

FINANCIAL STATEMENTS

NEW ISRAEL FUND

**FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2010**

NEW ISRAEL FUND

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New Israel Fund
Washington, D.C.

We have audited the accompanying statement of financial position of the New Israel Fund (NIF) as of December 31, 2011, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of NIF's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial activity of the New Israel Fund-Israel office, located in Jerusalem, Israel, which reflect total assets of \$3,902,963, total revenue and expenses net of intercompany transactions of \$10,970,734 was \$4,025,002 and \$3,293,969, respectively. The financial activity of the New Israel Fund-Israel office was audited by other auditors, whose reports dated May 31, 2012, expressed an unqualified opinion. To the extent that it relates to the amounts included for the foreign programs, our opinion is based solely on the report of other auditors. The prior year summarized comparative information has been derived from the 2010 financial statements and, in our report dated June 20, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NIF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NIF as of December 31, 2011, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

May 31, 2012

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NEW ISRAEL FUND
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,170,736	\$ 15,182,886
Investments (Notes 2 and 9)	14,767,585	16,249,493
Pledges receivable, current portion, net of allowance for doubtful accounts of \$75,159 in 2011 and \$68,890 in 2010 (Note 3)	1,075,151	1,178,430
Accounts receivable	1,949,007	917,463
Prepaid expenses	51,865	26,400
Total current assets	<u>27,014,344</u>	<u>33,554,672</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture and equipment	1,687,873	1,954,156
Leasehold improvements	57,328	160,543
	1,745,201	2,114,699
Less: Accumulated depreciation and amortization	(1,392,592)	(1,767,825)
Net furniture, equipment and leasehold improvements	<u>352,609</u>	<u>346,874</u>
OTHER ASSETS		
Pledges receivable, net of current portion (Note 3)	116,223	183,456
Deposits	84,570	15,285
Assets held in Charitable Remainder Trust (Notes 4 and 9)	57,373	57,373
Total other assets	<u>258,166</u>	<u>256,114</u>
TOTAL ASSETS	\$ 27,625,119	\$ 34,157,660

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,593,573	\$ 1,525,623
Grants payable	5,518,730	5,916,041
Affiliate payable	-	103,830
Liability under trust agreement, current portion (Note 4)	6,300	6,300
Annuity payable, current portion (Note 4)	58,676	65,027
Deferred rent abatement (Note 5)	-	<u>17,926</u>
Total current liabilities	<u>7,177,279</u>	<u>7,634,747</u>
LONG-TERM LIABILITIES		
Liability under trust agreement (Note 4)	43,073	51,073
Deferred rent abatement (Note 5)	49,745	-
Annuity payable (Note 4)	<u>122,851</u>	<u>110,558</u>
Total long-term liabilities	<u>215,669</u>	<u>161,631</u>
Total liabilities	<u>7,392,948</u>	<u>7,796,378</u>
NET ASSETS		
Unrestricted	5,437,960	5,862,404
Temporarily restricted (Note 6)	12,526,845	18,135,012
Permanently restricted (Note 7)	<u>2,267,366</u>	<u>2,363,866</u>
Total net assets	<u>20,232,171</u>	<u>26,361,282</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,625,119</u>	<u>\$ 34,157,660</u>

See accompanying notes to financial statements.

NEW ISRAEL FUND

**SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	2011			2010	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions	\$ 22,288,027	\$ 3,393,199	\$ 3,500	\$ 25,684,726	\$ 37,361,353
Investment income (Note 2)	167,452	(96,742)	-	70,710	1,457,870
Special Events	708,841	-	-	708,841	560,974
In-kind contributions	30,495	-	-	30,495	84,638
Other revenue	181,961	-	-	181,961	77,840
Net assets released from donor restrictions (Note 6)	<u>8,904,624</u>	<u>(8,904,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>32,281,400</u>	<u>(5,608,167)</u>	<u>3,500</u>	<u>26,676,733</u>	<u>39,542,675</u>
EXPENSES					
Program Services:					
Grants and Shatil	23,188,534	-	-	23,188,534	22,216,348
Other programs	<u>3,099,762</u>	<u>-</u>	<u>-</u>	<u>3,099,762</u>	<u>2,715,968</u>
Total program services	<u>26,288,296</u>	<u>-</u>	<u>-</u>	<u>26,288,296</u>	<u>24,932,316</u>
Supporting Services:					
Management and General	3,716,879	-	-	3,716,879	3,469,070
Fundraising	<u>2,800,669</u>	<u>-</u>	<u>-</u>	<u>2,800,669</u>	<u>2,491,579</u>
Total supporting services	<u>6,517,548</u>	<u>-</u>	<u>-</u>	<u>6,517,548</u>	<u>5,960,649</u>
Total expenses	<u>32,805,844</u>	<u>-</u>	<u>-</u>	<u>32,805,844</u>	<u>30,892,965</u>
Change in net assets before other item	(524,444)	(5,608,167)	3,500	(6,129,111)	8,649,710
OTHER ITEM					
Transfer of assets (Note 7)	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	(424,444)	(5,608,167)	(96,500)	(6,129,111)	8,649,710
Net assets at beginning of year	<u>5,862,404</u>	<u>18,135,012</u>	<u>2,363,866</u>	<u>26,361,282</u>	<u>17,711,572</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,437,960</u>	<u>\$ 12,526,845</u>	<u>\$ 2,267,366</u>	<u>\$ 20,232,171</u>	<u>\$ 26,361,282</u>

See accompanying notes to financial statements.

NEW ISRAEL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,129,111)	\$ 8,649,710
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	156,590	165,452
Unrealized loss/(gain) on investments	67,859	(1,141,335)
Realized loss/(gain)	8,786	(92,435)
Gain from sale of equipment	-	(2,132)
Bad debt expense	107,315	83,629
Contributions restricted for permanently restricted net assets	(3,500)	-
(Increase) decrease in:		
Pledges receivable	63,197	970,404
Accounts receivable	(1,031,544)	(696,000)
Prepaid expenses	(25,465)	7,687
Deposits	(69,285)	(5,680)
Assets held in Charitable Remainder Trust	-	9,406
Increase (decrease) in:		
Accounts payable and accrued liabilities	67,950	(311,573)
Grants payable	(397,311)	1,078,442
Affiliate payable	(103,830)	(58,998)
Liability under trust agreement	(8,000)	(9,407)
Annuity payable	5,942	(56,042)
Deferred rent abatement	<u>31,819</u>	<u>(30,024)</u>
Net cash (used) provided by operating activities	<u>(7,258,588)</u>	<u>8,561,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(162,325)	(147,177)
Purchase of investments	(1,915,862)	220,499
Proceeds from sale of investments	<u>3,321,125</u>	<u>22,057</u>
Net cash provided by investing activities	<u>1,242,938</u>	<u>95,379</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from permanently restricted net assets	<u>3,500</u>	<u>-</u>
Net cash provided by financing activities	<u>3,500</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(6,012,150)	8,656,483
Cash and cash equivalents at beginning of year	<u>15,182,886</u>	<u>6,526,403</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>9,170,736</u>	\$ <u>15,182,886</u>
SUPPLEMENTAL INFORMATION		
Stock Contributions	\$ <u>614,746</u>	\$ <u>-</u>

See accompanying notes to financial statements.

