

**Financial Statements of**  
**The Arava Institute for Environmental Studies**  
**(Registered Association)**  
**As of December 31, 2016**

**Auditor's Report to Members of the Association of**  
**THE ARAVA INSTITUTE FOR ENVIRONMENTAL STUDIES**  
**(Registered Association)**

We have audited the accompanying balance sheets of the **Arava Institute for Environmental Studies (Registered Association)** (hereinafter: "the Association") as of December 31, 2016, and the related statements of Activities and of changes in net assets, and the cash flow reports for the year ending on this date. These financial statements are the responsibility of the Board of Directors and the management of the Association. Our responsibility is to express an opinion on these financial statements based on our audit.

The Association's financial statements for December 31, 2015 and for the two years ended on that date were audited by a different auditor whose audited accounting report from May 2016 included an unqualified opinion.

We have conducted our audit in accordance with generally accepted auditing standards, including those prescribed by the Accountants' Regulations (Means of Operation of Accountants) 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes sample examination of evidence supporting the amounts and disclosures in the financial statements. An audit further incorporates an assessment of accounting principles implemented and of the substantial estimates made by the Association's Board of Directors and management, as well as an evaluation of the propriety of the entirety of the financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements reflect appropriately, by all material aspects, the financial situation of the Association as at December 31, 2016, the outcomes of its Activities and the changes in net assets for the year then ended, according to the Israeli GAAP.

Tel-Aviv, June 21, 2017

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**Certified Public Accountants**

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The Arava Institute for Environmental Studies (Registered Association)

Balance Sheets (in NIS)

	<u>Note</u>	<u>December 31</u> <u>2016</u>	<u>2015</u>
<b><u>Current Assets</u></b>			
Cash and cash equivalents		768,215	1,329,047
Clientele		258,234	72,085
Accounts receivable and debit balances	5	76,717	201,303
Grants and contributions receivable		1,883,679	1,202,771
Related parties	3.2	<u>125,146</u>	<u>135,146</u>
		<u>3,111,991</u>	<u>2,940,352</u>
<b><u>Long-Term Investments</u></b>			
Deposits pledged at banks		76,900	-
Fixed assets	6	<u>2,242,669</u>	<u>2,222,805</u>
		<u>5,431,560</u>	<u>5,163,157</u>
<b><u>Current Liabilities</u></b>			
Current maturities of long-term loans		430,000	-
Suppliers and service providers	3.1	104,302	107,584
Accounts payable and credit balances	7	533,643	407,052
Advanced grants and donations – scholarships		252,451	207,724
Advanced grants and donations – for projects		1,077,100	1,028,176
Related parties	3.1, 4	<u>194,742</u>	<u>368,807</u>
		<u>2,592,238</u>	<u>2,119,343</u>
<b><u>Long-Term Liabilities</u></b>			
Reserve for employee rights at severance		821,461	770,379
Reserve for subsidiary losses		146,256	146,256
Loan from stakeholders and related parties	4	<u>206,247</u>	<u>611,776</u>
		<u>1,173,964</u>	<u>1,528,411</u>
<b><u>Net Assets</u></b>			
Net assets without restrictions		<u>1,665,358</u>	<u>1,515,403</u>
		<u>5,431,560</u>	<u>5,163,157</u>
Date of approval of financial statements:			
June 21, 2017	<u>Noah Morris</u> Noah Morris – Board Member	<u>Miriam Segal</u> Miriam Segal – Board Member	

The attached notes constitute an integral part of these financial statements.

