JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN – JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN – JORDAN
DECEMBER 31, 2010

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Independent Auditor's Report

AM/10192

To the Board of Trustees
Jordan River Foundation
Amman – Jordan

We have audited the accompanying consolidated financial statements of Jordan River Foundation (Established by a Special Decree), which comprise of the consolidated statement of financial position as of December 31, 2010 and the consolidated statement of activities, consolidated statement of comprehensive activities, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from 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 auditor's 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 Foundation preparation and fair presentation of the consolidated 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 Foundation 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan River Foundation, as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Saba & Co.

Amman – Jordan
August 7, 2011

Saba & Co.

Saba & Co.
Public Accountants
Amman - Jordan

JORDAN RIVER FOUNDATION

AMMAN - JORDAN

(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2010	December 31, 2009
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	5	9,205,611	11,066,391
Accounts receivable - net	6	193,533	244,707
Inventory - net	7	367,854	381,540
Prepaid expenses and other debit balances	8	118,556	120,203
Total Current Assets		9,885,554	11,812,841
Non Current Assets:			
Cheques under collection – long-term		26,250	-
Fixed Assets:			
Fixed assets at cost		3,498,303	2,425,284
Less: Accumulated depreciation		1,095,571	959,238
Net Book Value of Fixed Assets	9	2,402,732	1,466,046
Total Assets		12,314,536	13,278,887
LIABILITIES			
Current Liabilities:			
Accounts payable and other credit liabilities	10	459,509	142,105
Accrued expenses		117,224	78,797
Deferred revenue and restricted funds	11	8,941,956	10,568,241
Total Current Liabilities		9,518,689	10,789,143
Net Assets		2,795,847	2,489,744
Total Liabilities and Net Assets		12,314,536	13,278,887

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

JORDAN RIVER FOUNDATION

AMMAN - JORDAN

(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED STATEMENT OF ACTIVITIES

	Note	Sales, Marketing and Design Department	Jordan River Design	Madrasati Initiative	Wadi Al-Rayan Project	QRFCC Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program Kitchen and Training	Dar Al Aman Intervention Center	Business Development Services Project	Community Empowerment Projects	QRFCC Project Aqaba	Family Support Unit	Total	Total
		For the Year Ended December 31,														
		2010														2009
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Revenue:																
Sales		14,942	323,770	-	29,491	-	-	136,296	56,475	-	-	-	-	-	560,974	478,904
Donations		9,424	4,904	-	-	50,518	182,100	-	-	313,675	-	-	-	14,648	575,269	1,218,611
Revenue from activities		-	-	5,268,586	42	1,190,178	744,115	-	130,847	3,045	168,627	3,278,160	105,664	28,356	10,917,620	10,399,595
Other revenue \ (expense)	12	30,628	(53)	175,428	-	(340)	516,163	496	387	-	308	11,566	-	-	734,583	815,894
Total Revenue		54,994	328,621	5,444,014	29,533	1,240,356	1,442,378	136,792	187,709	316,720	168,935	3,289,726	105,664	43,004	12,788,446	12,913,004
Expenses:																
Cost of sales	13	-	261,998	-	24,748	-	-	164,855	-	-	-	-	-	-	451,601	346,289
Operating expenses	14	248,591	8,151	5,250,784	202	993,022	1,204,925	8,190	152,478	414,100	235,022	3,244,757	101,070	169,450	12,030,742	12,387,845
Total Expenses		248,591	270,149	5,250,784	24,950	993,022	1,204,925	173,045	152,478	414,100	235,022	3,244,757	101,070	169,450	12,482,343	12,734,134
Excess (Expenses over Revenue) Revenue over Expenses		(193,597)	58,472	193,230	4,583	247,334	237,453	(36,253)	35,231	(97,380)	(66,087)	44,969	4,594	(126,446)	306,103	178,870

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JORDAN RIVER FOUNDATION

AMMAN - JORDAN

(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED STATEMENT OF COMPREHENSIVE ACTIVITIES

	For the Year Ended December 31,														
	2010														2009
	Sales, Marketing and Design Department	Jordan River Design	Madrasati Initiative	Wadi Al-Rayan Project	QRFCC Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program Kitchen and Training	Dar Al Aman Intervention Center	Business Development Services Project	Community Empowerment Projects	QRFCC Project Aqaba	Family Support Unit	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Excess (Expenses over Revenue) Revenue over Expenses	(193,597)	58,472	193,230	4,583	247,334	237,453	(36,253)	35,231	(97,380)	(66,087)	44,969	4,594	(126,446)	306,103	178,870
Total Comprehensive Activities for the Year	(193,597)	58,472	193,230	4,583	247,334	237,453	(36,253)	35,231	(97,380)	(66,087)	44,969	4,594	(126,446)	306,103	178,870

