

**THE COALITION ACCOUNTABILITY AND INTEGRITY
RAMALLAH - PALESTINE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT**

**THE COALITION ACCOUNTABILITY AND INTEGRITY
RAMALLAH – PALESTINE**

FOR THE YEAR ENDED DECEMBER 31, 2022

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Kawasmy & Partners CO.
Ramallah – Palestine
Ein Munjid, Tokyo Street, Abraj House, 5th Floor
Tel : +970 2 2980300, Fax : +970 2 2980400

INDEPENDENT AUDITORS' REPORT

To the General Assembly of
The Coalition Accountability and Integrity
Ramallah - Palestine

Opinion

We have audited the financial statements of **The Coalition Accountability and Integrity (hereinafter "AMAN")**, which comprise the statement of financial position as of December 31, 2022, and the related statement of activities and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AMAN as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of AMAN in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements the year then ended in accordance with International Financial Reporting Standards (IFRS).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing AMAN's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AMAN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AMAN's financial reporting process.



INDEPENDENT AUDITORS' REPORT

To the General Assembly of
The Coalition Accountability and Integrity
Ramallah - Palestine

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AMAN's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AMAN to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Ramallah - Palestine
May 11, 2023

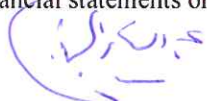
**THE COALITION ACCOUNTABILITY AND INTEGRITY
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STATEMENT OF FINANCIAL POSITION

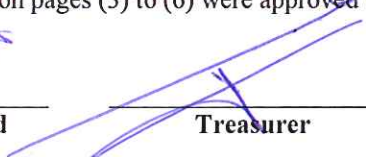
US Dollar	Note	As of December 31,	
		2022	2021
Assets			
Current Assets			
Cash on Hand and at Banks	5	1,538,150	1,265,143
Contributions Receivable	7	4,136,377	1,826,528
Other Current Assets	6	29,045	14,015
		<u>5,703,572</u>	<u>3,105,686</u>
Non-Current Assets			
Property and Equipment, Net	8	29,323	22,551
Right of Use Assets	9	95,309	29,200
		<u>124,632</u>	<u>51,751</u>
Total Assets		<u>5,828,204</u>	<u>3,157,437</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable and Accruals	10	331,769	263,131
End of Service Indemnity – Short term	11	-	17,971
Lease Liabilities – Short term	9	28,933	33,208
Temporarily Restricted Contributions	12	4,556,074	2,129,492
		<u>4,916,776</u>	<u>2,443,802</u>
Non-Current Liabilities			
End of Service Indemnity – Long term	11	501,310	406,150
Lease Liabilities – Long term	9	66,376	-
Deferred Revenues	14	26,077	19,305
		<u>593,763</u>	<u>425,455</u>
Total Liabilities		<u>5,510,539</u>	<u>2,869,257</u>
Net Assets			
Net Assets		317,665	288,180
Total Net Assets		<u>317,665</u>	<u>288,180</u>
Total Liabilities and Net Assets		<u>5,828,204</u>	<u>3,157,437</u>

The accompanying notes on pages from (7) to (26) are an integral part of these financial statements


The financial statements on pages (3) to (6) were approved by AMAN Board of Directors on May 9, 2023



 Chairman of Board



 Treasurer



 Financial Manager

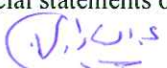
**THE COALITION ACCOUNTABILITY AND INTEGRITY
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

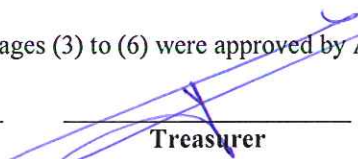
US Dollar	Note	For the Year Ended December 31,	
		2022	2021
Grants and Revenues			
Temporary Restricted Contribution Released from Restriction	12	2,096,180	1,936,916
Deferred Revenue Recognized	14	12,541	9,658
Unrestricted Contributions		112,900	54,766
Members Subscription Fees		620	520
Total Grants and Revenues		2,222,241	2,001,860
Expenses			
Project Expenses	15	(2,096,180)	(1,936,916)
Depreciation	8	(12,541)	(9,658)
Foreign Currency Exchange (loss)	13	(26,104)	(9,320)
Other Expenses	15	(57,931)	(3,782)
Total Expenses		(2,192,756)	(1,959,676)
Increase in Net Assets during the Year		29,485	42,184
Net Assets, Beginning of the Year		288,180	245,996
Net Assets, Ending of the Year		317,665	288,180

