

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

FINANCIAL STATEMENTS FOR
THE YEAR ENDED
DECEMBER 31, 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN – JORDAN
DECEMBER 31, 2007

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Independent Auditor's Report

AM/10192

To Her Majesty Queen Rania Al-Abdullah
and Members of the Board of Trustees,
Jordan River Foundation
Amman – Jordan

We have audited the accompanying financial statements of Jordan River Foundation (Established by a Special Decree), which comprise of the statement of financial position as of December 31, 2007 and the statement of activities, statement of functional expenses and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

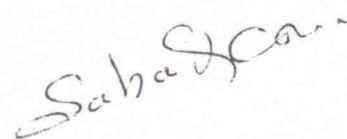
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Jordan River Foundation (Established by a Special Decree), as of December 31, 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
April 24, 2008



Saba & Co.

JORDAN RIVER FOUNDATION
AMMAN - JORDAN
(ESTABLISHED BY A SPECIAL DECREE)
STATEMENTS OF FINANCIAL POSITION

	Note	December 31,	
		2007	2006
		JD	JD
<u>ASSETS</u>			
Current Assets:			
Cash on hand and at banks	4	3,382,345	1,451,976
Accounts receivable-net	5	122,253	122,358
Inventory	6	294,352	316,195
Prepaid expenses and other debit balances	7	177,481	38,398
Total Current Assets		3,976,431	1,928,927
Fixed Assets:	8		
Fixed assets at cost		1,754,515	1,614,454
<u>Less: Accumulated depreciation</u>		733,243	599,043
Net Book Value of Fixed Assets		1,021,272	1,015,411
Total Assets		4,997,703	2,944,338
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable and other credit liabilities	9	153,427	155,465
Accrued expenses		34,833	12,831
Deferred revenue and restricted funds	10	2,244,398	887,149
Total Current Liabilities		2,432,658	1,055,445
Net Assets		2,565,045	1,883,784
Surplus from the Revaluation of Fixed Assets		-	5,109
Total Liabilities and Net Assets		4,997,703	2,944,338

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS.

JORDAN RIVER FOUNDATION
AMMAN - JORDAN
(ESTABLISHED BY A SPECIAL DECREE)
STATEMENTS OF ACTIVITIES

For the Year Ended December 31,													
2007													2006
Sales ,	Marketing	Jordan	Wadi		Jordan	Social		Business		Family			
and Design	River	Al-Rayan	Prevention	River	Bani	Productivity	Intervention	Development	Services	Special	support		
Department	Design	Project	Center	Foundation	Hamida	Program	Center	Project	Projects	unit		Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD
Revenue:													
Sales	7,132	209,715	21,307	-	-	91,938	17,217	-	-	-	-	347,309	428,126
Donations	1,421	5,670	-	70,151	957,605	123	-	139,525	-	40,300	6,041	1,220,836	1,656,181
Revenue from activities	2,658	1,900	4,218	156,508	924,214	3,446	-	16,467	233,270	1,357,198	22,315	2,722,194	752,763
Reimbursement for staff cost	-	-	-	-	-	-	-	-	-	-	-	-	16,953
Other revenue	26,492	6,541	-	110	117,213	3,203	660	720	-	34,524	600	190,063	132,582
Total Revenue	37,703	223,826	25,525	226,769	1,999,032	98,710	17,877	156,712	233,270	1,432,022	28,956	4,480,402	2,986,605
Expenses:													
Cost of sales (Note 11)	-	187,836	20,398	-	-	117,800	-	-	-	-	-	326,034	344,998
Operating expenses	171,097	11,457	32	319,120	792,339	12,064	32,718	374,786	218,627	1,450,015	99,810	3,482,064	2,393,205
Total Expenses	171,097	199,293	20,430	319,120	792,339	129,864	32,718	374,786	218,627	1,450,015	99,810	3,808,098	2,738,203
Net Income (Loss) for the Year	(133,394)	24,533	5,095	(92,351)	1,206,693	(31,154)	-14,841	(218,074)	14,643	(17,993)	(70,854)	672,304	248,402
Net assets-beginning of the year	(409,993)	126,648	7,671	283,483	2,227,581	(144,507)	(62,608)	(150,454)	5,373	40,359	(39,769)	1,883,784	1,640,455
Prior years Adjustments (Note12)	11,041	(6,185)	(372)	(443)	4,916	-	-	-	-	-	-	8,957	(5,073)
Net Assets - Beginning of the Year after adjustments	9,252	(99,181)	(8,774)	152,597	1,693,174	(188,919)	(30,500)	(63,965)	8,704	-	-	1,472,388	1,468,504
Net Assets - End of the Year	(532,346)	144,996	12,394	190,689	3,439,190	(175,661)	-77,449	(368,528)	20,016	22,366	(110,623)	2,565,045	1,883,784