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JORDAN RIVER FOUNDATION

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(ESTABLISHED BY A SPECIAL DECREE)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	For the Year Ended December 31,														
	2010														2009
	Sales, Marketing and Design Department	Jordan River Design	Madrasati Initiative	Wadi Al-Rayan Project	QRFCC Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program Kitchen and Training	Dar Al Aman Intervention Center	Business Development Services Project	Community Empowerment Projects	QRFCC Project Aqaba	Family Support Unit	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net assets - beginning of the year	(900,902)	227,201	312,477	18,557	142,635	3,563,693	(187,638)	(96,169)	(767,035)	168,809	120,499	-	(112,383)	2,489,744	2,310,874
Excess (Expenses over Revenue) Revenue over Expenses	(193,597)	58,472	193,230	4,583	247,334	237,453	(36,253)	35,231	(97,380)	(66,087)	44,969	4,594	(126,446)	306,103	178,870
Total Comprehensive Activities for the Year	(193,597)	58,472	193,230	4,583	247,334	237,453	(36,253)	35,231	(97,380)	(66,087)	44,969	4,594	(126,446)	306,103	178,870
Net Assets - End of the Year	(1,094,499)	285,673	505,707	23,140	389,969	3,801,146	(223,891)	(60,938)	(864,415)	102,722	165,468	4,594	(238,829)	2,795,847	2,489,744

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JORDAN RIVER FOUNDATION

(ESTABLISHED BY A SPECIAL DECREE)

AMMAN - JORDAN

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the Year Ended December 31, 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Excess revenue over expenses		306,103	178,870
Adjustments:			
Fixed assets depreciation		148,533	136,057
Provision for doubtful debts		-	11,356
Additions to / from provision for slow moving items		2,325	5,611
Loss (gains) from the sale of fixed assets		4,090	(131)
Net Cash Flows from Operating Activities before Changes in Working Capital		461,051	331,763
Decrease (increase) in accounts receivable		51,174	(6,519)
Decrease (increase) in inventory		11,361	(44,795)
Decrease in prepaid expenses and other debit balances		1,647	187,873
(Increase) in cheques under collection – long-term		(26,250)	-
Increase (decrease) in accounts payable and other credit liabilities		317,404	(34,689)
Increase (decrease) in accrued expenses		38,427	(58,595)
(Decrease) increase in deferred revenue and restricted funds		(1,626,285)	252,656
Net Cash Flows (used in) from Operating Activities		(771,471)	627,694
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets		(1,089,309)	(443,152)
Proceeds from sale of fixed assets		-	210
Net Cash Flows (used in) Investing Activities		(1,089,309)	(442,942)
Net (Decrease) Increase in Cash		(1,860,780)	184,752
Cash on hand and at banks - beginning of the year		11,066,391	10,881,639
Cash on Hand and at Banks - End of the Year	5	9,205,611	11,066,391

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM.

1. General

a. Jordan River Foundation is a voluntary not-for-profit organization, established on May 11, 1998 as a result of the merger between Jordan Development Foundation and Jordan River for Development Projects, registered in accordance with the Social Societies and Agencies Law number (33) of 1966.

In accordance with his letter number EA/511/4316 dated May 11, 1998, the Minister of Social Development approved the decision taken by the general assembly, and accordingly, the name of the organization was changed on February 25, 1999 to "Jordan River Foundation" instead of "Jordan River for Development Projects".

On June 10, 2001 the Foundation continued its operations under the same name in accordance with the Jordan River Foundation Decree number (33) for year 2001, which considered the Foundation as the legal and natural successor to "Jordan River for Development Projects". The assets and liabilities of the predecessor entity were transferred to the Foundation formed under the new Decree, at their net book values as of October 1, 2000. The Foundation's registered address is Amman, Abdoun, Behind Sheraton Str. fax 5933210, telephone 5933211 and its mailing address is P.O.Box 2943, Amman 11181, Jordan.

b. The Foundation's main objectives are to:

1. Develop local communities in the health, educational, vocational and educational sectors.

2. Prepare and execute development projects to achieve community prosperity.

3. Prepare and develop programs related to family and children security.

c. Prior to the merger on May 11, 1998, Jordan River for Development Projects included the following projects:

- Jordan River Design,
- Wadi Al-Rayan Project,
- Jordan River Children Program,
- Jordan River Foundation, and
- Bani Hamida

d. During the year 2000, the following three new projects and programs were added:

- Social Productivity Program.
- Business Development Services Project.