The Arava Institute for Environmental Studies (Registered Association)

Statements of Operations (in NIS)

		<b>For year ending</b>		
		<b><u>December 31</u></b>		
	<b><u>Note</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Turnover of Operations</u></b>				
Donations		1,970,810	3,118,733	2,842,050
Grants		4,490,578	3,312,482	2,780,342
Tuition fees		2,025,754	1,970,626	2,116,303
Income from provision of services		<u>139,797</u>	<u>328,999</u>	<u>483,031</u>
		<u>8,626,939</u>	<u>8,730,840</u>	<u>8,221,726</u>
<b><u>Costs of Operations</u></b>				
Salary and related expenses		2,979,883	2,649,380	3,168,949
Expenses for projects	8	<u>3,901,691</u>	<u>4,408,156</u>	<u>3,782,939</u>
		<u>6,881,574</u>	<u>7,057,536</u>	<u>6,951,888</u>
<b><u>Net Income from Operations</u></b>				
General and administrative expenses	9	<u>1,745,365</u>	<u>1,673,304</u>	<u>1,269,838</u>
		<u>1,538,466</u>	<u>1,465,956</u>	<u>1,312,409</u>
<b><u>Net income (expenses) before financing</u></b>				
Financing expenses, net	10	206,899	207,348	(42,571)
		<u>(86,944)</u>	<u>22,628</u>	<u>(109,995)</u>
<b><u>Net income (expenses) from regular operations</u></b>				
Association's share in subsidiary losses	3.2	119,955	229,976	(152,566)
		=	=	<u>(40,755)</u>
<b><u>Net surplus (annual deficit)</u></b>				
		<u>149,955</u>	<u>399,984</u>	<u>(193,321)</u>

The attached notes constitute an integral part of these financial statements.

The Arava Institute for Environmental Studies (Registered Association)

Statements of Changes in Net Assets (in NIS)

	<u>Not Restricted</u> <u>Not Designated by the</u> <u>NGO Institutions</u>
<b>Balance brought forward on January 1, 2014</b>	1,308,740
<b>Additions during the course of the year</b>	-----
Deficit for the year	(193,321)
<b>Balance as of December 31, 2014</b>	1,115,419
<b>Additions during the course of the year</b>	-----
Net income for the year	399,984
<b>Balance as of December 31, 2015</b>	1,515,403
<b>Additions during the course of the year</b>	-----
Net income for the year	149,955
<b>Balance as of December 31, 2016</b>	<u>1,665,358</u>

The attached notes constitute an integral part of these financial statements.

The Arava Institute for Environmental Studies (Registered Association)

Statements of Operations (in NIS)

	<u>For year ending December 31</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Cash Flow from Ongoing Activity:</u></b>			
Net surplus (deficit) according to the business outcomes report	149,955	399,984	(193,321)
Appendix A - Adjustments needed for the presentation of cash flow from ongoing activity	<u>(152,498)</u>	<u>(315,102)</u>	<u>182,130</u>
Total net cash resulting from ongoing activity	<u>(2,543)</u>	<u>84,882</u>	<u>(11,191)</u>
<b><u>Cash Flow from Investment Activity:</u></b>			
Subtraction (acquisition) of fixed assets	(287,787)	714,931	(75,840)
Investment in subsidiaries and related companies	-	-	40,755
Long term deposits	(76,900)	-	-
Repayment of loans given to related companies	<u>10,000</u>	-	-
Total net cash resulting from investment activity	<u>(354,687)</u>	<u>714,931</u>	<u>(35,085)</u>
<b><u>Cash Flow from Financing Activity:</u></b>			
Short term bank credit, net	-	-	(5,234)
Repayment of long term loans and liabilities	-	(170,001)	(402,472)
(Repayment) receipt of short term loans	<u>(203,602)</u>	<u>(190,304)</u>	<u>393,906</u>
Total net cash flow from financing activity	<u>(203,602)</u>	<u>(360,305)</u>	<u>(13,800)</u>
<b><u>Increase (decrease) in cash and cash equivalents</u></b>	<u>(560,832)</u>	<u>439,508</u>	<u>(60,076)</u>
<b><u>Cash balance and cash equivalents at the beginning of the year</u></b>	<u>1,329,047</u>	<u>889,539</u>	<u>949,615</u>
<b>Cash balance and cash equivalents at the end of the year</b>	<u>768,215</u>	<u>1,329,047</u>	<u>889,539</u>

The attached notes constitute an integral part of these financial statements.

