

AI MEZAN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2015



Building a better
working world

Ernst & Young
P.O. Box 1373
7th Floor,
PADICO House Bldg.
Al-Masyoun
Ramallah-Palestine

Tel: +972 22421011
Fax: +972 22422324
www.ey.com



Independent Auditors' Report to Members of the General Assembly of Al Mezan Center for Human Rights

We have audited the accompanying financial statements of Al Mezan Center for Human Rights (Al Mezan), which comprise the statement of financial position as at December 31, 2015, the statement of activities, the statement of 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Al Mezan as at December 31, 2015 and the results of its activities and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young - Middle East

License # 206/2012

April 18, 2016
Gaza, Palestine

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	Notes	<u>2015</u> U.S. \$	<u>2014</u> U.S. \$
<u>ASSETS</u>			
Non-current Assets			
Property and equipment - net	3	52,225	42,583
Employees' loans receivable	5	138,870	77,378
		<u>191,095</u>	<u>119,961</u>
Current Assets			
Contributions receivable	4	648,397	928,973
Other current assets	5	90,484	90,926
Cash and cash equivalents	6	1,062,957	891,419
		<u>1,801,838</u>	<u>1,911,318</u>
TOTAL ASSETS		<u><u>1,992,933</u></u>	<u><u>2,031,279</u></u>
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets			
Paid-in capital	1	5,000	5,000
Unrestricted net assets		20,174	(38,819)
Total Net Assets		<u>25,174</u>	<u>(33,819)</u>
Non-current Liabilities			
Deferred revenues	7	48,176	36,509
Provision for employees' benefits	8	867,609	767,821
		<u>915,785</u>	<u>804,330</u>
Current Liabilities			
Temporarily restricted contributions	9	805,217	960,300
Other current liabilities	10	246,757	300,468
		<u>1,051,974</u>	<u>1,260,768</u>
Total Liabilities		<u>1,967,759</u>	<u>2,065,098</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>1,992,933</u></u>	<u><u>2,031,279</u></u>

The attached notes 1 to 16 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF ACTIVITIES

Year ended December 31, 2015

	<u>Notes</u>	<u>2015</u> <u>U.S. \$</u>	<u>2014</u> <u>U.S. \$</u>
Revenues			
Temporarily restricted contributions released from restriction	9	941,664	918,651
Deferred revenues recognized	7	15,501	12,741
Unrestricted contributions	11	34,675	41,458
Provision no longer required		29,495	-
Total revenues		<u>1,021,335</u>	<u>972,850</u>
Expenses			
Core programs	12	(517,610)	(510,319)
Non-core programs	12	(424,054)	(409,254)
Depreciation of property and equipment	3	(17,526)	(14,765)
Currency exchange difference		(3,152)	(5,719)
Total expenses		<u>(962,342)</u>	<u>(940,057)</u>
Increase in unrestricted net assets		<u>58,993</u>	<u>32,793</u>

The attached notes 1 to 16 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2015

	Paid-in capital	Unrestricted net assets	Net assets
	U.S. \$	U.S. \$	U.S. \$
2015			
Balance, beginning of the year	5,000	(38,819)	(33,819)
Increase in unrestricted net assets for the year	-	58,993	58,993
Balance, end of year	<u>5,000</u>	<u>20,174</u>	<u>25,174</u>
2014			
Balance, beginning of the year	5,000	(71,612)	(66,612)
Increase in unrestricted net assets for the year	-	32,793	32,793
Balance, end of year	<u>5,000</u>	<u>(38,819)</u>	<u>(33,819)</u>

The attached notes 1 to 16 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CASH FLOWS