Furthermore, the Global Movement for Children project was added during the year 2002.

e. During the year 2004, Jordan River Children program was split into Prevention center and Intervention center.

f. During the year 2005 Special project was added.

g. During the year 2006 Family Support Unit project was added.

h. During the year 2008 Madrasati project was added.

i. During the year 2010, the major projects that are still in process as of December 31, 2010 are as follows:

Name of Project	Starting Year	Part of
Qudrat 2 project	2008	Special project – CEP
Development project and micro finance in Aqaba old village	2008	Business development services project
Poverty pockets project 2	2009	Special project – CEP
Conservation of medicinal and herbal plants of Jordan	2009	Special project – CEP
Comprehensive development plan in Debeen area	2009	Special project – CEP
Al Tafeela initiative	2009	Special project – CEP
Ahl Alhema initiative	2009	Special project – CEP
IRC & Unifem "Combat violence against women	2009	Prevention center
Safe schools	2009	Prevention center
Address Domestic violence	2009	Prevention center
GBV and DV prevention and awareness raising for refugees	2010	Prevention center
Southern Ghour Initiative	2010	Special Project - CEP
BPRM Community based support program for Iraqi refugees	2010	Special Project - CEP
Youth Work Jordan	2010	Special Project - CEP
Integrated Development approach for rural women in Beiren	2010	Special Project - CEP
Capacity Building of small farmers in Mudawara area	2010	Special Project - CEP
Rehabilitation for Amman and Rusaifa care homes	2010	Intervention Center

j. The accompanying financial statements were approved by the Foundation Board of Trustees on August 7, 2011.

k. Income Tax
According to the Jordan River Foundation Decree No. (33) for the year 2001, the Foundation is exempt from all types of Government taxes and fees, including sales tax.

2. Basis of Consolidation

The consolidated financial statements include the Foundation's and the wholly owned subsidiary company controlled by it. Control exists when the Foundation has the ability to control the financial and operating policies of the subsidiary company. All inter company transactions between the Foundation and its subsidiary are eliminated.

- The Foundation owns the following subsidiary as of December 31, 2010:

Company's Name	Paid up Capital	Ownership	Nature of Operations	Location	Date of Acquisition
	JD				
Jordan Regional Center for Development and Training	5,000	100%	Develop local communities	Amman	November, 2008

* Established and has not yet started its operations.

3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and revised IFRSs applied with no material effect on the consolidated financial statements:

The following new and revised IFRSs have also been adopted in these consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters	The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets, and the determination as to whether an arrangement contains a lease.
Amendments to IFRS 2: Share-based Payment – Cash-settled Share-based Payment Transactions	The amendments clarify the scope of IFRS 2, as well as the accounting for cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another entity or shareholder has the obligation to settle the award.

Amendments to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2008)	The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Foundation is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Foundation will retain a non-controlling interest in the subsidiary after the sale.
Amendments to IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
IFRIC 17: Distributions of Non-cash Assets to Owners	The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.
IFRIC 18: Transfers of Assets from Customers	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18 *Revenue*.
Improvements to IFRSs issued in 2009:	IAS 1, IAS 23, IAS 27, IAS 32 and IAS 39. SMEs IFRS, IFRS 2, IFRS 3, IFRS7 and IFRS 8.
Amendments to IAS 1: Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)	The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent. This amendment has had no effect on the amounts reported in current and prior years as the Foundation has not previously issued instruments of this nature.

IFRS 3 (revised in 2008): Business Combinations	IFRS 3(2008) has been applied in the current year prospectively to business combinations for which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions.
IAS 27 (revised in 2008): Consolidated and Separate Financial Statements	The application of IAS 27(2008) has not resulted in changes in the Foundation's accounting policies.
IAS 28 (revised in 2008): Investments in Associates	The principle adopted under IAS 27 that a loss of control is recognized as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. As part of *Improvements to IFRSs* issued in 2010, IAS 28(2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively.

3.2 New and Revised IFRSs Issued but not Yet Effective

The Foundation has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters	Effective for annual periods beginning on or after 1 July 2011.
Amendments to IFRS 7: Disclosures – Transfers of Financial Assets	Effective for annual periods beginning on or after 1 July 2011.
IFRS 9 (as amended in 2010): Financial Instruments	Effective for annual periods beginning on or after 1 January 2013.
IAS 24 (revised in 2009): Related Party Disclosures	Effective for annual periods beginning on or after 1 January 2011.
Amendments to IAS 32: Classification of Rights Issues	Effective for annual periods beginning on or after 1 February 2011.
Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement	Effective for annual periods beginning on or after 1 January 2011.
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments	Effective for annual periods beginning on or after 1 July 2011.