The accompanying notes on pages from (7) to (26) are an integral part of these financial statements

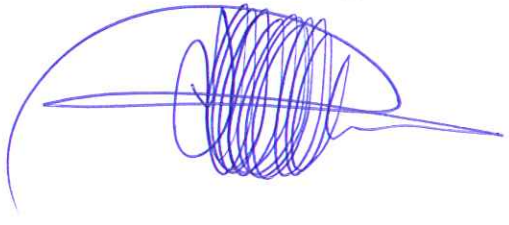
The financial statements on pages (3) to (6) were approved by AMAN Board of Directors on May 9, 2023



Chairman of Board



Treasurer



Financial Manager

THE COALITION ACCOUNTABILITY AND INTEGRITY
RAMALLAH – PALESTINE

STATEMENT OF CHANGES IN NET ASSETS

<i>US Dollar</i>	For the Year Ended December 31,	
	2022	2021
Net Assets, Beginning of the Year	288,180	245,996
Increase in Net Assets during the Year	29,485	42,184
Net Assets, End of the Year	<u>317,665</u>	<u>288,180</u>

The accompanying notes on pages from (7) to (26) are an integral part of these financial statements

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STATEMENT OF CASH FLOWS

<i>US Dollar</i>	<u>Note</u>	<u>For the Year Ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Cash flows from Operating Activities:			
Increase in Net Assets for the Year		29,485	42,184
Adjustments:			
Depreciation		12,541	9,658
Amortization of Right to Use Assets		29,200	30,158
Financing Costs		1,773	4,801
End of Service Indemnity		103,268	65,204
Deferred Revenues		(12,541)	(9,658)
Net Cash flows Generated from Operating Activities Before Adjustments		163,726	142,347
Change in Net Assets with Net Cash Flows from Operating Activities			
Contributions Receivable		(2,309,849)	443,569
Other Current Assets		(15,030)	5,218
Accounts Payables and Accruals		68,638	34,017
Temporary Restricted Contributions		2,426,582	(229,981)
End of Service Indemnity Paid		(26,079)	-
Net Cash Flow From (Used in) Operating Activities		307,988	395,170
Cash Flow from Investing Activities:			
Procurement of Fixed Assets		(19,313)	(15,922)
Cash Flow (Used in) Investing Activities		(19,313)	(15,922)
Cash Flow from Financing Activities			
Payments for Long-Term Lease Commitments	9	(15,668)	(22,283)
Cash Flow (Used in) Financing Activities		(15,668)	(22,283)
Net Increase in Cash on Hand and at Banks		273,007	356,965
Cash on Hand and at Banks - Beginning of the year		1,265,143	908,178
Cash on Hand and at Banks - End of Year	5	1,538,150	1,265,143

The accompanying notes on pages from (7) to (26) are an integral part of these financial statements

**THE COALITION ACCOUNTABILITY AND INTEGRITY
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NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

The Coalition for Accountability and Integrity (AMAN) was founded by a group of Palestinian organizations working in Human Rights and Democracy field. AMAN was officially registered on February 9, 2004 under registration number RA-22234-5.5 in Ramallah as a non-profit organization. AMAN's mission is to contribute to good governance through fostering and enhancing integrity and accountability in the political system as well as in all sectors of the Palestinian society.

AMAN's objective are to identify and investigate the aspects, features, causes and consequences of corruption of trust and authority, misuse of public funds, define and propose the appropriate mechanism in the legislative, judicial, administrative and financial areas in different sectors to counter corruption, and achieve transparency and accountability. Moreover, AMAN aims to raise public awareness among to Palestinian society regarding the danger of corruption and its devastating impact, to enhance the role of oversight institution including the Palestinian Legislative Council and Civil Society, to propose draft legislations and regulations and to work closely with the Palestinian Legislative Council.

