

***Interfaith Encounter
Association***

***Financial reports
For the year Ended December 31st 2005***

***Interfaith Encounter Association
Balance Sheet
For the Year Ended December 31st 2005***

-index-

	<u>page</u>
Auditors Opinion	2
Financial Reports-	
Balance Sheet	3
Report on the Activities	4
Net Change in Assets Report	5
Cash Flow Report	6
Notes	7-10

***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 2005 and 2004, 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 2004 and 2005 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, 24 August 2006

Interfaith Encounter Association
Balance Sheet
For the Year Ended December 31st 2005

	<u>Note</u>	<u>December 31st</u>	
		<u>2005</u>	<u>2004</u>
		<u>New Israeli shekels</u>	
Current Assets -			
Cash and Cash Equivalent	(2)	335463	329443
Other Debtors		<u>-</u>	<u>8817</u>
		335463	338260
		-----	-----
Fixed Assets, Net -	(3)	13481	25795
		-----	-----
Total Assets		<u>348944</u>	<u>364055</u>
Current Liabilities			
Suppliers	(4)	10456	12246
Other Creditors	(5)	<u>41327</u>	<u>40399</u>
		51783	52645
		-----	-----
Long term liabilities -			
Severance Pay	(6)	<u>29168</u>	<u>24451</u>
		29168	24451
		-----	-----
NET ASSETS-			
Non Restricted Assets for Activities:			
For Activities		373610	317219
For Fixed Assets		<u>13481</u>	<u>25795</u>
		387091	343014
		-----	-----
Temporary Restricted		<u>(119098)</u>	<u>(56055)</u>
Net Assets		<u>267993</u>	<u>286959</u>
		-----	-----
Total Liabilities and Net Assets		<u>348944</u>	<u>364055</u>

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

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Interfaith Encounter Association
Activities report
For the Year Ended December 31st 2005

	<u>Note</u>	<u>December 31st</u>	
		<u>2005</u>	<u>2004</u>
		<u>New Israeli shekels</u>	
Total Revenues-			
General Donations		354784	250409
Membership Fees		7185	21237
Amounts Released from Restriction		<u>267026</u>	<u>820863</u>
		628995	1092509
Cost of Activities-	(7)	<u>291052</u>	<u>820863</u>
		337943	271646
General and Administrative Exp.-	(9)	<u>272687</u>	<u>74959</u>
Net Income before Financial Exp.-		65256	196687
Net Financial Income (Exp.)-	(10)	<u>(21179)</u>	<u>3779</u>
Net Surplus (Deficit) for the Year		<u>44077</u>	<u>200466</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 2005

	<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	317219	25795	(56055)	-	286959
Additions through the year:					
Donations	-	-	203983	-	203983
Net Surplus (deficit)	44077	-	-	-	44077
Decreases through the year:					
Released from Restriction	-	-	(267026)	-	(267026)
Released from restricted For Fixed Assets	-	-	-	-	-
Released to cover Depreciation Exp.	<u>12314</u>	<u>(12314)</u>	<u>-</u>	<u>-</u>	<u>=</u>
Balance for December 31st	<u>373610</u>	<u>13481</u>	<u>(119098)</u>	<u>-</u>	<u>267993</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 2005

Note (7) Cost of Activities--
A-

Cost of activities for 2005

	<u>Temple</u>	<u>Women</u>	<u>Palestinian</u>	<u>General</u>	<u>Total</u>
	<u>Mount</u>	<u>interfaith</u>	<u>Israeli</u>	<u>Activity</u>	
	<u>Project</u>	<u>group</u>	<u>meetings -</u>		
			<u>Project</u>		
Telephone, Post, Mobile	-	190	2626	-	2816
Office Maintenance	216	320	2289	-	2825
Salary Exp.	119109	-	38235	-	157344
Pension Trust	6408	-	1391	-	7799
Severance Pay	8328	-	1810	-	10138
Transportation	41	5444	776	-	6261
Refreshments	-	4945	1099	-	6044
Fuel	-	929	345	-	1274
Advertisement	215	-	15771	-	15986
Group coordination	-	3262	-	4436	7698
Professionals fees	3985	532	876	-	5393
Translation	2672	-	-	-	2672
Board and lodging, abroad -	-	-	41198	-	41198
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>8404</u>	<u>291052</u>