Statements of Operations (in NIS)

**Appendix A – Adjustments Needed for Presentation of Cash Flow from Ongoing Activity**

	<b><u>For year ending December 31</u></b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b><u>Income and Expenses Unrelated to Cash Flow:</u></b>			
Depreciation and amortization	267,923	(360,834)	464,996
Increase (decrease) in reserve for severance, net	51,082	(2,937)	117,426
Revaluation of long term loans	<u>24,471</u>	-	-
	<u>343,476</u>	<u>(363,771)</u>	<u>582,422</u>
<b><u>Changes to Items of Assets and Liabilities:</u></b>			
Decrease (increase) in grants and contributions receivable	(676,475)	176,571	(470,242)
Decrease (increase) in accounts receivable and debit balance	(65,996)	118,361	55,317
Increase (decrease) in suppliers	(3,282)	(314,729)	(355,360)
Increase (decrease) in other payables and credit balances	156,128	164,723	107,382
Increase (decrease) in advanced grants and donations	<u>93,651</u>	<u>(96,257)</u>	<u>262,611</u>
	<u>(495,974)</u>	<u>48,669</u>	<u>(400,292)</u>
	<u>(152,498)</u>	<u>(315,102)</u>	<u>182,130</u>

The attached notes constitute an integral part of these financial statements.

**Notes to the Financial Statements (in NIS)**

**Note 1 - General**

The goals of the Association are as follows:

- A. Development and activities in the fields of education, science and culture:  
Our mission is to create a world-class environmental teaching and research institute at Kibbutz Ketura, which will:
- Prepare future Arab and Jewish leaders to cooperatively solve the region's environmental challenges.
  - Maintain high academic standards.
  - Deliver teaching and trans-boundary research opportunities at the highest quality and level to students from the Middle East and from all over the world.
  - Play a leading role in research, conservation, environmental protection and sustainable development in the entire region.
  - Generate capacity for conciliation and cooperation in the Middle East, in order to transcend political boundaries and achieve environmental change.
- B. Raising awareness and promotion of environmental quality.

**Note 2 – Principal Accounting Policies**

**A. Definitions:**

In these financial statements:

Association – Arava Institute of Environmental Studies (Registered Association)

Net assets – The difference between the Association's assets and its liabilities.

Unrestricted net assets – The portion of the net assets for which there is no permanent or temporary restriction that has been determined by the donors.

Restricted net assets – A restriction on the use of net assets determined by conditions set by donors, supporters or those providing grants to the Association.

Temporary restriction – A restriction that expires or is removed if a certain event occurs, or after a certain period of time, or that can be fulfilled or removed by undertaking certain actions, based on the conditions set by the donors or external entities that provided the funding.

Permanent restriction – A restriction that does not expire and is not removed if a certain event occurs, or after a certain period of time, or that cannot be fulfilled or removed by undertaking certain actions. This restriction entitles using only the yield generated from the donations received.

Related parties – As defined in Opinion 29 of the Institute of Certified Public Accountants in Israel.

Index – The Consumer Price Index as published by the Central Bureau of Statistics.



**Notes to the Financial Statements (in NIS)**

Note 2 – Principal Accounting Policies (Continued)

**B. Basis of Reporting**

1. The Association records its assets, liabilities, income and expenses on a cumulative basis.
2. The financial statements have been compiled based on the consensus of the historical cost, without adapting the financial statements to the influence of the changes to the general buying power of the Israeli currency and without expressing an opinion of their influence on the financial state and results of the operations.

**C. Manner of Presentation of the Financial Statements**

1. Classification of the balances included in the net assets group was done based on a distinction between:

- A) Net assets that are unrestricted.
- B) Net assets that are temporarily restricted.
- C) Net assets that are permanently restricted.