The board of directors approved the financial statements on May 9, 2023.

2) BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in conformity with relevant International Financial Reporting Standards (IFRS).

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities.

c. Functional and presentation currency

The financial statements are presented in U.S. Dollar (USD), which is AMAN's functional currency.

d. Use of estimates and judgements

In preparing these financial statements, management has made judgments and estimates that affect the application of AMAN's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

• Judgments

The following are the most significant judgments that have a material effect on the amounts of assets and liabilities in the financial statements:

- Classification of financial assets: Valuation of the business model under which the asset is to be held and determining whether the contractual terms of the SPPI are on the outstanding balance.
- The development of new criteria to determine whether financial assets have declined significantly since initial recognition and determine the methodology of future expectations and methods of measuring expected credit loss.

• Assumptions and estimation uncertainties

- The management maintains the expected credit losses based on its estimates of the possibility of recovering receivables in accordance with the International Financial Reporting Standards.
- Management periodically reassesses the economic useful life of property and equipment based on the general condition of these assets and the expectation of their useful economic lives in the future.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Management frequently reviews the lawsuits raised against AMAN based on a legal study prepared by AMAN's legal advisors. This study highlights potential risks that AMAN may incur in the future

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NOTES TO THE FINANCIAL STATEMENTS

Measurement of fair values:

A number of AMAN's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

AMAN has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to AMAN's Board of Directors.

When measuring the fair value of an asset or a liability, AMAN uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

AMAN recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by AMAN.

The asset or liability measured at fair value might be either of the following:

- 1- A stand-alone asset or liability; or
- 2- A group of assets, a group of liabilities or a group of assets and liabilities (e.g. a cash generating unit or a business).
- 3- A number of AMAN's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

AMAN should establish control framework with respect to the measurement of fair values and a valuation team should oversee all significant fair value measurements, including Level 3 fair values.

- Management believes that its estimates and judgments are reasonable and adequate in preparing the financial statements ended December 31, 2022.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by AMAN in the financial statements for the year ended December 31, 2022 are the same as those applied by AMAN in the financial statements for the year ended December 31, 2021, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2022:

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NOTES TO THE FINANCIAL STATEMENTS

<u>New standards or adjustments</u>	<u>Application Date</u>
IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	January 1, 2023
Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements.	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.	Optional

The application of these new standards and amended standards did not have a significant effect on the AMAN's financial statements.

The following are the significant accounting policies applied by AMAN:

Financial Instruments:

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when AMAN becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through Statement of Activities, transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

• Financial Assets:

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through statement of activities or at Fair value through statement of change in net assets.

Financial assets are not reclassified subsequent to their initial recognition unless AMAN changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through statement of activities:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through statement of activities:

- It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

On initial recognition of an equity investment that is not held for trading, AMAN may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

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All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through statement of activities. This includes all derivative financial assets. On initial recognition, AMAN may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through statement of activities if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii. Derecognition

• **Financial assets**

AMAN derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which AMAN neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

AMAN enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

• **Financial liabilities**

AMAN derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. AMAN also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of activities.

Principles of fund accounting

AMAN maintains its accounts in accordance with the principles of fund accounting under which the resources for various purposes are classified into the following classes of net assets which are described below:

Unrestricted net assets

Represent net assets whose use by AMAN is not subject to donor-imposed restrictions.

Temporarily restricted net assets

Whose use by AMAN is limited by donor-imposed restriction that either expire by passage of time or can be fulfilled and released by actions of AMAN pursuant to those donor-imposed stipulations.

Revenues:

Reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

- **Contributions and grants**

Donors' unconditional pledges are those pledges where donor does not specify prerequisites that have to be carried out by the AMAN before obtaining the fund.

Contributions revenues from pledges where donor does not specify prerequisites that have to be carried out by the AMAN before obtaining the fund.

Contributions revenues from pledges /grants are recognized as follows:

- Unconditional pledges that are not restricted by donor for a specific purpose or time are recognized as revenue when the pledge is obtained.
- Conditional restricted pledges that are temporarily restricted by donor for a specific purpose or time are recognized as revenue when such purpose or time is satisfied.