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The New Israel Fund (NIF) is a publicly-supported not-for-profit organization whose purpose is to provide grants and technical assistance to organizations in Israel that are dedicated to strengthening democracy and achieving positive social change in Israel and to provide public education in North America and Israel in support of these goals.

NIF has established an office in Israel. The New Israel Fund - Israel office was organized in the United States and registered in Israel as a foreign company in accordance with the Company Ordinance, 1929, on April 22, 1980. Included in the accompanying financial statements are the amounts from financial statements for the NIF - Israel office, that were audited by other auditors, whose reports have been furnished to us. At December 31, 2011, the audited financial statements of the NIF - Israel office have been combined with the accounts of NIF. All intercompany transactions between the office in D.C. and Israel have been eliminated during combination.

Basis of presentation -

NIF's financial statements have been prepared using the accrual basis of accounting. As such, revenue is recognized when earned and expenses when incurred.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NIF's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Cash and cash equivalents -

Cash and cash equivalents include cash on hand and other highly liquid instruments with maturities of less than three months.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). NIF maintains a portion of its cash balances at financial institutions in noninterest-bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act.

At times during the year, NIF maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. NIF has an agreement with the financial institutions whereby excess cash deposits are reinvested in a repurchase agreement of government securities on an overnight basis. Management believes the risk in these situations to be minimal.

Foreign operations -

The financial statements include the NIF - Israel office and the accounting records are maintained in the functional currency of the foreign country, which is the Israeli Shekel.

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Foreign operations (continued) -

Cash held in the foreign country is uninsured. These financial statements were prepared in accordance with generally accepted accounting principles in Israel.

Assets and liabilities denominated in the functional currency are converted into U.S. Dollars at year-end exchange rates, and revenue and expense accounts are translated at the average rates in effect during the year. Exchange gains and losses are reported in the Statement of Activities and Change in Net Assets.

Grant expenses -

Core grants and donor advised grants are recorded as expenses and liabilities at the time the Board approves the specific grant.

Furniture, equipment and leasehold improvements -

Furniture and equipment costing in excess of \$1,000 are capitalized and depreciated over the life of the asset ranging from three to seven years. Leasehold improvements are capitalized and amortized over the life of the lease.

Accounts receivable -

Accounts receivable are stated at their net realizable value which approximates fair value. Management considers all accounts to be collectible.

Investments -

Investments are recorded at their readily determinable fair value. Interest and dividend income is recorded as revenue when earned. Realized and unrealized gains and losses from investments are included in investment income, which are reflected in the Statement of Activities and Change in Net Assets.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NIF and include designated and Board designated funds.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NIF and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Net asset classification (continued) -

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by NIF. Investment earnings are utilized for programs or operations depending on donor intent.

Income taxes -

NIF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NIF is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2011, NIF has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Contributions -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Donated services -

Donated services are recorded at fair market value. Donated services received during the year ended December 31, 2011, totaled \$30,495.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties -

NIF invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market, foreign exchange and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurements -

NIF adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. NIF accounts for a significant portion of their financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

2. INVESTMENTS

The investments are recorded at their readily determinable fair value which approximates fair value. Investments at December 31, 2011 are as follows:

Money market funds	\$ 1,740,702
Mutual funds	4,046,968
Securities	957,275
Bonds	1,037
Alternative investments	<u>8,021,603</u>
TOTAL INVESTMENTS	<u>\$ 14,767,585</u>

Included in the investment portfolio are alternative investments. For the year ended December 31, 2011, there were no uncalled commitments or lock-up periods.

Investment income for the year ended December 31, 2011 consisted of the following:

Unrealized loss	\$ (67,859)
Realized gain	8,786
Interest and dividends	<u>129,783</u>
TOTAL INVESTMENT INCOME	<u>\$ 70,710</u>

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

3. PLEDGES RECEIVABLE

Pledges receivable are stated at their net realizable value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. Pledges that are long-term have been discounted using an interest rate of 3.25%. Following is a summary of maturities of pledges receivable at December 31, 2011:

<u>Year Ended December 31,</u>	
2012	\$ 1,150,310
2013 - 2015	<u>120,000</u>
Subtotal	1,270,310
Less: Allowance to discount pledge to present value	(3,777)
Less: Reserve for uncollectable grants	<u>(75,159)</u>
	<u>\$ 1,191,374</u>

4. SPLIT INTEREST AGREEMENTS

NIF's split interest agreements with donors consist of Charitable Gift Annuities and a Charitable Remainder Trust. Charitable Gift Annuities are unrestricted irrevocable gifts under which NIF agrees in turn to pay a life annuity to the donor or designated beneficiary. The contributed funds and the corresponding liabilities immediately become part of the general assets and liabilities of NIF, subject to NIF maintaining an actuarial reserve in accordance with state law. Contribution revenue for charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries.

The present value of payments to beneficiaries of charitable gift annuities are calculated using discount rates which represent the risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the Statement of Activities and Change in Net Assets. For the year ended December 31, 2011, the fair market value of the gift annuities totaled \$883,084 and the present value of the annuities totaled \$181,527, of which \$58,676 and \$122,851 are recorded as a current liability and long-term liability, respectively.

The Charitable Remainder Trust consists of time restricted contributions not available to NIF until after the death of the donor, who, while living, receives an annual payout from the Trust based on a fixed percentage of the market value of the invested funds. Under the terms of the Trust, NIF is required to pay an annual annuity of \$6,300 to the income beneficiaries for their lives. For the year ended December 31, 2011, the asset was valued at \$57,373 and the liability was \$6,300.

5. LEASE COMMITMENTS

NIF entered into an office lease in Washington, D.C., commencing March 20, 2000 and it expired on March 31, 2011. NIF entered into a new office lease in Washington, D.C, commencing April 1, 2011 and expiring April 29, 2019.

