

**To The Board of Directors
Community, Energy and Technology in the Middle-East (Comet-ME)
(Community Interest Company)**

Auditors' Report

We have audited the balance sheet of Community, Energy and Technology in the Middle-East (Comet-ME) as of 31 December 2010 and 2009 and the related statement of activities for the year then ended. These financial statements are the responsibility of the organization's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed by the Auditors, Regulations (Auditor of performance) - 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the organization's Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The above mentioned financial statements have been prepared in nominal values. Information as to the effect of the changes in the general purchasing power of the Israeli currency on the financial statements, in accordance with the pronouncements of the Institute of Certified Public Accountants in Israel, has not been included in the financial statements.

In our opinion, subject to non-inclusion of the information in the previous paragraph, the aforementioned financial statements present fairly, in conformity with generally accepted accounting principles applicable to non-profit organizations and subject to that stated above, in all material aspects the financial position of Community, Energy and Technology in the Middle-East (Comet-ME) as of December 31, 2010 and 2009 and the results of its operations, for the year then ended, on the basis of historical cost in nominal Israeli currency.

**George Deek
Certified Public Accountant (Isr.)**

**Tel-Aviv
28 April 2011**

Community, Energy and Technology in the Middle East

(Comet-ME)

Balance Sheet

As of 31 December 2010

	<u>Note</u>	<u>2010</u> <u>NIS</u>	<u>2009</u> <u>NIS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents		129,699	553,912
Accounts Receivable	(3)	4,179	60,298
Inventory		<u>20,000</u>	<u>-</u>
		153,878	614,210
FIXED ASSETS	(4)	<u>23,668</u>	<u>18,075</u>
TOTAL ASSETS		<u>177,546</u>	<u>632,285</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Suppliers and Checks Payable		9,640	31,700
Creditors and Accounts Payable	(5)	<u>15,433</u>	<u>579,073</u>
Total Liabilities		<u>25,073</u>	<u>610,773</u>
<u>NET ASSETS:</u>			
Unrestricted Net Assets of activities		<u>152,473</u>	<u>21,512</u>
Total Net Assets		<u>152,473</u>	<u>21,512</u>
TOTAL LIABILITIES AND NET ASSETS		<u>177,546</u>	<u>632,285</u>
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Director		Director	

The notes to the financial statements form an integral part thereof

Community, Energy and Technology in the Middle East

(Comet-ME)

Statement of Activities

For The Year Ended 31 December 2010

	<u>Note</u>	<u>2010</u> <u>NIS</u>	<u>2009</u> <u>NIS</u>
<u>GROSS INCOME FROM ACTIVITIES:</u>			
Donations	(6)	<u>1,256,838</u>	<u>320,137</u>
<u>COST OF ACTIVITIES:</u>			
Salaries		160,752	28,397
Material Costs		643,367	237,903
Service Providers		<u>226,700</u>	<u>28,400</u>
Total Cost of Activities		<u>(1,030,819)</u>	<u>(294,700)</u>
Net Income from Activities		<u>226,019</u>	<u>25,437</u>
General and Administrative Expenses	(7)	<u>(90,593)</u>	<u>(3,262)</u>
Net Income Before Financial Expenses		135,426	22,175
Financial Expenses, Net		<u>(4,465)</u>	<u>(663)</u>
Net Income After Financial Expenses		<u><u>130,961</u></u>	<u><u>21,512</u></u>

The notes to the financial statements form an integral part thereof

**Community, Energy and Technology in the Middle East
(Comet-ME)**

Notes to Financial Statements

1. Background:

Community, Energy and Technology in the Middle-East (Comet-ME) is NGO based in Israel – Jaffa.

Comet-ME mission is to facilitate social and economical empowerment in the poorest and most marginalized communities of the occupied Palestinian territories through material support and capacity building. The core of our activity is the provision of basic energy services for off-grid communities using solar and wind power, in a way that is both environmentally and socially sustainable.

Comet-ME is a Community Interest Company officially registered on 14th September 2009 under registration number 5-143261-07. Its main initiative is to build renewable energy systems for communities that are not connected to the electricity grid because of political reasons and build local capacity to install and maintain those systems.

1.1 Source of Funds:

Comet-ME sources of funds are donations from international and local organizations and from current activities.

2. Principal Accounting Policies:

- a. The financial statements have been compiled in accordance to audit statement no. 69 of the institute of Certified Public Accountant in Israel and according to standard no. 5 of the institute of accounting standards.
- b. **Cash and cash equivalents** – include bank deposits for up to three months deposit from the balance sheet date.

2. Principal Accounting Policies: (continued)

- c. **Fixed assets** – include computers, furniture and office equipment. The annual rates of depreciation are between 6% and 33%, improvements to rented premises are amortized on a straight line method over the rental contract period, which does not exceed the estimated useful life of the improvements.
- d. Below are the details of consumer price index and the Euro rate of exchange:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
Consumer price index (average base 1998)	130.88	105.20
EURO currency (N.I.S for 1 Euro)	4.737	5.440
American Dollar	3.549	3.775

3. Accounts Receivables:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Prepaid Expenses	-	60,298
Institutions	4,179	-
	<u>4,179</u>	<u>60,298</u>

4. Fixed Assets:

	<u>Accumulated</u>		<u>31 December</u>	
	<u>Cost</u>	<u>Depreciation</u>	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Machinery and Equipment	26,545	2,877	23,668	18,075
			<u>23,668</u>	<u>18,075</u>

5. Creditors and Accounts Payables:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Income in advance	-	570,000
Other creditors	<u>7,258</u>	<u>-</u>
	<u>7,258</u>	<u>570,000</u>

The article income in advance includes income received in 2009 for activities to be implemented in 2010.

6. Gross Income:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Donations from foreign funds	1,150,397	284,334
Foreign private donations	64,691	-
Local private donations	17,000	35,803
Income from current activities	<u>24,750</u>	<u>-</u>
	<u>1,256,838</u>	<u>320,137</u>

Donations from Foreign Funds:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Medico International – Germany	593,545	277,290
Swiss Olive Oil Campaign	190,398	-
German Representative – Ramallah	120,000	-
E.W.B. Denmark	87,040	-
Dan Church Aid – Denmark	67,577	-
Center for Emerging Future	53,124	7,044
Department for Foreign Affairs Ireland	15,363	-
Swiss Embassy – Israel	14,000	-
I.P.C.R.I	<u>9,350</u>	<u>-</u>
	<u>1,150,397</u>	<u>284,334</u>

7. General and Administrative Expenses:

	<u>31 December</u>	
	<u>2010</u>	<u>2009</u>
	<u>NIS</u>	<u>NIS</u>
Audit and Bookkeeping Expenses	15,800	-
Travel Expenses	38,760	440
Office Supplies Expenses	607	2,527
Communication Expenses	2,809	-
Fees and Membership	3,245	-
Legal Expenses	222	-
Donations	2,200	-
Clothing Expenses	1,835	-
Refreshments Expenses	334	250
Printing and Publications Expenses	21,949	-
Depreciation Expenses	<u>2,832</u>	<u>45</u>
	<u>90,593</u>	<u>3,262</u>