

*Interfaith Encounter
Association*

*Financial reports
For the year Ended December 31st 2006*

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Financial reports
For the Year Ended December 31st 2006***

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***Report of CPA auditing
Interfaith Encounter Association***

We have audited the enclosed balance sheets of the **Interfaith Encounter Association** (IEA) for the days 31 of December 2006 and 2005, and the reports on activity, the reports on net changes in assets and the reports on cash flow for each of the years that ended in these dates. These financial reports are under the responsibility of the directorate and management of IEA. Our responsibility is to express an opinion on these financial reports based on our audit.

We have performed our audit according to accepted standards of auditing, including standards determined in the CPA Standards (way of action of a CPA), 1973. According to these standards it was required from us to plan and perform the audit in order to achieve a reasonable measure of security that the financial reports do not include an essential mistaken presentation. The audit includes sample examination of evidence that support sums and information that appear in the financial reports. The audit includes also examination of the accounting rules applied and of the significant assessments made by the directorate and management of IEA as well as an evaluation of the properness of presentation in the financial reports as a whole. It is our opinion that our audit supplies sufficient basis for our opinion.

IEA made its financial reports in nominal sums according to convention of historical cost and not in reported sums as required by the accounting standards of the Israeli institution for standardization in accounting.

In our opinion, except for not making the balance sheets and reports on these net changes in assets mentioned above, these financial reports properly reflect according to acceptable accounting standards, of all essential aspects, the financial situation of IEA for the days 31 December 2005 and 2006 and the results of its activities, net changes in assets and cash flows for each of the years ending in these dates, based on the convention of historical cost in nominal values.

**Baransi and Co.
CPA**

Jerusalem, 21 May 2007

Members of the Association of Chartered Certified Accountants (UK)

Interfaith Encounter Association
Balance Sheet
For the Year Ended December 31st 2006

	<u>Note</u>	<u>December 31st</u>	
		<u>2005</u>	<u>2006</u>
		<u>New Israeli shekels</u>	
Current Assets -			
Cash and Cash Equivalent	(2)	335463	269815
Other Debtors	(3)	<u>-</u>	<u>6493</u>
		335463	276308
		-----	-----
Fixed Assets, Net -	(4)	<u>13481</u>	<u>10797</u>
		-----	-----
Total Assets		<u>348944</u>	<u>287105</u>
Current Liabilities			
Suppliers	(5)	10456	40321
Other Creditors	(6)	<u>41327</u>	<u>25957</u>
		51783	66278
		-----	-----
Long term liabilities -			
Severance Pay	(7)	<u>29168</u>	<u>28353</u>
		29168	28353
		-----	-----
NET ASSETS-			
Non Restricted Assets for Activities:			
For Activities		373610	259006
For Fixed Assets		<u>13481</u>	<u>10797</u>
		387091	269803
		-----	-----
Temporary Restricted		<u>(119098)</u>	<u>(77329)</u>
Net Assets		<u>267993</u>	<u>192474</u>
		-----	-----
Total Liabilities and Net Assets		<u>348944</u>	<u>287105</u>

The notes annexed to the reports are an integral part from the financial reports

Interfaith Encounter Association
Activities report
For the Year Ended December 31st 2006

		<u>December 31st</u>	
		<u>2005</u>	<u>2006</u>
	<u>Note</u>	<u>New Israeli shekels</u>	
Total Revenues-			
General Donations		354784	243640
Membership Fees		7185	4265
Amounts Released from Restriction		<u>267026</u>	<u>176304</u>
		628995	424209
Cost of Activities-	(8)	<u>469268</u>	<u>386676</u>
		159727	37533
General and Administrative Exp.-	(10)	<u>94471</u>	<u>142549</u>
Net Income before Financial Exp.-		65256	(105016)
Net Financial Income (Exp.)-	(11)	<u>(21179)</u>	<u>(12272)</u>
Net Surplus (Deficit) for the Year		<u>44077</u>	<u>(117288)</u>

The notes annexed to the reports are an integral part from the financial reports

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***Interfaith Encounter Association
The Change in Net Assets
For the Year Ended December 31st 2006***

	<u>Not restricted</u>		<u>Restricted in two Ways</u>		<u>Total</u>
	<u>For activities</u>	<u>for Fixed Assets</u>	<u>Temporary</u>	<u>Permanent</u>	
<u>New Israeli shekels</u>					
Balance for January the 1st	373610	13481	(119098)	-	267993
Additions through the year:					
Donations	-	-	218073	-	218073
Net Surplus (deficit)	(117288)	-	-	-	(117288)
Decreases through the year:					
Released from Restriction	-	-	(176304)	-	(176304)
Released from restricted For Fixed Assets	-	-	-	-	-
Released to cover Depreciation Exp.	<u>2684</u>	<u>(2684)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance for December 31st	<u>259006</u>	<u>10797</u>	<u>(77329)</u>	<u>-</u>	<u>192474</u>

