

NGO DEVELOPMENT CENTER (NDC)

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
AND INDEPENDENT AUDITORS' REPORT**

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**Independent Auditors' Report
To the Board of Directors of NGO Development Center (NDC)
Jerusalem - Palestine**

Report on the financial statements

We have audited the accompanying financial statements of the NGO Development Center (hereinafter the "NDC") which comprise the statement of the financial position as of December 31, 2009, 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

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 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 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NDC as of December 31, 2009 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PRICEWATERHOUSECOOPERS 

Michael Orfaly
Ramallah
May 6, 2010

NGO Development Center (NDC)

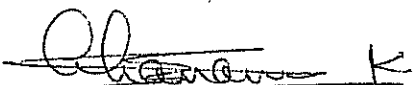
Financial statements for the year ended December 31, 2009

STATEMENT OF FINANCIAL POSITION


(All amounts in U.S Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Non-current assets			
Property plant and equipment, net	(3)	134,840	181,843
Total non current assets		<u>134,840</u>	<u>181,843</u>
Current assets			
Pledges receivable	(4)	6,396,022	14,082,760
Other current assets	(5)	31,188	36,740
Cash and cash equivalents	(6)	3,231,580	4,600,770
Total current assets		<u>9,658,790</u>	<u>18,720,270</u>
Total assets		<u>9,793,630</u>	<u>18,902,113</u>
 NET ASSETS AND LIABILITIES			
Net assets			
Unrestricted net assets		1,081,326	932,715
Temporarily restricted net assets	(8)	8,430,317	17,782,481
Total net assets		<u>9,511,643</u>	<u>18,715,196</u>
Non-current liabilities			
Provision for end-of-service indemnity	(9)	126,394	93,467
Total non-current liabilities		<u>126,394</u>	<u>93,467</u>
Current liabilities			
Other current liabilities	(10)	155,593	93,450
Total current liabilities		<u>155,593</u>	<u>93,450</u>
Total net assets and liabilities		<u>9,793,630</u>	<u>18,902,113</u>

- The notes on pages 6 to 30 are an integral part of these financial statements.
- The financial statements on page 3 to 30 were authorized for issue by the Board of directors on March 20, 2010 and were signed on its behalf.



 Mr. Ghassan Kasabreh
 Director



 Mr. Shadi Qara'
 Finance & Admin Manager

NGO Development Center (NDC)

Financial statements for the year ended December 31, 2009

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(All amounts in U.S Dollars)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets			
Insurance revenues (Unified Program)		7,963	113,900
Interest revenues		14,331	28,702
In kind donations recognized	(7)	-	137,190
Other revenues		14,346	28,338
Total unrestricted revenues		36,640	308,130
Released from temporarily restricted net assets	(8)	14,144,338	6,911,246
Total unrestricted revenues		14,180,978	7,219,376
Expenses and losses			
Projects' expenses	(11)	13,963,565	6,856,326
Depreciation expenses		57,864	53,571
Loss / (Gain) on currency variances		5,868	(5,324)
Unified program expenses	(12)	1,530	84,548
Loss on disposal of property and equipment		-	780
Other expenses		3,540	14,057
Total expenses and losses		14,032,367	7,003,958
Net change in unrestricted net assets		148,611	215,418
Changes in temporarily restricted net assets			
Grants and donations	(8,4)	4,898,720	7,126,860
Net assets released from restriction	(8)	(14,144,338)	(6,911,246)
Written off during the year	(8)	(50,500)	-
Currency variances	(8)	(56,046)	-
Net changes in temporarily restricted net assets		(9,352,164)	215,614
Changes in net assets for the year		(9,203,553)	431,032
Net assets, beginning of the year		18,715,196	18,284,164
Net assets, end of the year		9,511,643	18,715,196

- The notes on pages 6 to 30 are an integral part of these financial statements.

NGO Development Center (NDC)

Financial statements for the year ended December 31, 2009

STATEMENT OF CASH FLOWS

(All amounts in U.S Dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Changes in net assets for the year	(9,203,553)	431,032
Adjustments:		
Depreciation	57,864	53,571
End of service indemnity expense	62,154	60,270
Adjustments to reconcile changes in net assets to net		
Cash provided by / (used in) operating activities:		
Pledges receivable	7,686,738	2,733,803
Other current assets	5,552	(7,178)
Other current liabilities	62,143	33,126
Loss on property, plant and equipment disposal	-	780
In kind donations	-	(137,190)
End of service indemnity paid	(29,227)	(14,135)
Net cash (used in)/provided by operating activities	<u>(1,358,329)</u>	<u>3,154,079</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,861)	(72,626)
Proceed from selling property, plant and equipment	-	8,560
Net cash used in investing activities	<u>(10,861)</u>	<u>(64,066)</u>
(Decrease) Increase in cash and cash equivalents	(1,369,190)	3,090,013
Cash and cash equivalents, beginning of the year	4,600,770	1,510,757
Cash and cash equivalents, end of the year	<u>3,321,580</u>	<u>4,600,770</u>

- The notes on pages 6 to 30 are an integral part of these financial statements.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (1) GENERAL INFORMATION

NGO Development Center (NDC) was registered with the Ministry of Interior on March 4, 2006 under registration Number (OR 286-B) as a Palestinian NGO. The Welfare Association and its Project Management Organization (PMO) which implemented PNGO I and II had transferred assets, system, and staff according to law No.1 for the year 2000 on charitable societies from Welfare Association to NDC. NDC started its normal activities on July 1, 2006.

The NGO Development Center (NDC) is one of the largest Palestinian organizations, and is working hand-in-hand with Palestinian NGOs, local cooperatives, and community development organizations to enhance their service delivery and build more capable, representative Palestinian civil society. NDC programs and grants empower Palestinians to help them by providing the NGOs the skills tools and funds they require to address social needs and promote self-reliance adversity. The organization advocates greater NGO transparency and accountability through the adoption of professional financial and management practices, and promotes sector-wide coordination and sharing of best practice experiences.

On November 1, 2006, the Welfare Association and the NGO Development Center (NDC) signed a Memorandum of Understanding (MoU) to transfer from the Welfare Association all programs, activities, assets and staff of the Project Management Organization (PMO) of the Palestinian NGO II project to NDC.