The lease agreement specified that annual rent will be \$186,189, with annual escalation increases agreed upon by both parties and stipulated in the lease agreement. NIF received two months of free rent.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

5. LEASE COMMITMENTS (Continued)

NIF entered into an office lease in New York, New York, commencing February 1, 2004 and expiring June 30, 2015. The lease agreement specified that annual rent will be \$62,400 per year, with an annual adjustment agreed upon by both parties and stipulated in the lease agreement.

NIF entered into an additional office lease in New York, New York, commencing November 15, 2011 and expiring June 30, 2015. The lease agreement specified that annual rent will be \$61,382, with an annual adjustment agreed upon by both parties and stipulated in the lease agreement.

NIF entered into a sublease agreement for office space in Boston, Massachusetts, commencing on July 1, 2011 and expiring on June 30, 2012. Base rent is \$679 per month and NIF is also responsible for its share of certain taxes and utilities associated with the office space.

NIF entered into an office lease in San Francisco, California, commencing on November 1, 2011 and expiring October 31, 2016. The lease agreement specified that annual rent will be \$44,820, with an annual adjustment agreed upon by both parties and stipulated in the lease agreement.

NIF entered into several office leases located in New Jersey, Massachusetts and Israel, expiring in 2011 through 2016.

In accordance with accounting principles generally accepted in the United States of America, rent expense should be recognized on a straight-line basis over the term of the lease agreement. At December 31, 2011, deferred rent was \$49,745.

Future minimum lease payments are as follows:

Year Ended December 31,

2012	\$ 367,280
2013	378,238
2014	304,530
2015	249,255
2016	224,346
Thereafter	<u>558,465</u>
	<u>\$ 2,082,114</u>

NIF entered into several sublease agreements. The future minimum sublease payments to be received are as follows:

Year Ended December 31,

2012	\$ 63,053
2013	65,575
2014	68,198
2015	70,926
2016	73,763
Thereafter	<u>183,616</u>
	<u>\$ 525,131</u>

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2011:

Programs and projects - NIF-U.S.	\$ 10,411,071
Programs and projects - NIF-Israel	<u>2,115,774</u>
	<u>\$ 12,526,845</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

Programs and projects - NIF-U.S.	\$ 7,095,464
Programs and projects - NIF-Israel	<u>1,809,160</u>
	<u>\$ 8,904,624</u>

7. ENDOWMENT

NIF's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, NIF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, NIF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

7. ENDOWMENT (Continued)

At December 31, 2011, permanently restricted endowment funds that are required to be retained permanently either by explicit donor stipulation or by UPMIFA totaled \$2,267,366; the income from which is expendable to support grants and projects.

Changes in endowment net assets for the year ended December 31, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 149,821	\$ 2,363,866	\$ 2,513,687
Net appreciation (realized and unrealized)	-	27,208	-	27,208
Contributions	-	-	3,500	3,500
Appropriation of endowment assets for expenditure	-	(165,277)	-	(165,277)
Other changes: Transfer of assets	-	-	(100,000)	(100,000)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 11,752</u>	<u>\$ 2,267,366</u>	<u>\$ 2,279,118</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature as of December 31, 2011.

Return Objectives and Risk Parameters -

NIF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Return Objectives and Risk Parameters (continued) -

Endowment assets include those assets of donor-restricted funds that the organization must hold in-perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. NIF expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, NIF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). NIF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

7. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Board of Directors authorizes the appropriations of spending during the Board approval of the budget. NIF considers the long-term expected return on its endowment. Accordingly, over the long-term, NIF expects the current spending policy to allow its endowment to grow annually. This is consistent with NIF's objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

8. PENSION PLAN

NIF-U.S. has a company-paid 401(a) money purchase plan. After a two-year vesting period, employees accrue five percent of their salary that is tax free until withdrawn. The actual percentage can be changed, based on the financial results each year, and is approved by the Board of Directors. There was no pension contribution made by NIF during the year ended December 31, 2011.

NIF-Israel has recorded a liability reflecting the difference between the total obligation for severance pay, less the amounts that have been deposited in pension and provident funds and management insurance policies.

The designated funds reflect amounts deposited in a central severance pay fund.

The balance presented in the NIF-Israel Balance Sheet is the difference between the liability and the amounts deposited in the central severance pay fund, and reflects the amount NIF-Israel needs to cover from its own sources for severance pay.

9. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, Fair Value Measurements and Disclosures, NIF has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market NIF has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

9. FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Interests in hedge funds, limited partnerships, private equity funds* - These instruments do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the funds or partnerships.
- *Annuities payable* - These liabilities are carried at actuarial determined present values which approximate current value.

Financial assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Category:				
Money market funds	\$ 1,740,702	\$ -	\$ -	\$ 1,740,702
Mutual funds	4,046,968	-	-	4,046,968
Securities	957,275	-	-	957,275
Bonds	1,037	-	-	1,037
Alternative investments	-	-	8,021,603	8,021,603
Assets held in trust	<u>57,373</u>	<u>-</u>	<u>-</u>	<u>57,373</u>
TOTAL	<u>\$ 6,803,355</u>	<u>\$ -</u>	<u>\$ 8,021,603</u>	<u>\$ 14,824,958</u>

Financial assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liability Category:				
Annuity payable	\$ -	\$ 181,527	\$ -	\$ 181,527
Liability under trust agreement	<u>-</u>	<u>49,373</u>	<u>-</u>	<u>49,373</u>
TOTAL	<u>\$ -</u>	<u>\$ 230,900</u>	<u>\$ -</u>	<u>\$ 230,900</u>

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

9. FAIR VALUE MEASUREMENTS (Continued)

Level 3 Financial Assets

The following table provides a summary of changes in fair value of NIF's financial assets for the year ended December 31, 2011:

	<u>Investments</u>
Beginning balance as of January 1, 2011	\$ 8,156,646
Unrealized and realized gains	112,442
Purchases/Distributions	<u>(247,485)</u>
BALANCE AS OF DECEMBER 31, 2011	<u>\$ 8,021,603</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, NIF has evaluated events and transactions for potential recognition or disclosure through May 31, 2012, the date the financial statements were issued.



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL FINANCIAL INFORMATION**

To the Board of Directors
New Israel Fund
Washington, D.C.