The net assets that are unrestricted are presented with a distinction between net assets used for activity:

- A) Designated by the institutions that manage the Association.
- B) Not yet designated by the institutions that manage the Association.
- C) Net assets used as fixed assets.

2. The Statement of Operations includes all of the income and expenses from the reporting period.

The income includes all of the income received and generated during the period without any restriction on their usage, as well as the portion of the net assets that were restricted and released from donor restrictions during the period. Expenses also include expenses that were financed from sources that were restricted by their contributors.

**Notes to the Financial Statements (in NIS)**

Note 2 – Principal Accounting Policies (Continued)

3. The Statement of Changes to Net Assets includes, in addition to the net result transferred from the Statement of Operations, all of the sources received whose usage was restricted and the amounts released from restriction.

Amounts released from restriction due to use for operations were transferred as income to the Statement of Operations, and amounts released from restriction due to use as fixed assets, including:

Fixed assets received as a gift (for which the consideration from their usage was not restricted) were transferred directly to the balance of net assets that are unrestricted on the Statement of Changes to Net Assets.

4. The Statement of Changes to Net Assets includes transfers between net assets that are unrestricted that were used for operations and net assets that are unrestricted that were used as fixed assets.

For amounts used during the accounting year for fixed assets, there are amounts that were generated in the accounting year from using fixed assets and amounts transferred in the accounting year to cover depreciation expenses.

**D. Foreign Currency Transactions**

1. A transaction made in a foreign currency was registered, when first recognized, in the currency of operation, using the immediate exchange rate between the currency of operation and the foreign currency on the date of the transaction.

2. On every balance sheet date, financial items in foreign currency were converted using the immediate exchange rate on the date of the balance sheet.

3. On every balance sheet date, non-financial items measured at historical cost in foreign currency were converted using the exchange rate on the date of the transaction.

4. On every balance sheet date, non-financial items measured at fair value in foreign currency were converted using the exchange rate on the date that the fair value was determined.

5. Exchange rate differences caused by removal of financial items, or due to conversion of financial items according to different exchange rates than those used for conversion at the time of their first recognition during the period, or than those used for conversion of previous financial statements, will be recognized on the profit and loss statement in the period that they were generated, excluding exchange differences, as stated in Section 6 below.

6. Exchange rate differences caused by removal of financial items, or due to conversion of financial items according to different exchange rates than those used for conversion at the time of their first recognition during the period, or than those used for conversion of previous financial statements, will be recognized on the profit and loss statement in the period that they were generated.

**Notes to the Financial Statements (in NIS)**

Note 2 – Principal Accounting Policies (Continued)

**E. Cash and Cash Equivalents**

Cash equivalents include investments whose liquidity is high, including short-term deposits at banks and for which the period until their realization date at the time of the investment was no more than 3 months.

This section does not include cash and short-term deposits at banks whose use was limited by donors for specific uses, or that were designated by the Association's Board for specific purposes.

**F. Donations, Allocations, Support and Grants Receivable**

1. Donations, allocations, support, grants, estates and gifts promised but not yet received at the date of the financial statements are registered as income or additions to net assets whose use is restricted, when all of the following conditions are met:

There is an irrevocable and unconditional commitment from the contributor and it applies to the reported period.

The promise was fulfilled after the date of the financial statements, or is legally enforceable and realizable. – Realization of the promise is not conditioned upon a future event taking place.

2. The amounts receivable are presented less adjustments for promises that the Association's Board believes will not materialize.

3. Donations that were received in order that they be transferred to others and for which the contributor conditioned the donation on its transfer to a specific beneficiary and did not give the Association the sole authority to change its designation, or control over the benefit expected from that donations, were not recorded as income and expenses.

Assets received as aforementioned that were not yet transferred to beneficiaries are presented as assets received for transfer to others and as liabilities for assets received for the purpose of transferring them to others.

