

AI MEZAN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Al Mezan Center for Human Rights (Al Mezan), which comprise the statement of financial position as at December 31, 2016, and the statement of activities, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Al Mezan as at December 31, 2016, and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Al Mezan in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Al Mezan'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 Al Mezan or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing Al Mezan's financial reporting process.

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 ISAs, we exercise professional judgment 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Al Mezan's 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 Al Mezan'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 disclosures 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 Al Mezan 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 the Board of Directors 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.

Ernst & Young - Middle East
License # 206/2012



Ramallah - Palestine-
May 15, 2017

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	<u>2016</u> U.S. \$	<u>2015</u> U.S. \$
<u>ASSETS</u>			
Non-current Assets			
Property and equipment - net	3	52,298	52,225
Employees' loans receivable	5	-	138,870
		<u>52,298</u>	<u>191,095</u>
Current Assets			
Contributions receivable	4	304,831	648,397
Other current assets	5	19,144	90,484
Cash and cash equivalents	6	547,339	1,062,957
		<u>871,314</u>	<u>1,801,838</u>
TOTAL ASSETS		<u><u>923,612</u></u>	<u><u>1,992,933</u></u>
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets			
Paid-in capital	1	5,000	5,000
Unrestricted net assets		20,957	20,174
Total Net Assets		<u>25,957</u>	<u>25,174</u>
Non-current Liabilities			
Deferred revenues	7	50,272	48,176
Provision for employees' benefits	8	155,040	867,609
		<u>205,312</u>	<u>915,785</u>
Current Liabilities			
Temporarily restricted contributions	9	415,565	805,217
Other current liabilities	10	276,778	246,757
		<u>692,343</u>	<u>1,051,974</u>
Total Liabilities		<u>897,655</u>	<u>1,967,759</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>923,612</u></u>	<u><u>1,992,933</u></u>

The attached notes 1 to 15 form part of these financial statements

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

	Notes	<u>2016</u> U.S. \$	<u>2015</u> U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	9	951,730	941,664
Deferred revenues recognized	7	12,824	15,501
Unrestricted contributions		-	34,675
Provision no longer required		<u>13,202</u>	<u>29,495</u>
Total revenues		<u>977,756</u>	<u>1,021,335</u>
Expenses			
Core programs	11	(685,316)	(517,610)
Non-core programs	11	(266,414)	(424,054)
Depreciation of property and equipment	3	(14,847)	(17,526)
Currency exchange differences		<u>(10,396)</u>	<u>(3,152)</u>
Total expenses		<u>(976,973)</u>	<u>(962,342)</u>
Increase in unrestricted net assets		<u>783</u>	<u>58,993</u>

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2016

	Paid-in capital	Unrestricted net assets	Total net assets
	U.S. \$	U.S. \$	U.S. \$
2016			
Balance, beginning of the year	5,000	20,174	25,174
Increase in unrestricted net assets for the year	-	783	783
Balance, end of year	<u>5,000</u>	<u>20,957</u>	<u>25,957</u>
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>

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF CASH FLOWS

Year ended December 31, 2016

	<u>Notes</u>	<u>2016</u> <u>U.S. \$</u>	<u>2015</u> <u>U.S. \$</u>
<u>Operating activities</u>			
Increase in unrestricted net assets		783	58,993
Adjustments:			
Depreciation of property and equipment		14,847	17,526
Deferred revenues recognized		(12,824)	(15,501)
Provision for employees' benefits		150,375	107,332
		<u>153,181</u>	<u>168,350</u>
Changes in working capital:			
Contributions receivable		343,566	280,576
Employee's loans receivable due after one year		-	(61,492)
Other current assets		32,373	442
Temporarily restricted contributions		(374,732)	(127,915)
Other current liabilities		30,021	(53,711)
Employees' benefits paid		(685,107)	(7,544)
Net cash flow (used in) from operating activities		<u>(500,698)</u>	<u>198,706</u>
<u>Investing activities</u>			
Purchase of property and equipment		(14,920)	(27,168)
Cash used in investing activities		<u>(14,920)</u>	<u>(27,168)</u>
(Decrease) increase in cash and cash equivalents		(515,618)	171,538
Cash and cash equivalents, beginning of the year		<u>1,062,957</u>	<u>891,419</u>
Cash and cash equivalents, end of year	6	<u>547,339</u>	<u>1,062,957</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 May 15, 2017.

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 on 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 IFRSs 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. 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 Al Mezan's accounting policies. Al 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, net of restricted cash balances, if any..

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.

Current versus non-current classification

AI Mezan presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

AI Mezan classifies all other liabilities as non-current.

