

FINANCIAL STATEMENTS

NEW ISRAEL FUND

**FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2011**

NEW ISRAEL FUND

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the New Israel Fund (NIF) (a non-profit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial activity of the New Israel Fund Israel office, a local affiliate located in Jerusalem, Israel, which statements reflect total assets of \$3,959,709 as of December 31, 2012, total revenue net of intercompany transactions of \$8,569,912 was \$5,851,182 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for New Israel Fund-Israel office, is based solely on the report of the other auditors. 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 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 entity's 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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.

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

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, 2012, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited NIF's 2011 financial statements and the financial activity of the New Israel Fund-Israel office was audited by other auditors, whose report was furnished to us dated May 31, 2012, and in our opinion, insofar as it relates to the amounts included for the New Israel Fund-Israel office, located in Jerusalem, Israel, was based solely on the report of the other auditors. We expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Financial Position, Combining Schedule of Activities, Combining Schedule of Change in Net Assets, Schedule of Grants, and Schedule of Functional Expenses beginning on page 19 and ending on page 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Bethesda, Maryland
April 15, 2013

NEW ISRAEL FUND
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,293,615	\$ 9,170,736
Investments (Notes 2 and 10)	10,896,184	14,767,585
Pledges receivable, current portion, net of allowance for doubtful accounts of \$263,324 and \$75,159 in 2012 and 2011, respectively (Note 3)	3,560,979	2,559,834
Accounts receivable	179,640	464,324
Prepaid expenses	<u>66,304</u>	<u>51,865</u>
Total current assets	<u>23,996,722</u>	<u>27,014,344</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS		
Furniture and equipment	1,866,466	1,687,873
Leasehold improvements	<u>110,706</u>	<u>57,328</u>
	1,977,172	1,745,201
Less: Accumulated depreciation and amortization	<u>(1,466,234)</u>	<u>(1,392,592)</u>
Net furniture, equipment and leasehold improvements	<u>510,938</u>	<u>352,609</u>
OTHER ASSETS		
Pledges receivable, net of current portion (Note 3)	599,855	116,223
Deposits	84,918	84,570
Assets held in Charitable Remainder Trust (Notes 4 and 10)	<u>-</u>	<u>57,373</u>
Total other assets	<u>684,773</u>	<u>258,166</u>
TOTAL ASSETS	<u>\$ 25,192,433</u>	<u>\$ 27,625,119</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,611,475	\$ 1,593,573
Grants payable	5,811,718	5,518,730
Liability under trust agreement, current portion (Note 4)	-	6,300
Annuity payable, current portion (Notes 4 and 10)	<u>48,764</u>	<u>58,676</u>
Total current liabilities	<u>7,471,957</u>	<u>7,177,279</u>
LONG-TERM LIABILITIES		
Liability under trust agreement (Note 4)	-	43,073
Deferred rent abatement (Note 5)	74,796	49,745
Annuity payable (Notes 4 and 10)	<u>95,729</u>	<u>122,851</u>
Total long-term liabilities	<u>170,525</u>	<u>215,669</u>
Total liabilities	<u>7,642,482</u>	<u>7,392,948</u>
NET ASSETS		
Unrestricted	6,035,327	5,437,960
Temporarily restricted (Note 6)	9,249,160	12,526,845
Permanently restricted (Note 7)	<u>2,265,464</u>	<u>2,267,366</u>
Total net assets	<u>17,549,951</u>	<u>20,232,171</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 25,192,433</u>	<u>\$ 27,625,119</u>

NEW ISRAEL FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011**

	2012			2011	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions (Note 8)	\$ 24,444,000	\$ 4,692,368	\$ 14,798	\$ 29,151,166	\$ 25,684,726
Investment income (Note 2)	742,903	276,385	-	1,019,288	70,710
Special events	480,824	-	-	480,824	708,841
In-kind contributions	-	-	-	-	30,495
Other revenue	84,895	-	-	84,895	181,961
Net assets released from donor restrictions (Note 6)	<u>8,246,438</u>	<u>(8,246,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>33,999,060</u>	<u>(3,277,685)</u>	<u>14,798</u>	<u>30,736,173</u>	<u>26,676,733</u>
EXPENSES					
Program Services:					
Grants and Shatil	23,149,777	-	-	23,149,777	23,188,534
Other Programs	<u>3,443,037</u>	<u>-</u>	<u>-</u>	<u>3,443,037</u>	<u>3,099,762</u>
Total program services	<u>26,592,814</u>	<u>-</u>	<u>-</u>	<u>26,592,814</u>	<u>26,288,296</u>
Supporting Services:					
Management and General	3,756,780	-	-	3,756,780	3,716,879
Fundraising	<u>3,068,799</u>	<u>-</u>	<u>-</u>	<u>3,068,799</u>	<u>2,800,669</u>
Total supporting services	<u>6,825,579</u>	<u>-</u>	<u>-</u>	<u>6,825,579</u>	<u>6,517,548</u>
Total expenses	<u>33,418,393</u>	<u>-</u>	<u>-</u>	<u>33,418,393</u>	<u>32,805,844</u>
Change in net assets before other item	580,667	(3,277,685)	14,798	(2,682,220)	(6,129,111)
OTHER ITEM					
Transfer of assets (Note 7)	<u>16,700</u>	<u>-</u>	<u>(16,700)</u>	<u>-</u>	<u>-</u>
Change in net assets	597,367	(3,277,685)	(1,902)	(2,682,220)	(6,129,111)
Net assets at beginning 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>
NET ASSETS AT END OF YEAR	<u>\$ 6,035,327</u>	<u>\$ 9,249,160</u>	<u>\$ 2,265,464</u>	<u>\$ 17,549,951</u>	<u>\$ 20,232,171</u>

See accompanying notes to financial statements.