**G. Fixed Assets**

1. The Association's management decided to change the policy regarding handling fixed assets, as of January 1, 1997 and onward, according to Opinion no. 69 of the Institute of Certified Public Accountants in Israel and according to Accounting Standard no. 5 which replaced Opinion no. 69 as of December 19, 2010, according to which the fixed asset used by the Association and acquired by this date is presented as expenses in the previously reported years.

2. Presented according to cost less accumulated depreciation.

**Notes to the Financial Statements (in NIS)**

Note 2 – Principal Accounting Policies (Continued)

3. For fixed assets that were received without consideration, the cost is its fair value on the day of its receipt.

4. Depreciation is calculated according to the “straight line method” based on the estimated period of use for the assets. Adjustments for decrease in value are included when the book value of the asset is higher than its value to the Association (usually calculated as the higher value between the value of its use and its realization value).

5. Fixed assets that must be transferred for exclusive use or operation by a third party without time limitations or any financial consideration, or for a nominal financial consideration only, according to donor conditions or decision by the Association’s Board, are presented as an expense and not as an asset at the time of the investment.

**H. Recognition of Income and Changes to Net Assets:**

1. Income and changes to net assets that are restricted are recorded on a cumulative basis.

2. Disposable assets and goods received without consideration that have a material monetary value on an overall basis in relation to the Association’s scope of operation and whose fair value can be assessed at a reasonable level of accuracy are recorded both as income and costs on the Statement of Operations.

3. Services requiring skill and professional specialization, which the Association would have needed to purchase had it not received them, that have a material monetary value on an overall basis in relation to the Association’s scope of operation and whose fair value can be assessed at a reasonable level of accuracy are recorded both as income and costs on the Statement of Operations.

4. Income from investments:

Profits and losses from a change to the fair value of current investments are credited to the Statement of Operations and/or the Statement of Changes to Net Assets when they are generated, as part of the net financing income (expenses) for the period.

5. Surplus from the realization of assets received without consideration, restricted to be used for specific purposes only and the consideration for their realization will be used for those purposes only, are credited directly to the net assets that were restricted.

**Notes to the Financial Statements (in NIS)**

Note 2 – Principal Accounting Policies (Continued)

**I. Taxes**

1. Salary tax imposed by VAT and employers tax are included in the salary expenses. VAT paid for inputs that are non-reimbursable were included in the expenses sections or the with assets for which the tax was imposed.
2. Taxes for certain expenses (“excess expenses”) are included in the expenses sections or with the assets for which the tax was imposed.

**J. Use of Estimates in the Preparation of Financial Statements**

In preparation of the financial statements in accordance with the accepted accounting policies, the management used estimates and evaluations that affect the amounts of the assets and liabilities presented in the financial statements and their attached notes. Due to the nature of estimates and evaluations, the actual results might differ from these estimates.

**K. Financial Instruments**

The fair value of financial instruments is determined according to the following rules:

1. The fair value of financial instruments is the amount for which an asset may be exchanged or liability in a transaction removed in good faith between the buyer, willingly, and the seller, willingly, in a logical manner.
2. When a financial instrument is traded on an active, liquid market, its rate on the market provides the best proof of its fair value.
3. When market activity is not frequent and the market is not well based, a small volume relative to the number of negotiable unit of the financial instrument are traded, or when the market rate is not available – it is possible to use evaluation techniques to determine the fair value.
4. The book value of the historical cost of amounts receivable and payable at regular commercial credit terms is usually close to the fair value.

**Notes to the Financial Statements (in NIS)**

**Note 3 – Related Parties**

**3.1 Kibbutz Ketura**

The Arava Institute was established by members of Kibbutz Ketura and resides in the Kibbutz itself. The Kibbutz provides the Institute an extensive array of services, including catering for students, dormitory rental, laundry services, rental of offices and halls and the like. A number of Kibbutz members are employees of the Institute.

This relationship is anchored in various agreements subject to each of the services provided by the Kibbutz. Therefore, the service providers and suppliers' balance includes a balance of NIS 194,000 in debt to Kibbutz Ketura for these services. This amount constitutes part of the liabilities to suppliers and service providers in the balance sheet.