Year ended December 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
		U.S. \$	U.S. \$
<u>Operating activities</u>			
Increase in unrestricted net assets		58,993	32,793
Adjustments:			
Depreciation of property and equipment		17,526	14,765
Deferred revenues recognized		(15,501)	(12,741)
Provision for employees' benefits		107,332	122,585
		<u>168,350</u>	<u>157,402</u>
Changes in working capital:			
Contributions receivable		280,576	(425,598)
Employee's loans receivable due after one year		(61,492)	(11,575)
Other current assets		442	(13,380)
Temporarily restricted contributions		(127,915)	483,056
Other current liabilities		(53,711)	76,762
Employees' benefits paid		(7,544)	(26,246)
Net cash flow from operating activities		<u>198,706</u>	<u>240,421</u>
<u>Investing activities</u>			
Purchase of property and equipment		(27,168)	(15,402)
Net cash used in investing activities		<u>(27,168)</u>	<u>(15,402)</u>
Increase in cash and cash equivalents		171,538	225,019
Cash and cash equivalents, beginning of the year		<u>891,419</u>	<u>666,400</u>
Cash and cash equivalents, end of year	6	<u>1,062,957</u>	<u>891,419</u>

The attached notes 1 to 16 form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. General

Al Mezan Center for Human Rights (Al Mezan) was established in Gaza City on May 30, 1999 as a not-for-profit company and is registered under a registration number (563130798) in accordance with the Palestinian Companies' Law. The authorized and subscribed share capital of Al Mezan is 100 share at U.S. \$ 100 par value for each share of which U.S. \$ 5,000 was paid-up as at the date of these financial statements.

Al Mezan's mission is to provide a secure and long-lasting foundation for the provision of human rights on all levels.

Al Mezan goals are to promote and prevent violation of human rights in general, economic, social, and cultural rights, to provide efficient aid to those victims of such violations, and to substantially enhance the quality of life for marginalized sectors of Gaza Strip community. These goals are being achieved through monitoring, investigating and documenting human rights violations and extending the necessary consultation services to individuals and groups through conducting necessary researches in human rights agreements and international law.

Al Mezan operates through its main office in Gaza City and two offices in Jabalia and Rafah.

The financial statements were authorized for issuance by Al Mezan's Board of Directors on April 18, 2016.

2. Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

The financial statements have been presented in U.S. Dollar, which is the functional currency of Al Mezan.

The financial statements have been prepared under a historical cost basis.

2.2 Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except that Al Mezan has adopted amended IFRS which they became effective. The adoption of these amendments did not have an impact on the financial position or performance of Al Mezan.

The International Accounting Standards Board (IASB) issued some standards and amendments but are not yet effective, and have not been adopted by Al Mezan. These standards and amendments are those which Al Mezan expects to have an impact on disclosures, financial position or performance when applied at a future date. Al Mezan intends to adopt these amendments when they become effective.

2.3 Significant accounting judgment, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying AI Mezan's accounting policies. AI Mezan's management continually evaluates its estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Useful lives of property and equipment

AI Mezan's management reassesses the useful lives of property and equipment, and makes adjustments if applicable, at each financial year end.

Management believes that the estimates and assumptions used are reasonable.

2.4 Summary of significant accounting policies

Donation revenues

Donors' unconditional pledges are those pledges where donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Donation revenues from unconditional pledges are recognized as follows:

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

Deferred revenues

Donations related to property and equipment are stated at fair value, recorded as deferred revenues, and recognized as income on a systematic basis over their useful lives.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and bank balances and short-term deposits maturing in three month or less.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges. An estimate for the uncollectible amount is made when the collection of full unconditional pledge is no longer probable.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities as incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Useful lives (years)
Furniture and fixtures	8.33
Office equipment	4
Information resources	4
Computers and printers	4
Motor vehicle	6.7

Any item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Income tax

Al Mezan is a not-for-profit organization; accordingly, it is not subject to income tax.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

Provisions

Provisions are recognized when Al Mezan has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to U.S Dollar at the rate of exchange ruling at the statement of financial position date. All differences are recognized in the statement of activities.