NEW ISRAEL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,682,220)	\$ (6,129,111)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	138,722	156,590
Unrealized (gain) loss on investments	(879,124)	67,859
Realized (gain) loss	(1,860)	8,786
Bad debt expense	233,343	107,315
Contributions (Releases) from restricted for permanently restricted net assets	1,902	(3,500)
(Increase) decrease in:		
Pledges receivable	(1,718,120)	63,197
Accounts receivable	284,684	453,139
Prepaid expenses	(14,439)	(25,465)
Deposits	(348)	(69,285)
Assets held in Charitable Remainder Trust	57,373	-
Pledges receivable - unrestricted	-	(1,484,683)
Increase (decrease) in:		
Accounts payable and accrued liabilities	17,902	67,950
Grants payable	292,988	(397,311)
Affiliate payable	-	(103,830)
Liability under trust agreement	(49,373)	(8,000)
Annuity payable	(37,034)	5,942
Deferred rent abatement	<u>25,051</u>	<u>31,819</u>
Net cash used by operating activities	<u>(4,330,553)</u>	<u>(7,258,588)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(297,051)	(162,325)
Net Proceeds (purchases) from sale of investments	<u>4,752,385</u>	<u>1,405,263</u>
Net cash provided by investing activities	<u>4,455,334</u>	<u>1,242,938</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions (Releases) from permanently restricted net assets	<u>(1,902)</u>	<u>3,500</u>
Net cash provided by financing activities	<u>(1,902)</u>	<u>3,500</u>
Net increase (decrease) in cash and cash equivalents	122,879	(6,012,150)
Cash and cash equivalents at beginning of year	<u>9,170,736</u>	<u>15,182,886</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 9,293,615</u>	<u>\$ 9,170,736</u>
SUPPLEMENTAL INFORMATION		
Stock Contributions	<u>\$ 1,166,659</u>	<u>\$ 614,745</u>

See accompanying notes to financial statements.

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012, 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, 2011, from which the summarized information was derived.

Cash and cash equivalents -

NIF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents with the exception of cash equivalents held in the investment portfolio. They are included with investments.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). NIF maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000. 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.

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

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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

Foreign operations (continued) -

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

NEW ISRAEL FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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

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, 2012, 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.

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.

Risks and uncertainties -

New Israel Fund 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.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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

Fair value measurement -

New Israel Fund adopted the provisions of FASB ASC 820, *Fair Value Measurement*. 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. New Israel Fund 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, 2012 are as follows:

Money market funds	\$ 1,233,835
Securities	32,331
Bonds	811,482
Alternative investments	5,118,536
Alternative Investments - in transit	<u>3,700,000</u>
TOTAL INVESTMENTS	<u>\$ 10,896,184</u>

Included in the investment portfolio under alternative investments is an ownership in Global Endowment Management. At December 31, 2012, there was \$5,118,536 in the portfolio and \$3,700,000 in transit. For the year ended December 31, 2012, there were no uncalled commitments or lock-up periods.

Included in investments is the fair value of their split interest agreements in the amount of \$1,063,488.

Investment income for the year ended December 31, 2012 consisted of the following:

Unrealized gain	\$ 879,124
Realized gain	1,860
Interest and dividends	<u>138,304</u>
TOTAL INVESTMENT INCOME	<u>\$ 1,019,288</u>

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%.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

3. PLEDGES RECEIVABLE (Continued)

Following is a summary of maturities of pledges receivable at December 31, 2012:

<u>Year Ending December 31,</u>	
2013	\$ 3,824,303
2014 - 2015	<u>620,000</u>
Subtotal	4,444,303
Less: Allowance to discount pledge to present value	(20,145)
Less: Reserve for uncollectable grants	<u>(263,324)</u>
	<u>\$ 4,160,834</u>

4. SPLIT INTEREST AGREEMENTS

NIF's split interest agreements with donors consist of Charitable Gift Annuities. 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, 2012, the fair market value of the gift annuities totaled \$1,063,488 and the present value of the annuities totaled \$144,493, of which \$48,764 and \$95,729 are recorded as a current liability and long-term liability, respectively.

5. LEASE COMMITMENTS

NIF entered into a sublease agreement for office space in Washington, D.C., commencing April 1, 2011 and expiring April 29, 2019. The sublease 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 sub-subleased a portion of the subleased office space for a term concurrent to the sublease lease term. The sub-sublease agreement specified that annual rent will be \$61,216, with annual escalation increases agreed upon by both parties and stipulated in the lease agreement.

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. On November 15, 2011, NIF amended the lease to acquire additional space which expires on June 30, 2015. The modified lease agreement increased the annual rent by \$61,382, with 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, which commenced on July 1, 2011 and expired on June 30, 2012. NIF entered into a new office lease agreement in Newton, MA commencing June 1, 2011 and expiring May 31, 2015. The lease agreement specified that annual rent will be \$12,000.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

5. LEASE COMMITMENTS (Continued)

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 and Israel, expiring in 2013 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, 2012, deferred rent was \$74,796, which is included in the Statement of Financial Position.

Rent expense for the year ended December 31, 2012 was \$682,939.

Future minimum lease payments are as follows:

Year Ending December 31,

2013	\$ 679,444
2014	611,810
2015	552,958
2016	285,355
2017	291,502
Thereafter	<u>325,146</u>
	<u>\$ 2,746,215</u>

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

Year Ending December 31,

2013	\$ 54,540
2014	56,721
2015	58,990
2016	61,350
2017	63,804
Thereafter	<u>93,477</u>
	<u>\$ 388,882</u>

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2012:

Programs and projects - NIF-U.S.	\$ 6,768,421
Programs and projects - NIF-Israel	<u>2,480,739</u>
	<u>\$ 9,249,160</u>

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

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.	\$ 7,023,118
Programs and projects - NIF-Israel	<u>1,223,320</u>
	<u>\$ 8,246,438</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.

