

(Translation from Hebrew)

Financial Statements
of
The Forum for Regional Thinking (Registered Association)

(Translation from Hebrew)

The Forum for Regional Thinking (Registered Association)
Financial Statements as of December 31, 2017

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(Translation from Hebrew)

MARAD – COHEN , CPA - 9, Pevsner Street, Haifa - Tel: 8642097

Report of the auditing CPA
for the members of the Registered Association of
The Forum for Regional Thinking

We have audited the enclosed balance sheets of THE FORUM FOR REGIONAL THINKING (Registered Association) as of December 31, 2017, as well as the Operation Report and the Report regarding the changes of the Net Income of the society for the year ending on the same date. These Financial Statements are the responsibility of the Board of Directors of the society. It is our responsibility to give our expert opinion as to these Financial Statements based on our audit.

We have prepared our audit in accordance with the generally accepted audit standards in Israel, including the standards, which were determined in the Accountants' Standards (by means of the accountant's activity) from 5733 (= Hebrew Date) - 1973. According to these standards, we are required to devise the audit and carry it out with the purpose of achieving a reasonable extent of confidence that there is no essentially misleading presentation in the financial statements. An audit comprises a sample check of evidence supporting the amounts and information found in the financial statement. An audit also includes the examination of the applied accounting rules and significant estimates, which were done by the Board of Directors of the Registered Association, as well as the assessment of the appropriateness of the financial statements' presentation in general.

It is our opinion that the aforementioned financial statements reflect, in an adequate manner, in all respects, the Company's financial situation as of December 31, 2017 and the outcome of its activities and changes of its net income for the year ending on that date.

Cohen Michael,
Certified Public Accountants

March 25, 2018

(Translation from Hebrew)

The Forum for Regional Thinking (Registered Association)

Balance Sheets

	<u>as of December 31,</u>
	2017
	<u>Note</u> New Israeli Shekels
<u>Current Assets</u>	
Cash and cash value	93,400 =====
<u>Current Liabilities</u>	
Governmental institutions	3,807
Employees	9,874
Expense payable	33,174
	----- 46,855 =====
<u>Total Liabilities</u>	46,855 -----
<u>Net Assets</u>	
Net assets for which there is no restriction (deficit)	
Net assets used for operations: which were not designated by non-profit institutions	46,545 =====
Total liabilities and assets, net	93,400 =====

The notes to the financial statements constitute an integral part thereof.

<u>March 25, 2018</u>	_____	_____
Confirmation Date	Ronit Piso	Nimrod Horvitz
Financial Reports	CEO of the Association	Chairman of the Board of Directors

The notes to the financial statements constitute an integral part thereof.

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The Forum for Regional Thinking (Registered Association)

Operation Reports

		<u>as of December 31,</u>
		2017
	<u>Note</u>	New Israeli Shekels
<u>Operation Cycle</u>		
Donations		347,670
Income from lectures		7,811
		<u>355,481</u>

<u>Cost for Activities</u>		
Salary and social benefits for employees		141,932
Grants for researchers		135,135
Outside work		13,343
		<u>(290,410)</u>
		=====
Net income from activities		65,071

Administration and general expenses	4	18,234
		<u>46,837</u>
Net income prior to financing		46,837
Financing expenses		292
		<u>46,545</u>
Surplus for time period		<u>46,545</u>
		=====

The notes to the financial statements constitute an integral part thereof.

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The Forum for Regional Thinking (Registered Association)
Reports regarding changes of net income

	for which there is no restriction
	For operations, which were not designated by non-profit institutions
	New Israeli Shekels
<u>Balance as of January 1, 2017</u>	- -----
<u>Additions during the course of the year</u>	
Net income during the year	46,545 =====
Balance as of December 31, 2017	46,545 =====

The notes to the financial statements constitute an integral part thereof.

The Forum for Regional Thinking (Registered Association)

Notes for Financial Statements

Note 1 - General

The Association was founded in 2017 as a non-profit organization under the Associations Law, 5740 (= Hebrew Date) - 1980. Among the organization's main goals numbers promoting academic research in the various fields of the Middle East.