3. Property and Equipment

	Furniture and fixtures	Office equipment	Information resources	Computers and printers	Motor vehicle	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2015						
Cost						
Balance, beginning of the year	50,943	120,525	94,447	109,750	19,200	394,865
Additions	1,074	2,727	4,975	18,392	-	27,168
Disposal	(1,132)	(1,766)	-	-	-	(2,898)
Balance, end of year	<u>50,885</u>	<u>121,486</u>	<u>99,422</u>	<u>128,142</u>	<u>19,200</u>	<u>419,135</u>
Accumulated depreciation						
Balance, beginning of the year	44,692	100,956	87,542	99,893	19,199	352,282
Depreciation	748	6,560	3,375	6,843	-	17,526
Disposal	(1,132)	(1,766)	-	-	-	(2,898)
Balance, end of year	<u>44,308</u>	<u>105,750</u>	<u>90,917</u>	<u>106,736</u>	<u>19,199</u>	<u>366,910</u>
Net book value						
At December 31, 2015	<u>6,577</u>	<u>15,736</u>	<u>8,505</u>	<u>21,406</u>	<u>1</u>	<u>52,225</u>
2014						
Cost						
Balance, beginning of the year	50,154	114,940	88,804	122,408	19,200	395,506
Additions	789	6,780	5,643	2,190	-	15,402
Disposal	-	(1,195)	-	(14,848)	-	(16,043)
Balance, end of year	<u>50,943</u>	<u>120,525</u>	<u>94,447</u>	<u>109,750</u>	<u>19,200</u>	<u>394,865</u>
Accumulated depreciation						
Balance, beginning of the year	42,869	97,205	84,833	109,454	19,199	353,560
Depreciation	1,823	4,946	2,709	5,287	-	14,765
Disposal	-	(1,195)	-	(14,848)	-	(16,043)
Balance, end of year	<u>44,692</u>	<u>100,956</u>	<u>87,542</u>	<u>99,893</u>	<u>19,199</u>	<u>352,282</u>
Net book value						
At December 31, 2014	<u>6,251</u>	<u>19,569</u>	<u>6,905</u>	<u>9,857</u>	<u>1</u>	<u>42,583</u>

Property and equipment include U.S. \$ 343,763 and U.S. \$ 326,076 of fully depreciated assets that are still used in Al Mezan's activities as of December 31, 2015 and 2014, respectively.

4. Contributions Receivable

Contributions receivable comprise unconditional pledges to give as of December 31, 2015. Details of movement during the year are as follows:

	Balance, beginning of the year	Additions (written off)	Received during the year	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2015					
Restricted contributions					
Human Rights & IHL Secretariat	304,600	-	(147,600)	-	157,000
Representative Office of Norway to the Palestinian Authority	-	227,560	(123,142)	9,362	113,780
Foundation Open Society Institute	275,000	-	(275,000)	-	-
Medico International e.V. (Germany)	-	29,025	(27,563)	(1,462)	-
Diakonia Regional Office for the Middle East	-	29,775	(29,795)	20	-
Save the Children - UK	5,109	-	-	-	5,109
Save the Children International	3,566	25,000	(3,566)	-	25,000
Adalah: the Legal Center for Arab Minority Rights in Israel	134,944	-	(103,131)	(14,099)	17,714
Oxfam	15,004	-	(15,004)	-	-
United Nations Development Programme - UNDP	30,000	-	(30,000)	-	-
Heinrich Boll Stiftung *	-	37,074	(26,532)	(109)	10,433
KerK In Actie - ICCO	-	109,310	(53,750)	(905)	54,655
Norwegian Refugee Council (NRC)	14,500	-	-	-	14,500
The Sigrid Rausing Trust (SRT)	-	355,872	(120,859)	2,235	237,248
United Nations Office for Project Services - UNOPS	106,250	(21,250)	(85,000)	-	-
Oxfam Novib	-	43,641	(43,373)	(268)	-
	<u>888,973</u>	<u>836,007</u>	<u>(1,084,315)</u>	<u>(5,226)</u>	<u>635,439</u>
Unrestricted contributions					
Foundation Open Society Institute	25,000	-	(25,000)	-	-
Arab League	15,000	-	(15,000)	-	-
Save the Children International	-	5,000	-	-	5,000
Others	-	12,325	(4,367)	-	7,958
	<u>40,000</u>	<u>17,325</u>	<u>(44,367)</u>	<u>-</u>	<u>12,958</u>
	<u>928,973</u>	<u>853,332</u>	<u>(1,128,682)</u>	<u>(5,226)</u>	<u>648,397</u>

5. Other Current Assets

This item represents the following:

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Employees' loans receivable *	75,528	80,481
Prepaid expenses	11,750	9,750
Others	3,206	695
	<u>90,484</u>	<u>90,926</u>

