

AI MEZAN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Independent Auditors' Report to 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, 2013, 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, 2013 and the results of its activities and cash flows for the year then ended in accordance with International Financial Reporting Standards.



EY

Building a better
working world

Emphasis of a matter

Without qualifying our opinion, as explained in note (16) to the accompanying financial statements, Al Mezan reported a deficit in net assets for the years 2013 and 2012 . Al Mezan's ability to continue its activities depends on obtaining sufficient funding to finance its activities.

Ernst & Young - Middle East

Ernst + Young

May 5, 2014
Gaza, Palestine

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Notes	<u>2013</u> U.S. \$	<u>2012</u> U.S. \$
<u>ASSETS</u>			
Non-current Assets			
Property and equipment	3	41,946	35,094
Employees' loans receivable	5	65,803	25,011
		<u>107,749</u>	<u>60,105</u>
Current Assets			
Contributions receivable	4	503,375	264,422
Other current assets	5	77,546	110,645
Cash and cash equivalents	6	666,400	558,007
		<u>1,247,321</u>	<u>933,074</u>
TOTAL ASSETS		<u><u>1,355,070</u></u>	<u><u>993,179</u></u>
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets			
Paid-in capital	1	5,000	5,000
Unrestricted net assets		(71,612)	(75,985)
Total Net Assets		<u>(66,612)</u>	<u>(70,985)</u>
Non-current Liabilities			
Deferred revenues	7	33,848	35,094
Provision for employees' benefits	8	671,482	570,687
		<u>705,330</u>	<u>605,781</u>
Current Liabilities			
Temporarily restricted contributions	9	492,646	257,354
Other current liabilities	10	223,706	201,029
		<u>716,352</u>	<u>458,383</u>
Total Liabilities		<u>1,421,682</u>	<u>1,064,164</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>1,355,070</u></u>	<u><u>993,179</u></u>

The attached notes 1 to 17 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF ACTIVITIES

Year ended December 31, 2013

	<u>Notes</u>	<u>2013</u> U.S. \$	<u>2012</u> U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	9	849,093	769,935
Deferred revenues recognized	7	16,557	22,328
Unrestricted contributions		4,908	-
Currencies exchange gain		1,935	-
Total revenues		<u>872,493</u>	<u>792,263</u>
Expenses			
Core programs	11	498,289	532,971
Non-core programs	11	353,274	278,072
Depreciation	3	16,557	22,328
Total expenses		<u>868,120</u>	<u>833,371</u>
Increase (decrease) in unrestricted net assets		<u>4,373</u>	<u>(41,108)</u>

The attached notes 1 to 17 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2013

	<u>Paid-in capital</u>	<u>Unrestricted net assets</u>	<u>Net assets</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>2013</u>			
Balance, beginning of the year	5,000	(75,985)	(70,985)
Increase in unrestricted net assets for the year	-	4,373	4,373
Balance, end of year	<u>5,000</u>	<u>(71,612)</u>	<u>(66,612)</u>
<u>2012</u>			
Balance, beginning of the year	5,000	(34,877)	(29,877)
Decrease in unrestricted net assets for the year	-	(41,108)	(41,108)
Balance, end of year	<u>5,000</u>	<u>(75,985)</u>	<u>(70,985)</u>

The attached notes 1 to 17 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CASH FLOWS

Year ended December 31, 2013

	Notes	2013 <u>U.S. \$</u>	2012 <u>U.S. \$</u>
<u>Operating activities</u>			
Increase (decrease) in unrestricted net assets		4,373	(41,108)
Adjustments:			
Depreciation		16,557	22,328
Deferred revenues recognized		(16,557)	(22,328)
Provision for employees' benefits		100,795	95,338
		<u>105,168</u>	<u>54,230</u>
Changes in working capital:			
Contributions receivable		(238,953)	(128,106)
Employee's loans receivable due after one year		(40,792)	44,315
Other current assets		33,099	(33,646)
Temporarily restricted contributions		250,603	44,676
Other current liabilities		22,677	(15,209)
Net cash flow from (used in) operating activities		<u>131,802</u>	<u>(33,740)</u>
<u>Investing activities</u>			
Purchase of property and equipment		(23,409)	(12,471)
Net cash used in investing activities		<u>(23,409)</u>	<u>(12,471)</u>
Increase (decrease) in cash and cash equivalents		108,393	(46,211)
Cash and cash equivalents, beginning of the year		<u>558,007</u>	<u>604,218</u>
Cash and cash equivalents, end of year	6	<u><u>666,400</u></u>	<u><u>558,007</u></u>

The attached notes 1 to 17 form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 under 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 May 5, 2014.