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared according to International Financial Reporting Standards based on the historical cost convention and presented in United State Dollars (USD). Currently, international financial reporting standards do not include any specific requirements regarding not-for-profit organizations in connection with the accounting policies or the presentation of the financial statements. The preparation of the financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

Following is a summary of the NDC's significant accounting policies:

a) Pledges receivable:

Pledges receivable are stated at the original amount of the signed agreement less the amount received and impaired.

b) Cash and cash equivalents:

Cash and cash equivalents includes cash at banks, cash on hand and short term deposits with a maturity of three months or less.

c) Net assets:

Net assets of NDC and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets whose use by NDC is not subject to donor-imposed restrictions.
- Temporarily restricted net assets - Net assets whose use by NDC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of NDC pursuant to those donor-imposed stipulations.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property, plant and equipment:

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual rates:

	%
Furniture	15-20%
Office equipment	15-20%
Computer and accessories	20-33%
Computer software	20%
Vehicles	15%

The cost of the property, plant and equipment includes all the expenditures incurred so as to make the assets ready for use. Any subsequent expenditure is capitalized only when they increase the future economic benefits of the related fixed property, plant and equipment.

e) Impairment of assets:

The carrying values of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indications exist and when the carrying values exceed the estimated recoverable amounts the values of the assets are decreased to the recoverable amount, and the difference is recognized in the statement of activities and changes in net assets.

f) Expenses recognition:

Expenses are recognized when incurred based on the accrual basis of accounting.

g) Provision for end of service indemnity:

Benefits payable to the employees of NDC at the end of their services which are provided for in accordance with the guidelines set by the local labour laws, by accruing one month compensation for each year of service based on the last salary paid.

h) Revenue Recognition:

Revenues are recognized when contributions and/or donations are pledged.

i) Changes in the accounting policies:

The accounting policies used are the same as those used in the previous year, unless otherwise stated.

j) Translation of foreign currencies:

The accompanying financial statements are denominated in USD. Transaction in other currencies is accounted for at the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD by applying the exchange rates prevailing at the reporting date. Exchange gains or losses arising from the transactions are reflected in the statement of activities and changes in net assets. The exchange rates against USD as of December 31, 2009 and 2008 were as follows:

Currency	2009	2008
NIS	0.27	0.26
EURO	1.42	1.41

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) In-kind donations:

Donations related to property and equipment are stated at fair value, recorded as In-kind donation and recognized as revenue on a systematic basis over the useful life of assets. Starting 2008, NDC changed its policy to include all the remaining balance of the in-kind donations to unrestricted net assets.

l) Statement of sources and uses of funds:

Statement of sources and uses of funds was prepared according to the World Bank reporting procedures when funds are received from multiple donors.

m) Financial Risk Management:

1. Credit risk:

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The risk is divided into the following sections:

Fully performing assets:

Analysis of this risk is presented in the following section by quality of credit.

	<u>Carrying amount</u>	<u>Credit Quality</u>
Cash and cash equivalents	3,231,580	High
Pledges receivable	6,396,022	High
Other current assets	31,188	High

- NDC has an amount of USD 3,231,580 as cash at the Arab Bank and on hand, these funds are not restricted to use.

- NDC has a total amount of USD 6,396,022 as pledges receivable from the donors.

2. Liquidity risk:

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The schedule below presents expected cash outflows resulting from financial liabilities broken down by time brackets:

Items	<u>Expected timing of cash outflow</u>				
	<u>Carrying amounts</u>	<u>0-6 Month</u>	<u>7M-1 Year</u>	<u>1-2 Years</u>	<u>More than 2 Years</u>
Other current payables (Excluding Staff vacation)	107,361	107,361	-	-	-
	<u>107,361</u>	<u>107,361</u>	<u>-</u>	<u>-</u>	<u>-</u>

- NDC will pay an amount of USD 107,361 during the first 6 months of the year 2010. NDC will use the available cash to settle these obligations.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**m) Financial Risk Management (continued)****3. Market risk:**

The market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

The main market risk faced by NDC is foreign exchange risk. Currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The main currencies that NDC uses are the United States Dollars (USD), the New Israeli Shekels (NIS) and the Euro. The NIS rate to the USD at the end of the year 2009 was 3.775 and for 2008 was 3.777 respectively, while the average rate for 2009 was 3.8934 and for 2008 the average rate was 3.5878. In addition, the Euro rate to the USD at the end of the year 2009 was 1.42 and for 2008 was 1.40, while the average rate for 2009 was 1.3947. For 2008 the average rate was 1.4657. These fluctuations in the exchange rates resulted in a gain of USD 50,178 in 2009 (gain of USD 5,324 in 2008).

NOTE (3) – PROPERTY, PLANT AND EQUIPMENT, NET

Details-

	Balance 1/1/2009	Additions	Disposals	Balance 31/12/2009
Furniture	19,350	2,459		21,809
Vehicles*	28,570	-	-	28,570
Computer	49,033	1,245	-	50,278
Equipment	40,363	7,157	-	47,520
Software	138,875	-	-	138,875
	276,191	10,861	-	287,052
Accumulated depreciation				
Furniture	3,072	3,057	-	6,129
Vehicles	2,058	4,286	-	6,344
Computer	23,446	13,909	-	37,355
Equipment	10,222	8,837	-	19,059
Software	55,550	27,775	-	83,325
	94,348	57,864	-	152,212
Net Book Value	181,843			134,840

*NDC maintained two vehicles; one Vehicle in Gaza is registered in the name of the Welfare Association, and the other vehicle is registered in the name of the NDC Director in Jerusalem.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (4) PLEDGES RECEIVABLE

Details-

	Beginning Balance 1/1/2009	Written off	Additions / (Deductions)	Amount Received	Currency variance	Ending Balance 31/12/2009
International Development Association (IDA)	4,868,458	-	3,000,000	3,122,212	-	4,746,246
Agence Francaise de Developpement grants (AFD)	4,618,854	-	-	4,500,401	(9,606)	108,847
Swiss Agency for Development and Cooperation (SDC)-Water Wells	-	-	900,000	850,000	-	50,000
Welfare Association (WA)	206,500	1(50,500)	-	156,000	-	-
HR/GG 4 donors	4,299,002	-	-	3,659,581	-	639,421
European Union (EU)	89,946	-	-	-	1,562	91,508
German Development Services (DED)	-	-	18,720	18,720	-	-
United Palestinian Appeal (UPA)	-	-	30,000	30,000	-	-
WA - IDB	-	-	950,000	190,000	-	760,000
	14,082,760	(50,500)	4,898,720	12,526,914	(8,044)	6,396,022