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- **Deferred Revenues**

Contributions related to property and equipment are recorded as deferred revenues and recognized as revenues on a systematic basis over the useful life of the asset.

- **Contribution receivables**

Contribution receivables are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges an estimate for the uncollectible amount (written-off) is made when the collection of full unconditional pledges is no longer probable.

- **Property and equipment**

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on prospective basis.

Gain or loss arising from the disposal or retirement of an item of assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of activities. Useful life for the assets is as follows:

<u>Property and Equipment</u>	<u>Years of Service</u>
Office Furniture	6-7 years
Office Equipment	4-5 years
Decorations	4-5 years

- **Leases**

I. As a lessee

at commencement or on modification of a contract that contains a lease component, AMAN allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property AMAN has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

AMAN recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to AMAN by the end of the lease term or the cost of the right-of-use asset reflects that AMAN will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, AMAN's incremental borrowing rate. Generally, AMAN uses its incremental borrowing rate as the discount rate.

AMAN determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

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– The exercise price under a purchase option that AMAN is reasonably certain to exercise, lease payments in an optional renewal period if AMAN is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless AMAN is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in AMAN's estimate of the amount expected to be payable under a residual value guarantee, if AMAN changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of activities if the carrying amount of the right-of-use asset has been reduced to zero.

AMAN presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

AMAN has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. AMAN recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, AMAN allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When AMAN acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, AMAN makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, AMAN considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When AMAN is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which AMAN applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then AMAN applies IFRS 15 to allocate the consideration in the contract.

AMAN applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. AMAN further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

AMAN recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to AMAN as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

- End of Service Indemnity

AMAN provides end of service benefits in accordance with local laws by accruing for one-month compensation for each year of service based on the last salary paid during the year.

- Provisions

Provisions are recognized when AMAN has a present obligation as a result of past events, and it's probable that the obligation will be settled, and a reliable estimate can be made of the amount of the obligation.

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- **Income Tax and Value Added Tax**

As a not-for-profit organization, AMAN is exempt from income tax and value added tax. Under the value added tax law, AMAN as an exempt entity, is not entitled to refund VAT paid on its purchases and expenses.

- **Functional allocation of expenses**

AMAN allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on best estimates and judgment of management.

- **Foreign currency conversion and translation**

Transactions in foreign currencies are translated into the respective functional currencies of AMAN at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in the Statement of Activities.

- **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, AMAN currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4) **NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

A number of new standards, amendments to standards and interpretations that were issued but not yet effective, and have not been applied when preparing the financial statements:

<u>New standards or adjustments</u>	<u>Application Date</u>
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements.	January 1, 2023
IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	January 1, 2023
Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.	January 1, 2023
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Optional

The management does not expect that there will be a material impact from the above standards upon implementation.

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5) CASH ON HAND AND AT BANKS

US Dollar	As of December 31,	
	2022	2021
Cash on hand	2,044	901
Cash at banks – Current accounts	1,536,106	1,264,242
	1,538,150	1,265,143

These balances are divided by currencies as follows:

<i>U.S Dollar</i>	As of December 31,	
	2022	2021
Cash on hand – ILS	2,044	901
Cash at Banks – US Dollar	1,361,210	870,585
Cash at Banks – ILS	8,080	10,250
Cash at Banks – EURO	166,816	338,655
Cash at Banks – GBP	-	44,752
	1,538,150	1,265,143

6) OTHER CURRENT ASSETS

US Dollar	As of December 31,	
	2022	2021
Activity & Travel Advances	4,641	1,713
Others	24,404	1,032
Employee Advances	-	11,270
	29,045	14,015