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS.

JORDAN RIVER FOUNDATION
AMMAN - JORDAN
(ESTABLISHED BY A SPECIAL DECREE)
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31,												
2007												2006
Sales, Marketing and Design Department	Jordan River Designs	Wadi Al-Rayan Project	Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program	Intervention Center	Business Development Services Project	Special Projects	Family Support Unit	Total	Total
JD	JD	JD	JD	JD		JD	JD	JD	JD	JD	JD	JD
Salaries	67,151	-	-	147,353	286,503	-	14,953	207,001	40,997	261,218	53,395	1,078,573
Employees benefits	1,570	-	-	-	2,500	-	1,177	3,218	400	2,144	800	15,067
Social security contributions	7,200	-	-	15,034	25,947	-	1,359	16,373	3,707	21,238	4,807	95,865
Staff health insurance	1,130	-	-	3,503	3,464	-	621	4,186	397	3,785	1,007	18,092
Travel and transportation	7,243	-	-	23,110	23,428	-	350	11,274	8,089	20,242	3,373	77,176
Employees training	370	-	-	6,321	3,350	-	665	1,611	460	209	-	12,320
Casual labor	717	-	-	7,682	1,966	-	-	2,679	209	917	2,023	18,672
Utilities	8,029	-	-	15,501	5,744	-	160	14,934	689	2,943	17	48,015
Professional fees	708	-	-	5,397	9,871	-	300	7,522	65,532	29,169	19,820	138,320
Sales commissions	11,740	-	-	-	-	-	-	-	-	-	-	11,740
Advertising expenses	8,459	-	-	4,310	22,654	-	-	441	6,539	7,765	1,414	51,581
Exhibitions and events	13,507	-	-	25,566	151,962	-	17	2,459	51,301	1,877	860	247,549
Depreciation of fixed assets	2,743	11,457	32	40,186	40,877	7,782	88	23,452	585	-	6,998	134,200
Rent	12,000	-	-	-	760	-	-	23,050	145	-	600	36,495
Bank commissions	252	-	-	83	5,435	-	3	23	10	19,939	29	25,774
Communications & Postage	3,119	-	-	4,523	7,085	-	569	3,744	546	1,934	2,738	23,758
Printing	993	-	-	449	4,097	-	6	1,010	756	1,414	75	8,800
Insurance	371	-	-	2,301	2,170	-	350	1,246	-	1,382	-	7,820
Maintenance	1,954	-	-	5,008	5,134	-	351	5,692	76	8,395	638	27,248
Activity expense	-	-	-	-	101,891	-	-	-	-	-	-	101,891
Lebanon Camp expenses	-	-	-	-	68,001	-	-	-	-	-	-	68,001
Ghaza Camp expense	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,896	-	-	6,600	8,444	-	230	6,249	2,774	6,262	1,009	33,554
Shipping and freight out	4,776	-	-	21	1,878	-	-	-	72	8	-	6,756
Packaging labels	2,544	-	-	-	-	-	-	-	-	-	-	2,549
Interest on credit cards sales	4,567	-	-	-	-	-	5	-	-	-	-	4,567
Khazma Project	-	-	-	-	-	-	-	-	-	-	-	-
Organic Farm Legislation Proj	-	-	-	-	-	-	-	-	-	41,919	-	41,919
Poverty Pockets Proj Expenses	-	-	-	-	-	-	-	-	-	3,999	-	3,999
Qudrat 2 Proj expenses	-	-	-	-	-	-	-	-	-	462,437	-	462,437
Der Allah / King Initiative	-	-	-	-	-	-	-	-	-	22,527	-	22,527
Ayoun homes - King Initiative	-	-	-	-	-	-	-	-	-	475,529	-	475,529
Rahneh CO	-	-	-	-	-	-	-	-	-	13,774	-	13,774
Personal care expense	-	-	-	-	-	-	-	-	-	-	-	-
Play ground expense	-	-	-	-	-	-	35,867	-	-	-	-	35,867
Madada library	-	-	-	-	-	-	285	-	-	-	-	285
Fixed assets expenses	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	764	-	-	-	-	-	-	-	9,006	-	-	9,006
Center direct production support cost	6,123	-	-	13	139	-	36	1,541	75	186	-	2,755
Center direct material	-	-	-	-	-	-	220	-	-	-	-	6,343
Provision for doubtful debt	-	-	-	-	-	-	9,101	-	-	-	-	9,101
Provision for slow moving items	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,168	-	-	2,017	9,097	4,282	-	731	35,267	29,797	706	78,812
	171,097	11,457	32	319,120	792,339	12,064	32,718	374,786	318,627	1,450,015	99,810	3,482,064
												2,393,205