At December 31, 2012, permanently restricted endowment funds that are required to be retained permanently either by explicit donor stipulation or by UPMIFA totaled \$2,265,464; the income from which is expendable to support grants and projects.

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

7. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended December 31, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 11,752	\$ 2,267,366	\$ 2,279,118
Net appreciation of investments	-	184,275	-	184,275
Contributions	-	-	14,798	14,798
Appropriation of endowment assets for expenditure	-	(119,946)	-	(119,946)
Other changes: Transfer of assets	-	-	(16,700)	(16,700)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 76,081	\$ 2,265,464	\$ 2,341,545

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, 2012.

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.

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.

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.

NEW ISRAEL FUND

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

8. TRANSFER TO AFFILIATES

NIF entered into agreements with the N.I.F. Canadian Charitable Trust (NIFC) and the New Israel Fund in Great Britain (NIFGB) whereby NIF acts as their agent in supporting certain projects and making certain grants in Israel.

9. 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. The actual percentage for the year ended December 31, 2012 was two percent. Pension expense for the year ended December 31, 2012 was \$52,466.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, 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 Statement 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. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2012.

- *Money market funds* - The 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.

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

10. FAIR VALUE MEASUREMENT (Continued)

- *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.

The table below summarizes, by level within the fair value hierarchy, NIF's investments as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 1,233,835	\$ -	\$ -	\$ 1,233,835
Securities	32,331	-	-	32,331
Bonds	811,482	-	-	811,482
Alternative investments	-	-	5,118,536	5,118,536
Alternative Investments - in transit	<u>-</u>	<u>-</u>	<u>3,700,000</u>	<u>3,700,000</u>
Total investments	2,077,648	-	8,818,536	10,896,184
Liability Class:				
Annuity payable	<u>-</u>	<u>144,493</u>	<u>-</u>	<u>144,493</u>
TOTAL	<u>\$ 2,077,648</u>	<u>\$ 144,493</u>	<u>\$ 8,818,536</u>	<u>\$11,040,677</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of New Israel Fund's financial assets for the year ended December 31, 2012:

	<u>Investments</u>
Beginning balance as of January 1, 2012	\$ 8,021,603
Unrealized and realized gains	<u>796,933</u>
BALANCE AS OF DECEMBER 31, 2012	<u>\$ 8,818,536</u>

11. SEVERANCE

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.

NEW ISRAEL FUND

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

11. SEVERANCE (Continued)

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

The balance presented in the NIF-Israel Statement of Financial Position 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.

The fund has an accrued severance liability of \$138,670 payable to the Executive Director upon termination of employment.

12. SUBSEQUENT EVENTS

In preparing these financial statements, New Israel Fund has evaluated events and transactions for potential recognition or disclosure through April 15, 2013, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

NEW ISRAEL FUND
COMBINING SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012

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	\$ 7,041,564	\$ 2,252,051	\$ 9,293,615	\$ -	\$ 9,293,615
Investments	9,863,245	1,032,939	10,896,184	-	10,896,184
Pledges receivable, current portion, net of allowance for doubtful accounts of \$263,324 in 2012	3,322,912	238,067	3,560,979	-	3,560,979
Accounts receivable	150,216	29,424	179,640	-	179,640
Prepaid expenses	35,715	30,589	66,304	-	66,304
Due from NIF-U.S.	<u>-</u>	<u>430,771</u>	<u>430,771</u>	<u>(430,771)</u>	<u>-</u>
Total current assets	<u>20,413,652</u>	<u>4,013,841</u>	<u>24,427,493</u>	<u>(430,771)</u>	<u>23,996,722</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS					
Furniture and equipment	107,700	1,758,766	1,866,466	-	1,866,466
Leasehold improvements	<u>110,706</u>	<u>-</u>	<u>110,706</u>	<u>-</u>	<u>110,706</u>
	218,406	1,758,766	1,977,172	-	1,977,172
Less: Accumulated depreciation and amortization	<u>(84,107)</u>	<u>(1,382,127)</u>	<u>(1,466,234)</u>	<u>-</u>	<u>(1,466,234)</u>
Net furniture, equipment and leasehold improvements	<u>134,299</u>	<u>376,639</u>	<u>510,938</u>	<u>-</u>	<u>510,938</u>
OTHER ASSETS					
Pledges receivable, net of current portion	599,855	-	599,855	-	599,855
Deposits	<u>84,918</u>	<u>-</u>	<u>84,918</u>	<u>-</u>	<u>84,918</u>
Total other assets	<u>684,773</u>	<u>-</u>	<u>684,773</u>	<u>-</u>	<u>684,773</u>
TOTAL ASSETS	<u>\$ 21,232,724</u>	<u>\$ 4,390,480</u>	<u>\$ 25,623,204</u>	<u>\$ (430,771)</u>	<u>\$ 25,192,433</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	\$ 501,058	\$ 1,110,417	\$ 1,611,475	\$ -	\$ 1,611,475
Grants payable	5,651,082	160,636	5,811,718	-	5,811,718
Due from NIF - Israel	430,771	-	430,771	(430,771)	-
Annuity payable, current portion	<u>48,764</u>	<u>-</u>	<u>48,764</u>	<u>-</u>	<u>48,764</u>
Total current liabilities	<u>6,631,675</u>	<u>1,271,053</u>	<u>7,902,728</u>	<u>(430,771)</u>	<u>7,471,957</u>
LONG-TERM LIABILITIES					
Deferred rent abatement	74,796	-	74,796	-	74,796
Annuity payable	<u>95,729</u>	<u>-</u>	<u>95,729</u>	<u>-</u>	<u>95,729</u>
Total long-term liabilities	<u>170,525</u>	<u>-</u>	<u>170,525</u>	<u>-</u>	<u>170,525</u>
Total liabilities	<u>6,802,200</u>	<u>1,271,053</u>	<u>8,073,253</u>	<u>(430,771)</u>	<u>7,642,482</u>
NET ASSETS					
Unrestricted	5,396,639	638,688	6,035,327	-	6,035,327
Temporarily restricted	6,768,421	2,480,739	9,249,160	-	9,249,160
Permanently restricted	<u>2,265,464</u>	<u>-</u>	<u>2,265,464</u>	<u>-</u>	<u>2,265,464</u>
Total net assets	<u>14,430,524</u>	<u>3,119,427</u>	<u>17,549,951</u>	<u>-</u>	<u>17,549,951</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,232,724</u>	<u>\$ 4,390,480</u>	<u>\$ 25,623,204</u>	<u>\$ (430,771)</u>	<u>\$ 25,192,433</u>