¹ During the year 2009, Management came to know that (WA) will not pay the amount, accordingly it has been decided to be written off. The amount has been recorded as a pledge based on the Memorandum of Understanding (MoU) with the Welfare Association (WA) dated 25 January 2007.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (5) OTHER CURRENT ASSETS

Details-

	<u>2009</u>	<u>2008</u>
Prepaid expenses	13,333	14,543
Staff loans and advances	17,855	4,225
Others	-	17,972
	<u>31,188</u>	<u>36,740</u>

NOTE (6) CASH AND CASH EQUIVALENTS

Details-

	<u>2009</u>	<u>2008</u>
Cash at bank and on hand	2,543,695	2,880,588
Short term bank deposits	687,885	1,720,182
	<u>3,231,580</u>	<u>4,600,770</u>

NOTE (7) IN-KIND DONATIONS

During 2008, NDC changed its policy to include all the remaining balance amounting to USD 137,190 of the In-kind donations to unrestricted net assets.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (8) TEMPORARILY RESTRICTED NET ASSETS

Details-

	Beginning Balance 1/1/2009	Written off	Additions / Deductions	Released from Restriction	Currency variance	Ending Balance 31/12/2009
International Development Association (IDA)	5,654,762	-	3,000,000	3,465,906	-	5,188,856
Agence Francaise de Developpement grants (AFD)	5,809,371	-	-	4,903,407	(60,563)	845,401
Welfare Association (WA)	357,980	*(50,500)	-	307,480	-	-
SDC-Water Wells	-	-	900,000	768,586	-	131,414
HR/GG program**	5,689,829	-	-	4,629,919	-	1,059,910
European Union	270,539	-	-	35,320	4,517	239,736
German Development Services (DED)	-	-	18,720	18,720	-	-
WA – IDB	-	-	950,000	15,000	-	935,000
United Palestinian Appeal (UPA)	-	-	30,000	-	-	30,000
	17,782,481	(50,500)	4,898,720	14,144,338	(56,046)	8,430,317

*During the year 2009, Management come to know that (WA) will not pay the amount, accordingly it has been decided to be written off. The amount has been recorded as a pledges based on Memorandum of Understanding (MoU) with the Welfare Association (WF) dated 25 January 2007.

**HRGG program is funded by the Swiss Agency for Development and Cooperation (SDC), Danish Representative Office to the Palestinian Authority (DRO), Swedish International Development Cooperation Agency (Sida) and Netherlands Representative Office to the Palestinian Authority.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (9) PROVISION FOR END-OF-SERVICE INDEMNITY

Details-

	<u>2009</u>	<u>2008</u>
Balance, beginning of the year	93,467	47,332
Add: provision made during the year	62,154	60,270
Less: payments made during the year	(29,227)	(14,135)
Balance, end of the year	<u>126,394</u>	<u>93,467</u>

NOTE (10) OTHER CURRENT LIABILITIES

Details-

	<u>2009</u>	<u>2008</u>
Accrued expenses	106,319	55,853
Staff vacation	48,232	34,018
Welfare association	241	-
Other Payables	801	3,579
	<u>155,593</u>	<u>93,450</u>

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES

Details –

	IDA (A)	AFD (B)	*HRGG Program (C)	SDC Water Wells (D)	WA – IDB (E)	W A	EU	DED	Total 2009	Total 2008
Sub – Grants	2,658,970	4,664,886	4,290,847	700,000	-	13,984	-	-	12,328,687	5,444,796
Sub-grants for NGOs net work & umbrella organization	110,082	-	-	-	-	-	-	-	110,082	90,000
Travel & Transportation	14,644	3,031	19,771	2	-	6,372	-	-	43,820	18,499
Professional fees	341,616	36,923	40,706	-	-	760	35,096	-	455,101	259,170
Salaries & related benefits	270,510	153,139	220,661	56,115	15,000	108,882	-	18,720	843,027	776,079
Communication	10,760	7,592	9,542	1,395	-	123	-	-	29,412	30,507
Utilities	3,266	9,270	8,767	594	-	132	-	-	22,029	20,912
Rent	-	14,153	6,333	4,267	-	-	-	-	24,753	28,700
Maintenance	1,332	79	3,892	2,826	-	-	-	-	8,129	11,828
Others	266	103	38	109	-	-	-	-	516	63,070
Events	922	-	-	-	-	1,000	-	-	1,922	4,221
Hospitality	4,274	829	4,109	-	-	161	40	-	9,413	13,608
Bank charges	415	1,173	107	28	-	49	18	-	1,790	4,338
Media Advertising	3,348	-	979	-	-	794	166	-	5,287	26,059
Printing and Brochures	29,246	28	8,454	-	-	5,286	-	-	43,014	19,202
Stationary & Office supplies	7,153	2,338	8,548	1,358	-	-	-	-	19,397	26,764
Car expense	3,884	5,449	7,165	662	-	26	-	-	17,186	18,573
	3,460,688	4,898,993	4,629,919	767,359	15,000	137,569	35,320	18,720	13,963,565	6,856,326

*HRGG program is funded by the Swiss Agency for Development and Cooperation (SDC), Danish Representative Office to the Palestinian Authority (DRO), Swedish International Development Cooperation Agency (Sida) and Netherlands Representative Office to the Palestinian Authority.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(A) IDA- World Bank grant**

<u>Category</u>	<u>Note</u>	<u>Revised Budget</u>	<u>2009</u>	<u>From inception till 31/12/2008</u>	<u>Remaining</u>
Goods, Works and services		1,436,000	*487,582	384,868	563,550
NGO Sub Grants	(a)	6,623,000	2,658,970	**2,736,531	1,227,499
Incremental operating cost		1,941,000	300,763	1,223,839	416,398
		10,000,000	3,447,315	4,345,238	2,207,447

*This amount includes the fixed assets purchased during 2009 amounting to USD 5,218.