There is a further balance of advanced rent, see Note 5, which results from the investment of the Institute in the office building, totaling NIS 1,129,301. This amount is depreciated annually for 10 years in accordance with Income Tax Regulations, starting in 2007, and ended in 2016. The parties agreed that this investment shall constitute the rent for a period of 24 years. Furthermore, the Institute is paying monthly nominal rent fees on the land for the entire period.

**3.2 Arava Institute Research and Development, Ltd.**

The Arava Institute of Environmental Studies (Registered Association) (hereinafter: the Association) holds full ownership of the subsidiary Arava Institute Research and Development Ltd. (hereinafter: the R&D Company).

The Arava Institute Research and Development Ltd. is a holding company, and holds 0.78% of Capital Nature Ltd., which invests in initiatives, research and development in the field of renewable energy.

In addition, the Arava Institute Research and Development Ltd. held 50% of the stock of Arava EC&T Ltd. The Association and the R&D Company decided, based on various considerations, to dissolve the partnership in Arava EC&T Ltd. Therefore, in June 21, 2015, an agreement was signed between the Arava Institute of Environmental Studies (Registered Association) and the Arava Institute Research and Development Ltd. on one side, and Arava EC&T Ltd. on the other side. The agreement stipulated that the shares were sold to EC&T Ltd. and EC&T Ltd. undertook to return the balance of the loans totaling NIS 125,146.25.

**3.3 Arava EC&T Ltd.**

See Section 3.2 above.

**3.4 Global Sun Israel L.P.**

The Arava Institute holds 1% of the partnership rights of Global Sun Israel Ltd. (Arava Power), a company for the development and production of solar energy. These rights are pledged to Kibbutz Ketura for the loan given to the Institute by the Kibbutz.

**Note 4 – Loans from Interested and Related Parties**

Kibbutz Ketura loaned a total of NIS 745,777 to the Arava Institute; the loan return agreement was signed on May 5, 2015. A total of NIS 170,000 was repaid in 2015. The loan accumulates annual interest at a rate of 4%.

Notes to the Financial Statements (in NIS)

**Note 5 – Accounts Receivable and Debit Balance**

	<b><u>December 31</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Advances to suppliers	-	24,873
Prepaid expenses	4,400	117,602
Advances for excess expenses	36,120	36,120
Employees	1,273	9,666
Others	<u>34,924</u>	<u>13,042</u>
	<u>76,717</u>	<u>201,303</u>

**Note 6 – Fixed Assets**

	<b><u>Computers</u></b>	<b><u>Electronic equipment</u></b>	<b><u>Vehicles</u></b>	<b><u>Furniture and Supplies</u></b>	<b><u>Leasehold improvements</u></b>	<b><u>Total</u></b>
<b><u>Cost</u></b>						
<b>Balance on January 1, 2016</b>	315,656	672,574	123,490	476,910	3,158,604	4,747,234
Additions during the year	<u>23,304</u>	-	-	<u>26,280</u>	<u>361,693</u>	<u>411,277</u>
<b>Balance on December 31, 2016</b>	<u>338,960</u>	<u>672,574</u>	<u>123,490</u>	<u>503,190</u>	<u>3,520,297</u>	<u>5,158,511</u>
<b><u>Depreciation Accumulated</u></b>						
<b>Balance on January 1, 2016</b>	268,265	493,683	123,490	210,330	1,428,661	2,524,429
Additions during the year	<u>24,892</u>	<u>48,058</u>	-	<u>35,546</u>	<u>282,917</u>	<u>391,413</u>
<b>Balance on December 31, 2016</b>	<u>293,157</u>	<u>541,741</u>	<u>123,490</u>	<u>245,876</u>	<u>1,711,578</u>	<u>2,915,842</u>
<b>Fixed assets, net on December 31, 2016</b>	<u>45,803</u>	<u>130,833</u>	-	<u>257,314</u>	<u>1,808,719</u>	<u>2,242,669</u>
<b>Fixed assets, net on December 31, 2015</b>	<u>47,390</u>	<u>178,890</u>	-	<u>266,580</u>	<u>1,729,945</u>	<u>2,222,805</u>