NEW ISRAEL FUND

**COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>New Israel Fund - U.S.</u>	<u>New Israel Fund - Israel Office</u>	<u>Total New Israel Fund</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED REVENUE					
Contributions	\$ 21,711,508	\$ 2,732,492	\$ 24,444,000	\$ -	\$ 24,444,000
Income to Israel	-	7,148,133	7,148,133	(7,148,133)	-
Investment income	716,006	26,897	742,903	-	742,903
Special events	480,824	-	480,824	-	480,824
Other revenue	3,166	81,729	84,895	-	84,895
Net assets released from donor restrictions	<u>7,023,118</u>	<u>2,645,099</u>	<u>9,668,217</u>	<u>(1,421,779)</u>	<u>8,246,438</u>
Total unrestricted revenue	29,934,622	12,634,350	42,568,972	(8,569,912)	33,999,060
EXPENSES					
	<u>29,382,993</u>	<u>12,605,312</u>	<u>41,988,305</u>	<u>(8,569,912)</u>	<u>33,418,393</u>
Change in net assets before other item	551,629	29,038	580,667	-	580,667
Other item: Transfer of assets	<u>16,700</u>	<u>-</u>	<u>16,700</u>	<u>-</u>	<u>16,700</u>
Change in unrestricted net assets	<u>568,329</u>	<u>29,038</u>	<u>597,367</u>	<u>-</u>	<u>597,367</u>
TEMPORARILY RESTRICTED REVENUE					
Contributions:					
General support	3,196,193	2,917,954	6,114,147	(1,421,779)	4,692,368
Investment income	184,275	92,110	276,385	-	276,385
Net assets released from donor restrictions	<u>(7,023,118)</u>	<u>(2,645,099)</u>	<u>(9,668,217)</u>	<u>1,421,779</u>	<u>(8,246,438)</u>
Change in temporarily restricted net assets	<u>(3,642,650)</u>	<u>364,965</u>	<u>(3,277,685)</u>	<u>-</u>	<u>(3,277,685)</u>
PERMANENTLY RESTRICTED REVENUE					
Contributions	14,798	-	14,798	-	14,798
Other item: Transfer of assets	<u>(16,700)</u>	<u>-</u>	<u>(16,700)</u>	<u>-</u>	<u>(16,700)</u>
Change in permanently restricted net assets	<u>(1,902)</u>	<u>-</u>	<u>(1,902)</u>	<u>-</u>	<u>(1,902)</u>
CHANGE IN NET ASSETS	<u>\$ (3,076,223)</u>	<u>\$ 394,003</u>	<u>\$ (2,682,220)</u>	<u>\$ -</u>	<u>\$ (2,682,220)</u>

NEW ISRAEL FUND

COMBINING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	\$ 4,828,310	\$ 609,650	\$ 5,437,960	\$ -	\$ 5,437,960
Change in unrestricted net assets	<u>568,329</u>	<u>29,038</u>	<u>597,367</u>	<u>-</u>	<u>597,367</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 5,396,639</u>	<u>\$ 638,688</u>	<u>\$ 6,035,327</u>	<u>\$ -</u>	<u>\$ 6,035,327</u>
TEMPORARILY RESTRICTED NET ASSETS					
Net assets at beginning of year	\$ 10,411,071	\$ 2,115,774	\$ 12,526,845	\$ -	\$ 12,526,845
Change in temporarily restricted net assets	<u>(3,642,650)</u>	<u>364,965</u>	<u>(3,277,685)</u>	<u>-</u>	<u>(3,277,685)</u>
TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 6,768,421</u>	<u>\$ 2,480,739</u>	<u>\$ 9,249,160</u>	<u>\$ -</u>	<u>\$ 9,249,160</u>
PERMANENTLY RESTRICTED NET ASSETS					
Net assets at beginning of year	\$ 2,267,366	\$ -	\$ 2,267,366	\$ -	\$ 2,267,366
Change in permanently restricted net assets	<u>(1,902)</u>	<u>-</u>	<u>(1,902)</u>	<u>-</u>	<u>(1,902)</u>
PERMANENTLY RESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 2,265,464</u>	<u>\$ -</u>	<u>\$ 2,265,464</u>	<u>\$ -</u>	<u>\$ 2,265,464</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 14,430,524</u>	<u>\$ 3,119,427</u>	<u>\$ 17,549,951</u>	<u>\$ -</u>	<u>\$ 17,549,951</u>