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

Management anticipate that IFRS 9 will be adopted in preparation of the Foundation's consolidated financial statements for the financial year 2011. The management also anticipate that the application of the new Standard will not have a significant impact on amounts reported in respect of the Foundation's financial assets and financial liabilities.

The amendments to IFRS 7: *Disclosures – Transfers of Financial Assets* increase

The amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Foundation's disclosures regarding transfers of trade receivables previously effected. However, if the Foundation enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IAS 24: *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Foundation because the Foundation is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

The amendments to IAS 32: *Classification of Rights Issues*

The amendments to IAS 32 titled *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Foundation has not entered into any arrangements that would fall within the scope of the amendments. However, if the Foundation does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

IFRIC 19: Extinguishing Financial Liability with Equity Instruments

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Foundation has not entered into transactions of this nature. However, if the Foundation does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

4. Significant Accounting Policies

a. Basis of preparation of the financial statements

The Foundation's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the Board of International Accounting Standards, and their related interpretations.

The financial statements are stated in Jordanian Dinar.

b. Revenue Recognition

Revenue from sales is recognized when invoices are issued and goods are delivered.

Donations received as fixed assets are stated at the value of the donation as indicated by the donors and recorded as deferred revenues, and depreciated according to the straight-line method based on the estimated useful life of those assets. Furthermore, an amount equal to the depreciation expense is taken from deferred revenue and recorded in the consolidated statement of activities.

Unrestricted donations include all resources available for the general purposes of Jordan River Foundation as stated in the bylaws of the organization.

Donations received are recognized only when there is reasonable assurance that the Foundation will comply with any conditions attached to the donation and that the donation will be received. The donation is recognized over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

c. Fixed Assets

Fixed assets (except for land) are stated at the revalued amount as of September 30, 1999 less accumulated depreciation and impairment losses.

Additions to fixed assets after September 30, 1999, are stated at cost less accumulated depreciation and impairment.

Depreciation is computed, except for land, according to the straight-line method based on their useful lives at an annual depreciation rates ranging from 2% to 20%.

When the recoverable amount of fixed assets is less than its carrying amount, the carrying amount of fixed assets is reduced to the recoverable amount. Any impairment is taken in the consolidated statement of activities.

d. Accounts Receivable
Accounts receivable are stated at net realizable value after booking a provision for doubtful debts.

e. Inventory
Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value represents the estimated selling price for inventories less all estimated costs to make the sale.

f. Interest
Interest income and expenses are recognized in consolidated statement of activities on the accrual basis.

g. Provisions
Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Foundation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

h. Foreign Currency Transactions
Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar at the exchange rates prevailing at year-end. Transactions in foreign currencies are recorded at the exchange rates prevailing at the transaction date. Exchange gains or losses resulting therefrom are taken to the consolidated statement of activities.

Accounting Estimates

Preparation of the accompanying consolidated financial statements and the application of accounting polices requires the Foundation's management to estimate and assess some items affecting financial assets and liabilities, and to disclose contingent liabilities. These estimates and assumptions also affect income, expenses, and provisions, and require the Foundation's management to estimate and assess the amounts and timing of future cash flows. The aforementioned estimates are based on several assumptions and factors with varying degrees of consideration and uncertainty. Furthermore, the actual results may differ from the estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

Management believes that the estimates in the consolidated financial statements are reasonable, the details are as follows:

- The Foundation reviews the estimated useful lives of its fixed assets, at the end of each annual reporting period in order to calculate the annual depreciation expense. Impairment loss (if any) is recorded in the consolidated statement of activities.

- A provision is set for lawsuits raised against the Foundation. This provision is subject to an adequate legal study prepared by the Foundation's legal advisor. Moreover, the study highlights potential risks that the Foundation may encounter in the future. Such legal assessments are reviewed frequently.

- A provision for doubtful debts is taken on the bases and estimates approved by management in conformity with International Financial Reporting Standards (IFRS).

The management of the Foundation believes that the accounting estimates that have been made in the consolidated financial statements are reasonable.

5. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2010	2009
	JD	JD
Cash on hand	18,425	292,509
Current accounts	317,464	344,628
Saving accounts	143,618	30,863
Deposits *	8,681,104	10,398,391
Cheques under collection – short-term	45,000	-
	9,205,611	11,066,391

- The Foundation keeps deposits with banks with average interest rates as the following:

Currency	Rate %
JOD	4.0
USD	0.5
EUR	0.75

* This item includes an amount of JD 7,733,930 as of December 31, 2010 (against 10,091,895 as of December 31, 2009) which is related to the restricted funds in Note (11).