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7) CONTRIBUTION RECEIVABLE

	Balance as of January 1, 2022	Additions	Cash received during the year	Write off	Currency Differences	Balance as of December 31, 2022
<u>US Dollar</u>						
Government of Norway	-	1,705,440	(477,700)	-	(11,540)	1,216,200
Government of Luxembourg	377,839	-	-	-	-	377,839
United Nations Development Program	-	-	-	-	-	-
Netherlands	222,011	150,000	(372,011)	-	-	-
United Nations Development Projects	-	147,344	(102,000)	-	-	45,344
Oxfam Novib – UK	113,294	108,195	(114,480)	-	(9,087)	97,922
Transparency International – Belgium	100,660	-	(33,016)	-	(5,596)	62,048
Transparency International – Germany	168,372	-	(45,927)	-	(12,945)	109,500
Department for International Development – UK	276,153	1,128,231	(323,131)	-	(77,232)	1,004,021
European Union – EU	562,998	-	(261,535)	-	(35,560)	265,903
Central Elections Committee – Palestine	5,201	-	(4,985)	(293)	77	-
SIDA	-	1,437,150	(484,480)	-	4,930	957,600
	<u>1,826,528</u>	<u>4,676,360</u>	<u>(2,219,265)</u>	<u>(293)</u>	<u>(146,953)</u>	<u>4,136,377</u>

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CONTRIBUTION RECEIVABLE (CONTINUED)

	Balance as of January 1, 2021	Additions	Cash received during the year	Currency Differences	Balance as of December 31, 2021
<u>US Dollar</u>					
Government of Norway	583,452	-	(585,938)	2,486	-
Government of Luxembourg	934,000	-	(556,161)	-	377,839
United Nations Development Program – Netherlands	120,000	300,000	(197,989)	-	222,011
United Nations Development Projects	-	74,854	(74,854)	-	-
Oxfam Novib – UK	15,489	177,393	(77,192)	(2,396)	113,294
Transparency International – Belgium	14,222	93,722	-	(7,284)	100,660
Transparency International – Germany	-	263,985	(84,169)	(11,444)	168,372
Department for International Development – UK	602,934	-	(327,245)	464	276,153
European Union – EU	-	898,220	(287,733)	(47,489)	562,998
Central Elections Committee – Palestine	-	11,624	(5,650)	(773)	5,201
First line of Defense Project	-	4,696	(4,696)	-	-
	<u>2,270,097</u>	<u>1,824,494</u>	<u>(2,201,627)</u>	<u>(66,436)</u>	<u>1,826,528</u>

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8) PROPERTY AND EQUIPMENT, NET

<i>US Dollar</i>	<u>Office Furniture</u>	<u>Office Equipment</u>	<u>Decorations</u>	<u>Total</u>
<u>2022</u>				
Cost				
Beginning balance as of January 1, 2022	31,324	147,856	3,166	182,346
Additions	4,362	14,951	-	19,313
Ending balance as of December 31, 2022	<u>35,686</u>	<u>162,807</u>	<u>3,166</u>	<u>201,659</u>
Accumulated Depreciation:				
Beginning balance as of January 1, 2022	29,715	127,686	2,394	159,795
Depreciation	741	11,466	334	12,541
Ending balance as of December 31, 2022	<u>30,456</u>	<u>139,152</u>	<u>2,728</u>	<u>172,336</u>
Net Book Value, December 31, 2022	<u>5,230</u>	<u>23,655</u>	<u>438</u>	<u>29,323</u>

<i>US Dollar</i>	<u>Office Furniture</u>	<u>Office Equipment</u>	<u>Decorations</u>	<u>Total</u>
<u>2021</u>				
Cost				
Beginning balance as of January 1, 2021	35,557	160,671	3,166	199,394
Additions	530	15,392	-	15,922
Disposals	(4,763)	(28,207)	-	(32,970)
Ending balance as of December 31, 2021	<u>31,324</u>	<u>147,856</u>	<u>3,166</u>	<u>182,346</u>
Accumulated Depreciation:				
Beginning balance as of January 1, 2021	33,715	147,332	2,060	183,107
Depreciation	763	8,561	334	9,658
Disposals	(4,763)	(28,207)	-	(32,970)
Ending balance as of December 31, 2021	<u>29,715</u>	<u>127,686</u>	<u>2,394</u>	<u>159,795</u>
Net Book Value, December 31, 2021	<u>1,609</u>	<u>20,170</u>	<u>772</u>	<u>22,551</u>

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9) **RIGHT OF USE ASSETS / LEASE LIABILITIES**