* Movement on employees' loans receivable during the year is as follows:

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Balance, beginning of the year	157,859	130,911
Loans granted during the year	176,400	132,450
Loans repaid during the year	(119,861)	(105,502)
Balance, end of year	214,398	157,859
Due within a year	<u>(75,528)</u>	<u>(80,481)</u>
Due after one year	<u>138,870</u>	<u>77,378</u>

Al Mezan provides loans to its permanent employees from the cash available for employees' end of service benefits. Each permanent employee who is in service for more than two years can apply and receive a non-interest-bearing loan for an amount not exceeding 75% of his/her respective end of service benefit amount with a repayment period not exceeding 36 months. Employees repay the loan by installments deducted from their salaries with a maximum amount of installment of 33% of the employee's salary.

6. Cash and Cash Equivalents

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Cash on hand	-	68
Cash at banks	455,005	337,158
Cash at bank designated for provision for employees' benefits	607,952	554,193
	<u>1,062,957</u>	<u>891,419</u>

7. Deferred Revenues

This item represents property and equipment acquired out of the temporarily restricted contributions. The movement on deferred revenues during the year was as follows:

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Balance, beginning of the year	36,509	33,848
Addition (note 9)	27,168	15,402
Deferred revenues recognized	(15,501)	(12,741)
Balance, end of year	<u>48,176</u>	<u>36,509</u>

8. Provision for Employees' Benefits

Movement on this account during the year was as follows:

	<u>Employees' indemnity</u>	<u>Saving fund</u>	<u>Total</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
December 31, 2015			
Balance, beginning of the year	333,634	434,187	767,821
Additions during the year	44,342	62,990	107,332
Payments	(7,544)	-	(7,544)
Balance, end of year	<u>370,432</u>	<u>497,177</u>	<u>867,609</u>
	<u>Employees'</u>	<u>Saving</u>	<u>Total</u>
	<u>indemnity</u>	<u>fund</u>	<u>U.S. \$</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
December 31, 2014			
Balance, beginning of the year	281,579	389,903	671,482
Additions during the year	58,223	64,362	122,585
Payments	(6,168)	(20,078)	(26,246)
Balance, end of year	<u>333,634</u>	<u>434,187</u>	<u>767,821</u>

Employees' end of service indemnity is calculated in accordance with the labor law prevailing in Palestine, and Al Mezan internal policies, based on one-month indemnity for each year of employment.

Contributions to employees' saving fund are made based on the employees' basic salary. The monthly contribution by the employee and Al Mezan is set at 7% and 14% of the basic salary, respectively.

Al Mezan maintains a separate special bank account to maintain employees' indemnity and the saving fund.

9. Temporarily Restricted Contributions

This item comprises temporarily restricted contributions subject to purpose restriction. It represents the difference between the donation pledged and the expenditures made out to satisfy the purpose stipulated by the donor. Movement on temporarily restricted contributions during the year was as follows:

	Balance, beginning of the year	Additions - (written off)	Temporarily restricted contributions released from restriction	Released to unrestricted contribution	Deferred revenues (Note 7)	Currency differences	Balance, end of year
<u>2015</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Human Rights & IHL Secretariat	290,800	-	(146,582)	-	(2,218)	-	142,000
Representative Office of Norway to the Palestinian Authority	-	227,560	(75,808)	-	(1,758)	9,362	159,356
Foundation Open Society Institute	202,687	-	(181,646)	-	(750)	-	20,291
Medico International e.V. (Germany) **	6,826	29,025	(16,601)	(6,826)	(532)	(1,462)	10,430
Diakonia Regional Office for the Middle East	12,443	29,775	(37,062)	-	(5,176)	20	-
Save the Children - UK	2,404	-	-	-	-	-	2,404
Save the Children International **	-	30,000	(23,500)	(5,000)	(1,500)	-	-
Adalah: the Legal Center for Arab Minority Rights in Israel	126,788	-	(65,749)	-	-	(14,099)	46,940
Oxfam	-	-	-	-	-	-	-
United Nations Development Programme - UNDP	57,426	-	(54,966)	-	(2,460)	-	-
Heinrich Boll Stiftung *	-	37,074	(28,111)	-	(9,172)	209	-
KerK in Actie - ICCO **	10,524	109,310	(44,906)	(10,524)	(1,124)	(905)	62,375
Norwegian Refugee Council (NRC)	21,134	-	-	-	-	-	21,134
The Sigrid Rausing Trust (SRT)	28,825	355,872	(58,007)	-	(2,478)	2,235	326,447
United Nations Office for Project Services - UNOPS	191,035	(21,250)	(169,785)	-	-	-	-
Oxfam Novib	-	43,641	(38,941)	-	-	(268)	4,432
Trocaire	9,408	-	-	-	-	-	9,408
	<u>960,300</u>	<u>841,007</u>	<u>(941,664)</u>	<u>(22,350)</u>	<u>(27,168)</u>	<u>(4,908)</u>	<u>805,217</u>