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 the historical cost convention.

2.2 Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year. Several standards have been issued and became mandatory as of January 1, 2013. Al-Mezan believes that the new standards will have no significant impact on disclosures, financial position or performance of Al-Mezan.

Furthermore, several standards and interpretations have been issued but are not yet mandatory. Al-Mezan believes that the new standards and interpretations will not have any significant impact on disclosures, financial position or performance when applied at a future date.

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. \$
2013						
Cost						
Balance, beginning of the year	49,802	98,211	86,747	118,137	19,200	372,097
Additions	1,152	15,929	2,057	4,271	-	23,409
Balance, end of year	<u>50,954</u>	<u>114,140</u>	<u>88,804</u>	<u>122,408</u>	<u>19,200</u>	<u>395,506</u>
Accumulated depreciation						
Balance, beginning of the year	40,569	94,954	80,760	101,521	19,199	337,003
Depreciation	2,300	2,251	4,073	7,933	-	16,557
Balance, end of year	<u>42,869</u>	<u>97,205</u>	<u>84,833</u>	<u>109,454</u>	<u>19,199</u>	<u>353,560</u>
Net book value						
At December 31, 2013	<u><u>8,085</u></u>	<u><u>16,935</u></u>	<u><u>3,971</u></u>	<u><u>12,954</u></u>	<u><u>1</u></u>	<u><u>41,946</u></u>
2012						
Cost						
Balance, beginning of the year	47,006	96,974	83,449	112,997	19,200	359,626
Additions	2,796	1,237	3,298	5,140	-	12,471
Balance, end of year	<u>49,802</u>	<u>98,211</u>	<u>86,747</u>	<u>118,137</u>	<u>19,200</u>	<u>372,097</u>
Accumulated Depreciation						
Balance, beginning of the year	37,716	89,863	76,880	91,017	19,199	314,675
Depreciation	2,853	5,091	3,880	10,504	-	22,328
Balance, end of year	<u>40,569</u>	<u>94,954</u>	<u>80,760</u>	<u>101,521</u>	<u>19,199</u>	<u>337,003</u>
Net book value						
At December 31, 2012	<u><u>9,233</u></u>	<u><u>3,257</u></u>	<u><u>5,987</u></u>	<u><u>16,616</u></u>	<u><u>1</u></u>	<u><u>35,094</u></u>

Property and equipment include U.S. \$ 332,584 and U.S. \$ 280,528 of fully depreciated assets that are still used in Al Mezan's activities as of December 31, 2013 and 2012, respectively.

4. Contributions Receivable

Contributions receivable comprise unconditional pledges to give as of December 31, 2013. Details are as follows:

	Balance, beginning of the year	Additions (written off)	Cash received	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2013					
NGO Development Center (NDC)	21,000	169,000	(156,200)	-	33,800
Representative Office of Norway to the Palestinian Authority	-	120,898	(117,846)	(3,052)	-
Foundation Open Society Institute	145,000	-	(145,000)	-	-
Medico International e.V. (Germany)	-	20,216	(19,634)	(582)	-
Diakonia Regional Office for the Middle East	3,557	42,857	(45,122)	2,265	3,557
Save the Children - UK	25,109	(1,587)	(19,022)	609	5,109
Save the Children International	-	61,526	(43,068)	-	18,458
Adalah: the Legal Center for Arab Minority Rights in Israel	-	277,095	-	-	277,095
Oxfam	39,954	54,502	(43,143)	1,968	53,281
CEC - Central Election	2,302	-	(2,302)	-	-
United Nations Development Programme - UNDP	27,500	-	(27,500)	-	-
Fredrich Ebert Foundation	-	13,239	(13,087)	(152)	-
KerK In Actie - ICCO	-	193,200	(96,374)	6,599	103,425
Norwegian Refugee Council (NRC)	-	17,300	(8,650)	-	8,650
The Sigrid Rausing Trust (SRT)	-	60,023	(60,023)	-	-
United Nations Office for Project Services - UNOPS	-	72,340	(72,340)	-	-
	<u>264,422</u>	<u>1,100,609</u>	<u>(869,311)</u>	<u>7,655</u>	<u>503,375</u>

5. Other Current Assets

This item represents the following:

	2013	2012
	U.S. \$	U.S. \$
Employees' loans receivable *	65,108	93,105
Prepaid expenses	11,743	17,247
Other	695	293
	<u>77,546</u>	<u>110,645</u>