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. \$
2016						
Cost						
Balance, beginning of the year	50,885	121,486	99,422	128,142	19,200	419,135
Additions	1,093	7,070	663	6,094	-	14,920
Disposal	-	(2,316)	-	-	-	(2,316)
Balance, end of year	51,978	126,240	100,085	134,236	19,200	431,739
Accumulated depreciation						
Balance, beginning of the year	44,308	105,750	90,917	106,736	19,199	366,910
Depreciation	1,419	7,132	3,380	2,916	-	14,847
Disposal	-	(2,316)	-	-	-	(2,316)
Balance, end of year	45,727	110,566	94,297	109,652	19,199	379,441
Net book value						
At December 31, 2016	6,251	15,674	5,788	24,584	1	52,298
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	50,885	121,486	99,422	128,142	19,200	419,135
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	44,308	105,750	90,917	106,736	19,199	366,910
Net book value						
At December 31, 2015	6,577	15,736	8,505	21,406	1	52,225

Property and equipment include U.S. \$ 368,379 and U.S. \$ 343,763 of fully depreciated assets that are still used in Al Mezan's activities as of December 31, 2016 and 2015, respectively.

4. Contributions Receivable

Contributions receivable comprise unconditional pledges to give as of December 31, 2016. 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. \$
2016					
<u>Restricted contributions</u>					
Human Rights & IHL Secretariat	157,000	80,000	(211,600)	-	25,400
Representative Office of Norway to the Palestinian Authority	113,780	-	(116,409)	2,629	-
Foundation Open Society Institute	-	300,000	(150,000)	-	150,000
Diakonia Regional Office for the Middle East	-	40,000	(38,922)	(1,078)	-
Save the Children - UK	5,109	(5,109)	-	-	-
Save the Children International	25,000	-	(25,000)	-	-
Adalah: the Legal Center for Arab Minority Rights in Israel	17,714	-	-	(767)	16,947
United Nations Development Programme - UNDP	-	150,000	(150,000)	-	-
Heinrich Boll Stiftung *	10,433	-	(10,583)	150	-
KerK In Actie - ICCO	54,655	-	(55,965)	1,310	-
Norwegian Refugee Council (NRC)	14,500	-	-	-	14,500
The Sigrid Rausing Trust (SRT)	237,248	-	(112,812)	(26,452)	97,984
American Friends Service Committee (Quakers)	-	5,000	(5,000)	-	-
Central Elections Commission (CEC)	-	19,074	(19,074)	-	-
	<u>635,439</u>	<u>588,965</u>	<u>(895,365)</u>	<u>(24,208)</u>	<u>304,831</u>
<u>Unrestricted contributions</u>					
Save the Children International	5,000	-	(5,000)	-	-
Others	7,958	-	(7,958)	-	-
	<u>12,958</u>	<u>-</u>	<u>(12,958)</u>	<u>-</u>	<u>-</u>
	<u>648,397</u>	<u>588,965</u>	<u>(908,323)</u>	<u>(24,208)</u>	<u>304,831</u>

5. Other Current Assets

This item represents the following:

	<u>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Employees' loans receivable *	-	75,528
Prepaid expenses	8,273	11,750
Others	10,871	3,206
	<u>19,144</u>	<u>90,484</u>

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

	<u>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance, beginning of the year	214,398	157,859
Loans granted during the year	-	176,400
Loans repaid during the year	<u>(214,398)</u>	<u>(119,861)</u>
Balance, end of year	-	214,398
Due within a year	-	<u>(75,528)</u>
Due after one year	-	<u>138,870</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.

During the year, employees' loans receivable balances were settled according to the Board of Directors decision made on April 26, 2016 (Note 8).

6. Cash and Cash Equivalents

	<u>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Cash at banks	483,344	455,005
Cash at bank designated for provision for employees' benefits	63,995	607,952
	<u>547,339</u>	<u>1,062,957</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>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance, beginning of the year	48,176	36,509
Addition (Note 9)	14,920	27,168
Deferred revenues recognized	<u>(12,824)</u>	<u>(15,501)</u>
Balance, end of year	<u>50,272</u>	<u>48,176</u>

8. Provision for Employees' Benefits

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.

Movement on during the year was as follows:

	Employees' indemnity	Saving fund	Total
	U.S. \$	U.S. \$	U.S. \$
December 31, 2016			
Balance, beginning of the year	370,432	497,177	867,609
Additions during the year	81,785	68,590	150,375
Payments *	(348,219)	(514,725)	(862,944)
Balance, end of year	<u>103,998</u>	<u>51,042</u>	<u>155,040</u>
	Employees' indemnity	Saving fund	Total
	U.S. \$	U.S. \$	U.S. \$
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>

Based on a decision made by the Board of Directors in their meeting held on April 26, 2016, Al Mezan's employees were allowed to cash in their respective saving funds and obtain a loan without maturities dates on their respective indemnity balances.