Our report on our audit of the basic financial statements of the New Israel Fund (NIF) appears on page 2. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gelman Rosenberg & Freedman

May 31, 2012

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

NEW ISRAEL FUND
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011

ASSETS

	<u>New Israel Fund - U.S.</u>	<u>New Israel Fund - Israel Office</u>	<u>Total New Israel Fund</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,789,981	\$ 2,380,755	\$ 9,170,736	\$ -	\$ 9,170,736
Investments	13,810,310	957,275	14,767,585	-	14,767,585
Pledges receivable, current portion, net of allowance for doubtful accounts of \$68,890 in 2011	842,529	232,622	1,075,151	-	1,075,151
Accounts receivable	1,886,158	62,849	1,949,007	-	1,949,007
Prepaid expenses	50,373	1,492	51,865	-	51,865
Due from NIF-U.S.	<u>-</u>	<u>97,919</u>	<u>97,919</u>	<u>(97,919)</u>	<u>-</u>
Total current assets	<u>23,379,351</u>	<u>3,732,912</u>	<u>27,112,263</u>	<u>(97,919)</u>	<u>27,014,344</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS					
Furniture and equipment	83,819	1,604,054	1,687,873	-	1,687,873
Leasehold improvements	<u>57,328</u>	<u>-</u>	<u>57,328</u>	<u>-</u>	<u>57,328</u>
	141,147	1,604,054	1,745,201	-	1,745,201
Less: Accumulated depreciation and amortization	<u>(56,508)</u>	<u>(1,336,084)</u>	<u>(1,392,592)</u>	<u>-</u>	<u>(1,392,592)</u>
Net furniture, equipment and leasehold improvements	<u>84,639</u>	<u>267,970</u>	<u>352,609</u>	<u>-</u>	<u>352,609</u>
OTHER ASSETS					
Pledges receivable, net of current portion	116,223	-	116,223	-	116,223
Deposits	84,570	-	84,570	-	84,570
Assets held in Charitable Remainder Trust	<u>57,373</u>	<u>-</u>	<u>57,373</u>	<u>-</u>	<u>57,373</u>
Total other assets	<u>258,166</u>	<u>-</u>	<u>258,166</u>	<u>-</u>	<u>258,166</u>
TOTAL ASSETS	<u>\$ 23,722,156</u>	<u>\$ 4,000,882</u>	<u>\$ 27,723,038</u>	<u>\$ (97,919)</u>	<u>\$ 27,625,119</u>

LIABILITIES AND NET ASSETS

	<u>New Israel Fund - U.S.</u>	<u>New Israel Fund - Israel Office</u>	<u>Total New Israel Fund</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 430,766	\$ 1,162,807	\$ 1,593,573	\$ -	\$ 1,593,573
Grants payable	5,406,079	112,651	5,518,730	-	5,518,730
Due to NIF- Israel	97,919	-	97,919	(97,919)	-
Liability under trust agreement	6,300	-	6,300	-	6,300
Annuity payable, current portion	<u>58,676</u>	<u>-</u>	<u>58,676</u>	<u>-</u>	<u>58,676</u>
Total current liabilities	<u>5,999,740</u>	<u>1,275,458</u>	<u>7,275,198</u>	<u>(97,919)</u>	<u>7,177,279</u>
LONG-TERM LIABILITIES					
Deferred rent abatement	49,745	-	49,745	-	49,745
Liability under trust, non-current	43,073	-	43,073	-	43,073
Annuity payable	<u>122,851</u>	<u>-</u>	<u>122,851</u>	<u>-</u>	<u>122,851</u>
Total long-term liabilities	<u>215,669</u>	<u>-</u>	<u>215,669</u>	<u>-</u>	<u>215,669</u>
Total liabilities	<u>6,215,409</u>	<u>1,275,458</u>	<u>7,490,867</u>	<u>(97,919)</u>	<u>7,392,948</u>
NET ASSETS					
Unrestricted	4,828,310	609,650	5,437,960	-	5,437,960
Temporarily restricted	10,411,071	2,115,774	12,526,845	-	12,526,845
Permanently restricted	<u>2,267,366</u>	<u>-</u>	<u>2,267,366</u>	<u>-</u>	<u>2,267,366</u>
Total net assets	<u>17,506,747</u>	<u>2,725,424</u>	<u>20,232,171</u>	<u>-</u>	<u>20,232,171</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,722,156</u>	<u>\$ 4,000,882</u>	<u>\$ 27,723,038</u>	<u>\$ (97,919)</u>	<u>\$ 27,625,119</u>

NEW ISRAEL FUND

COMBINING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	New Israel Fund - U.S.	New Israel Fund - Israel Office	Total New Israel Fund	Eliminations	Total
UNRESTRICTED REVENUE					
Contributions	\$ 20,303,261	\$ 1,984,766	\$ 22,288,027	\$ -	\$ 22,288,027
Income to Israel	-	9,821,167	9,821,167	(9,821,167)	-
Investment income	167,452	-	167,452	-	167,452
Special Events	708,841	-	708,841	-	708,841
In-kind contributions	30,495	-	30,495	-	30,495
Other revenue	82,911	99,050	181,961	-	181,961
Net assets released from donor restrictions	<u>7,095,464</u>	<u>2,958,727</u>	<u>10,054,191</u>	<u>(1,149,567)</u>	<u>8,904,624</u>
Total unrestricted revenue	28,388,424	14,863,710	43,252,134	(10,970,734)	32,281,400
EXPENSES					
	<u>29,511,875</u>	<u>14,264,703</u>	<u>43,776,578</u>	<u>(10,970,734)</u>	<u>32,805,844</u>
Change in net assets before other item	(1,123,451)	599,007	(524,444)	-	(524,444)
Other item: Transfer of assets	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Change in unrestricted net assets	<u>(1,023,451)</u>	<u>599,007</u>	<u>(424,444)</u>	<u>-</u>	<u>(424,444)</u>
TEMPORARILY RESTRICTED REVENUE					
Contributions:					
General support	2,477,630	2,065,136	4,542,766	(1,149,567)	3,393,199
Investment income	27,208	(123,950)	(96,742)	-	(96,742)
Net assets released from donor restrictions	<u>(7,095,464)</u>	<u>(2,958,727)</u>	<u>(10,054,191)</u>	<u>1,149,567</u>	<u>(8,904,624)</u>
Change in temporarily restricted net assets	<u>(4,590,626)</u>	<u>(1,017,541)</u>	<u>(5,608,167)</u>	<u>-</u>	<u>(5,608,167)</u>
PERMANENTLY RESTRICTED REVENUE					
Contributions	3,500	-	3,500	-	3,500
Transfer of assets	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Change in permanently restricted net assets	<u>(96,500)</u>	<u>-</u>	<u>(96,500)</u>	<u>-</u>	<u>(96,500)</u>
CHANGE IN NET ASSETS	<u>\$ (5,710,577)</u>	<u>\$ (418,534)</u>	<u>\$ (6,129,111)</u>	<u>\$ -</u>	<u>\$ (6,129,111)</u>