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN - JORDAN
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:	JD	JD
Income for the year	672,304	248,402
Adjustments:		
Fixed assets depreciation	134,200	133,941
Provision for doubtful debt	(817)	20,302
Provision for slow moving items	(2,249)	17,430
Surplus from the revaluation of fixed assets	(5,109)	-
Prior years adjustments	8,957	(5,073)
Net Cash Flows from Operating Activities before Changes in Working Capital	807,286	415,002
Decrease in accounts receivable	922	98,574
Decrease in inventory	24,092	30,468
(Increase) in prepaid expenses and other debit balances	(139,083)	(17,522)
(Decrease) increase in accounts payable and other credit balances	(2,038)	14,781
Increase in accrued expenses	22,002	960
Increase in deferred revenue and restricted funds	1,357,249	528,141
Net Cash Flow from Operating Activities	2,070,430	1,070,404
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(140,061)	(128,787)
Net Cash Flows (used in) Investing Activities	(140,061)	(128,787)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in due to Development and Employment Fund	-	(1,100)
Net Cash Flows (used in) Financing Activities	-	(1,100)
Net Increase in Cash	1,930,369	940,517
Cash on hand and at banks-beginning of the year	1,451,976	511,459
Cash on Hand and at Banks-End of the Year	3,382,345	1,451,976

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS.

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN – JORDAN
NOTES TO FINANCIAL STATEMENTS

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.
- b. 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".
- c. 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.
- d. 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.
- e. 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

- f. During the year 2000, the following three new projects and programs were added:
- Social Productivity Program.
 - Historical Trees of Jordan Project.
 - Business Development Services Project.

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

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

During the year, the Foundation management included the Sales and Marketing Project as a separate activity. Furthermore, the following projects were closed:

- Historical Trees of Jordan.
- Global Movement for Children.

- h. During the year 2005 the following short-term projects were added, and were completed in the year 2006:

- Ajloun Homes Modernization Project.*
- Rahmeh Project.*
- Madaba Play Ground Project.*
- Intervention Library Project.**
- Interventions Play Ground Project.**

* These project are part of Jordan River Foundation.

** These project are part of Intervention Center.

- i. During the year 2006 the following projects were added:

- Water Demand Project.*
- Poverty Pockets Project.*
- Family Support Unit Project.

* These project are part of Special Projects.

- j. During the year 2007 the following projects were added :

- Local development program for less – privileged areas project *
- Strengthened Jordanian NGOs program project.
- Qudrat 2 project
- Vital voices project.

* These project are part of special projects.