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	Deferred revenues (Note 7)	Currency differences	Balance, end of year
<u>2016</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	142,000	80,000	(140,706)	(1,294)	-	80,000
Representative Office of Norway to the Palestinian Authority	159,356	-	(160,508)	(1,477)	2,629	-
Foundation Open Society Institute	20,291	300,000	(146,111)	(749)	-	173,431
Medico International e.V. (Germany)	10,430	-	(10,335)	(95)	-	-
Diakonia Regional Office for the Middle East	-	40,000	(38,612)	(310)	(1,078)	-
Save the Children - UK	2,404	(2,404)	-	-	-	-
Adalah: the Legal Center for Arab Minority Rights in Israel	46,940	-	(55,859)	-	8,919	-
United Nations Development Programme - UNDP	-	150,000	(143,437)	(6,563)	-	-
KerK in Actie - ICCO	62,375	-	(60,603)	(582)	1,310	2,500
Norwegian Refugee Council (NRC)	21,134	-	-	-	-	21,134
The Sigrid Rausing Trust (SRT)	326,447	-	(167,053)	(3,850)	(26,452)	129,092
Oxfam Novib	4,432	-	(4,432)	-	-	-
Trocaire	9,408	-	-	-	-	9,408
American Friends Service Committee (Quakers)	-	5,000	(5,000)	-	-	-
Central Elections Commission (CEC)	-	19,074	(19,074)	-	-	-
	<u>805,217</u>	<u>591,670</u>	<u>(951,730)</u>	<u>(14,920)</u>	<u>(14,672)</u>	<u>415,565</u>

	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
2015	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
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
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>

* During the year 2015, 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.

10. Other Current Liabilities

	<u>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Accrued professional fees	15,226	11,226
Accrued payroll tax	185,417	165,579
Accrued expenses	<u>76,135</u>	<u>69,952</u>
	<u><u>276,778</u></u>	<u><u>246,757</u></u>

11. Expenses

	2016			2015		
	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	409,698	89,040	498,738	333,745	170,863	504,608
Staff rewards	87,913	-	87,913	43,705	-	43,705
Health insurance	4,379	-	4,379	4,600	-	4,600
Photocopying and printing costs	6,071	23,042	29,113	10,719	35,457	46,176
Professional fees	53,280	12,345	65,625	9,963	2,000	11,963
Legal fees	5,721	72,467	78,188	505	137,090	137,595
Monitoring and documentation	3,308	-	3,308	2,679	-	2,679
Transportation	10,792	1,586	12,378	9,231	4,363	13,594
Communication cost	13,689	1,815	15,504	13,780	3,790	17,570
Capacity building cost	520	-	520	-	-	-
Rent	18,750	4,404	23,154	19,567	4,167	23,734
Human rights prize	-	8,900	8,900	-	6,166	6,166
Utilities	4,554	501	5,055	2,579	12,388	14,967
Stationery	1,289	5,629	6,918	2,229	12,642	14,871
Hospitality	2,742	11,300	14,042	2,788	24,341	27,129
Car insurance	504	-	504	504	-	504
Maintenance	5,398	-	5,398	5,789	-	5,789
Training cost	25,233	28,117	53,350	32,396	3,413	35,809
Advocacy mission	-	6,008	6,008	-	5,384	5,384
Website and database	11,400	-	11,400	9,600	-	9,600
Information & advocacy	11,043	-	11,043	6,161	-	6,161
Subscription and mails	524	-	524	1,045	-	1,045
Bank charges	1,651	23	1,674	1,257	-	1,257
Sundry	6,857	1,237	8,094	4,768	1,990	6,758
	<u>685,316</u>	<u>266,414</u>	<u>951,730</u>	<u>517,610</u>	<u>424,054</u>	<u>941,664</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 temporarily restricted contributions and some other current liabilities.

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:

	2016	2015
	U.S. \$	U.S. \$
<u>Compensation of key management personnel:</u>		
Salaries	176,195	170,380
Saving fund	24,410	15,988
End of service benefits	41,838	16,597
Staff rewards	12,128	12,228

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 increase shown below:

	Increase in EURO rate to U.S.\$	Effect on statement of activities for the year	Increase in ILS rate to U.S.\$	Effect on statement of activities for the year	Increase in other currencies rate to U.S.\$	Effect on statement of activities for the year
	%	U.S. \$	%	U.S. \$	%	U.S. \$
<u>2016</u>	10	(2,119)	10	5,026	10	3,111
<u>2015</u>	10	(1,500)	10	3,239	10	13,477

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.