NEW ISRAEL FUND
SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
12 Heshvan: Promoting Tolerance in an Orthodox Context	\$ 59,800	\$ 50,455	\$ 87,300	\$ 22,955
Absorption of Immigrants from the Caucasus Region	10,000	15,536	15,533	10,003
Adalah: Legal Center for Arab Minority Rights in Israel	3,000	356,911	209,161	150,750
Adam Institute for Democracy and Peace	-	10,000	10,000	-
Adam Teva v'Din: Israel Union for Environmental Defense	4,148	1,800	4,148	1,800
Adva Center	79,000	147,100	166,600	59,500
African Refugees Development Center (ARDC)	250	55,515	41,849	13,916
Agenda - The Israeli Center for Strategic Communication	137,500	640,000	552,500	225,000
AHD: Association of Academics for the Development of Arab Society in the Negev	40,000	115,000	140,000	15,000
AHUZAT NEGEV	7,500	22,000	18,500	11,000
Al Amar	-	5,000	-	5,000
Al Anwar Association for Advancing the Women in Um Al Fahm	-	5,000	-	5,000
Aljana - Center for Cultural and Social Development	-	15,000	15,000	-
All for Peace	-	12,000	12,000	-
Almanarah	1,000	-	1,000	-
Almuntada Altakadomi	-	15,000	15,000	-
Alrafah	-	25,000	25,000	-
Al Taj for health and heritage	-	30,384	30,384	-
Al-Yater Association for Promoting Culture and Social Development	30,000	-	20,000	10,000
Amutah Moshe Hess	-	400,000	400,000	-
Arous Elbahr for the Woman in Jaffa	-	25,000	25,000	-
Asaf	-	31,854	26,854	5,000
Assiwar: Arab Feminist Movement in Support of Vi	-	4,500	-	4,500
Assiwat	-	5,000	5,000	-
Association for Civil Rights in Israel (ACRI)	148,551	1,007,846	900,795	255,602
Association for Community Development – Acre	5,000	-	5,000	-
Association for the Promotion of the Arab Education System in Haifa	-	30,000	30,000	-
Association for the Protection of Mixed Family Rights	-	8,000	8,000	-
Association of Bedouin Women to Promote Education	10,000	18,000	28,000	-
Association of Rape Crisis Centers	10,000	1,908	10,108	1,800
Association of Women, Rahat	-	15,000	15,000	-
ATID BAMIDBAR	-	10,000	-	10,000
Awareness for You	-	25,000	25,000	-
AWC – Arab Women in the Center	-	72,954	44,799	28,155
Ayam - Recognition and Dialogue	-	8,933	8,933	-
Baladna	-	25,000	25,000	-
Bat- Kol, Queer Jewish Women	-	21,500	9,500	12,000
Bat Shalom	30	-	-	30

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
BE ER SOVA	\$ -	\$ 15,000	\$ 7,500	\$ 7,500
Be Free Israel	10,000	70,402	60,402	20,000
Beit Haam	-	35,000	-	35,000
Beit Tfila Israeli	4,500	7,000	8,000	3,500
Beit Tikvat Em Habanim Smechah	8,550	17,050	17,050	8,550
Bimat Kedem	7,000	14,000	7,000	14,000
Bimkom: Planners for Planning Rights	121,300	168,500	194,800	95,000
Bina (at Merchavim Chevra Lechinuch Vetarbut)	35,150	135,185	115,285	55,050
Bizchut: Center for Human Rights of Persons with Disabilities	120,941	207,201	303,042	25,100
Breaking the Silence	60,500	85,115	109,615	36,000
B'Sod Siah	-	5,000	5,000	-
B'Tselem	35,399	333,828	255,477	113,750
Bustan Le'Shalom - Sustainable Community Action for Land and People	13,000	7,000	20,000	-
Center for Jewish-Arab Economic Development	6,500	57,272	59,665	4,107
Center for Women's Justice	15,600	31,525	42,125	5,000
Centurion	13,500	27,000	20,250	20,250
Challenge	-	20,000	-	20,000
Charedim LaSviva	-	2,500	-	2,500
Citizens Build a Community	22,000	-	22,000	-
Citizens for the Environment in the Galilee	-	25,000	25,000	-
College for All	-	2,478	2,478	-
Collot in the Negev Inst for Ed	-	1,500	1,500	-
Community Advocacy: Genesis Israel	33,000	73,650	98,650	8,000
Council for Peace and Security	-	122,000	102,000	20,000
Counseling Center for Women	7,000	-	7,000	-
Crisis Center for Religious Women	2,000	10,000	12,000	-
DAFNA HOREV	-	8,000	8,000	-
Darna- Jaffa Popular Committee for Land Allocation and Housing	40,000	43,184	43,184	40,000
Democracy Defense Fund LTD (Sheikh Jarrah Solidarity Movement)	75,178	98,259	173,437	-
Economic Cooperation Found	-	100,000	100,000	-
Economic Empowerment for Women	17,500	33,608	51,108	-
Ein-Bustan	88	21,831	11,894	10,025
Elbir	-	10,000	10,000	-
Elisheva Mirvis: course for haredi mikveh attendants	-	11,000	11,000	-
El-Sabar Association	-	1,036	1,036	-
Elul Center	-	23,886	15,886	8,000
Entimaa & Ataa- Assn for Social Promotion	-	25,000	-	25,000
Equal Opportunity for Ethiopian Jews in Israel	600	-	-	600
Eretz Acheret A Diff Land	10,000	2,500	12,500	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
Esh-David	\$ 11,750	\$ -	\$ 11,750	\$ -
ESRA: English-Speaking Residents Association	-	4,398	4,398	-
Etgarim Isl Outdoor Sports and Rec	-	500	-	500
Fidel: Association for Education and Social Integration of Ethiopian Jews	116,783	111,628	118,411	110,000
Fishka - Young Russian Speakers Community in Israel	10,000	46,500	37,500	19,000
Follow Up Committee for Arab Education	-	50,000	50,000	-
Follow-Up Committee for Arab Education- Hirak	-	25,000	25,000	-
Forum for Immigrant Families in the North	5,000	10,000	5,000	10,000
Forum of Directors of Social Welfare Departments Serving the Arab Population	-	50,000	30,000	20,000
Freddie Krivine Foundation	-	40,994	40,994	-
Friends by Nature - Community Empowerment	7,500	35,000	15,000	27,500
Friends of Kedma School	297,500	205,564	313,064	190,000
Friendship Village	3,000	-	3,000	-
Gesher Hinuchi	-	9,750	3,500	6,250
Gisha Center for the Legal Protection of Freedom of Movement	2,250	30,808	32,808	250
Givat Haviva Jewish-Arab Center for Peace	2,000	1,098	3,098	-
Grants Declared	44,939	(16,439)	-	28,500
Green Course (Megama Yeruka)	-	3,000	3,000	-
Ha'Amuta Le-Kidom Hasport Hameshutaf Mevaseret-Abu- Gosh	1,920	3,770	5,690	-
Hagar-Jewish-Arab Education for Equality	1,350	89,755	54,745	36,360
Haifa Women's Crisis Shelter	-	15,000	15,000	-
HaMoked: Center for Defense of the Individual	13,550	175,250	88,550	100,250
Hand in Hand: Center for Jewish-Arab Education in Israel	500	-	500	-
Haokets	10,500	-	10,500	-
Hazit Ha'Kavod (Immigrant Scientists Association)	10,000	20,000	20,000	10,000
Hebrew University of Jerusalem	-	570,000	285,000	285,000
HemHabanim Simha	-	14,231	14,231	-
Hiddush For Religious Freedom and Equality	5,000	17,000	14,500	7,500
Hillel: Association for Jews Leaving Ultra-Orthodoxy	2,500	-	2,500	-
Hiyot	8,518	-	8,518	-
Hoshen- Education and Change	-	16,350	16,350	-
Hotline for Migrant Workers	29,950	96,739	71,689	55,000
Human Rights Defenders Fund (HRDF)	-	32,365	32,365	-
Humans Without Borders	-	4,130	4,130	-
I'lam: Media Center for Arab Palestinians in Israel	87,500	21,000	108,500	-
ICAR	-	17,500	17,500	-
ICCY	-	10,312	10,312	-
INJAZ	212,500	115,000	82,500	245,000