* Addition to deferred revenues during the year include an amount of U.S. \$ 9,172 which represents the cost of donated computers and printers that are purchased and paid directly from Heinrich Boll Stiftung.

** During the year, Medico International e.V. (Germany), Save the Children International, and KerK in Actie - ICCO approve the reallocation of an amount of U.S. \$ 6,826, U.S. \$ 5,000, and U.S. \$ 10,524, respectively, of their grants to cover Al Mezan's deficit.

	Balance, beginning of the year	Additions - (written off)	Temporarily restricted contributions released from restriction	Deferred revenues (Note 7)	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2014						
Human Rights & IHL Secretariat	-	454,600	(163,067)	(733)	-	290,800
Representative Office of Norway to the Palestinian Authority	-	162,763	(154,325)	(917)	(7,521)	-
Foundation Open Society Institute	18,929	275,000	(91,242)	-	-	202,687
Medico International e.V. (Germany)	-	33,491	(24,835)	(589)	(1,241)	6,826
Diakonia Regional Office for the Middle East	3,557	44,864	(33,419)	(128)	(2,431)	12,443
Trocaire	9,408	-	-	-	-	9,408
Save the Children - UK	2,404	-	-	-	-	2,404
Save the Children International	4,414	78,114	(82,528)	-	-	-
Adalah: the Legal Center for Arab Minority Rights in Israel	269,692	(47,272)	(66,820)	(3,970)	(24,842)	126,788
Oxfam	68,693	(36,020)	(32,383)	-	(290)	-
United Nations Development Programme - UNDP	-	100,000	(39,166)	(3,408)	-	57,426
KerK in Actie - ICCO	103,425	-	(89,966)	(534)	(2,401)	10,524
Norwegian Refugee Council (NRC)	-	78,000	(56,866)	-	-	21,134
The Sigrid Rausing Trust (SRT)	12,124	82,393	(60,569)	(5,123)	-	28,825
United Nations Office for Project Services - UNOPS	-	212,500	(21,465)	-	-	191,035
West Asia - North Africa Forum	-	2,000	(2,000)	-	-	-
	<u>492,646</u>	<u>1,440,433</u>	<u>(918,651)</u>	<u>(15,402)</u>	<u>(38,726)</u>	<u>960,300</u>

10. Other Current Liabilities

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Accrued professional fees	11,226	51,721
Accrued payroll tax	165,579	150,124
Accrued expenses	69,952	95,713
Others	-	2,910
	<u>246,757</u>	<u>300,468</u>

11. Unrestricted Contributions

Donors' unrestricted contributions during the years 2015 and 2014 comprise the following:

	<u>2015</u>	<u>2014</u>
	U.S. \$	U.S. \$
Medico International e.V. (Germany) (note 9)	6,826	-
Save the Children International (note 9)	5,000	-
KerK in Actie - ICCO (note 9)	10,524	-
Foundation Open Society Institute	-	25,000
Arab League	-	15,000
Others	12,325	1,458
	<u>34,675</u>	<u>41,458</u>