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

	2013	2012
	U.S. \$	U.S. \$
Balance, beginning of the year	118,116	145,325
Loans granted during the year	105,900	48,790
Loans repaid during the year	(93,105)	(75,999)
Balance, end of year	<u>130,911</u>	<u>118,116</u>
Due within a year	<u>(65,108)</u>	<u>(93,105)</u>
Due after one year	<u>65,803</u>	<u>25,011</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

	2013	2012
	U.S. \$	U.S. \$
Cash at banks	164,235	140,821
Cash at bank designated for provision for employees' benefits	502,165	417,186
	<u>666,400</u>	<u>558,007</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:

	2013	2012
	U.S. \$	U.S. \$
Balance, beginning of the year	35,094	44,951
Addition (note 9)	15,311	12,471
Deferred revenues recognized	(16,557)	(22,328)
Balance, end of year	<u>33,848</u>	<u>35,094</u>

8. Provision for Employees' Benefits

Movement on this account during the year was as follows:

	<u>Employees' indemnity</u> U.S. \$	<u>Saving fund</u> U.S. \$	<u>Total</u> U.S. \$
December 31, 2013			
Balance, beginning of the year	242,344	328,343	570,687
Additions during the year	<u>39,235</u>	<u>61,560</u>	<u>100,795</u>
Balance, end of year	<u><u>281,579</u></u>	<u><u>389,903</u></u>	<u><u>671,482</u></u>
	<u>Employees'</u> <u>indemnity</u> U.S. \$	<u>Saving fund</u> U.S. \$	<u>Total</u> U.S. \$
December 31, 2012			
Balance, beginning of the year	211,569	263,780	475,349
Additions during the year	<u>30,775</u>	<u>64,563</u>	<u>95,338</u>
Balance, end of year	<u><u>242,344</u></u>	<u><u>328,343</u></u>	<u><u>570,687</u></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 for 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 - net of refund (written off)	Temporarily restricted contribution released from restriction	Deferred revenues (Note 7)	Currency differences	Balance, end of year
2013	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
NGO Development Center (NDC)	-	169,000	(169,000)	-	-	-
Representative Office of Norway to the Palestinian Authority	-	120,898	(117,846)	-	(3,052)	-
Foundation Open Society Institute	121,886	-	(102,957)	-	-	18,929
Medico International e.V. (Germany)	-	20,216	(12,659)	(6,975)	(582)	-
Diakonia Regional Office for the Middle East	3,557	42,857	(43,065)	(2,057)	2,265	3,557
Trocaire	9,408	-	-	-	-	9,408
Save the Children - UK	17,193	(1,587)	(12,809)	-	(393)	2,404
Save the Children International	-	61,526	(57,112)	-	-	4,414
Adalah: the Legal Center for Arab Minority Rights in Israel	-	277,095	(7,403)	-	-	269,692
Oxfam	50,930	54,502	(36,930)	(2,548)	2,739	68,693
United Nations Development Programme - UNDP	54,380	-	(54,380)	-	-	-
Fredrich Ebert Foundation	-	13,239	(13,087)	-	(152)	-
KerK In Actie - ICCO	-	193,200	(96,374)	-	6,599	103,425
Norwegian Refugee Council (NRC)	-	17,300	(17,300)	-	-	-
The Sigrid Rausing Trust (SRT)	-	60,023	(46,138)	(1,761)	-	12,124
United Nations Office for Project Services - UNOPS	-	64,003	(62,033)	(1,970)	-	-
	<u>257,354</u>	<u>1,092,272</u>	<u>(849,093)</u>	<u>(15,311)</u>	<u>7,424</u>	<u>492,646</u>