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
Institute for the Advancement of Deaf Persons in Interfaith Encounter Association	\$ -	\$ 15,442	\$ 15,442	\$ -
Inter-Religious Coordinating Council	-	1,686	1,686	-
IPCRI - Israel Palestinian Center for Research and Information	1,000	4,888	5,138	750
Ir-Amim	-	5,506	5,506	-
Isha L'Isha: Haifa Feminist Organization	25,050	279,235	171,535	132,750
ISPRA - Israel Psychiatric Rehabilitation Association	100	24,676	24,522	254
Israel AIDS Task Force	-	98,200	98,200	-
Israel Family Planning Association	15,000	15,000	15,000	15,000
Israel Womens Network (IWN)	25,000	27,755	27,755	25,000
Israeli Association for Ethiopian Jews (IAEJ)	-	19,588	19,588	-
Israeli Center for Social Justice	47,500	101,100	101,100	47,500
Israeli Children	15,000	30,000	25,000	20,000
Israeli Gay Youth Organization	-	20,000	10,000	10,000
Israeli Human Rights Organization of People with Disabilities	-	12,380	930	11,450
ITWorks	12,500	26,000	25,500	13,000
Jamaah Leadership Dev Comm Em	-	10,000	10,000	-
Jerusalem Business Development Center:MATI	-	5,000	5,000	-
Jerusalem Inter-Cultural Center (JICC) and Emun Hatzibur. J	-	8,619	8,619	-
Jerusalem Open House for Pride and Tolerance	2,500	25,000	22,500	5,000
Jerusalem Venture Partners JVP Community	52,207	68,366	112,273	8,300
Jewish Nature	-	25,000	25,000	-
Kav Mashve – Employers" Coalition for Arab University Graduates	-	5,000	-	5,000
Kayan ("Being")	-	75,000	75,000	-
Kefa For Social Change In The Negev	-	42,330	42,330	-
Kehilat Hadar- Ruach Chadasha	-	15,000	15,000	-
Kehilat Shira Chadasha	-	10,000	-	10,000
Kehilat Yedidya	-	15,000	10,000	5,000
Ken We Power	180	-	180	-
Keren Kagan	-	4,000	4,000	-
Kesher: Information, Guidance, and Counseling Center for Parents	-	7,899	7,899	-
Kfar Pines Educational Institutions	-	100	-	100
Kiah (Mimizrach Shemesh)	-	7,782	7,782	-
Kibbutzim College of Education, Technology and the Arts	10,500	94,500	50,000	55,000
Kitar	-	2,140	2,140	-
Kol Ha'Isha: Jerusalem Women's Center	12,500	9,000	21,500	-
Kol Haneshama	1,000	66,000	67,000	-
Kol Zchut (Wikirights)	-	8,471	8,471	-
Kolot	14,850	38,500	43,350	10,000
Lagiya: Association for the Improvement of the Status of Women	-	10,000	10,000	-
	45,000	66,708	83,708	28,000