The notes annexed to the reports are an integral part from the financial reports
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Interfaith Encounter Association
Notes for the financial reports
For the Year Ended December 31st 2006

Note (8) Cost of Activities--

A-

Cost of activities for 2006

	<u>Temple</u>	<u>Women</u>	<u>Regional</u>	<u>Total</u>
	<u>Mount</u>	<u>interfaith</u>	<u>Encounter</u>	
	<u>Project</u>	<u>group</u>	<u>Groups</u>	
Telephone, Post, Mobile	144	-	5220	5364
Office Maintenance	514	-	-	514
Salary Exp.	134140	-	139200	273340
Pension Trust	6992	-	2784	9776
Severance Pay	9055	-	9976	19031
Transportation	950	-	8421	9371
Refreshments	2051	2017	1362	5430
Cultural sites visits	-	300	90	390
Advertisement	6908	-	679	7587
Rent, electricity, water, taxes	-	-	26680	26680
Transportation and per diem abroad	434	-	-	434
Lectures and courses	1128	-	4761	5889
Presents	-	-	200	200
Paintings and sketches	6810	-	-	6810
Support team	4060	-	-	4060
Rent of halls and equipment	800	-	-	800
Group coordination	-	-	6000	6000
Conference Arrangement	-	-	5000	5000
Total	<u>173986</u>	<u>2317</u>	<u>210373</u>	<u>386676</u>

B-

Cost of activities for 2005

	<u>Temple</u>	<u>Women</u>	<u>Palestinian</u>	<u>Regional</u>	<u>Total</u>
	<u>Mount</u>	<u>interfaith</u>	<u>Israeli</u>	<u>Encounter</u>	
	<u>Project</u>	<u>group</u>	<u>meetings -</u>	<u>Groups</u>	
	<u>Project</u>	<u>group</u>	<u>Project</u>	<u>Groups</u>	
Telephone, Post, Mobile	-	190	2626	4168	6984
Office Maintenance	216	320	2289	-	2825
Salary Exp.	119109	-	38235	133200	290544
Pension Trust	6408	-	1391	2664	10463
Severance Pay	8328	-	1810	9546	19684
Transportation	41	5444	776	3108	9369
Refreshments	-	4945	1099	-	6044
Fuel	-	929	345	-	1274
Advertisement	215	-	15771	-	15986
Rent, electricity, water, taxes	-	-	334	25530	25864
Group coordination	-	3262	-	4436	7698
Professionals fees	3985	532	876	-	5393
Translation	2672	-	-	-	2672
Transportation and per diem abroad	6937	-	-	-	6937
Traveling abroad	6937	-	-	-	6937
Directors fees	390	-	585	-	975
Hosting and Hotels	-	-	41198	-	41198
Conference Arrangement	50	-	11340	3968	15358
Total	<u>148351</u>	<u>15622</u>	<u>118675</u>	<u>186620</u>	<u>469268</u>

Interfaith Encounter Association
Notes for the financial reports
For the Year Ended December 31st 2006

Note (9) – surplus / (deficit) during this year in activities -

<u>Total</u>	<u>Regional Encounter Groups</u>	<u>Women group</u>	<u>Temple Mount Project</u>	
461713	243640	3427	214646	Income
<u>(386676)</u>	<u>(210373)</u>	<u>(2317)</u>	<u>(173986)</u>	Expenses
75037	33267	1110	40660	surplus / (deficit)

Note (10) - general and administrative -

	<u>December 31st</u>	
	<u>2005</u>	<u>2006</u>
	<u>New Israeli shekels</u>	
Salary expenses	50773	100388
Telephone, Post	1650	2686
Rent, Electricity, Water and City Tax	6762	9903
Professionals fees	6260	6967
Office Maintenance	5878	3462
Transportation	246	-
Transportation abroad	-	351
Memberships	210	-
Refreshments	1276	1025
Lectures	-	160
Office Insurance	1085	1064
Directors' fees	1165	2902
Fuel	290	-
Governmental fees	1081	1232
Severance pay	3731	6753
Pension trust	1155	2341
Advertisement	595	72
Presents	-	175
Support team	-	384
Depreciation	<u>12314</u>	<u>2684</u>
	<u>94471</u>	<u>142549</u>

Note (11) – financing income (expenses) -

	<u>December 31st</u>		
	<u>2006</u>	<u>2005</u>	
	<u>New Israeli shekels</u>		
	1913	8679	Commissions and bank interest
	<u>10359</u>	<u>12500</u>	Rate differences
	<u>12279</u>	<u>21179</u>	