Right to Use Assets

US Dollars

As of December 31, 2022

Balance as of January 1, 2022	115,742
Additions	95,309
Disposals	(115,742)
Balance as of December 31, 2022	95,309

Accumulated depreciation

Balance as of January 1, 2022	86,542
Depreciation for the year	29,200
Disposals	(115,742)
Balance as of December 31, 2022	-
Net book value as of December 31, 2022	95,309

Right to Use Assets

US Dollars

As of December 31, 2021

Balance as of January 1, 2021	115,742
Additions	-
Disposals	-
Balance as of December 31, 2021	115,742

Accumulated depreciation

Balance as of January 1, 2021	56,362
Depreciation for the year	30,180
Disposals	-
Balance as of December 31, 2021	86,542
Net book value as of December 31, 2021	29,200

- **Lease Liabilities**

US Dollars

As of December 31,

	2022	2021
Discounted rental obligations as of December 31:		
Short term	28,933	33,208
Long term	66,376	-
Total discounted rental obligations	95,309	33,208

** The rental liability has been discounted using an interest rate of 9.6%.

US Dollars

For the Year Ended December 31

	2022	2021
The amounts recognized in the statement of activities:		
Interest charged against lease obligations	1,773	4,801
Amounts recognized in the statement of cash flow:		
Total cash payments against rents	15,668	22,283

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10) ACCOUNTS PAYABLE AND ACCRUALS

<i>US Dollar</i>	As of December 31,	
	2022	2021
Accounts Payable	187,387	224,653
Accrued Professional Fees	4,060	4,477
Due to the Tax Authority	3,315	3,065
Accrued Payable for partners	100,511	30,936
Outstanding Checks	36,496	-
	331,769	263,131

11) END OF SERVICE INDEMNITY

The movement during the years of 2022 and 2021 for the End of Service Benefit Provision are as follows:

<i>US Dollar</i>	As of December 31,	
	2022	2021
Beginning Balance as of January 1	424,121	358,917
Additions During the Year	103,268	65,204
Payments During the Year	(26,079)	-
Ending Balance as of December 31	501,310	424,121

The End of Service indemnity has been classified into short term and long term liability as follow:

<i>US Dollar</i>	As of December 31,	
	2022	2021
End of Service Indemnity – Short Term	-	17,971
End of Service Indemnity – Long Term	501,310	406,150
	501,310	424,121

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NOTES TO THE FINANCIAL STATEMENTS

12) TEMPORARILY RESTRICTED CONTRIBUTIONS

	Balance as of January 1, 2022	Additions	Temporarily Restricted Contributions Released from Restriction	Deferred Revenues	Amendments on restricted grants	Currency Exchange Variance	Balance as of December 31, 2022
US Dollar							
Government of Norway	157,936	1,705,440	(328,777)	(4,465)	-	(2,132)	1,528,002
Government of Luxembourg	565,635	-	(493,911)	(5,674)	-	-	66,050
United Nations Development Programme – Netherlands	222,474	150,000	(370,740)	(1,734)	-	-	-
IDA project	-	1,437,150	-	-	-	(750)	1,436,400
Transparency International – Belgium	65,840	-	(39,853)	-	-	(3,767)	22,220
xfam Novib – UK	93,979	108,195	(103,515)	(1,240)	-	(6,537)	90,882
Transparency International – Germany	196,115	-	(95,871)	-	-	(11,228)	89,016
United Nations Development Projects	16,549	147,344	(101,332)	-	*(15,968)	-	46,593
Department for International Development – UK	184,419	1,128,231	(356,910)	(6,200)	-	(68,923)	880,617
European Union	626,545	-	(205,271)	-	**10,893	(35,873)	396,294
	<u>2,129,492</u>	<u>4,676,360</u>	<u>(2,096,180)</u>	<u>(19,313)</u>	<u>(5,075)</u>	<u>(129,210)</u>	<u>4,556,074</u>

*This amount was returned to the donor because the entire budget was not spent on the project.

** Adding an amount of USD 10,893 to the temporarily restricted grants in exchange for the AMAN participation share that was released on this project.