- k. The accompanying financial statements were approved by the Foundation Board of Trustees on April 23, 2008.

1. 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. Significant Accounting Policies

a. Basis of preparation of the financial statements

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) , issued by the Board of International Accounting Standards, and their related interpretations; and in accordance with related laws and regulations

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 these assets. Furthermore, an amount equal to the depreciation expense is taken from deferred revenue and recorded in the statement of activities.

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 statement of activities.

d. Accounts Receivable

Accounts receivable are stated at their net realizable value.

e. Inventory

Inventory is stated at the lower of cost, determined according to the weighted-average method, and net realizable value.

f. Interest

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

g. Provisions

Provisions are recognized when the company has obligation on the date of the balance sheet as a result of past events and it is probable 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 statement of activities.

3. New International Financial Reporting Standards

The International Accounting Standards Board issued amendments to the International Accounting Standards and new International Financial Reporting Standards which have become effective from January 1, 2007. The details are as follows:

- International Financial Reporting Standard No. (7) - Financial Instruments (Disclosure):
This standard requires additional disclosures about financial instruments and their impact on the financial position and performance in addition to further information on the extent of exposure to risks arising from financial instruments.
- Amendments to International Accounting Standard No. (1) – Financial Statements Presentation:
Application of International Financial Reporting Standard No. (7) and amendments to IAS (1) led to expanding the disclosure and notes to the financial statements relating to financial instruments and management of capital.

- The International Financial Reporting Interpretations Committee (IFRIC) issued the following interpretations which have become effective during the year 2007:

IFRIC 7 : Applying the restatement approach under IAS 29 financial reporting in hyperinflationary economies.

IFRIC 8 : Scope of IFRS (2).

IFRIC 9 : Reassessment of embedded derivatives.

IFRIC 10 : Interim financial reporting and impairment.

The application of these interpretations has had no material impact on the accounting policies adopted by the Foundation.

The following International Financial Reporting Standards and accounting interpretations were not in effect at the time of preparation of the accompanying financial statements:

IFRS 8 – Operating Segments. *

IFRS 3 – Business Combinations. *

IAS 1 – Amendments to financial statements presentation. *

IAS 23 – Amendments to accounting treatment of borrowing costs. *

IAS 27 – Consolidated and detailed financial statements. *

IFRIC 12 – Service concession arrangements. **

IFRIC 13 – Non-monetary contributions of joint ventures. ***

IFRIC 14 – IAS 19: Employees benefits.

* Effective from January 1, 2009.

** Effective from January 1, 2008.

*** Effective from July 1, 2008.

Management of the Foundation expects to apply the above International Financial Reporting Standards and interpretations to the Bank's financial statements at their respective effective dates as shown above.

4. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Cash on hand	12,892	3,353
Current accounts	685,173	601,455
Saving account *	-	833,871
Deposits ***	2,684,280	-
Checks under collection – short term**	-	13,297
	<u>3,382,345</u>	<u>1,451,976</u>

* The Foundation keeps a saving account at Bank with an average interest rate ranking from 4.5 – 6%.

** The due date for the checks under collection is December 31, 2007.

*** The company keeps deposits at Bank with an average interest rate ranking from 5.5-6.25%.

5. Accounts Receivable-Net

This item consists of the following:

	December 31,							2006
	2007							
	Intervention Center	Sales and Marketing Department	Jordan River Designs	Jordan River Foundation	Bani Hamida	Social Productivity Program	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Trade receivable	2,395	139,165	3,291	34,240	396	1,632	24	181,143
Employees receivable	498	181	5	8,066	105	57	33	8,945
Less: Provision for doubtful debts	(2,395)	(56,534)	(1,281)	(6,764)	-	(861)	-	(67,835)
	<u>498</u>	<u>82,812</u>	<u>2,015</u>	<u>35,542</u>	<u>501</u>	<u>828</u>	<u>57</u>	<u>122,253</u>
								<u>122,358</u>

The foundation has adopted 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 impaired:

	December 31,	
	2007	2006
	JD	JD
Through 30 days	44,096	38,167
31 days – 60 days	22,383	8,122
61 days – 90 days	5,464	11,650
91 days – 364 days	50,310	64,419
	<u>122,253</u>	<u>122,358</u>

Impaired and due accounts receivable as of December 31, 2007 amounted to JD 67,835 (JD 68,652 for year 2006).