	Balance, beginning of the year	Additions (written off)	Temporarily restricted contribution released from restriction	Deferred revenues (Note 7)	Currency differences	Balance, end of year
<u>2012</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>
NGO Development Center (NDC)	-	210,000	(210,000)	-	-	-
Representative Office of Norway to the Palestinian Authority	-	121,853	(121,853)	-	-	-
Foundation Open Society Institute	-	280,000	(153,202)	(4,912)	-	121,886
Medico International e.V. (Germany)	-	12,709	(12,709)	-	-	-
Diakonia Regional Office for the Middle East	-	48,057	(42,227)	(1,500)	(773)	3,557
Trocaire	9,408	-	-	-	-	9,408
Save the Children - UK	-	25,330	(3,987)	(4,150)	-	17,193
Adalah: the Legal Center for Arab Minority Rights in Israel	74,381	(39,641)	(35,557)	-	817	-
Oxfam	-	80,194	(31,161)	(800)	2,697	50,930
British Council Teacher training Project	-	5,062	(5,062)	-	-	-
CEC - Central Election	-	9,112	(9,112)	-	-	-
United Nations Development Programme - UNDP	139,360	50,000	(133,871)	(1,109)	-	54,380
United Nations Educational, Scientific and Cultural Organization - UNESCO	2,000	(2,000)	-	-	-	-
Fredrich Ebert Foundation	-	11,194	(11,194)	-	-	-
	<u>225,149</u>	<u>811,870</u>	<u>(769,935)</u>	<u>(12,471)</u>	<u>2,741</u>	<u>257,354</u>

\

10. Other Current Liabilities

	<u>2013</u>	<u>2012</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Accrued professional fees	44,721	44,656
Accrued payroll tax	126,298	108,239
Accrued expenses	50,142	38,705
Other	2,545	9,429
	<u>223,706</u>	<u>201,029</u>

11. Expenses

	2013			2012		
	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	302,674	153,095	455,769	326,337	161,636	487,973
Staff rewards	56,029	-	56,029	38,388	-	38,388
Health insurance	5,566	-	5,566	5,307	-	5,307
Photocopying and printing costs	3,208	17,406	20,614	7,643	3,847	11,490
Professional fees	39,090	3,000	42,090	33,575	3,770	37,345
Legal fees	4,631	24,922	29,553	5,195	18,086	23,281
Monitoring and documentation	7,000	-	7,000	4,890	-	4,890
Transportation	7,803	6,878	14,681	5,441	3,248	8,689
Communication cost	14,267	5,296	19,563	15,235	3,322	18,557
Capacity building cost	-	760	760	32,792	2,211	35,003
Rent	15,434	12,842	28,276	19,986	7,059	27,045
Human rights prize	-	13,528	13,528	1,640	2,472	4,112
Advertisement	-	-	-	144	15,031	15,175
Utilities	4,550	764	5,314	4,282	155	4,437
Stationery	866	7,704	8,570	2,714	4,656	7,370
Hospitality	3,822	37,298	41,120	4,336	26,211	30,547
Car insurance	540	-	540	550	-	550
Maintenance	8,746	-	8,746	7,915	-	7,915
Translation	-	1,242	1,242	-	5,142	5,142
Training cost	7,182	54,147	61,329	1,071	17,960	19,031
Advocacy mission	-	14,104	14,104	-	-	-
Website and database	10,400	-	10,400	10,400	-	10,400
Information & Advocacy	3,258	-	3,258	-	-	-
Subscription and mails	846	-	846	1,149	-	1,149
Bank charges	518	-	518	782	-	782
Sundry	1,859	288	2,147	3,199	3,266	6,465
	<u>498,289</u>	<u>353,274</u>	<u>851,563</u>	<u>532,971</u>	<u>278,072</u>	<u>811,043</u>

12. 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.

13. 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:

	2013	2012
	U.S. \$	U.S. \$
Compensation of key management personnel:		
Salaries	163,988	168,695
Saving fund	23,137	23,448
End of service benefits	15,278	12,638
Staff rewards	19,660	16,967

14. 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 the EURO, Israeli Shekels (ILS), and other currencies 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 increases shown below:

	Increase in EURO rate to U.S.\$ %	Effect on statement of activities U.S. \$	Increase in ILS rate to U.S.\$ %	Effect on statement of activities U.S. \$
2013	+10	-	+10	(4,335)
2012	+10	2,102	+10	(1,355)

15. 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.

16. Financial Stability and Management Plans

Al Mezan reported a deficit in net assets for the year 2013 and 2012. Management believes that the deficit will be reduced and bypassed during the following years by increasing efforts in fundraising activities through seeking unrestricted donations.

17. Comparative Figures

The corresponding figures for 2012 have been reclassified in order to conform with the presentation for the current year. Such reclassifications do not affect previously reported net assets.

**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, 2013**



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



**To 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, 2013, 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, 2013. Accordingly, we do not express any opinion thereon.