Notes to the Financial Statements (in NIS)

**Note 7 – Other Payables and Credit Balance**

	<b><u>December 31</u></b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>
Employees and institutions, for employees	321,770	260,278
Advances from customers and students	120,726	93,117
Government institutions	74,297	53,657
Expenses to be paid	<u>16,850</u>	-
	<u>533,643</u>	<u>407,052</u>

**Note 8 – Project Expenses**

	<b><u>December 31</u></b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Operating expenses in Israel	1,239,806	1,991,464	1,641,522
Conferences and workshops	1,165,369	1,158,790	806,623
Professionals and research, primarily for green initiatives	457,801	576,090	201,666
Travel, project workers	219,459	318,886	851,993
Operating expenses, overseas projects	164,433	155,696	89,935
Rent and maintenance	256,557	206,140	153,325
Professional advertisements	130,904	1,090	37,875
Depreciation	<u>267,362</u>	-	-
	<u>3,901,691</u>	<u>4,408,156</u>	<u>3,782,939</u>



**Notes to the Financial Statements (in NIS)**

**Note 9 – Administrative and General Expenses**

	<b><u>December 31</u></b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Salaries and related benefits	761,996	808,571	854,062
Travel	85,528	79,958	72,285
Travel overseas	19,194	11,660	27,719
Professional advertisements	3,246	96,869	157,077
Office maintenance	145,296	304,332	268,545
Office expenses	137,620	178,128	148,261
Professional services and continuing education	210,327	389,586	173,384
Miscellaneous	51,208	19,425	4,602
Depreciation expenses	124,051	481,062	464,996
Participation in expenses by others	-	(903,635)	(858,522)
	<u>1,538,466</u>	<u>1,465,956</u>	<u>1,312,409</u>

**Note 10 – Financing Expenses**

	<b><u>December 31</u></b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Interest and fees	(35,288)	(54,329)	(17,745)
Bank fees	(18,912)	(467)	(63,862)
Interest income	2,823	54,856	3,049
Exchange rate differences	(35,567)	22,568	(31,437)
	<u>(86,944)</u>	<u>22,628</u>	<u>(109,995)</u>

**Notes to the Financial Statements (in NIS)**

**Note 11 – List of Donors**

The following is information required according to the Associations Regulations (Determination of Maximum Sum and Procedures for Registering Anonymous Donations in Financial Statements), 5763 – 2002, presenting the names of the donors who contributed during the 2016 financial year, in cumulative amounts of over NIS 20,000:

<b>Name of Donor</b>	<b>Amount</b>	<b>Purpose of Donation</b>
JNF	2,878,456	Research, scholarships, overhead
Pharma Arava Israel Ltd.	420,900	Research
Crown Foundation	382,800	Research
Friends of the Arava Institute	347,024	Scholarships and overhead
Rubinstein Foundation	192,450	Research
Glickman Foundation	191,400	Academic program
The Osprey Foundation	150,452	Research
Annenberg Foundation	137,335	Research
Genesis Prize	112,830	Research
Cranfield University	110,212	Research
Alberto Salvanas	83,114	Graduate program
JNF	73,107	For the environment
Wolfson Family Trust	51,330	Research
UK Toremet Ltd.	43,927	Research
Serena Foundation	38,490	Academic program
<b>Donations from Foreign Country Entities</b>		
USAID	689,860	Research
EU	214,000	Research

**Note 12 – Taxes on Income**

The Association was registered as an NGO and therefore income taxes do not apply to the Association's income.

The Association pays employers tax at a rate of 7.5% for its expenses incurred by payment of salaries.