6. Inventory

This item consists of the following:

	December 31						
	2007						2006
	Jordan River Designs	Bani Hamida	Wadi Al-Rayan Project	Candles	Mahata	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Raw materials	56,370	34,966	533	12,809	11,764	116,442	151,658
Work in process	24,370	14,368	2,433	-	2,738	43,909	31,494
Finished goods	84,552	55,144	8,542	944	-	149,182	150,473
Provision for slow moving items	(10,899)	(4,282)	-	-	-	(15,181)	(17,430)
	154,393	100,196	11,508	13,753	14,502	294,352	316,195

7. Prepaid Expenses and Other Debit Balances

The details of this item are as follows:

December 31,										
2007										2006
Sales ,	Jordan	Family		Jordan		Social				
Marketing and	River	Support	Prevention	River	Bani	Productivity	Intervention	Special		
Design	Designs	Unit	Center	Foundation	Hamida	Program	Center	Projects	Total	Total
Department	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Prepaid	7,084	1,667	413	1,928	17,915	1,156	145	3,046	-	33,354
Refundable deposits	55	450	-	-	143,192	210	-	220	-	144,127
	7,139	2,117	413	1,928	161,107	1,366	145	3,266	-	177,481
										38,398

8. Fixed Assets

The details of this item is as follows:

			Showroom	Dar Al - Aman	Abdoun Building	Prevention Center	Furniture and Fixtures	Vehicles	Software	Total
Year 2007	Land	Building	Renovation	Renovation	Renovation	Building				
Revalued Cost:	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance *	3,680	96,308	40,689	101,374	156,455	492,597	511,516	211,240	595	1,614,454
Additions	9,806	-	-	8,877	-	2,200	94,578	16,000	8,600	140,061
Ending Balance	13,486	96,308	40,689	110,251	156,455	494,797	606,094	227,240	9,195	1,754,515
Accumulated Depreciation:										
Beginning balance	-	17,458	40,688	95,202	142,699	9,944	206,099	86,845	108	599,043
Additions	-	1,926	0	5,550	15,845	10,401	73,206	26,860	412	134,200
Ending Balance	-	19,384	40,688	100,752	158,544	20,345	279,305	113,705	520	733,243
Net Book Value- as of December 31, 2007	13,486	76,924	1	9,499	-2,089	474,452	326,789	113,535	8,675	1,021,272
Year 2006										
Beginning balance *	3,680	96,308	40,689	99,824	153,405	492,597	460,479	138,090	595	1,485,667
Additions	-	-	-	1,550	3,050	-	51,037	73,150	-	128,787
Ending Balance	3,680	96,308	40,689	101,374	156,455	492,597	511,516	211,240	595	1,614,454
Accumulated Depreciation:										
Beginning balance	-	15,532	40,651	80,014	119,266	135	149,293	60,163	48	465,102
Additions	-	1,926	37	15,188	23,433	9,809	56,806	26,682	60	133,941
Ending Balance	-	17,458	40,688	95,202	142,699	9,944	206,099	86,845	108	599,043
Net Book Value- as of December 31, 2006	3,680	78,850	1	6,172	13,756	482,653	305,417	124,395	487	1,015,411
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.

9. Accounts Payable and Other Credit Balances

This item Consists of the following:

	December 31,	
	2007	2006
	JD	JD
Trade payables	109,551	107,439
Down payments	18,188	25,096
Sales tax	8,778	8,720
Income tax	3,062	2,704
Social security	12,150	10,650
Other credit balances	1,698	856
	<u>153,427</u>	<u>155,465</u>

10. Deferred Revenue and Restricted Funds

This item consists of the following:

	December 31,	
	2007	2006
	JD	JD
Deferred revenue *	175,223	125,330
Restricted funds **	2,069,175	761,819
	<u>2,244,398</u>	<u>887,149</u>

* This item represents deferred grants net of amortization against donated fixed assets according to the donors evaluation.