6. Accounts Receivable – Net

This item consists of the following:

	December 31, 2010							December 31, 2009
	Sales and Marketing Department	Jordan River Designs	Jordan River Foundation	Dar Al Aman Intervention Center	Business Development Services Project	Others	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Trade receivable	199,457	3,571	-	2,395	38,125	15,619	259,167	320,776
Employees' receivable	679	-	20,606	-	-	50	21,335	11,295
	200,136	3,571	20,606	2,395	38,125	15,669	280,502	332,071
Less: Provision for doubtful debt *	65,499	3,571	5,974	2,395	-	9,530	86,969	87,364
	134,637	-	14,632	-	38,125	6,139	193,533	244,707

* The movement on the provision for doubtful debt in accounts receivable was as follows:

	2010	2009
	JD	JD
Balance – beginning of the year	87,364	76,800
Additions to provision for the year	-	11,356
Recoveries from provision for doubtful debt	(395)	(792)
Balance – End of the Year	86,969	87,364

The Foundation has adopted a policy of dealing with only creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults. The following are the accounts receivable due but not impaired:

	December 31, 2010	December 31, 2009
	JD	JD
Within 30 days	52,145	58,159
From 31 days to 60 days	15,687	18,804
From 61 days to 90 days	48,754	14,710
From 91 days to 364 days	76,947	153,034
	193,533	244,707

7. Inventory - Net

This item consists of the following:

	December 31, 2010						2009
	Jordan River Designs	Wadi Al-Rayan Project	Bani Hamida	Candles	Mahata	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Raw materials	74,244	543	50,216	28,103	14,455	167,561	136,522
Work in process	24,724	238	15,153	-	3,919	44,034	54,152
Finished goods	113,602	10,841	45,110	2,635	-	172,188	204,470
	212,570	11,622	110,479	30,738	18,374	383,783	395,144
Less: Provision for slow moving items *	11,647	-	4,282	-	-	15,929	13,604
	200,923	11,622	106,197	30,738	18,374	367,854	381,540

* The movement on the provision for slow moving items in inventory was as follows:

	2010	2009
	JD	JD
Balance – beginning of the year	13,604	7,993
Additions to the provision for the year	2,325	5,611
Balance – End of the Year	15,929	13,604

8. Prepaid Expenses and Other Debit Balances

The details of this item are as follows:

	December 31, 2010									2009
	Sales, Marketing and Design Department	Jordan River Designs	Madrasati Initiative	Jordan River Foundation	Bani Hamida	Social Productivity Program Kitchen and Training	Dar Al Aman Intervention Center	Mahata	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Prepaid	7,000	-	-	3,160	208	-	4,733	125	15,226	11,098
Refundable deposit	-	-	-	76,496	-	-	-	-	76,496	86,730
Others	55	450	5,301	6,134	844	13,830	220	-	26,834	22,375
	7,055	450	5,301	85,790	1,052	13,830	4,953	125	118,556	120,203

9. Fixed Assets

The details of this item is as follows:

Year 2010	Land	Building	Showroom Renovation	Dar Al Aman Intervention Center Renovation	Abdoun Building Renovation	QRFCC Prevention Center Building	Furniture and Fixtures	Vehicles	Software	Building Under Construction	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Revalued Cost:											
Beginning balance *	13,486	96,308	40,689	110,251	156,455	598,042	792,820	219,170	24,995	373,068	2,425,284
Additions	-	-	-	-	-	-	95,823	70,277	3,234	919,975	1,089,309
Disposals	-	-	-	-	-	-	(90)	(16,200)	-	-	(16,290)
Transfer	-	41,857	-	-	-	232,613	-			(274,470)	
Ending Balance	13,486	138,165	40,689	110,251	156,455	830,655	888,553	273,247	28,229	1,018,573	3,498,303
Accumulated Depreciation:											
Beginning balance	-	23,236	40,688	104,000	156,455	45,653	443,876	139,896	5,434	-	959,238
Additions	-	2,454	-	1,624	-	11,957	101,739	28,151	2,608	-	148,533
Disposals	-	-	-	-	-	-	(2)	(12,198)	-		(12,200)
Ending Balance	-	25,690	40,688	105,624	156,455	57,610	545,613	155,849	8,042	-	1,095,571
Net Book Value- as of December 31, 2010	13,486	112,475	1	4,627	-	773,045	342,940	117,398	20,187	1,018,573	2,402,732
Year 2009											
Revalued Cost:											
Beginning balance *	13,486	96,308	40,689	110,251	156,455	598,042	691,079	219,170	24,995	35,228	1,985,703
Additions	-	-	-	-	-	-	105,312	-	-	337,840	443,152
Disposals	-	-	-	-	-	-	(3,571)	-	-	-	(3,571)
Ending Balance	13,486	96,308	40,689	110,251	156,455	598,042	792,820	219,170	24,995	373,068	2,425,284
Accumulated Depreciation:											
Beginning balance	-	21,310	40,688	102,376	156,455	33,696	354,359	114,875	2,914	-	826,673
Additions	-	1,926	-	1,624	-	11,957	93,009	25,021	2,520	-	136,057
Disposals	-	-	-		-	-	(3,492)	-	-	-	(3,492)
Ending Balance	-	23,236	40,688	104,000	156,455	45,653	443,876	139,896	5,434	-	959,238
Net Book Value- as of December 31, 2009	13,486	73,072	1	6,251	-	552,389	348,944	79,274	19,561	373,068	1,466,046
Annual Depreciation Rate %	-	2	10-20	15	15	2	2.5-15	15	15		

