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6 June, 2010

**Friends of Miftanim**  
**Financial Statements for 31 December, 2009-**  
**(Translated from the Hebrew)**

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Auditor's Report to the Members of  
Friends of Miftanim

I have examined the attached balance sheets of the Friends of Miftanim ("the Association") as at December 31, 2009 and 2008 and the Statement of Operations and Statement of Changes in Net Assets for each of the years that ended at these dates. These financial statements are the responsibility of the Executive committee and the management of the association. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, including prescribed by the Auditors (Mode of Operation) Regulations, 1973. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Executive committee and management of the association, as well as evaluating the overall financial statement presentation. I believe that my audit provides a fair basis for my opinion.

The above financial statements have been prepared on historical cost basis in nominal values. Information regarding reported amounts as stated in Opinion of the Institute of Certified Public Accountants in Israel is not included in these financial statements.

In my opinion, except for the non-inclusion of the information mentioned in the previous paragraph, these financial statements present fairly in all material respects, in conformity with generally accepted accounting principles, in all significant aspects, for Not for Profit organizations, the financial position of the association as at December 31, 2008 and 2009 and the results of its operations and change in status of Net Assets for the years then ended- in nominal values.

Sami Levy  
Certified Public Accountant  
June 6, 2010  
Tel Aviv

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Friends of Miftanim  
Balance Sheet

	<u>NOTE</u> 3	<u>On December 31</u>	
		<u>2008</u> NIS	<u>2009</u> NIS
<b><u>Current Credit</u></b>			
Cash and cash equivalent		69,333	243,933
Short-term deposit at bank (in NIS)		435,420	366,106
Deduction of tax at source		280	--
<b>Total Current Credit</b>		<u>505,033</u>	<u>610,039</u>
<b>Total Assets:</b>		<u>505,033</u>	<u>610,039</u>
<b><u>Current Debits</u></b>			
Suppliers		2,700	--
Creditors and Credit Balance		44,347	128,393
<b>Total Current Debit Balance</b>		<u>47,047</u>	<u>128,393</u>
<b>Total Debit Balance</b>		<u>47,047</u>	<u>128,393</u>
<b><u>Net Assets</u></b>			
Non restricted net assets:			
Which are undesignated by the Non Profit Organization's Institution		457,986	481,646
		<u>457,986</u>	<u>481,646</u>
<b><u>Total Debits and Net Assets:</u></b>		<u>505,033</u>	<u>610,039</u>

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Chairperson

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Treasurer

The accompanying notes are an integral part of the financial statements.

Date of Approval of Financial Statements: 6 June, 2010

**Friends of Miftanim**  
**Operations Report**

	<u>Year Ended on December 31</u>	
	<u>2008</u>	<u>2009</u>
<u>Note</u>	<u>NIS</u>	<u>NIS</u>
<b>Volume of Operation:</b>		
Donations	678,960	755,482
Membership Fees	<u>4,050</u>	<u>5,600</u>
<b>Total Volume of Operation</b>	<b><u>683,010</u></b>	<b><u>761,082</u></b>
Cost of Operation:		
Equipment and services purchased for the Miftanim	<b>4</b> <u>882,895</u>	<u>691,038</u>
<b>Net Income (Expenses) of Operation</b>	<b>(199,885)</b>	<b>70,044</b>
Office and General Expenses	<u>25,499</u>	<u>45,054</u>
<b>Net Income (Expenses) before Financing</b>	<b>(225,384)</b>	<b>24,990</b>
Net Financing Income (Expenses)	<u>11,502</u>	<u>(1,330)</u>
<b>Net Income (Expenses) after Financing</b>	<b>(213,882)</b>	<b>23,660</b>
Other Net Income	10,745	--
<b>Income (Expenses) from Standard Operations</b>	<b><u>(203,137)</u></b>	<b><u>23,600</u></b>

The accompanying notes are an integral part of the Financial Statements

Friends of Miftanim  
Notes to the Financial Statements

**Note 1- GENERAL**

- (a) The Association was registered according to the laws of Non – Profit Organizations, 1980 on July 28, 1986, registration number 58-01-008-40.
- (b) The Association is registered as a “public institution” by the Income Tax Authorities, according to clause 9 (2) of Income Tax directives. The association’s incomes are exempt from income tax and donations received are tax deductible for income tax purposes.

**Note 2- Accounting Principles and Reporting Regulations**

- a) The Financial Statements have been presented in conformity to manifesto 69, regulation 5 for accounting principles and financial reporting applicable to non profit organizations.
- b) The financial statements are prepared according to a conformed cash basis, as described in the following:  
The association records incomes and expenses on a cash basis and all pertinent assets and financial obligations are also recorded on the actual receipt or payments on a cash basis and not by dates of incurrence, excepting:  
- Expenses and incomes incurred for differences in foreign currency rates are included for the period that ends on the date of the financial statements.  
- Calculated depreciation of the cost of fixed property
- c) Foreign currency balances are presented according to the bank rate of the date of the balance sheet.
- d) The Association which was registered according to the laws of V.A.T. authorities, 1975, is not entitled to VAT returns for VAT payments on materials. The taxes paid are included in the relevant clauses.
- e) These financial statements have been prepared in conformity with generally accepted accounting principles on a historical cost basis in nominal values. The effect of the changes in the general purchasing power of the Israeli currency on the financial statements is not included in these financial statements.

**Note 3 – Cash and Cash Equivalent**

	<u>As of 31 December</u>	
	<u>2008</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Cash- NIS	68,007	240,930
Cash- Foreign Currency	1,326	3,003
	<u>69,333</u>	<u>243,933</u>

**Friends of Miftnanim Non Profit Organization**  
**Notes to the Financial Statements**

**Note 4 –EQUIPMENT AND SERVICES PURCHASED FOR THE MIFTANIM**

	<u>Year ended December 31</u>	
	<u>2008</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Miftnanim Tamra	12,865	--
Museum Project	16,700	--
Miftan Ofek Kiriyat Yam	120,965	17,325
Clothing project- General	310,881	--
Miftan Pardes Hanna	15,564	--
Meitar Haifa	--	20,000
Miftan Yavne	15,930	25,217
Therapeutic Horse Riding-General	15,840	--
Dental treatment	52,017	32,350
Miscellaneous	97,850	82,847
Miftan Tiberias-Misc.Projects	4,000	--
Miftan Rehovot	--	20,862
Miftan Beit-Lid-Misc.Projects	56,500	93,708
Miftan Acco	36,570	--
Miftan Ra'anana	2,010	158,854
Miftan Herzeliya	73,957	13,750
Miftan Migdal HaEmek	29,438	18,881
Susan's House	6,759	1,693
Miftan Kfar Saba	--	186,515
Miftan Ashdod	5,799	--
Miftan Rosh Ha'ayin	9,250	19,036
	<u>882,895</u>	<u>691,038</u>

**Note 5- DETAILS FOR DONATIONS ABOVE 20,000 NIS**

The following is the list of Donors who donated above 20,000 NIS during the year of this report:

Kasirer Foundation	88,000 NIS
Koton Foundation	128,000 NIS
Lilly Ladin	30,000 NIS
HaPoalim Bank Ltd.	50,000 NIS
PEF Foundation	38,100 NIS
Glencore Foundation	25,077 NIS
Safra Foundation	143,533 NIS
Calder Management	70,491 NIS