500	(2,500)	-	-	-
Konrad Adenauer Stiftung (KAS)	-	60,676	(63,106)	2,430	-	-
Special donations	-	7,980	(7,980)	-	-	-
	<u>162,500</u>	<u>650,426</u>	<u>(566,991)</u>	<u>4,936</u>	<u>(7,087)</u>	<u>243,784</u>

5. Due from Board of Trustees

During 2007 and 2006, a number of MIFTAH's Board of Trustees made commitments to donate unrestricted contribution of U.S. \$ 75,000 and U.S. \$ 162,000, respectively. As of December 31, 2007 unrestricted contributions of U.S. \$ 10,000 were still uncollected.

6. Cash and cash equivalents

	2007	2006
	U.S. \$	U.S. \$
Cash in hand and at banks	200,850	393,157
Short-term deposits	445,871	285,020
	<u>646,721</u>	<u>678,177</u>

Short term deposits in U.S. \$ are due within one month after the financial statements date with an average interest rate of 2.5%, and 3% during the years ended December 31, 2007 and 2006, respectively.

Short-term deposits as of December 31, 2007 and 2006 include U.S. \$ 84,825 U.S. \$ 71,447, respectively as restricted deposits against employees' severance pay.

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>2007</u>	<u>2006</u>
	U.S. \$	U.S. \$
Balance, beginning of year	27,515	26,354
Additions (Note 10)	45,763	11,655
Deferred revenues recognized	<u>(15,997)</u>	<u>(10,494)</u>
Balance, end of year	<u>57,281</u>	<u>27,515</u>

8. Provision for severance pay

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

	<u>2007</u>	<u>2006</u>
	U.S. \$	U.S. \$
Balance, beginning of year	71,447	71,345
Additions during the year	32,904	23,898
Payments during the year	<u>(19,526)</u>	<u>(23,796)</u>
Balance, end of year	<u>84,825</u>	<u>71,447</u>

9. Accounts payable and accruals

	<u>2007</u>	<u>2006</u>
	U.S. \$	U.S. \$
Postponed checks	20,073	26,740
Accrued expenses	16,598	20,153
Accounts payable	<u>7,397</u>	<u>5,600</u>
	<u>44,068</u>	<u>52,493</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	Additions	Temporarily restricted contributions released from restriction	Deferred revenues	Write off	Currency difference	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
International Republican Institute (IRI)	99,554	332,400	(188,930)	(4,394)	-	-	238,630
Henrich Boell Foundation	-	32,775	(2,240)	-	-	688	31,223
Canadian Representative Office	-	30,000	(24,829)	-	-	-	5,171
United Nation Population Fund (UNFPA)	-	64,600	(63,757)	-	-	(843)	-
The European Community and Ford Foundation through KESHEV	95,402	29,968	(126,683)	(3,793)	-	5,106	-
Kvinna Till Kvinna	-	56,790	(51,523)	(1,500)	-	-	3,767
National Endowment for Democracy (NED)	24,940	-	(24,886)	(54)	-	-	-
The Ford Foundation	58,327	-	(57,097)	(1,230)	-	-	-
Coalition for Accountability and Integrity (AMAN)	-	32,737	(28,000)	-	(7,087)	2,350	-
British Council	-	2,500	(2,500)	-	-	-	-
Konrad Adenauer Stiftung (KAS)	-	60,676	(57,000)	(5,848)	-	2,172	-
Representative Office of Norway	107,731	-	(105,546)	(2,185)	-	-	-
United Nations Development Programme (UNDP)	11,640	-	-	-	-	-	11,640
Consolidated Contractors Company (CCC)	26,759	-	-	(26,759)	-	-	-
Special donations	213,107	7,980	-	-	-	-	221,087
	<u>637,460</u>	<u>650,426</u>	<u>(732,991)</u>	<u>(45,763)</u>	<u>(7,087)</u>	<u>9,473</u>	<u>511,518</u>

11. Projects expenses

Components of projects expenses are as follows:

	<i>The Ford Foundation</i>		<i>IRI</i>	<i>Henrich Boell Foundation</i>	<i>UNFPA</i>	<i>Kvinna Till Kvinna</i>		
	<i>Institutional Support and Policy Formulation</i>	<i>Empowerment of Women in Peace</i>	<i>Enhancing Accountability in the Public Sector</i>	<i>Empowerment of Palestinian Women Leadership Elections` (Phase II)</i>	<i>Gender Responsive Budget in Local Councils</i>	<i>Gender, Peace and Security</i>	<i>Strengthening the Capacity of the National Team for a Gender Responsive National Budget</i>	<i>Subtotal</i>
	<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	18,465	2,300	7,100	96,000	2,240	24,450	28,420	178,975
Experts honoraria and training fees	-	-	-	-	-	-	-	-
Office, equipment and hall rental	2,340	-	-	22,610	-	750	4,500	30,200
Travel and accommodation	286	3,761	-	8,580	-	1,016	1,009	14,652
Information Technology and publications	1,003	3,118	11,621	5,920	-	25,237	6,161	53,060
Professional fees	-	-	-	4,000	-	-	3,100	7,100
Training expenses	-	692	-	24,161	-	6,029	600	31,482
Hosting delegations and meetings	147	3,834	-	18,060	-	5,734	3,137	30,912
Postage, telephone and fax	1,021	-	481	4,434	-	25	2,100	8,061
Utilities	823	-	-	4,929	-	454	2,415	8,621
Sundry	105	-	-	236	-	62	81	484
Total	<u>24,190</u>	<u>13,705</u>	<u>19,202</u>	<u>188,930</u>	<u>2,240</u>	<u>63,757</u>	<u>51,523</u>	<u>363,547</u>

11. Projects expenses - continued

	<u>British Council</u>	<u>NED</u>	<u>The European Community and Ford Foundation through KESHEV</u>	<u>Canadian Representative Office</u>	<u>AMAN</u>	<u>Norway</u>	<u>KAS</u>			
	<i>Advocacy towards Changing the Cultural and Traditional Stereotyping of Palestinian Women's Roles in the Workplace and Society</i>	<i>Advocating Young Leaders Issues</i>	<i>Monitoring Incitement in Palestinian Media</i>		<i>Enhancing Media Role in Fighting Corruption</i>	<i>Support to Palestinian Leadership Empowerment and MIFTAH's Capacity Building</i>	<i>Enhancing the Role of Civil Society in the Legislative Process</i>	<i>Total Project Expenses 2007</i>	<i>Total Project Expenses 2006</i>	
<i>Subtotal</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	<i>U.S. \$</i>	
Salaries and related expenses	178,975	1,887	10,263	118,849	12,620	12,128	67,552	16,873	419,147	316,587
Experts honoraria and training fees	-	-	-	-	-	-	-	-	-	3,174
Office, equipment and hall rental	30,200	-	1,919	650	4,200	1,893	6,950	435	46,247	38,148
Travel and accommodation	14,652	123	854	91	1,057	1,149	3,884	1,097	22,907	3,762
Information technology and publications	53,060	113	3,554	4,100	5,888	7,388	6,033	33,370	113,506	90,927
Professional fees	7,100	-	2,600	-	-	-	1,499	3,004	14,203	4,700
Training expenses	31,482	-	1,137	-	-	1,186	6,041	737	40,583	13,870
Hosting delegations and meetings	30,912	300	1,920	1,127	-	3,603	8,012	1,371	47,245	20,300
Postage, telephone and fax	8,061	77	1,198	-	355	214	2,158	31	12,094	12,622
Utilities	8,621	-	1,431	-	607	439	3,342	69	14,509	13,972
Sundry	484	-	10	1,866	102	-	75	13	2,550	3,700
Total	363,547	2,500	24,886	126,683	24,829	28,000	105,546	57,000	732,991	521,762

12. Administrative expenses

	<u>2007</u>	<u>2006</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Salaries and related expenses	-	69,266
Experts honoraria and training fees	-	1,400
Travel and accommodation	-	1,200
Information technology and publications	-	21
Professional fees	-	1,300
Postage, telephone and fax	-	1,280
Utilities	-	4,579
Sundry	-	286
	<u>-</u>	<u>79,332</u>

During the year, MIFTAH allocated all administrative expenses to the projects based on financial budgets approved by MIFTAH donors.

13. Related party transactions

This represents transaction with key management personnel.

	<u>2007</u>	<u>2006</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Due from Board of Trustees	<u>10,000</u>	<u>100,000</u>
Unrestricted contributions	<u>75,000</u>	<u>162,000</u>
Key management personnel compensation		
Short-term benefits	<u>40,964</u>	<u>40,736</u>
Termination benefits	<u>3,413</u>	<u>3,394</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:

	Increase/ decrease in basis points	Effect on results of activities U.S.\$
<u>2007</u>		
U.S. \$	+20	892
U.S. \$	- 50	(2,229)
<u>2006</u>		
U.S. \$	+20	570
U.S. \$	- 50	(1,425)

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.

	Increase / decrease in ILS rate to U.S. \$ %	Effect on results of activities U.S. \$	Increase / decrease in Euro rate to U.S. \$ %	Effect on results of activities U.S. \$
<u>2007</u>				
U.S. \$	+5	3,493	+5	1,057
U.S. \$	-5	(3,493)	- 5	(1,057)
<u>2006</u>				
U.S. \$	+5	3,203	+5	142
U.S. \$	-5	(3,203)	- 5	(142)

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.