** 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,	
	2007	2006
	JD	JD
Lebanon & Gaza supporting camp	112,945	180,391
Ministry of planning	1,094,380	159,650
King Abdullah initiatives	54,345	100,000
Safe schools	387,679	-
Vital voices	50,824	77,740
The one auction	-	42,996
UNRWA Amman	-	35,364
Suez foundation al Nasser sport land	20,595	22,595
Others	348,407	143,083
	<u>2,069,175</u>	<u>761,819</u>

11. Cost of Sales

This item consists of the following:

	2007				2006
	Jordan	Wadi	Bani	Total	Total
	Design	Project	Hamida	JD	JD
Direct materials	67,724	6,706	13,444	86,324	90,872
Direct labor	43,743	6,717	22,785	73,245	80,607
Manufacturing overheads	77,919	9,688	81,571	166,466	173,519
	<u>187,836</u>	<u>20,398</u>	<u>117,800</u>	<u>326,034</u>	<u>344,998</u>

12. Prior Year Adjustments

This item represents the following:

	2007									
	Sales and Marketing Department	Jordan River Design	Wadi Al Rayan Project	Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program	Intervention Center	Business Development Services Project	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net assets-beginning of the year before adjustments	(1,789)	(92,996)	(8,402)	153,040	1,688,258	(188,919)	(30,500)	(63,965)	8,704	1,463,431
Adjustments:										
Other assets	11,041	(6,185)	(372)	(443)	4,916	-	-	-	-	8,957
Prior years adjustments	11,041	(6,185)	(372)	(443)	(193)	-	-	-	-	3,848
Net assets-beginning of the year after adjustments	9,252	(99,181)	(8,774)	152,597	1,693,174	(188,919)	(30,500)	(63,965)	8,704	1,472,388

2006

	Sales and Marketing Department	Jordan River Design	Wadi Al Rayan Project	Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program	Intervention Center	Business Development Services Project	Total
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Net assets-beginning of the year before adjustments	(1,202)	(90,479)	(8,238)	152,990	1,684,858	(183,967)	(30,488)	(63,692)	8,722	1,468,504
<u>Adjustments:</u>										
Prior years adjustments	<u>(587)</u>	<u>(2,517)</u>	<u>(164)</u>	<u>50</u>	<u>3,400</u>	<u>(4,952)</u>	<u>(12)</u>	<u>(273)</u>	<u>(18)</u>	<u>(5,073)</u>
Net assets-beginning of the year after adjustments	<u>(1,789)</u>	<u>(92,996)</u>	<u>(8,402)</u>	<u>153,040</u>	<u>1,688,258</u>	<u>(188,919)</u>	<u>(30,500)</u>	<u>(63,965)</u>	<u>8,704</u>	<u>1,463,431</u>

13. Contingent Liabilities

The contingent liabilities on the foundation at the date of preparing the financial statement represent a guarantees at to total amount JD 1,037,925 with collateral of JD 133,792.

14. Executive Management Remuneration

The executive management remuneration amounted to JD 330,854 for the year 2007 (JD 263,864 for the year 2006).

15. Lawsuits Against the Foundation

The Foundation is defendant in a lawsuit filed by a contractor that executed a project for the foundation claiming an amount of around JD 170,000. According to the Foundation's management and legal counselor, no provision is needed.

16. 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 Company'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. 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 foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	December 31,	
	2007	2006
	JD	JD
Debit banks accounts- US Dollar	95,348	146,180
Debit banks accounts- Euro	331,260	11,247
Debit banks account – GBP	418	-
Debit banks account – CHF	561	2,014

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.

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.

17. Income Tax

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

18. Comparative Figures

Some of the comparative figures for the year ended December 31, 2006 have been reclassified to correspond with 2007 presentation.