NEW ISRAEL FUND

COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	New Israel Fund - U.S.	New Israel Fund - Israel Office	Total New Israel Fund	Eliminations	Total
UNRESTRICTED NET ASSETS					
Net assets at beginning of year	\$ 5,851,761	\$ 10,643	\$ 5,862,404	\$ -	\$ 5,862,404
Change in unrestricted net assets	<u>(1,023,451)</u>	<u>599,007</u>	<u>(424,444)</u>	<u>-</u>	<u>(424,444)</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 4,828,310</u>	<u>\$ 609,650</u>	<u>\$ 5,437,960</u>	<u>\$ -</u>	<u>\$ 5,437,960</u>
TEMPORARILY RESTRICTED NET ASSETS					
Net assets at beginning of year	\$ 15,001,697	\$ 3,133,315	\$ 18,135,012	\$ -	\$ 18,135,012
Change in temporarily restricted net assets	<u>(4,590,626)</u>	<u>(1,017,541)</u>	<u>(5,608,167)</u>	<u>-</u>	<u>(5,608,167)</u>
TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 10,411,071</u>	<u>\$ 2,115,774</u>	<u>\$ 12,526,845</u>	<u>\$ -</u>	<u>\$ 12,526,845</u>
PERMANENTLY RESTRICTED NET ASSETS					
Net assets at beginning of year	\$ 2,363,866	\$ -	\$ 2,363,866	\$ -	\$ 2,363,866
Change in permanently restricted net assets	<u>(96,500)</u>	<u>-</u>	<u>(96,500)</u>	<u>-</u>	<u>(96,500)</u>
PERMANENTLY RESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 2,267,366</u>	<u>\$ -</u>	<u>\$ 2,267,366</u>	<u>\$ -</u>	<u>\$ 2,267,366</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 17,506,747</u>	<u>\$ 2,725,424</u>	<u>\$ 20,232,171</u>	<u>\$ -</u>	<u>\$ 20,232,171</u>

NEW ISRAEL FUND
SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
12 Heshvan: Promoting Tolerance in an Orthodox Context	25,000	\$ 127,300	\$ 92,500	\$ 59,800
A New Way	-	569	569	-
Absorption of Immigrants from the Caucasus Region	21,000	36,261	47,261	10,000
Access Israel	-	170,000	170,000	-
Activism Festival	-	15,000	15,000	-
Adalah: Legal Center for Arab Minority Rights in Israel	204,000	204,275	405,275	3,000
Adam Institute for Democracy and Peace	15,000	-	15,000	-
Adam Teva v'Din: Israel Union for Environmental Defense	1,800	2,348	-	4,148
Adva Center	49,000	286,892	256,892	79,000
African Refugees Development Center (ARDC)	3,300	39,317	42,367	250
Agenda - The Israeli Center for Strategic Communication	205,000	430,000	497,500	137,500
AHD: Association of Academics for the Development of Arab Society in the Negev	25,000	130,000	115,000	40,000
AHUZAT NEGEV	500	15,000	8,000	7,500
Al Anwar Association for Advancing the Women in Um Al Fahm	-	14,000	14,000	-
Al-Ahali Association	150,000	(150,000)	-	-
Aljana - Center for Cultural and Social Development	-	15,000	15,000	-
Almanarah	-	1,000	-	1,000
Almuntada Altakadomi	22,000	22,000	44,000	-
Alrabbata: League for the Arabs of Jaffa	11,500	-	11,500	-
Alrafah	-	25,000	25,000	-
Al-Yater Association for Promoting Culture and Social Development	40,000	37,212	47,212	30,000
American Friends of Neve Shalom/Wahat al-Salam (NS WAS)	-	16,000	16,000	-
Amutah Moshe Hess	-	300,000	300,000	-
Arous Elbahr for the Woman in Jaffa	-	15,400	15,400	-
Asaf	-	1,000	1,000	-
Assiwat	200	15,000	15,200	-
Association for Civil Rights in Israel (ACRI)	96,800	993,924	942,173	148,551
Association for Community Development – Acre	10,000	51,005	56,005	5,000
Association for Strengthening Ethics in the Press Fund	-	20,000	20,000	-
Association for the Advancement of Community Centers in Israel	73,789	(73,789)	-	-
Association for the Advancement of the Ethiopian Family and Child	10,000	-	10,000	-
Association for the Promotion of the Arab Education System in Haifa	-	42,000	42,000	-
Association for the Protection of Mixed Family Rights	-	35,000	35,000	-
Association of Bedouin Women to Promote Education	37,000	34,500	61,500	10,000
Association of Rape Crisis Centers	8,250	23,550	21,800	10,000
Association of Women, Rahat	-	15,000	15,000	-
Awareness for You	-	27,500	27,500	-
AWC – Arab Women in the Center	-	20,799	-	20,799
Ayam - Recognition and Dialogue	-	10,000	10,000	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Baladna	\$ -	\$ 25,000	\$ 25,000	\$ -
Bat Shalom	-	30	-	30
Be Free Israel	-	70,345	60,345	10,000
Kedem Synagogue - Beit Daniel	-	20,059	20,059	-
Beit Tfila Israeli	4,500	12,000	12,000	4,500
Beit Tikvat Em Habanim Smechah	8,500	28,869	28,819	8,550
Bimat Kedem	3,250	14,000	10,250	7,000
Bimkom: Planners for Planning Rights	95,000	338,340	312,040	121,300
Bina (at Merchavim Chevra Lechinuch Vetarbut)	43,850	93,593	102,293	35,150
Bizchut: Center for Human Rights of Persons with Disabilities	94,960	290,623	264,641	120,942
Born to Live Proudly	1,000	(1,000)	-	-
Breaking the Silence	50,000	120,947	110,447	60,500
B'Tselem	120,100	103,419	188,120	35,399
Bustan Le'Shalom - Sustainable Community Action for Land and People	(4,750)	47,000	29,250	13,000
Castal	-	9,000	9,000	-
Center for Educational Innovation-Public Education Assoc.	4,878	(4,878)	-	-
Center for Jewish-Arab Economic Development	31,500	81,825	106,825	6,500
Center for Women's Justice	12,600	68,416	65,416	15,600
Centurion	13,500	27,000	27,000	13,500
Challenge to Change (CTC)	238,716	-	238,716	-
Charedim LaSviva	1,000	4,000	5,000	-
Citizens Build a Community	5,500	16,500	-	22,000
Citizens for the Environment in the Galilee	-	58,500	58,500	-
CIVIC Leadership	-	1,715	1,715	-
Coalition of Women for Peace	6,000	125	6,125	-
College for All	-	15,848	15,848	-
Community Advocacy: Genesis Israel	17,400	96,831	81,231	33,000
Core Grants Declared	-	25,640	1,500	24,140
Council for Peace and Security	-	125,000	125,000	-
Counseling Center for Women	-	17,000	10,000	7,000
Crisis Center for Religious Women	-	4,000	2,000	2,000
DAFNA HOREV	-	8,000	8,000	-
Darna- Jaffa Popular Committee for Land Allocation and Housing	40,000	49,339	49,339	40,000
Democracy Defense Fund LTD (Sheikh Jarrah Solidarity Movement)	-	162,430	87,252	75,178
E.L.I.: Association for the Protection of the Child	-	3,000	3,000	-
Economic Cooperation Found	-	120,000	120,000	-
Economic Empowerment for Women	18,000	79,124	79,624	17,500
Ein-Bustan	5,250	538	5,700	88
Elisheva Mirvis: Course for Haredi Mikveh Attendants	-	8,000	8,000	-
El-Sabar Association	-	6,000	6,000	-
Elul Center	650	1,891	2,541	-
Emek Shaveh	2,000	-	2,000	-
Equal Opportunity for Ethiopian Jews in Israel	600	-	-	600
Eretz Acheret A Diff Land	-	15,000	5,000	10,000