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
Latet	\$ -	\$ 8,500	\$ -	\$ 8,500
Loshma'a for the integration of people with mental disabilities	52,500	40,000	92,500	-
Ma'an - The Forum for Bedouin Women's Organizations	20,000	53,000	43,000	30,000
Mabat – Awareness in a Multi-Cultural Society	-	120,000	120,000	-
Mahapach: Education, Housing, and Livelihood	22,500	62,774	61,564	23,710
Mahut Center	9,160	25,000	26,660	7,500
Matan	-	6,000	6,000	-
Mavoi Satum ("Dead End")	12,500	35,500	35,500	12,500
Meitarei Ashkelon	16,500	25,000	29,000	12,500
Mellitz	2,780	-	2,780	-
Merchavim: Institute for Multicultural and Democratic Education for Israel	40,000	270,320	310,320	-
Merkaz Hashachar - Kibbutz K'tura	-	13,743	13,743	-
MIRA MENASHE	7,000	(3,500)	-	3,500
Molad – The Center for the Renewal of Democracy	-	435,000	385,000	50,000
Mossawa	95,000	180,050	172,700	102,350
Movement for Dignified Living	17,500	10,630	28,130	-
National Council for the Child	-	1,517	1,517	-
Nazareth Nurseries Institute (Al-Tufula)	90,000	-	90,000	-
Ne'emanei Torah Va'Avodah	42,500	63,500	81,000	25,000
Negev Coexistence Forum	-	45,532	45,532	-
Negev Institute for Strategies of Peace and Development (NISPD)	68,800	272,750	247,050	94,500
Netivei Ahva: Friendship's Way	24,225	(19,645)	-	4,580
Neve Shalom Wahat al-Salam (NS WAS)	4,050	186,348	187,898	2,500
New Discourse (The Democratic Mizrahi Rainbow)	111,050	26,150	86,050	51,150
New Initiatives for Women	3,068	3,085	6,152	1
Nine Seven Two Advancement of Citizen Journalism	10,000	84,389	74,389	20,000
Noar Kahalcha	12,500	32,700	30,200	15,000
Olim Beyachad	12,500	25,000	25,000	12,500
One Plus One	250	-	-	250
Oranim: Hamidrasha Center for Study Fellowship	8,000	43,930	35,430	16,500
Our Heritage	-	54,000	44,250	9,750
Oz V'Shalom Netivot Shalom	180	100	280	-
OZMA	-	10,000	-	10,000
Panim	100	22,250	10,350	12,000
Pardes for Community Development	4,000	8,000	8,000	4,000
Peace Child	200	-	200	-
Pelech School	1,800	-	1,800	-
Physicians for Human Rights	126,856	166,464	216,420	76,900
Public Committee Against Torture in Israel (PCATI)	-	66,582	66,582	-
Rabbis for Human Rights	82,100	27,114	104,114	5,100

**NEW ISRAEL FUND
SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
Rape Crisis Center - Hasharon	\$ 500	\$ 1,200	\$ 1,700	\$ -
Rape Crisis Center - Jerusalem	3,098	1,510	4,608	-
Realistic Religious Zionism	1,000	-	-	1,000
Regional Council for Unrecognized Negev Arab Villages:				
Al-Auna	10,000	50,000	35,000	25,000
Religious Women's Forum	64,544	174,112	200,202	38,454
Re'ut – A Religious Pluralistic Community	500	-	-	500
Re'ut Sadaka: Jewish-Arab Youth Movement for Peace and Equality	1,050	7,910	8,960	-
Rockwood Leadership Institute	50,000	100,000	150,000	-
Ruppin Academic Center	-	2,500	2,500	-
Sandciel Center	-	15,000	15,000	-
SELAH- Israel Crisis Management Center for New Immigrants	1,500	1,500	3,000	-
Shaharit	-	270,000	15,000	255,000
Shaked School	18,000	-	18,000	-
Shalom Hartman Institute	-	3,590	-	3,590
Sheizaf – Association for the Welfare of the Bed	-	2,534	2,534	-
Shilo Pregnancy Advisory Service	5,200	46,071	46,271	5,000
Shiluv Institute	16,000	-	16,000	-
Shitim Institute	-	37,000	13,250	23,750
Shoulder to Shoulder	-	23,864	23,864	-
Sidreh	25,000	24,083	29,083	20,000
Signing Anew	-	50,180	50,180	-
Sikkuy	-	31,278	31,278	-
Sikkuy: Israel Association for the Advancement of Equal Opportunity	30,000	304,783	165,120	169,663
Sister for Women in Israel	57,176	136,760	135,736	58,200
Social Economic Association (SEA)	17,500	52,750	46,250	24,000
Society for the Protection of Personal Rights	1,800	54,129	54,129	1,800
South Wing To Zion	27,000	45,000	52,000	20,000
Supportive Community (sviva tomehet)	14,000	33,000	33,000	14,000
Syncopa Community	12,900	25,000	25,400	12,500
TALI Education Fund	15,000	10,000	15,000	10,000
Tebeka – Center for Legal Aid & Advocacy for Ethiopian Jewish In Israel	46,350	73,050	74,400	45,000
Tehuda	22,500	30,000	30,000	22,500
Tel Aviv University	100,000	-	100,000	-
Tevel B'Tzedek	19,610	137,000	118,610	38,000
The Arab Center for Alternative Planning	300	65,000	65,300	-
The Arab Center for Law and Policy - Dirasat	82,500	27,000	109,500	-
The Association to Support Arab Minors	-	10,000	5,000	5,000
The Citizens Accord Forum Between Jews Arabs	-	7,800	7,800	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
The Coalition for Public Health	\$ 30,000	\$ -	\$ 30,000	\$ -
The Committee for Educational Guidance for Arab Students	10,000	(10,000)	-	-
The Committee for Language Access of Health Care in Israel	200	-	-	200
The Freedom of Information Association	-	28,000	28,000	-
The Friends of IPCRI	-	15,000	15,000	-
The Geshher Foundation, USA	-	35,000	35,000	-
The Green Environment Fund	500,100	1,243,206	1,383,306	360,000
The Harish Coalition	-	18,000	18,000	-
The Heschel Ctr for Env Learning	257,500	7,500	65,000	200,000
The Institute of International Education	-	225,000	225,000	-
The Israel Center for Educational Innovation (ICEI)	80,000	1,545,844	1,270,000	355,844
The Israeli Association for Distributive Justice	17,500	127,000	81,000	63,500
The Israeli Center for Food Security	15,000	1,500	16,500	-
The Israeli Social Movement	-	109,999	72,499	37,500
The Masorti Movement	15,000	50,891	40,891	25,000
The Mifne Center: Early Intervention in the Treatment of Autism for the Young Child and the Family	-	5,984	844	5,140
The Movement for Progressive Judaism (IMPJ)	102,749	288,951	323,701	67,999
The New Israeli Foundation for Cinema and Television	1,000	81,550	82,550	-
The Open Knowledge Workshop	3,000	36,800	39,800	-
The Promise Film Company	-	35,000	35,000	-
The Rabbi David J. Forman Memorial Fund	8,886	33,018	40,304	1,600
The Rosh Pina Mainstreaming Network	5,000	-	5,000	-
The Sky Is The Limit	-	15,000	15,000	-
The Social Guard	-	81,500	76,500	5,000
The Van Leer Jerusalem Institute	28,572	147,810	87,572	88,810
The Women's Courtyard	12,500	36,100	35,000	13,600
The Yaacov Herzog Center For Jewish Studies	-	7,000	7,000	-
The Young Israeli Forum for Cooperation (YIFC)	1,250	-	-	1,250
Tirat Carmel Community Foundation (Affordable Housing - Tirat Carmel)	9,500	19,000	14,250	14,250
Tishreen A Culture Reviving Association - Taybeh	-	25,000	12,500	12,500
T'mura	-	39,000	39,000	-
TOR HAMIDBAR	-	13,000	13,000	-
Trust of Programs for Early Childhood, Family, and Community Education	20,000	110,000	110,000	20,000
Tzofen	-	181,000	166,000	15,000
Ukuleles for Peace	10,001	3,500	11,001	2,500
Upper Galilee Rape Crisis Center	1,000	500	-	1,500
We Refugees	1,400	11,250	1,400	11,250
Windows Channels For Comm	200	8,045	8,245	-
Woman to Woman: Jerusalem Battered Women's Shelter	2,000	6,887	8,887	-