Note 2 - Principles of the Accounting Policy

The principles of accounting policies applied consistently in the preparation of the financial statements are as follows:

A. Basis of reporting regarding the financial statements

The Association compiles its financial statements in accordance with the provisions of Audit Statement No. 69 of the Institute of Certified Public Accountants in Israel.

B. Net assets

According to the provisions of Audit Statement No. 69 of the Institute of Certified Public Accountants in Israel, the net assets of the Association are presented as follows:

Net assets not restricted and used for current operations - in respect of the Company's current operations.

Net assets not restricted and used for fixed assets - in respect of amounts designated for fixed assets (including acquisitions and depreciation expenses).

Net assets temporarily restricted - in respect of a charitable fund managed by the Association and designated for special purposes.

Note 3 - Contingent Liabilities and Engagements

The Association has no engagements that are bound to be reported

Note 4 - Administration and General Expenses

	<u>as of December 31,</u>
	2017
	New Israeli Shekels
Advertising	6,962
Bookkeeping	3,276
Computer and Communication	3,276
Refreshments	1,800
Legal Expenses	1,700
Office supply	1,220
	<u>18,234</u>
	=====

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The Forum for Regional Thinking (Registered Association)

Notes for Financial Statements

Note 5 - Donations

<u>Name of Donor</u>	<u>Amount of Donation</u>	<u>Purpose of Donation</u>
Fred Tauber	214,650	Current Operation of the Association
Heinrich Böll Foundation	50,000	Current Operation of the Association
The New Israel Fund	77,770	Current Operation of the Association

The table above lists the names of the donors, who contributed over NIS 20,000 to the Association, each separately, during the year of Operation.

March 25, 2018

To the attention of

Dear Sir,

Re: Directors' Declaration

In connection with the audit of our financial statements for the year ending on December 31, 2017, which is prepared by you for providing an opinion as to whether they reflect properly the accepted accounting principles, the state of business and the results of operations, we hereby honor your request to declare, to the best of our knowledge and belief, as follows:

General:

1. We know that the primary responsibility for the accuracy and completeness of the financial statements is upon us.
2. We have placed at your disposal all the books of accounts and documents relating thereto and all the minutes from the shareholders' meetings and the meetings of the Board of Directors held to date.
3. If the Company has discovered irregularities or deficiencies in internal control that may have an effect on the financial statements, those have been brought to your attention.
4. We have no plans that may materially affect the equity or balance-related classification of assets and liabilities that were not reflected in the financial statements.
5. The Company is not a party to any legal action, neither as a plaintiff nor as a defendant, and no hearings are held that may result in such a legal action.
6. We understand that you have checked the records in the Company's account books, as well as other documents according to the methods and within the scope that you have deemed appropriate for the purpose of providing an opinion on the financial statements, and we understand that not in every case can such an audit sampling reveal irregularities as stated in section 3 above.
7. It is clear to us that you cannot guarantee that the reports to the tax authorities you are assisting in preparing, including a reconciliation statements or advice on tax matters, will be accepted without question by the authorities.
8. No events or matters that may cause the financial statements to be inaccurate or materially misleading occurred after the date of the balance sheet.
9. All transactions were properly recorded in the account books.

The Forum for Regional Thinking (Registered Association)

Property:

10. All of the Company's assets were properly included in the financial statements, and the Company has proper ownership documents for all of its assets at its disposal.
11. The Company's property and any part thereof on December 31, 2017 was neither pledged nor deposited as security to secure contractual obligations, etc.
12. The balances of checks receivable, customers and debits on December 31, 2017 constitute valid claims from the debtors. An adequate provision has been made to cover losses that may arise in the collection of these debts.
13. If there have been or are limitations regarding the Company's use of cash balances in banks or other assets, those have been brought to your attention.

Liabilities:

14. All of the Company's direct liabilities, including contingent liabilities, are properly included in the financial statements.
15. On December 31, 2017, the Company did not have unperformed engagements for purchases that exceed the normal consumption requirement or at prices significantly higher than market prices, and the Company was not a party to rental contracts at significantly lower prices than current rental prices. If necessary, the financial statements include appropriate provisions for losses due to engagements.

Sincerely,

Ronit Piso
CEO of the Association

Nimrod Horvitz
Chairman of the Board of Directors