12. Expenses

	2015			2014		
	Core programs	Non-core programs	Total	Core programs	Non-core programs	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries and related costs	333,745	170,863	504,608	288,338	270,643	558,981
Staff rewards	43,705	-	43,705	87,507	-	87,507
Health insurance	4,600	-	4,600	5,750	-	5,750
Photocopying and printing costs	10,719	35,457	46,176	2,615	25,722	28,337
Professional and legal fees	10,468	139,090	149,558	49,748	32,498	82,246
Monitoring and documentation	2,679	-	2,679	2,093	-	2,093
Transportation	9,231	4,363	13,594	7,266	16,448	23,714
Communication cost	13,780	3,790	17,570	11,910	6,313	18,223
Rent	19,567	4,167	23,734	18,393	4,502	22,895
Human rights prize	-	6,166	6,166	-	-	-
Utilities	2,579	12,388	14,967	5,264	8,677	13,941
Stationery	2,229	12,642	14,871	2,724	6,875	9,599
Hospitality	2,788	24,341	27,129	3,100	15,570	18,670
Car insurance	504	-	504	690	-	690
Maintenance	5,789	-	5,789	5,920	-	5,920
Training cost	32,396	3,413	35,809	1,175	15,574	16,749
Advocacy mission	-	5,384	5,384	-	6,145	6,145
Website and database	9,600	-	9,600	9,600	-	9,600
Information and Advocacy	6,161	-	6,161	3,852	-	3,852
Subscription and mails	1,045	-	1,045	575	-	575
Bank charges	1,257	-	1,257	1,787	-	1,787
Sundry	4,768	1,990	6,758	2,012	287	2,299
	<u>517,610</u>	<u>424,054</u>	<u>941,664</u>	<u>510,319</u>	<u>409,254</u>	<u>919,573</u>

13. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, contributions receivable, and some other current assets. Financial liabilities consist of some other current liabilities and temporarily restricted contributions.

The fair values of financial instruments are not materially different from their carrying values.

14. Related Party Transactions

Related parties represent directors and key management personnel of Al Mezan, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by Al Mezan's management.

The statement of activities includes the following related party transactions:

	<u>2015</u>	<u>2014</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>Compensation of key management personnel:</u>		
Salaries	<u>171,680</u>	<u>172,546</u>
Saving fund	<u>23,982</u>	<u>24,707</u>
End of service benefits	<u>16,597</u>	<u>17,507</u>
Staff rewards	<u>10,299</u>	<u>23,405</u>

15. Risk Management

Liquidity risk

Al Mezan limits its liquidity risk by maintaining adequate cash balances and funds from multiple donors to meet its current obligations and to finance its activities. Most of Al Mezan's financial liabilities are due within a year.

Foreign currency risk

The table below indicates Al Mezan's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the U.S. \$ currency rate against Israeli Shekels (ILS) with all other variables held constant, on the statement of activities. The effect of decrease in foreign currency exchange rates is expected to be equal and opposite to the effect of increase shown below:

	<u>Increase in ILS rate to U.S.\$ %</u>	<u>Effect on statement of activities U.S. \$</u>
<u>2015</u>	10	(3,194)
<u>2014</u>	10	(3,314)

16. Concentration of Risk in Geographic Area

Al Mezan is carrying out all of its activities in Palestine. The political and economic destabilization in the area increases the risk of carrying out activities and may adversely affect Al Mezan's performance.

**The following schedules do not form part of the audited
financial statements of
Al Mezan Center for Human Rights
for the year ended December 31, 2015**



Ernst & Young
P.O. Box 1373
7th Floor,
PADICO House Bldg.
Al-Masyoun
Ramallah-Palestine

Tel: +972 22421011
Fax: +972 22422324
www.ey.com



**To Members the General Assembly of
Al Mezan Center for Human Rights**

Our audit of the financial statements of Al Mezan Center for Human Rights (Al Mezan) for the year ended December 31, 2015, has been made primarily for the purpose of expressing an opinion on the financial statements taken as a whole. The schedules of functional expense, core and non-core programs expenses allocated to donors as set out in following pages 1 and 2, are presented for analysis purposes and are not considered necessary for presenting fairly, in all material respects, the financial statements of Al Mezan for the year ended December 31, 2015. Accordingly, we do not express any opinion thereon.