** This amount includes increment operating cost related to the NGO sub-grants amounting to USD 5,059

IDA- World Bank grant – Additional Financing

<u>Category</u>	<u>Note</u>	<u>Budget</u>	<u>2009</u>	<u>Remaining</u>
Goods, Works and services		43,000	-	43,000
NGO Sub Grants	(a)	2,625,000	-	2,625,000
Incremental operating cost		332,000	18,591	313,409
		3,000,000	18,591	2,981,409

During 2007, International Development Association (hereinafter the "IDA") have entered into an agreement (hereinafter the "agreement") with the Welfare Association concerning the project titled Palestinian NGO-III Project (hereinafter the "Project"). Pursuant to this agreement, the Welfare Association has signed a memo of understanding with the NDC to implement this project. Under this agreement, IDA agreed to grant NDC through the Welfare Association an amount of USD 10,000,000 to implement the Project over the period from February 27, 2007 to December 31, 2009, as shown above. During 2009, the project has been extended till March 31, 2011.

Further, during 2009, IDA has entered into additional financing agreement dated July 14, 2009 with the Welfare Association concerning the Project. As per the additional financing agreement, IDA is committed to fund another USD 3,000,000 during the extended period of 21 months. The additional financing agreement will terminate by September 30, 2011.

The overall objective of the project is to provide social services to those who are poor, vulnerable or affected by the deteriorating socioeconomic conditions by establishing an effective mechanism to improve the quality and sustainability of NGO social – services delivery.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)**A) IDA- World Bank grant (Continued)****a) NGO sub Grants**

Project reference	NGO name	Budget*	2009	From inception till 31/12/2008	Remaining
EMG.1.07.001	The Four Homes of Mercy	150,000	105,000	30,000	15,000
EMG.1.07.002	Spafford Children's Center, Old city	100,000	30,000	60,000	10,000
EMG.1.07.003	The Saraya Center for Community Services	90,000	25,000	54,000	11,000
EMG.1.07.004	Selat Al-Harthiah Charitable Society	50,000	-	45,000	5,000
EMG.1.07.005	Union Charitable Societies Northern Governorates of WB	80,000	8,000	72,000	-
EMG.1.07.006	Al-Khader Charitable Child Care Society	60,000	24,000	36,000	-
EMG.1.07.007	The Regional Committee for Rehabilitation/ Central Area	120,000	48,000	24,000	48,000
EMG.1.07.008	Elderly Home Charitable	90,000	31,500	54,000	4,500
EMG.1.07.009	Palestinian Association for Cultural Exchange	65,000	19,500	39,000	6,500
EMG.1.07.010	Tarqumia Charitable Society	75,000	-	15,000	60,000
EMG.1.07.011	The Edward Said National Conservatory of Music	70,000	28,000	14,000	28,000
EMG.1.07.012	Palestinian Working Woman Society for Development	70,000	21,000	42,000	7,000
EMG.1.07.013	The Arab Thought Forum (ATF)	100,000	70,000	20,000	10,000
EMG.1.07.014	The Palestinian Youth Association for Leadership & Rights Activation (PYALARA)	120,000	36,000	72,000	12,000
EMG.1.07.015	Taffouh Center for Culture & Arts	55,000	-	49,500	5,500
EMG.1.07.016	Islah Charitable Social Society. (ICS)	80,000	32,000	16,000	32,000
EMG.1.07.017	The Palestinian Farmer Association	123,000	90,658	24,600	7,742
EMG.1.07.018	Basma Society for Culture and Arts	105,000	37,000	63,000	5,000
EMG.1.07.019	Albait Assamed Society	130,000	78,000	26,000	26,000
EMG.1.07.020	El-Amal Rehabilitation Society- Rafah	105,000	65,000	21,000	19,000
EMG.1.07.021	Palestinian Environmental Friends Association	108,000	75,600	21,600	10,800
EMG.1.07.022	Fekra Arts Institute	79,900	56,900	15,800	6,300

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(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)**A) IDA- World Bank grant (Continued)****a) NGO sub Grants (Continued)**

Project reference	NGO name	Budget*	2009	From inception till 31/12/2008	Remaining
EMG.1.07.023	Palestinian Alnahkeel Association for Progress and Development	70,000	52,500	14,000	3,500
EMG.1.07.024	Al-Mawassi Agricultural Cooperative Association	125,000	94,000	25,000	6,000
EMG.1.07.025	Association of Visually Impaired Graduates League	75,500	30,000	15,100	30,400
EMG.1.07.026	Ard El Insan Palestinian Benevolent	108,000	71,000	21,600	15,400
EMG.1.07.027	Al-Muntada-The Young Scientists Club-Gaza Branch	83,016	40,126	19,400	23,490
EMG.1.07.028	Agriculture Engineering Association	125,000	50,000	75,000	-
SH.1.07.001	Makkassed Islamic Charitable Hospital	276,000	124,000	131,000	21,000
SH.1.07.002	Saint Luke's Hospital	253,000	108,000	125,000	20,000
SH.1.07.003	Patients Friends Society- Jenin	211,000	70,000	130,000	11,000
SH.1.07.004	Children's Relief Bethlehem- Caritas Baby Hospital (CBH)	230,000	24,000	196,000	10,000
SH.1.07.005	Public Aid Society	122,200	-	25,000	97,200
SH.1.07.006	El-Wafa Medical Rehab Hospital	132,600	-	28,000	104,600
SH.1.07.007	Union Of Health Work Committees, Gaza	215,200	80,316	40,000	94,884
LG 1.08.001	Palestinian Wild life Society	30,000	15,000	15,000	-
LG 1.08.002	Janata Woman Center	30,000	17,500	10,000	2,500
LG 1.08.003	Al-Samou Youth Club	30,000	-	20,000	10,000
LG 1.08.004	Sourif Charitable Association	30,000	15,000	6,000	9,000
LG 1.08.006	Shyokh Zakat Committee	16,000	9,000	5,000	2,000
LG 1.08.010	Biet El-Mustaqbal Association	30,000	10,000	-	20,000
MGM.1.08.001	MA'AN Development Center	360,000	99,980	233,787	26,233
MGM.1.08.002	Youth Development Department/ Arab Studies Society	225,000	69,670	147,280	8,050
MGM.1.08.003	Agricultural Development Association/ PARC	330,000	62,600	261,400	6,000