Ernst & Young - Middle East

May 5, 2014
Gaza, Palestine



AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Core Programs Expenses Allocated by Donors
For the Year Ended December 31, 2013

The following schedule shows a breakdown of core program expenses allocated to Al Mezan's donors for the year ended December 31, 2013:

	Core programs							Total
	NGO	Foundation	KerK in Actie -	Medico	Nerwegian	Save the	Not allocated	
	Development Center (NDC)	Open Society Institute	ICCO	International e.v. (Germany)	Representative Office	Children - International		
U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	
Salaries and relate costs	82,849	39,241	64,716	8,416	79,136	26,860	1,456	302,674
Staff rewards	11,000	9,062	12,919	1,709	15,797	5,362	180	56,029
Health insurance	4,200	244	392	52	479	163	36	5,566
Photocopying and printing costs	3,208	-	-	-	-	-	-	3,208
Professional fees	9,920	5,243	8,594	1,106	10,509	3,568	150	39,090
Legal fees	4,631	-	-	-	-	-	-	4,631
Monitoring and documentation	3,800	571	918	120	1,123	381	87	7,000
Transportation	2,800	900	1,446	190	1,768	600	99	7,803
Communication cost	6,000	1,511	2,429	318	2,970	1,008	31	14,267
Rent	14,500	160	256	99	313	106	-	15,434
Utilities	2,400	384	617	81	754	256	58	4,550
Stationery	866	-	-	-	-	-	-	866
Hospitality	2,123	303	487	64	596	202	47	3,822
Car insurance	-	96	155	20	190	64	15	540
Maintenance	3,800	883	1,419	186	1,735	589	134	8,746
Training cost	7,182	-	-	-	-	-	-	7,182
Website and database	5,103	1,052	1,520	199	1,858	632	36	10,400
Information & Advocacy	3,000	46	75	17	90	30	-	3,258
Subscription and mails	218	112	180	24	220	75	17	846
Bank charges	300	24	38	5	47	16	88	518
Sundry	1,100	133	213	28	261	88	36	1,859
	<u>169,000</u>	<u>59,965</u>	<u>96,374</u>	<u>12,634</u>	<u>117,846</u>	<u>40,000</u>	<u>2,470</u>	<u>498,289</u>

AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Non-core Programs Expenses Allocated by Donors For the Year Ended December 31, 2013

The following schedule shows a breakdown of non-core program expenses allocated to Al Mezan's donors for the year ended December 31, 2013:

	Non-Core programs												
	Norwegian Refugee Council (NRC)	Foundation Open Society	Diakonia Regional Office for the Middle East	Save the Children - UK	Save the Children - International	United Nations Office for Project Services - UNOPS	Oxfam	United Nations Development Programme - UNDP	Fredrich Ebert Foundation	The Sigrid Rausing Trust (SRT)	Medico International	Adallah	Total
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$
Salaries and related costs	2,400	-	20,439	9,165	11,886	27,300	28,680	10,680	7,063	28,079	-	7,403	153,095
Photocopying and printing cost	8,905	243	3,268	-	86	3,500	-	507	772	125	-	-	17,406
Professional fees	-	-	3,000	-	-	-	-	-	-	-	-	-	3,000
Legal fees	5,595	-	-	-	-	19,327	-	-	-	-	-	-	24,922
Transportations	400	-	-	1,343	700	352	503	2,960	140	480	-	-	6,878
Communication cost	-	-	1,157	454	1,480	527	626	572	-	480	-	-	5,296
Capacity building cost	-	-	760	-	-	-	-	-	-	-	-	-	760
Rent	-	-	1,000	-	600	-	-	6,497	437	4,308	-	-	12,842
Human rights prize	-	-	2,500	-	-	-	-	8,000	-	3,028	-	-	13,528
Utilities	-	-	500	-	-	264	-	-	-	-	-	-	764
Stationery	-	-	1,876	1,847	675	480	127	1,486	53	1,160	-	-	7,704
Hospitality	-	-	6,339	-	1,685	-	-	17,661	4,622	6,991	-	-	37,298
Translation	-	-	-	-	-	1,242	-	-	-	-	-	-	1,242
Training cost	-	42,749	2,100	-	-	-	1,931	5,880	-	1,487	-	-	54,147
Advocacy mission	-	-	-	-	-	9,041	5,063	-	-	-	-	-	14,104
Sundry	-	-	126	-	-	-	-	137	-	-	25	-	288
	<u>17,300</u>	<u>42,992</u>	<u>43,065</u>	<u>12,809</u>	<u>17,112</u>	<u>62,033</u>	<u>36,930</u>	<u>54,380</u>	<u>13,087</u>	<u>46,138</u>	<u>25</u>	<u>7,403</u>	<u>353,274</u>