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Esh-David	\$ 12,500	\$ 23,500	\$ 24,250	\$ 11,750
ESRA: English-Speaking Residents Association	-	23,636	23,636	-
Fidel: Association for Education and Social Integration of Ethiopian Jews	110,000	116,783	110,000	116,783
Fishka - Young Russian Speakers Community in Israel	10,000	35,000	35,000	10,000
Follow Up Committee for Arab Education	59,875	66,500	126,375	-
Follow-Up Committee for Arab Education- Hiram	25,000	-	25,000	-
Forum for Immigrant Families in the North	-	12,000	7,000	5,000
Forum of Directors of Social Welfare Departments Serving the Arab Population	13,500	39,500	53,000	-
Forum of Representatives of Ethiopian Jewish Community Organizations for the (ENP)	20,000	(20,000)	-	-
Freddie Krivine Foundation	250	47,636	47,886	-
Friends by Nature - Community Empowerment	4,000	56,666	53,166	7,500
Friends of Kedma School	23,250	350,000	75,750	297,500
Friends of Open House	1,326	-	1,326	-
Friendship Village	-	3,300	300	3,000
Gerila Tarbut	5,000	-	5,000	-
Gisha Center for the Legal Protection of Freedom of Movement	1,000	56,165	54,915	2,250
Givat Haviva Jewish-Arab Center for Peace	-	8,501	6,501	2,000
Green Course (Megama Yeruka)	500	9,500	10,000	-
Ha'Amuta Le-Kidom Hasport Hameshutaf Mevaseret-Abu- Gosh	-	6,094	4,174	1,920
Hagar-Jewish-Arab Education for Equality	36,000	51,455	86,105	1,350
Haifa Women's Crisis Shelter	-	15,000	15,000	-
HaMoked: Center for Defense of the Individual	101,050	13,981	101,481	13,550
Hand in Hand: Center for Jewish-Arab Education in Israel	1,500	6,319	7,319	500
Haokets	10,500	21,000	21,000	10,500
Hazit Ha'Kavod (Immigrant Scientists Association)	10,000	20,850	20,850	10,000
Hebrew University of Jerusalem	231,000	81,000	312,000	-
HEMDAT: Council for Freedom of Science	400	(400)	-	-
HemHabanim Simha	-	20,552	20,552	-
Hiddush For Religious Freedom and Equality	-	10,000	5,000	5,000
HILA MISHALI	-	3,000	3,000	-
Hillel: Association for Jews Leaving Ultra-Orthodoxy	12,500	10,434	20,434	2,500
Hiyot	-	9,018	500	8,518
Hoshen- Education and Change	-	17,500	17,500	-
Hotline for Migrant Workers	20,400	70,822	61,272	29,950
Human Rights Defenders Fund (HRDF)	-	224,340	224,340	-
Humans Without Borders	1,000	-	1,000	-
I'am: Media Center for Arab Palestinians in Israel	-	196,000	108,500	87,500
ICAR	11,250	17,500	28,750	-
INJAZ	225,000	445,000	457,500	212,500
Inter-Religious Coordinating Council	1,000	1,160	1,160	1,000
Ir-Amim	150,075	89,058	214,083	25,050
Isha L'Isha: Haifa Feminist Organization	18,180	23,500	41,580	100
ISPRA - Israel Psychiatric Rehabilitation Association	-	98,200	98,200	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Israel AIDS Task Force	\$ 17,500	\$ 15,000	\$ 17,500	\$ 15,000
Israel Family Planning Association	30,000	25,000	30,000	25,000
IPCRI - Israel Palestinian Center for Research and Information	-	40,000	40,000	-
Israel Womens Network (IWN)	6,856	27,608	34,464	-
Israeli Association for Ethiopian Jews (IAEJ)	54,100	98,000	104,600	47,500
Israeli Center for Social Justice	14,500	31,400	30,900	15,000
Israeli Gay Youth Organization	5,950	26,958	32,908	-
Israeli Human Rights Organization of People with Disabilities	25,000	25,000	37,500	12,500
Jerusalem Inter-Cultural Center (JICC) and Emun Hatzibur. J	-	29,000	26,500	2,500
Jerusalem Open House for Pride and Tolerance	6,090	167,018	120,901	52,207
Jerusalem Venture Partners JVP Community	-	25,000	25,000	-
Jewish Nature	-	6,000	6,000	-
Karev Initiatives in Education	10,000	-	10,000	-
Katamon Moadon Ohadim	1,200	-	1,200	-
Kav Mashve – Employers' Coalition for Arab University Graduates	-	75,000	75,000	-
Kayan ("Being")	-	25,000	25,000	-
Kefa For Social Change In The Negev	3,000	15,000	18,000	-
Kehilat Hadar- Ruach Chadasha	10,000	14,000	24,000	-
Kehilat Yedidya	-	261	81	180
Keren Kagan	-	2,644	2,644	-
Kesem	-	7,500	7,500	-
Keshet: Information, Guidance, and Counseling Center for Parents	-	15,100	15,100	-
Keshet- The Association for Educational Advancement According to the Principles of Keshet	-	2,000	2,000	-
Kiah (Mimizrach Shemesh)	-	51,600	41,100	10,500
Kitar	6,250	25,000	18,750	12,500
Kol Ha'Isha: Jerusalem Women's Center	2,000	31,500	32,500	1,000
Kol Haneshama	-	10,202	10,202	-
Kol Zchut (Wikirights)	15,000	34,425	34,575	14,850
Kolot	1,000	15,000	16,000	-
L.O.: Combat Violence Against Women	430	-	430	-
Lagiya: Association for the Improvement of the Status of Women	15,000	98,524	68,524	45,000
Latet	-	17,448	17,448	-
Loshma'a for the Integration of People with Mental Disabilities	-	70,000	17,500	52,500
Ma'an - The Forum for Bedouin Women's Organizations	52,500	68,000	100,500	20,000
Mabat – Awareness in a Multi-Cultural Society	-	90,000	90,000	-
Mahapach: Education, Housing, and Livelihood	22,500	70,948	70,948	22,500
Mahut Center	30,000	36,281	57,121	9,160
Marom-for Education and Promotion of Learning Di Matan	-	8,080	8,080	-
Mavoi Satum ("Dead End")	12,600	22,067	22,167	12,500
Meitarei Ashkelon	12,500	29,000	25,000	16,500
Mellitz	-	2,780	-	2,780