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TEMPORARILY RESTRICTED CONTRIBUTIONS (CONTINUED)

<i>US Dollar</i>	Balance as of January 1, 2021	Additions	Temporarily Restricted Contributions Released from Restriction	Deferred Revenues	Currency Exchange Variance	Balance as of December 31, 2021
Government of Norway	826,565	-	(643,316)	(2,503)	(22,810)	157,936
Government of Luxembourg	844,594	-	(277,416)	(1,543)	-	565,635
United Nations Development Programme – Netherlands	150,020	300,000	(226,646)	(900)	-	222,474
Transparency International – Belgium	14,222	93,722	(34,931)	-	(7,173)	65,840
Oxfam Novib – UK	-	177,393	(81,499)	-	(1,915)	93,979
Transparency International – Germany	-	263,985	(57,325)	-	(10,545)	196,115
United Nations Development Projects	-	74,855	(58,306)	-	-	16,549
Department for International Development – UK	524,072	-	(339,560)	-	(93)	184,419
European Union	-	898,220	(206,790)	(3,034)	(61,851)	626,545
Central Elections Committee - Palestine	-	11,624	(11,127)	-	(497)	-
First Line of Defense	-	4,696	-	(4,696)	-	-
	2,359,473	1,824,495	(1,936,916)	(12,676)	(104,884)	2,129,492

13) **FOREIGN CURRENCY EXCHANGE (LOSS)**

Currency exchange gain or loss have resulted from the revaluation of AMAN's monetary assets and liabilities in foreign currencies (mainly bank balances, contributions receivable, payables and accruals) to USD using exchange rates prevailing at the date of the statement of financial position. The fluctuations in the exchange rates against USD resulted in losses of USD 26,104 and USD 9,320 as of December 31, 2022 and 2021 respectively.

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14) Deferred Revenues

US Dollar	As of December 31,	
	2022	2021
Beginning balance as of January 1,	19,305	16,287
Additions	19,313	12,676
Deferred Revenues Recognized	(12,541)	(9,658)
Ending Balances as of December 31,	26,077	19,305

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15) PROJECT EXPENSES

US Dollar	Government of Norway and Luxembourg and UNDP		European Union		Oxfam Novib – UK		TI – Germany		FCDO/DFID – UK		UNDP – Netherlands		TI – Belgium		Total	
	Enhance the values of integrity, accountability systems, and principles of transparency	36,498	Enhancing the role of civil society organizations	13,282	For financial policies that support development	21,723	Strengthening Accountability Networks among Civil Society	14,733	Strengthen the capabilities of the security institution in accountability, sustainability, and inclusiveness	29,662	Promoting the Rule of Law	4,500	Empowering the national branches of Transparency International	809,546	2021	
Salaries and related Expenses	537,253													45,905	746,154	
Printing and Publication Expenses	200,997													-	392,827	
Consultants and Training Fees	112,603													-	272,953	
Project expenses Workshops and Training	243,383													10,757	320,628	
Expenses Transportation and Accommodation	25,216													-	73,200	
Expenses	21,208													-	35,271	
Transportation and Accommodation Expenses	14,755													-	41,524	
Rent Expenses	18,162													-	27,884	
Stationery and Office Expenses	8,583													-	9,494	
Mail, phone, and Internet	7,060													-	7,530	
Professional Fees	4,228													-	13,233	
Others	1,193,428	205,271	30,215	58,361	14,939	95,871	161,345	195,565	22,000	20,000	59,332	39,853	2,096,180	57,931	2,154,111	1,940,698

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16) **RELATED PARTY TRANSACTIONS**

This item represents transactions with related parties, i.e., trustees, directors, AMAN's senior Management and organizations, over which they exercise control during 2022 and 2021:

<i>US Dollar</i>	For the Year ended December 31	
	2022	2021
Key Management Personnel Salaries and Benefits	168,974	162,247

17) **FINANCIAL RISK MANAGEMENT**

Overview

AMAN has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.
- Interest risk.

This note presents information about AMAN's exposure to each of the above risks, AMAN's objectives, policies and processes for measuring and managing risk.

Risk management framework

The management has overall responsibility for the establishment and oversight of AMAN's risk management framework.