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(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)

A) IDA- World Bank grant (Continued)

a) NGO sub Grants (Continued)

Project reference	NGO name	Budget*	2009	From inception till 31/12/2008	Remaining
MGM.1.08.004	Palestinian Medical Relief Society (PMRC)	250,000	109,450	62,750	77,800
MGM.1.08.005	Palestinian Counseling Center (PCC)	270,000	124,750	69,500	75,750
MGM.1.08.006	Palestinian Hydrology Group (PHG)	225,000	130,970	57,700	36,330
MGM.1.08.007	Palestinian Save the Children Foundation (PSCF)	278,000	200,700	68,750	8,550
MGM.1.08.008	The Culture & Free Thought Association (CFT)	235,000	169,250	58,000	7,750
MG.1.07.001	MA'AN Development Center	4,784	-	4,784	-
MG.1.07.002	Bisan Center for Research & Development	2,500	-	2,500	-
MG.1.07.003	Agricultural Development Association/ (PARC)	5,000	-	5,000	-
MG.1.07.004	Palestinian Medical Relief Society (PMRS)	2,500	-	2,500	-
MG.1.07.005	Palestinian Counseling Center (PCC)	5,000	-	5,000	-
MG.1.07.006	Palestinian Hydrology Group (PHG)	4,421	-	4,421	-
MG.1.07.007	Youth Development Department/ Arab Studies Society	5,000	-	5,000	-
MG.1.07.008	Women's Affairs Technical Committee	5,000	-	5,000	-
MG.1.07.009	The East Jerusalem YMCA- Advocacy Desk	5,000	-	5,000	-
MG.1.07.010	Palestine Save the Children Foundation	5,000	-	5,000	-
MG.1.07.011	The Culture & Free Thought Association	5,000	-	5,000	-
MG.1.07.012	Palestinian Center for Democracy & Conflict Resolution	5,000	-	5,000	-
MG.1.07.013	"PCDAR"	2,500	-	2,500	-
	Gaza Community Mental Health Program	6,447,221	2,658,970	**2,731,472	1,056,779

*This Column represents the amounts committed by NDC to the NGOs.

**This amount exclude increment operating cost related to the NGO sub-grants amounting to USD 5,059

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(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(B) Agence Francaise de Developpement grants (AFD)**

	Note	Revised Budget	2009	From inception until 31/12/2008	Remaining
Micro Projects	(a)	7,551,040	4,664,886	2,271,395	614,759
NDC Management		735,000	*204,130	299,534	231,336
Audits		84,000	34,391	11,301	38,308
Evaluation		35,000	-	-	35,000
Contingency		8,400	-	8,400	-
Total AFD Grants		8,413,440	4,903,407	2,590,630	919,403

* This amount includes part of the fixed assets purchased during 2009 amounting to USD 4,414.

The agreement was signed on April 5, 2007 between the Welfare Association (WA) and the Agence Francaise de Developpement (AFD) to implement the project.

The funds of the grant may be made available to the WA only to the extent that corresponding disbursement requests, the project shall be completed in December 31, 2009. During 2009, NDC has taken an extension for the project till June 30, 2010

Rights and obligations of the signed agreement were transferred from the Welfare Association to NDC according to MoU stated in Note No. 1 to the financial statements.

The project will finance the following categories:

Category	Revised Budget (Euro)*	Equivalent to (USD)
Micro Projects	5,393,600	7,551,040
NDC management	525,000	735,000
Audits	60,000	84,000
Evaluation	25,000	35,000
Contingency	6,000	8,400
Total**	6,009,600	8,413,440

*The exchange rate against Euro equals USD 0.714 (rounded).

**An amount of EURO 9,600 included in the budget represents interest earned on the fixed deposits on AFD funds during the implementation of the project. This amount was allocated to other budget line item and considered as part of the budget.

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(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)

(B) Agence Francaise de developpement grants (AFD) (Continued)

a) Micro Projects

Project reference	NGO Name	Amounts in Euro			Amounts in USD				
		Budget*	2009	From inception until 31/12/2008	Remaining	Budget*	2009	From inception until 31/12/2008	Remaining
EG.9.08.001	Al-Dahriyeh Society for Rural Development	147,000	58,800	88,200	-	205,513	76,552	128,961	-
EG.9.08.002	Cooperative Society for Agricultural Marketing & Manufacturing	198,175	153,728	35,558	8,889	274,181	205,961	55,557	12,663
EG.9.08.003	Simia Agricultural Cooperative Society	80,086	8,009	72,077	-	109,916	10,169	99,747	-
EG.9.08.005	The Center for Agricultural Services	95,452	71,590	19,090	4,772	130,758	94,132	29,827	6,799
EG.9.08.006	Al-Shyokh Youth Sport Club	82,115	67,661	14,454	-	110,869	87,951	22,918	-
EG.9.08.007	Bani Naim Charitable Society	66,310	23,209	39,786	3,315	93,641	30,771	58,147	4,723
EG.9.08.008	YMCA-East Jerusalem	125,430	50,172	75,258	-	176,207	66,169	110,038	-
EG.9.08.009	Youth Development Association	41,473	18,157	20,600	2,716	56,403	24,835	27,698	3,870
EG.9.08.010	YWCA – Jerusalem	175,950	127,440	32,340	16,170	253,609	180,045	50,529	23,035
EG.9.08.012	First Ramallah Group	49,000	4,900	44,100	-	68,002	6,188	61,814	-
EG.9.08.013	Palestinian Child Club with Partnership with Al-Morouj Cultural Center	108,900	16,290	92,610	-	152,497	23,238	129,259	-
EG.9.08.014	Women Center for Legal Aid & Counseling	88,690	26,607	53,214	8,869	120,449	35,295	72,518	12,636
EG.9.08.015	Arab Center for Agricultural Development (ACAD)	160,898	84,044	24,013	52,841	232,192	118,775	38,133	75,284
EG.9.08.016	Orthodox Club-Ramallah	35,473	7,918	27,555	-	51,201	10,912	40,289	-
EG.9.08.017	Mother School Society	53,136	21,255	31,881	-	71,829	28,404	43,425	-

NGO DEVELOPMENT CENTER (NDC)