Ernst & Young - Middle East
License # 206/2012

The logo is a stylized, handwritten-style signature of 'Ernst + Young' in a blue color.

April 18, 2016
Gaza, Palestine



AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Core Programs Expenses Allocated by Donors For the Year Ended December 31, 2015

The following schedule shows a breakdown of core program expenses allocated to Al Mezan's donors for the year ended December 31, 2015:

	Core programs							Total
	Human Rights/IHL Secretariat	KerK in Actie - ICCO	Foundation Open Society Institute	Save the Children - International	Representative Office of Norway to the Palestinian Authority	The Sigrid Rausing Trust (SRT)	Medico International e.v. (Germany)	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
Salaries and relate costs	101,709	28,509	97,681	10,000	60,295	22,090	13,461	333,745
Staff rewards	11,662	7,317	21,262	-	1,763	1,701	-	43,705
Health insurance	625	408	1,498	-	933	926	210	4,600
Photocopying and printing costs	1,088	393	1,244	6,000	900	892	202	10,719
Professional and legal fees	2,631	650	4,388	1,500	488	476	335	10,468
Monitoring and documentation	593	214	787	-	490	486	109	2,679
Transportation	1,957	707	4,488	500	618	600	361	9,231
Communication cost	2,828	1,021	7,752	1,000	337	318	524	13,780
Rent	4,329	1,564	8,744	-	3,579	1,351	-	19,567
Utilities	349	126	464	1,000	289	286	65	2,579
Stationery	294	106	290	1,000	243	242	54	2,229
Hospitality	616	225	818	-	510	505	114	2,788
Car insurance	504	-	-	-	-	-	-	504
Maintenance	1,281	463	2,750	-	1,059	-	236	5,789
Training cost	11,090	1,388	12,266	2,500	3,068	2,084	-	32,396
Website and database	2,323	839	6,008	-	-	-	430	9,600
Information and Advocacy	1,363	492	3,926	-	127	-	253	6,161
Subscription and mails	231	84	307	-	191	190	42	1,045
Bank charges	53	20	1,082	-	46	46	10	1,257
Sundry	1,056	380	1,400	-	872	865	195	4,768
	<u>146,582</u>	<u>44,906</u>	<u>177,155</u>	<u>23,500</u>	<u>75,808</u>	<u>33,058</u>	<u>16,601</u>	<u>517,610</u>

AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Non-core Programs Expenses Allocated by Donors
For the Year Ended December 31, 2015

The following schedule shows a breakdown of non-core program expenses allocated to Al Mezan's donors for the year ended December 31, 2015:

	Non-Core programs								
	Foundation Open Society	Diakonia Regional Office for the Middle East	United Nations Office for Project Services - UNOPS	United Nations Development Programme - UNDP	Heinrich Boll Stiftung	The Sigrid Rausing Trust (SRT)	Oxfam Novib	Adalah: the Legal Center for Arab Minority Rights in Israel	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries and related costs	-	15,552	37,383	16,477	13,000	5,953	26,296	56,202	170,863
Photocopying and printing costs	2,565	8,226	-	7,348	6,854	5,409	3,965	1,090	35,457
Professional and legal fees	-	2,000	119,381	14,600	-	-	-	3,109	139,090
Transportation	-	222	1,612	350	105	400	1,105	569	4,363
Communication cost	-	524	1,143	746	-	34	1,343	-	3,790
Rent	-	-	-	-	2,500	1,667	-	-	4,167
Human rights prize	-	766	-	-	-	5,400	-	-	6,166
Utilities	-	427	7,766	431	1,997	-	1,767	-	12,388
Stationery	-	1,114	2,500	7,009	774	797	285	163	12,642
Hospitality	1,830	6,433	-	8,000	1,677	4,151	-	2,250	24,341
Training cost	-	1,750	-	-	-	1,138	-	525	3,413
Advocacy mission	-	-	-	-	1,204	-	4,180	-	5,384
Sundry	96	48	-	5	-	-	-	1,841	1,990
	<u>4,491</u>	<u>37,062</u>	<u>169,785</u>	<u>54,966</u>	<u>28,111</u>	<u>24,949</u>	<u>38,941</u>	<u>65,749</u>	<u>424,054</u>