The management is responsible for developing and monitoring AMAN's risk management policies. AMAN's risk management policies are established to identify and analyze the risks faced by AMAN, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and AMAN's activities.

AMAN's Management oversees how management monitors compliance with AMAN's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by AMAN.

• **Credit risk**

Credit risk is the risk of financial loss to AMAN counterparty to a financial instrument fails to meet its contractual obligations and arises principally from AMAN's Cash on Hand and at Bank, contributions receivable.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

<i>US Dollar</i>	As of December 31,	
	2022	2021
Cash on Hand and at Bank	1,536,106	1,264,242
Contributions Receivable	4,136,377	1,826,528
Other Current Assets	29,045	14,015
	5,701,528	3,104,785

• **Liquidity risk**

Liquidity risk is the risk that AMAN will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. AMAN's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient

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liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to AMAN's reputation.

AMAN ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

<u>2022</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 months or less</u>	<u>6 to 12 months</u>	<u>More than a year</u>
<i>US Dollar</i>					
Accounts payable and accruals	331,769	331,769	331,769	-	-
Temporarily restricted contributions	4,556,074	4,556,074	4,556,074	-	-
End of Service Indemnity	501,310	501,310	-	-	501,310
Deferred Revenues	26,077	26,077	-	-	26,077
Lease Liabilities	95,309	95,309	14,467	14,466	66,376
	<u>5,510,539</u>	<u>5,510,539</u>	<u>4,902,310</u>	<u>14,466</u>	<u>593,763</u>
<u>2021</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 months or less</u>	<u>6 to 12 months</u>	<u>More than a year</u>
<i>US Dollar</i>					
Accounts payable and accruals	263,131	263,131	263,131	-	-
Temporarily restricted contributions	2,129,492	2,129,492	2,129,492	-	-
End of Service Indemnity	424,121	424,121	17,971	-	406,150
Deferred Revenues	19,305	19,305	-	-	19,305
Lease Liabilities	33,208	33,208	16,604	16,604	-
	<u>2,869,257</u>	<u>2,869,257</u>	<u>2,427,198</u>	<u>16,604</u>	<u>425,455</u>

• **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect AMAN's statement of activities or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

• **Interest rate risk**

Interest rate risk is related to the possibility of volatility of a financial instrument due to changing interest rates in the market, but AMAN is working on preparing policies to manage this type of financial risk within specific strategies in which AMAN's management monitors and controls these risks.

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18) FAIR VALUES

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities that are not measured at fair value:

In exception to the table below, AMAN's management believes that the book value of the financial assets and liabilities shown in the financial statements approximates their fair value as a result of their short-term maturities or of re-pricing their interest rates during the year:

<i>U.S Dollar</i>	Carrying amount	Fair Value		
		Level (1)	Level (2)	Level (3)
<u>December 31, 2022</u>				
Cash on Hand and at Banks	1,538,150	1,538,150	-	-
Contribution receivable	4,136,377	-	4,136,377	-
Other Current Assets	29,045	-	29,045	-
Accounts payable and accruals	(331,769)	-	(331,769)	-
Temporarily restricted contributions	(4,556,074)	-	(4,556,074)	-
End of Service Indemnity	(501,310)	-	(501,310)	-
Deferred Revenues	(26,077)	-	(26,077)	-
Lease Liabilities	(95,309)	-	(95,309)	-
<u>December 31, 2021</u>				
Cash on Hand and at Banks	1,265,143	1,265,143	-	-
Contribution receivable	1,826,528	-	1,826,528	-
Other Current Assets	14,015	-	14,015	-
Accounts payable and accruals	263,131	-	(263,131)	-
Temporarily restricted contributions	(2,129,492)	-	(2,129,492)	-
End of Service Indemnity	(424,121)	-	(424,121)	-
Deferred Revenues	(19,305)	-	(19,305)	-
Lease Liabilities	(33,208)	-	(33,208)	-

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on interest rates, yield curve, credit spreads.

Management believes that the book value of these financial assets and liabilities approximate their fair value as a result of their short-term maturities or of re-pricing their interest rates during the year.