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)

(B) Agence Francaise de developpement grants (AFD) (Continued)

a) Micro Projects (Continued)

Project reference	NGO Name	Amounts in Euro			Amounts in USD				
		Budget*	2009	From inception until 31/12/2008	Remaining	Budget*	2009	From inception until 31/12/2008	Remaining
EG.9.08.019	Arab Women Union Society	146,734	102,714	29,347	14,673	206,716	139,958	45,853	20,905
EG.9.08.020	Zababdeh Charitable Society	66,813	27,744	33,488	5,581	90,780	37,986	44,843	7,951
EG.9.08.021	Amal Society for the Deaf	78,400	54,880	15,680	7,840	108,904	73,235	24,499	11,170
EG.9.08.022	Kufur Sur Charity Muthalath Al- Shuhada'a Charitable Society	94,884	72,163	16,977	5,744	128,371	93,662	26,525	8,184
EG.9.08.023	The Blind Rehabilitation Society	100,527	42,611	57,916	-	134,428	56,874	77,554	-
EG.9.08.024	Annajda Palestinian Women Development	141,120	105,840	28,224	7,056	189,208	135,057	44,098	10,053
EG.9.08.025	Kufur Rae'e Charitable Society for Development & Culture	94,016	74,512	15,603	3,901	128,589	98,652	24,379	5,558
EG.9.08.026	Juhood for Community & Rural Development	68,894	27,557	41,337	-	92,218	36,865	55,353	-
EG.9.08.027	Early Childhood Resource Center Palestinian Wastewater Engineers Group	126,200	50,480	75,720	-	171,277	68,089	103,188	-
EG.9.08.028	The Rural Women Development Society	63,931	27,073	36,858	-	86,636	36,035	50,601	-
EG.9.08.029	Water & Environmental Development Organization Union of agricultural work committees	140,189	56,076	84,113	-	186,755	74,122	112,633	-
EG.9.08.030	Cooperation Agriculture Association of Beit Hanoun Agriculture Guidance and Awareness Society	111,605	78,124	22,321	11,160	161,011	110,236	34,875	15,900
EG.9.08.031		140,850	114,680	26,170	-	195,817	154,259	41,558	-
EG.9.08.032		170,000	81,800	88,200	-	232,928	112,196	120,732	-
EG.9.08.033		73,300	20,300	53,000	-	97,903	27,821	70,082	-
EG.9.08.034		100,000	80,000	20,000	-	134,842	110,294	24,548	-

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)

(B) Agence Francaise de developpement grants (AFD) (Continued)

a) Micro Projects (Continued)

Project reference	NGO Name	Amounts in Euro			Amounts in USD			
		Budget*	2009	From inception until 31/12/2008	Remaining	Budget*	2009	From inception until 31/12/2008
EG.9.08.035	Rural Association For Agricultures Development	75,000	60,000	15,000	-	98,112	18,411	-
EG.9.08.036	Greenhouses Farmers Association	100,000	80,000	20,000	-	135,957	24,548	-
EG.9.08.037	Arab Center For Agricultural Development	176,725	131,725	30,000	15,000	244,577	36,822	21,371
EG.9.08.038	Society for Development Al-ahleya. Dates & of Palm	176,725	146,725	30,000	-	236,042	36,822	-
EG.9.08.039	MA'AN Development Center	250,000	190,000	50,000	10,000	350,308	63,146	14,247
EG.9.08.040	The Palestinian farmers Association	100,000	80,000	20,000	-	129,443	24,548	-
EG.9.08.041	Agricultural Engineers Association	150,000	145,000	-	5,000	212,125	-	7,124
EG.9.08.042	The Agricultural Development Association/PARC-Gaza	250,000	187,500	50,000	12,500	348,149	61,370	17,809
EG.9.08.043	AL Mawassi Agricultural Cooperative Association -Rafah	150,000	117,000	30,000	3,000	207,517	36,822	4,274
EG.9.08.044	Beit Lahia Development Association	75,000	57,000	15,000	3,000	103,852	18,411	4,274
EG.9.08.046	Al-Fokhary Society For Culture And Development	50,000	40,000	10,000	-	65,251	12,274	-
EG.9.08.047	Olive Tree Protection National Association	75,000	60,000	15,000	-	102,833	18,411	-
EG.9.08.048	Khuza'a Peirm culture Center Association	125,000	100,000	25,000	-	170,747	30,685	-
EG.9.08.049	Ahali Elmawasy Charitable Society Khan Younis	75,000	60,000	15,000	-	102,539	18,944	-
EG.10.09.02	The Old City Youth Association	43,100	38,790	-	4,310	60,226	0	6,140

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NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(B) Agence Francaise de developpement grants (AFD) (Continued)****a) Micro Projects (Continued)**

Project reference	NGO Name	Amounts in Euro			Amounts in USD				
		Budget*	2009	From inception until 31/12/2008	Remaining	Budget*	2009	From inception until 31/12/2008	Remaining
EG.10.09.03	Arab Orthodox Society	70,000	64,500	-	5,500	101,696	93,860	0	7,836
EG.10.09.04	African Community Society	29,300	5,860	-	23,440	41,904	8,509	0	33,395
EG.10.09.05	Burj Al Luq Luq Social Center Infant Welfare Center the Greek	63,500	12,700	-	50,800	88,997	16,621	0	72,376
EG.10.09.06	Catholic	67,000	62,300	-	4,700	96,629	89,933	0	6,696
Total		5,326,901	3,395,434	1,640,690	290,777	7,350,554	4,664,886	2,271,395	414,273

* This Column represents the amounts committed by NDC to the NGOs.