* The beginning balance of fixed assets include assets (except for land), which were revalued as of September 30, 1999.

- Fixed assets as of December 31, 2010 include an amount of JD 478,760 representing fully depreciated property and equipment against JD 470,189 as of December 31, 2009.

10. Accounts Payable and Other Credit Balances

This item Consists of the following:

	December 31, 2010	December 31, 2009
	JD	JD
Trade payables	327,293	107,800
Down payments	88,861	20,595
Sales tax withholdings	18,549	11,590
Income tax withholdings	2,257	1,511
Social security	3,433	282
Other credit balances	19,116	327
	459,509	142,105

11. Deferred Revenue and Restricted Funds

This item consists of the following:

	December 31, 2010	December 31, 2009
	JD	JD
Deferred revenue *	1,208,026	476,346
Restricted funds **	7,733,930	10,091,895
	8,941,956	10,568,241

* This item represents deferred grants net of amortization against donated fixed assets.

** This item represents donations and payments according to agreements with different parties for the execution of projects. This item consists of the following:

	December 31, 2010	December 31, 2009
	JD	JD
Jordan River Foundation various restricted funds	3,461,983	2,544,950
Madrasati	2,225,242	3,871,734
Lebanon and Gaza supporting camp	365,037	365,037
Safe schools	248,164	285,837
Comprehensive development plan in Debeen area	233,897	449,862
South Ghour area empowerment	180,873	-
Ahl Alhema initiative	180,208	326,984
Conservation of medicinal and herbal plants of Jordan	169,092	186,636
Rehabilitation of care homes	145,884	-
QRFCC Aqaba center operations	121,464	-
Development project and micro finance in Aqaba old village	117,289	117,604
Ministry of Planning	-	978,475
King Abdullah initiatives	-	34,903
Suez foundation Al Nasser sport land	-	32,054
Others	284,797	897,819
	7,733,930	10,091,895

12. Other Revenue / (Expense) - Net

This item consists of the following:

	For the Year Ended December 31, 2010	2009
	JD	JD
Interest revenue	691,591	743,028
Commission from goods on consignment	13,927	11,855
Others	29,065	61,011
	734,583	815,894

13. Cost of Sales

This item consists of the following:

	For the Year Ended December 31, 2010				2009
	Jordan River Design & Mahata	Wadi Al-Rayan Project	Bani Hamida & Candles	Total	Total
	JD	JD	JD	JD	JD
Raw materials used	104,807	4,950	11,766	121,523	78,944
Direct labor	72,128	10,676	32,527	115,331	85,180
Direct overhead	84,587	6,902	80,858	172,347	203,996
Total Manufacturing Costs	261,522	22,528	125,151	409,201	368,120
Add: Work-in-process beginning balance	37,644	1,719	14,789	54,152	37,926
Less: Work-in-process ending balance	28,643	238	15,153	44,034	54,152
Cost of Goods Manufactured	270,523	24,009	124,787	419,319	351,894
Add: Finished goods beginning balance	105,077	11,580	87,813	204,470	198,865
Less: Finished goods ending balance	113,602	10,841	47,745	172,188	204,470
Cost of Goods Sold	261,998	24,748	164,855	451,601	346,289

14. Operating Expenses

This item consists of the following:

	For the Year Ended December 31, 2010														2009
	Sales, Marketing and Design Department	Jordan River Design	Madrasati Initiative	Wadi Al-Rayan Project	QRFCC Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program Kitchen & Training	Dar Al Aman Intervention Center	Business Development Services Project	Community Empowerment Projects	QRFCC Project Aqaba	Family Support Unit	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Salaries	90,352	-	326,430	-	449,605	479,428	-	24,690	226,903	76,116	364,588	-	120,840	2,158,952	1,769,773
Employees benefits	272	-	-	-	5,522	4,777	-	2,709	-	-	6,965	-	600	20,845	9,413
Social security contributions	10,356	-	31,380	-	47,646	48,523	-	1,068	18,970	7,255	37,478	-	12,335	215,011	169,791
Staff health insurance	2,410	-	6,254	-	11,350	7,075	-	843	6,640	1,113	10,242	-	2,403	48,330	34,077
Travel and transportation	2,943	-	29,435	-	95,275	17,083	-	1,126	14,462	15,201	63,722	7,771	1,210	248,228	197,120
Training	840	-	5,810	-	300	11,575	-	-	-	2,750	3,515	-	-	24,790	25,371
Casual labor	1,015	-	-	-	15,744	907	-	6,730	20,022	300	684	660	2,192	48,254	59,185
Utilities	10,693	-	4,652	-	21,463	4,217	-	2,389	18,476	1,197	3,659	4,414	2,290	73,450	65,751
Professional and service fees	10,163	-	24,219	-	49,408	71,428	-	41,329	1,608	35,849	10,418	-	2,581	247,003	231,429
Sales commissions	19,762	-	-	-	-	-	-	1,425	-	-	-	-	-	21,187	13,295
Advertising expenses	11,899	-	9,269	-	9,458	170,980	-	-	179	-	2,365	-	380	204,530	72,219
Exhibitions and events	33,601	-	80,716	-	56,006	301,191	-	39	-	80,008	66,758	-	-	618,319	596,027
Depreciation of fixed assets	4,265	5,826	10,987	202	61,837	20,001	8,190	20	17,159	2,245	1,117	-	16,684	148,533	136,057
Rent	11,000	-	-	-	-	550	-	9,962	25,192	-	12,628	7,150	-	66,482	43,150
Bank commissions	29	-	136	-	108	1,068	-	-	-	-	6,856	-	-	8,197	28,193
Communications and postage	1,941	-	8,947	-	7,421	10,987	-	156	3,302	2,162	5,052	591	4,000	44,559	42,364
Printing	5,581	-	410	-	1,400	9,390	-	652	83	942	1,232	-	55	19,745	19,408
Insurance	747	-	-	-	3,937	2,000	-	370	1,254	315	2,078	-	44	10,745	7,701
Maintenance	2,977	-	969	-	20,044	6,872	-	1,934	4,675	2,090	9,442	134	1,936	51,073	53,652
Activity expense	-	-	-	-	-	-	-	-	2,823	-	5,811	-	-	8,634	161,180
Ghaza Camp expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	592,779
Supplies	2,450	-	5,169	-	35,279	16,102	-	418	11,449	4,335	15,105	1,169	895	92,371	105,752
Shipping and freight out	574	-	-	-	27	477	-	-	-	-	54	-	-	1,132	3,763
Packaging labels	4,566	-	-	-	-	-	-	-	-	-	-	-	-	4,566	2,503
Interest on credit cards sales	6,133	-	-	-	-	-	-	-	-	-	-	-	-	6,133	4,732
Organic Farm Project expenses	-	-	-	-	-	-	-	-	-	-	21,928	-	-	21,928	14,867
Poverty Pockets Project expenses	-	-	-	-	-	-	-	-	-	-	8,080	-	-	8,080	93,983
Qudrat 2 Project expenses	-	-	-	-	-	-	-	-	-	-	177,490	-	-	177,490	777,758
Southern Ghour Project QRO & MOP Expenses	-	-	-	-	-	-	-	-	-	-	225,668	-	-	225,668	-
Ajloun homes / King Initiative	-	-	-	-	-	-	-	-	-	-	500	-	-	500	6,209
Personal care expense	-	-	-	-	-	-	-	-	35,864	-	-	-	-	35,864	46,672
Fixed assets expenses	-	-	-	-	-	-	-	1,334	1,800	-	77,241	-	-	80,375	53,262
Center direct production support cost	13,352	-	-	-	-	-	-	1,059	-	-	-	-	-	14,411	4,346
Center direct material	-	-	-	-	-	-	-	53,843	-	-	-	-	-	53,843	32,193
Provision for slow moving items	-	2,325	-	-	-	-	-	-	-	-	-	-	-	2,325	5,611
Provision for doubtful debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,355
Tenders with the Ministry of public works and housing	-	-	4,284,114	-	-	-	-	-	-	-	-	-	-	4,284,114	5,178,049
Safe schools expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,145
Rasoun Project expenses	-	-	-	-	-	-	-	-	-	-	32,057	-	-	32,057	98,955
UNHCR Project expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,929
Madrasati School programs	-	-	408,246	-	-	-	-	-	-	-	-	-	-	408,246	180,700
Madrasati South Offices expenses	-	-	12,582	-	-	-	-	-	-	-	-	-	-	12,582	-
Medical Herbs Project expenses	-	-	-	-	-	-	-	-	-	-	53,821	-	-	53,821	132,595
Poverty Pockets 2 Project expenses	-	-	-	-	-	-	-	-	-	-	1,006,085	-	-	1,006,085	1,114,638
Debben Project Expenses	-	-	-	-	-	-	-	-	-	-	542,075	-	-	542,075	-
Tafileh QRO & MOP Project expenses	-	-	-	-	-	-	-	-	-	-	142,150	-	-	142,150	-
Ahl Al-Hemeh Initiative expenses	-	-	-	-	-	-	-	-	-	-	145,080	-	-	145,080	-
Biren Project expenses	-	-	-	-	-	-	-	-	-	-	24,187	-	-	24,187	-
Hospitality	521	-	1,059	-	101,165	7,568	-	7	780	2,926	7,599	355	1,005	122,985	38,310
Other special projects expenses	-	-	-	-	-	-	-	-	-	-	2,291	-	-	2,291	54,688
YID IYF - grants	-	-	-	-	-	-	-	-	-	-	128,433	-	-	128,433	-
YID IYF - capacity building for CNBO's	-	-	-	-	-	-	-	-	-	-	15,759	-	-	15,759	-
QRFCC projects expenses	-	-	-	-	-	-	-	-	-	-	-	78,536	-	78,536	-
Others	149	-	-	-	27	12,726	-	375	2,459	218	4,544	290	-	20,788	31,895
	248,591	8,151	5,250,784	202	993,022	1,204,925	8,190	152,478	414,100	235,022	3,244,757	101,070	169,450	12,030,742	12,387,845