NEW ISRAEL FUND

**SCHEDULE OF GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

GRANTEE/VENDOR NAME	Opening Grant Balance as of 1/1/2012	Year to Date Grant Authorized (Jan-Dec)	Year to Date Grant Paid (Jan-Dec)	Closing Grant Balance 12/31/2012
Women Against Violence (WAV) - Nazareth	\$ 125,000	\$ 118,500	\$ 228,000	\$ 15,500
Women and Horizons (Nisa Va'fak)	6,250	32,000	38,250	-
Women for Women: Haifa Battered Women's Shelter	375	373	373	375
Women Lawyers for Social Justice	18,001	97,750	98,251	17,500
Women of the Wall	37,548	61,123	52,686	45,985
Women's Budget Forum	6,250	-	6,250	-
Women's Crisis Center of the Negev (MASLAN)	-	9,360	7,600	1,760
Women's Fund for Human Rights (Machsom Watch)	1,550	32,270	33,570	250
Women's Spirit	-	7,500	7,500	-
Workers' Hotline: Kav LaOved	75,000	8,200	81,700	1,500
Yad L Isha (the ICAR coalition)	-	17,500	12,500	5,000
Yahel Israel Service Learning	1,418	47,220	43,638	5,000
Yedid: The Association for Community Empowerment	153,200	75,983	229,183	-
Yerucham Association (Midreshet Kama)	10,000	8,000	18,000	-
Yerushalmim Movement	10,000	27,000	16,250	20,750
Yesh Din	29,150	36,371	50,271	15,250
Yeshivat Talpiot	2,501	11,944	14,445	-
TOTAL	\$ 5,518,730	\$ 17,640,096	\$ 17,347,108	\$ 5,811,718

NEW ISRAEL FUND

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services		
	Grants and Shatil	Other Programs	Total Program Services
Grants	\$ 17,640,096	\$ -	\$ 17,640,096
Transfers to Affiliates	-	-	-
Projects	1,169,282	451,803	1,621,085
Salaries and benefits	3,454,198	1,727,101	5,181,299
Legal	2,126	10,396	12,522
Accounting	-	-	-
Public relations	-	91,310	91,310
Consultancy/contract costs	-	408,717	408,717
Information technology	41,723	36,983	78,706
Rent	211,006	151,085	362,091
Travel	168,301	280,846	449,147
Conferences, conventions and meetings	93,079	34,244	127,323
Depreciation and amortization	76,397	-	76,397
Insurance	9,047	-	9,047
Supplies	16,632	6,444	23,076
Telephone	88,604	53,315	141,919
Postage and shipping	-	7,260	7,260
Equipment rental/maintenance	-	18,313	18,313
Printing/publications	80,955	141,747	222,702
Interest and bank charges	-	-	-
Dues and subscriptions	-	9,473	9,473
Bad debt	-	-	-
Fundraising	-	-	-
Governance	-	-	-
Staff training	43,932	2,209	46,141
Utilities	46,121	8,348	54,469
Miscellaneous	8,278	3,443	11,721
TOTAL	\$ 23,149,777	\$ 3,443,037	\$ 26,592,814

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ -	\$ -	\$ -	\$ 17,640,096
33,087	-	33,087	33,087
-	-	-	1,621,085
2,022,183	1,861,892	3,884,075	9,065,374
30,528	1,221	31,749	44,271
94,776	-	94,776	94,776
15,000	53,880	68,880	160,190
225,792	314,863	540,655	949,372
49,276	12,686	61,962	140,668
194,944	125,904	320,848	682,939
95,930	45,287	141,217	590,364
29,257	12,828	42,085	169,408
62,325	-	62,325	138,722
13,552	-	13,552	22,599
12,911	14,976	27,887	50,963
78,348	38,648	116,996	258,915
3,013	103,543	106,556	113,816
13,971	16,145	30,116	48,429
40,658	38,697	79,355	302,057
1,210	-	1,210	1,210
34,576	4,056	38,632	48,105
1,850	231,493	233,343	233,343
-	178,146	178,146	178,146
353,615	-	353,615	353,615
8,731	4,202	12,933	59,074
27,204	6,957	34,161	88,630
314,043	3,375	317,418	329,139
\$ 3,756,780	\$ 3,068,799	\$ 6,825,579	\$ 33,418,393