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Merchavim: Institute for Multicultural and Democratic Education for Israel	\$ 200,250	\$ 329,568	\$ 489,818	\$ 40,000
Merkaz Hashachar - Kibbutz K'tura	6,455	8,674	15,129	-
Midreshet Kamah	11,600	67	11,667	-
MIRA MENASHE	-	10,500	3,500	7,000
Mossawa	20,000	248,525	173,525	95,000
Movement for Dignified Living	20,000	48,050	50,550	17,500
National Council for the Child	6,879	6,322	13,201	-
Nazareth Nurseries Institute (Al-Tufula)	-	192,500	102,500	90,000
Ne'emanei Torah Va'Avodah	45,500	88,000	91,000	42,500
Negev Coexistence Forum	-	39,466	39,466	-
Negev Institute for Strategies of Peace and Development (NISPD)	40,000	229,525	200,725	68,800
Neighbors for Joint Development in the Galilee	-	40,935	40,935	-
Netivei Ahva: Friendship's Way	54,221	(29,996)	-	24,225
Neve Shalom Wahat al-Salam (NS WAS)	7,200	4,250	7,400	4,050
New Discourse (The Democratic Mizrahi Rainbow)	32,000	154,180	75,130	111,050
New Initiatives for Women	3,004	3,068	3,004	3,068
Nine Seven Two Advancement of Citizen Journalism	-	10,000	-	10,000
Noar Kahalcha	24,750	30,000	42,250	12,500
Olim Beyachad	-	25,000	12,500	12,500
One Plus One	31,250	(17,715)	13,285	250
Oranim: Hamidrasha Center for Study Fellowship	19,250	47,160	58,410	8,000
Organization For Housing Rights	10,570	1,000	11,570	-
Ossim Shalom: Social Workers for Peace and Welfare	10,000	-	10,000	-
Our Heritage	10,000	41,000	51,000	-
Oz V'Shalom Netivot Shalom	-	799	619	180
OZMA	-	10,000	10,000	-
Panim	15,100	100	15,100	100
Pardes for Community Development	4,000	9,000	9,000	4,000
Parents' Circle: Bereaved Parents	221	1,589	1,811	(1)
Peace Child	24	20,450	20,274	200
Pelech School	1,800	-	-	1,800
Physicians for Human Rights	80,425	161,864	115,433	126,856
Public Committee Against Torture in Israel (PCATI)	-	28,000	28,000	-
Rabbis for Human Rights	25,000	328,927	271,827	82,100
Rahat: Tza'ad Kadima Association for the Advancement of Education	20,000	-	20,000	-
Rape Crisis Center - Hasharon	500	3,500	3,500	500
Rape Crisis Center - Jerusalem	8,978	3,421	9,301	3,098
Realistic Religious Zionism	15,500	(14,500)	-	1,000
Regional Council for Unrecognized Negev Arab Villages: Al-Auna	26,000	56,000	72,000	10,000
Religious Women's Forum	48,750	134,503	118,708	64,545
Re'ut – A Religious Pluralistic Community	500	-	-	500
Re'ut Sadaka: Jewish-Arab Youth Movement for Peace and Equality	-	24,203	23,153	1,050
Reut Shchenim	5,000	20,000	25,000	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Rockwood Leadership Institute	\$ 50,000	\$ -	\$ -	\$ 50,000
Sandciel Center	10,000	15,000	25,000	-
SELAH- Israel Crisis Management Center for New Immigrants	-	3,000	1,500	1,500
Shaked School	18,000	-	-	18,000
Shilo Pregnancy Advisory Service	8,200	56,091	59,091	5,200
Shiluv Institute	-	35,000	19,000	16,000
Shitim Institute	46,632	15,067	61,698	1
Shoharey G.i.l.a.t.	-	2,000	2,000	-
Shvil : Transparency International- Israel	20,000	-	20,000	-
Sidreh	25,000	29,562	29,562	25,000
Signing Anew	-	100,000	100,000	-
Sikkuy	-	6,015	6,015	-
Sikkuy: Israel Association for the Advancement of Equal Opportunity	125,000	75,000	170,000	30,000
Sister for Women in Israel	56,500	120,279	119,603	57,176
Social Development Committee - Haifa	5,000	-	5,000	-
Social Economic Association (SEA)	15,000	64,000	61,500	17,500
Society for Patients' Rights in Israel	8,000	-	8,000	-
Society for the Protection of Personal Rights	1,900	66,839	66,939	1,800
SONIA SUDRI	-	5,000	5,000	-
South Wing To Zion	22,500	59,000	54,500	27,000
Supportive Community (sviva tomehet)	14,000	35,000	35,000	14,000
Syncopa Community	12,500	37,400	37,000	12,900
TALI Education Fund	-	40,000	25,000	15,000
Tasfachin	37,500	-	37,500	-
Tebeka – Center for Legal Aid & Advocacy for Ethiopian Jewish In Israel	57,500	82,950	94,100	46,350
Tech Careers	-	6,381	6,381	-
Technion - Israel Institute of Technology	30,000	-	30,000	-
Tehuda	15,750	31,467	24,717	22,500
Tel Aviv Univesity	-	200,000	100,000	100,000
Tevel BTzedek	250	129,035	109,675	19,610
The Arab Center for Alternative Planning	-	72,300	72,000	300
The Arab Center for Law and Policy - Dirasat	2,800	195,500	115,800	82,500
The Assn. to Promote the Culture and Education in Kfar Yehezkiel	50,000	-	50,000	-
The Association to Support Arab Minors	-	25,000	25,000	-
The Branco Weiss Institute for the Development of Thinking	-	5,000	5,000	-
The Citizens Accord Forum Between Jews Arabs	50,000	6,000	56,000	-
The Coalition for Public Health	34,000	31,000	35,000	30,000
The Committee for Educational Guidance for Arab Students	20,000	7,400	17,400	10,000
The Committee for Language Access of Health Care in Israel	200	200	200	200
The Eben Seena Society for Education & Health	-	56	56	-
The Freedom of Information Association	-	25,624	25,624	-
The Green Environment Fund	410,100	692,393	602,393	500,100
The Heschel Ctr for Env Learning	25,000	478,660	246,160	257,500
The Institute of International Education	-	225,000	225,000	-
The Israel Center for Educational Innovation (ICEI)	240,116	859,878	1,019,995	79,999