NGO DEVELOPMENT CENTER (NDC)

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(C) HRGG Program**

	<u>Note</u>	<u>Budget</u>	<u>2009</u>	<u>2008</u>	<u>Remaining</u>
Core Funding	(a)	5,230,000	3,931,000	677,000	622,000
Small Grant Facility		613,966	359,847	-	254,119
Capacity Building Component		156,034	45,923	-	110,111
Sub total		6,000,000	4,336,770	677,000	986,230
Management fees		450,000	293,149	72,997	83,854
Total		6,450,000	4,629,919	749,997	1,070,084

During 2008, the Swiss Agency for Development and Cooperation (SDC), Danish Representative Office to the Palestinian Authority (DRO), Swedish International Development Cooperation Agency (Sida) and Netherlands Representative Office to the Palestinian Authority (hereinafter the "Donors") have entered into a joint financing arrangement (hereinafter the "agreement") with NDC concerning the project titled Human Rights /Good Governance NGOs Project. Under this agreement, the Donors agreed to grant NDC an amount of USD 6,450,000 (This amount includes the management fees amounting to USD 450,000) to implement the Project over the period from July 1, 2008 to December 31, 2009, as illustrated below:

<u>Donor</u>	<u>Budget Amount in USD</u>	<u>%</u>
Swiss Agency for Development and Cooperation (SDC)	1,500,000	23.26
Danish Representative Office to the Palestinian Authority (DRO)	1,200,000	18.60
Swedish International Development Cooperation Agency (Sida)	2,250,000	34.88
Netherlands Representative Office to the Palestinian Authority	1,500,000	23.26
Total eligible cost of the project	6,450,000	100

The overall developmental objective of the HR/GG Program is to improve Human Rights and Good Governance in the oPt through the following three mechanisms:

1. Channeling of Funds;
2. Strategic Sector Development;
3. Policy Dialogue.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(C) HRGG Program (Continued)****a) Core Funding Project reference**

	NGO Name	Budget*	2009	2008	Remaining
HRG.1.08.001	Physicians for Human Rights – Israel	125,000	37,500		87,500
HRG.1.08.002	The Public Committee Against Torture in Israel (PCATI)	240,000	144,000	72,000	24,000
HRG.1.08.003	WCLAC (Women's Centre for Legal Aid and Counselling)	300,000	270,000	-	30,000
HRG.1.08.004	Hamoked: Center for the Defence of the Individual	500,000	300,000	150,000	50,000
HRG.1.08.005	Jerusalem Center for Women	30,000	27,000	-	3,000
HRG.1.08.006	Bimkom – Planners for Planning Rights	150,000	135,000	-	15,000
HRG.1.08.007	The Arab Thought Forum	80,000	52,000	20,000	8,000
HRG.1.08.008	B'Tselem - The Israeli Information Center for Human Rights in the Occupied Territories	450,000	405,000	-	45,000
HRG.1.08.009	The Israeli Committee Against House Demolitions (ICAHD)	80,000	48,000	-	32,000
HRG.1.08.010	Al Dameer Association for Human Rights	200,000	180,000	-	20,000
HRG.1.08.011	Al Mezan Centre for Human Rights	500,000	450,000	-	50,000
HRG.1.08.012	Palestinian centre for Human rights (PCHR)	400,000	360,000	-	40,000
HRG.1.08.013	Women's Affairs Center - Gaza (WAC)	100,000	90,000	-	10,000
HRG.1.08.014	The Palestinian NGO Network (PNGO)	130,000	117,000	-	13,000
HRG.1.08.015	Al-Haq	500,000	300,000	150,000	50,000
HRG.1.08.016	Defence for Children International - Palestine Section	450,000	270,000	135,000	45,000
HRG.1.08.017	Ramallah Center for Human Rights Studies MUSAWA - The Palestinian Center for the Independence of Judiciary and the Legal Profession	70,000	63,000	-	7,000
HRG.1.08.018	Jerusalem Legal Aid and Human Rights Center (JLAC)	150,000	90,000	45,000	15,000
HRG.1.08.019	Women's Affairs Technical Committee	165,000	148,500	-	16,500
HRG.1.08.020	Addameer Prisoner Support and Human Rights Association	100,000	90,000	-	10,000
HRG.1.08.021		250,000	150,000	75,000	25,000

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NOTE (11) PROJECTS' EXPENSES (CONTINUED)

(C) HRGG Program (Continued)

a) Core Funding (Continued)

Project reference	NGO Name	Budget*	2009	2008	Remaining
HRG.1.08.022	Women for Life	100,000	60,000	30,000	10,000
HRG.1.08.023	Badil Resource Center for Palestinian Residency and Refugee Rights	100,000	90,000	-	10,000
HRG.1.08.024	The Palestinian Working Women Society for Development	60,000	54,000	-	6,000
		5,230,000	3,931,000	677,000	622,000

b) Small Grant Facilities (SGF)

Project reference	NGO Name	Budget*	2009	2008	Remaining
HRG.1.08.025	Center for Human Rights and Democratic Participation - Shams	50,000	45,000	-	5,000
HRG.1.08.026	The Palestinian Counselling Centre on behalf of the Coalition for Jerusalem	25,700	12,850	-	12,850
HRG.1.08.027	Al Mezan Center for Human Rights	44,500	40,050	-	4,450
HRG.1.08.028	Kav LaOved - The Workers' Hotline	50,000	45,000	-	5,000
HRG.1.08.029	Gisha - Legal Center for Freedom of Movement	50,000	25,000	-	25,000
HRG.1.09.030	Women and Family Affairs Center	45,000	22,500	-	22,500
HRG.1.09.031	Yesh Din - Volunteers for Human Rights	46,000	23,000	-	23,000
HRG.1.09.032	Sawa-All the Women Together Today and Tomorrow	38,000	19,000	-	19,000
HRG.1.09.033	UNESCO Chair on Human Rights and Democracy at An-Najah National University	35,276	15,712	-	19,564
HRG.1.09.034	The Association for Civil Rights in Israel (ACRI)	50,000	25,000	-	25,000

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NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(C) HRGG Program (Continued)****b) Small Grant Facilities (SGF) (Continued)**

Project reference	NGO Name	Budget*	2009	2008	Remaining
HRG.1.09.035	Breaking the Silence (BTS)	41,250	20,625	-	20,625
HRG.1.09.036	Women's Center for Shuf'at Refugee Camp	36,300	10,890	-	25,410
HRG.1.09.037	Hurryyat	42,500	25,500	-	17,000
HRG.1.09.038	Adalah – The Legal Center for Arab Minority Rights in Israel	25,000	12,500	-	12,500
HRG.1.09.039	Ensan Center for Democracy & Human Rights	19,500	9,750	-	9,750
HRG.1.09.040	Bimkom – Planners for Planning Rights	14,940	7,470	-	7,470
		613,966	359,847	-	254,119

* This Column represents the amounts committed by NDC to the NGOs.