15. Contingent Liabilities

The contingent liabilities on the Foundation represent letters of guarantees in the total amount of JD 601,365 as of December 31, 2010.

16. Executive Management Remuneration

The executive management remuneration amounted to JD 660,306 for the year ended December 31, 2010 (JD 591,163 for the year ended December 31, 2009).

17. Risk Management Policies and their Objectives

1. Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Foundation will encounter difficulty in raising funds to meet commitments.

The Foundation manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows. Furthermore, a portion of the Foundation's funds are invested in cash bank balances which are readily available to meet short-term funding and liquidity management requirements.

2. Market risk

Market risks refers to the risk that losses results from change in market prices as change in interest prices, foreign currency prices, prices of equity instruments so the fair value of cash flows for on and off balance sheet financial instruments.

a. Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation's transactions are denominated in the Jordanian Dinar and the US Dollar. Due to the fact the Jordanian Dinar (Foundation's functional currency) is pegged with the US Dollar, the management of the Foundation believes that foreign currency risk related to transactions denominated in US Dollar is immaterial.

The carrying amounts of the Foundation's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	December31,	
	2010	2009
	JD	JD
Debit banks account – US Dollar	244,309	119,031
Debit banks account – Euro	119,323	138,084
Debit banks account – GBP	38,869	44,460
Debit banks account – CHF	-	601

The following table summarizes the effect of the change in the Euro translation rate at 10 % as of the balance sheet date on the cash at banks and deposits.

	December 31, 2010	
	Assets	
	+ 10%	(- 10%)
Euro	11,932	(11,932)
GBP	3,887□	(3,887)

	December 31, 2009	
	Assets	
	+ 10%	(- 10%)
Euro	13,808	(13,808)
GBP	4,446	(4,446)
Swiss Franc	60	(60)

b. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in market interest rate.

The following table illustrates the Foundation's exposure to the fluctuations in interest rates using the sensitivity analysis method:

Year 2010	Increase in Interest Rate	Interest Income Sensitivity
Currency:	%	JD
Jordanian Dinar	1	87,043
US Dollar	1	1,006
Euro	1	1,193

	Decrease in Interest Rate	Interest (Loss) Sensitivity
Currency:	%	JD
Jordanian Dinar	1	(87,043)
US Dollar	1	(1,006)
Euro	1	(1,193)

Year 2009	Increase in Interest Rate	Interest Income Sensitivity
Currency:	%	JD
Jordanian Dinar	1	101,810
US Dollar	1	1,130
Euro	1	1,352

	Decrease in Interest Rate	Interest (Loss) Sensitivity
Currency:	%	JD
Jordanian Dinar	1	(101,810)
US Dollar	1	(1,130)
Euro	1	(1,352)

3. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The Foundation has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

Foundation's financial assets that consists mainly from clients accounts, checks under collections, cash and cash equivalents do not represent important concentration for risks also debtors are widespread among clients classifications and a credit control is maintained by controlling credit limit for each client separately in a perpetual manner in addition to collections follow up in a periodic manner.

18. Income Tax

The foundation is exempted from the income tax according to the Jordanian law.