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
The Israeli Association for Distributive Justice	\$ 54,500	\$ 35,000	\$ 72,000	\$ 17,500
The Israeli Center for Food Security	14,500	25,400	24,900	15,000
The Jerusalem Institute for Israel Studies	10,000	(10,000)	-	-
The Masorti Movement	17,000	30,523	32,523	15,000
The Mifne Center: Early Intervention in the Treatment of Autism for the Young Child and the Family	-	1,000	1,000	-
The Movement for Progressive Judaism (IMPJ)	61,700	447,305	406,255	102,750
The New Israeli Foundation for Cinema and Television	-	10,761	9,761	1,000
The Open Knowledge Workshop	-	3,000	-	3,000
The Rabbi David J. Forman Memorial Fund	-	8,886	-	8,886
The Rosh Pina Mainstreaming Network	5,018	5,000	5,018	5,000
The Van Leer Jerusalem Institute	84,000	125,814	181,242	28,572
The Women's Courtyard	-	20,000	7,500	12,500
The Yaacov Herzog Center For Jewish Studies	8,500	-	8,500	-
The Young Israeli Forum for Cooperation (YIFC)	-	1,250	-	1,250
Tirat Carmel Community Foundation (Affordable Housing - Tirat Carmel)	9,500	19,000	19,000	9,500
T'mura	-	36,486	36,486	-
Tmura Israeli Judaism - Ha'Amuta Le'Tarbut	1,500	-	1,500	-
Trust of Programs for Early Childhood, Family, and Community Education	5,000	110,000	95,000	20,000
Tzofen	10,000	93,000	103,000	-
Ukuleles for Peace	-	10,001	-	10,001
Upper Galilee Rape Crisis Center	-	1,000	-	1,000
We Refugees	-	26,400	25,000	1,400
Windows Channels For Comm	-	500	300	200
Wing of Love	-	16,153	16,153	-
WIZO Women's International Zionist Organisation	-	24,265	24,265	-
Woman and their Bodies	-	18	18	-
Woman to Woman: Jerusalem Battered Women's Shelter	23	2,629	652	2,000
Women Against Violence (WAV) - Nazareth	15,000	336,000	226,000	125,000
Women and Horizons (Nisa Va'fak)	-	25,000	18,750	6,250
Women for Women: Haifa Battered Women's Shelter	-	3,250	2,875	375
Women Lawyers for Social Justice	19,850	95,485	97,335	18,000
Women of the Wall	100	45,169	7,721	37,548
Women's Budget Forum	25,000	-	18,750	6,250
Women's Crisis Center of the Negev (MASLAN)	-	7,500	7,500	-
Women's Fund for Human Rights (Machsom Watch)	-	28,781	27,231	1,550
Women's Spirit	-	14,750	14,750	-
Workers' Hotline: Kav LaOved	23,000	163,680	111,680	75,000
Yad L Isha (The ICAR Coalition)	-	17,500	17,500	-
Yahel Israel Service Learning	-	38,855	37,437	1,418
Yasmin AlNagab For the Health of Women and Family	-	7,500	7,500	-
Yedid: The Association for Community Empowerment	12,000	341,400	200,200	153,200
Yerucham Association (Midreshet Kama)	-	28,000	18,000	10,000
Yerushalmim Movement	10,000	22,000	22,000	10,000
Yesh Din	20,500	49,550	40,900	29,150
Yeshivat Talpiot	-	2,500	-	2,500

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**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 12/31/2010	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2011
Yesodot - Center for Torah and Democracy	\$ -	\$ 12,500	\$ 12,500	\$ -
TOTAL	\$ 5,916,041	\$ 17,191,389	\$ 17,588,700	\$ 5,518,730

NEW ISRAEL FUND

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services		
	Grants and Shatil	Other Program Services	Total Program Services
Grants	\$ 17,191,389	\$ -	\$ 17,191,389
Transfers to Affiliates	-	15,677	15,677
Projects	1,060,784	334,306	1,395,090
Salaries and benefits	3,883,516	1,556,154	5,439,670
Legal	-	2,593	2,593
Accounting	-	-	-
Public relations	-	114,103	114,103
Consultancy/contract costs	-	559,590	559,590
Information technology	40,433	25,499	65,932
Rent (Note 5)	224,077	78,466	302,543
Travel	240,765	85,250	326,015
Conferences, conventions and meetings	107,690	25,331	133,021
Depreciation and amortization	98,624	-	98,624
Insurance	7,419	2,688	10,107
Supplies	34,419	12,918	47,337
Telephone	125,764	41,633	167,397
Postage and shipping	-	10,896	10,896
Equipment rental/maintenance	-	11,404	11,404
Printing/publications	64,166	174,839	239,005
Interest and bank charges	-	-	-
Dues and subscriptions	-	4,368	4,368
Bad debt	-	-	-
Contributed services	-	30,495	30,495
Fundraising	-	-	-
Governance	-	-	-
Staff training	29,074	4,492	33,566
Utilities	73,407	8,507	81,914
Miscellaneous	7,007	553	7,560
	\$ 23,188,534	\$ 3,099,762	\$ 26,288,296

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 17,191,389
-	-	-	15,677
-	-	-	1,395,090
2,191,725	1,566,311	3,758,036	9,197,706
17,143	1,238	18,381	20,974
112,491	-	112,491	112,491
11,423	2,753	14,176	128,279
300,943	342,105	643,048	1,202,638
81,767	39,666	121,433	187,365
183,589	101,195	284,784	587,327
132,576	46,481	179,057	505,072
30,255	5,710	35,965	168,986
57,966	-	57,966	156,590
8,674	4,181	12,855	22,962
15,880	14,699	30,579	77,916
82,672	46,513	129,185	296,582
3,434	107,634	111,068	121,964
10,136	17,739	27,875	39,279
66,297	95,221	161,518	400,523
54,945	-	54,945	54,945
14,472	17,304	31,776	36,144
-	107,316	107,316	107,316
-	-	-	30,495
-	277,776	277,776	277,776
274,906	-	274,906	274,906
10,055	250	10,305	43,871
39,625	5,658	45,283	127,197
15,905	919	16,824	24,384
\$ 3,716,879	\$ 2,800,669	\$ 6,517,548	\$ 32,805,844