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (11) PROJECTS' EXPENSES (CONTINUED)**(D) Swiss Agency for Development and Cooperation (SDC)**

	<u>Note</u>	<u>Budget</u>	<u>2009</u>	<u>Remaining</u>
Micro Projects	(a)	790,000	700,000	90,000
NDC Management Fees		79,000	*68,586	10,414
Audits		25,000	-	25,000
Contingency		6,000	-	6,000
		<u>900,000</u>	<u>768,586</u>	<u>131,414</u>

* This amount includes the fixed assets purchased during 2009 amounting to USD 1,229.

a) Micro Projects:

<u>Project reference</u>	<u>NGO Name</u>	<u>Budget*</u>	<u>2009</u>	<u>Remaining</u>
ww.1.09.001	Union of Agricultural Work Committees	263,000	233,000	30,000
ww.1.09.002	Ma'an Development Center – Gaza Strip	263,000	233,000	30,000
ww.1.09.003	Palestinian Hydrology Group for Water and Environmental resources Development	264,000	234,000	30,000
		<u>790,000</u>	<u>700,000</u>	<u>90,000</u>

* This Column represents the amounts committed by NDC to the NGOs.

(E) Welfare Association – Islamic Development Bank (IDB)

	<u>Budget</u>	<u>2009</u>	<u>Remaining</u>
Micro Projects	880,000	-	880,000
Consultancies	47,000	15,000	32,000
Audits	20,000	-	20,000
Contingency	3,000	-	3,000
	<u>950,000</u>	<u>15,000</u>	<u>935,000</u>

NOTE (12) UNIFIED PROGRAM EXPENSES

The Unified Health Insurance Program (Unified) was the first project of its kind ever launched in Palestine. It has been established as an independent program which provides health insurance for employees of non-profit organizations in Palestine and their families, offering the best coverage and the lowest cost available in the country.

Welfare Association, through the World Bank's "PNGO Project" launched the program in January 2005 and created a specialized Third Party Management Body to facilitate the communication, coordination and related issues between the insurance companies and the non profit organizations (Beneficiaries). In July 2006, Unified program was transferred from the Welfare Association to NGO Development Center (NDC).

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (12) UNIFIED PROGRAM EXPENSES (CONTINUED)

NDC directly manages with Unified Program. NDC is continuously working on further developing the program based on beneficiaries' recommendations and needs.

NDC is granted a direct percentage from the insurance company based on total insurance premiums. However, during 2008 the board of directors made a decision to terminate this project.

Details-

	<u>2009</u>	<u>2008</u>
Salaries and related expenses	724	57,061
Marketing and Media Advertising	-	18,262
Communication	-	4,050
Other expenses	806	3,097
Transportation	-	1,238
Meeting expenses	-	805
Equipment & software maintenance	-	35
	<u>1,530</u>	<u>84,548</u>

NOTE (13) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial Instruments comprise of financial assets and financial liabilities. Financial assets consist of contributions receivable and cash equivalents. Financial liabilities consist of accounts payable and accruals.

NOTE (14) CONCENTRATION OF RISK IN THE GEOGRAPHIC AREA

NDC is carrying out all of its activities in Palestine. The political and economical situation in the area increases the risk of carrying out these activities and might adversely affect NDC's performance.

NOTE (15) RELATED PARTIES

This item represents transactions with related parties, i.e., trustees, directors, NDC's senior management and organizations, over which they exercise control during the year.

Transactions with related parties are as follows:

Details-

	<u>2009</u>	<u>2008</u>
NDC's key management salaries and related benefits	<u>191,551</u>	<u>255,140</u>

NGO DEVELOPMENT CENTER (NDC)

Financial statements for the year ended December 31, 2009

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S Dollars)

NOTE (17) SOURCES AND USES OF FUNDS

Details-

	PNGO III							EU	NDC & Others	Total 2009	Total 2008
	IDA	AFD	Hr/GG Secretariat	Welfare	SDC WW						
Beginning Bank Balances (A)	824,260	1,266,354	1,399,290	152,702	-	-	180,037	778,127	4,600,770	1,510,757	
Add: Sources of Funds											
Funds received	3,122,212	4,500,401	3,659,581	346,000	850,000	-	-	48,720	12,526,914	10,042,850	
Interest Income	306	1,010	-	257	-	-	-	12,758	14,331	28,702	
Others	-	-	-	-	-	-	-	22,309	22,309	28,338	
Total Sources (B)	3,122,518	4,501,411	3,659,581	346,257	850,000			83,787	12,563,554	10,099,890	
Cash Available (A+B)	3,946,778	5,767,765	5,058,871	498,959	850,000	-	180,037	861,914	17,164,324	11,610,647	
Less: Uses of Funds											
Programs expenses	3,460,688	4,898,993	4,629,919	152,569	767,357	-	35,320	23,790	13,968,635	6,954,935	
Fixed Assets	5,218	4,414	-	-	1,229	-	-	-	10,861	59,628	
Change in balance sheet accounts	37,953	-	-	-	-	-	-	-	37,953	-	
Total Operating Expenditures	3,503,859	4,903,407	4,629,919	152,569	768,585		35,320	23,790	14,017,449	7,014,563	
Currency Variance	-	(1,776)	(1,096)	(194)	1	-	718	(3,521)	(5,868)	(62,492)	
Add: Refunds	-	-	-	-	-	-	-	-	-	(148,019)	
Deduct: Transfers	-	-	-	-	-	-	-	-	-	148,019	
Inter Bank Transfer	(306)	-	-	-	-	-	-	-	(306)	-	
	(306)	(1,776)	(1,096)	(194)	1	-	718	(3,521)	(6,174)	(62,492)	
Ending Fund Balance	442,613	862,582	427,856	346,196	81,416		145,435	834,603	3,140,701	4,533,592	
Assets Accounts	-	(3,333)	(7,221)	(2,156)	(1,097)	-	-	(233,293)	(247,100)	(192,047)	
Accrued Expenses	10,340	94,736	50,287	1,078	-	-	5,870	175,668	337,979	259,225	
Ending Bank Balance	452,953	953,985	470,922	345,118	80,319		151,305	776,978	3,231,580	4,600,770	