B-

Cost of activities for 2004

	<u>Jerusalem</u>	<u>Temple</u>	<u>Women</u>	<u>Palestinian</u>	<u>Barcelona</u>	<u>Total</u>
	<u>Youth</u>	<u>Mount</u>	<u>interfaith</u>	<u>Israeli</u>	<u>Project</u>	
	<u>Group</u>	<u>Project</u>	<u>group</u>	<u>meetings -</u>		
				<u>Project</u>		
Telephone, Post, Mobile	2071	64	-	11799	-	13934
Office Maintenance	320	674	-	6163	-	7157
Salary Exp.	1584	118505	-	238625	-	358714
Pension Trust	-	6813	-	8315	-	15128
Severance Pay	-	8328	-	11611	-	19939
Transportation	-	50	1927	5375	2130	9482
Refreshments	242	-	1217	3953	-	5412
Fuel	-	-	250	3030	-	3280
Advertisement	-	-	643	2304	1626	7573
Group coordination	-	-	15127	11814	-	26941
Professionals fees	-	-	-	17562	-	17562
Translation	-	-	-	160	-	160
Board and lodging, abroad -	-	-	-	-	24778	24778
Traveling abroad	-	-	-	-	47604	47604
Directors fees	-	-	-	1085	-	1085
Hosting and Hotels	-	-	-	65014	-	65014
Conference Arrangement	-	-	-	200100	-	200100
	<u>820863</u>	<u>76138</u>	<u>586910</u>	<u>19164</u>	<u>134434</u>	<u>4217</u>
				Total		

Interfaith Encounter Association
Notes for the financial reports
For the Year Ended December 31st 2005

ביאור (8) – עודף / (גרעון) השנה בפרויקטים -
 א- הרכב הסעיף -

<u>סה"כ</u>	<u>פרויקט</u> <u>מפגשים</u> <u>ישראלים-</u> <u>פלסטינים</u>	<u>פרויקט</u> <u>נשים</u>	<u>פרוייקט</u> <u>הר</u> <u>הבית</u>	
203983	163739	-	40244	הכנסות השנה מתרומות
<u>282647</u>	<u>118675</u>	<u>15321</u>	<u>148351</u>	עלות פעילויות השנה
(78664)	45064	(15621)	(108107)	עודף / (גרעון) השנה

Note (9) general and administrative -

	<u>December 31st</u>	
	<u>2005</u>	<u>2004</u>
	<u>New Israeli shekels</u>	
Telephone, Post, Mobile	4168	154
Rent, Electricity, Water and City Tax	32292	12330
Professionals fees	-	21908
Office Maintenance	5878	60
Transportation	3354	2267
Traveling abroad	-	8848
Memberships	210	-
Refreshments	1276	222
Lectures	-	500
Assets brokers	-	2635
Office Insurance	1085	1072
Directors' fees	1165	2425
Internet	1650	-
Fuel	290	151
Governmental fees	1081	1081
Severance pay	13277	7459
Pension trust	3819	-
Auditing	6260	-
Advertisement	595	570
Depreciation	<u>12314</u>	<u>13277</u>
	<u>272687</u>	<u>74959</u>

ביאור (10) - הכנסות (הוצאות) מימון -
 הרכב הסעיף -

<u>ליום 31 בדצמבר</u>		
<u>2004</u>	<u>2005</u>	
<u>שקלים חדשים</u>		
11377	8679	עמלות וריבית בנקים
<u>(15156)</u>	<u>12500</u>	הפרשי שער
<u>(3779)</u>	<u>21179</u>	