

AI MEZAN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014, 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, 2014 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 2014 and 2013. Al Mezan's ability to continue its activities depends on obtaining sufficient funding to finance its activities.

Ernst & Young - Middle East

License # 206/2012

Ernst + Young

April 26, 2015
Gaza, Palestine

EY

AL MEZAN CENTER FOR HUMAN RIGHTS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	Notes	<u>2014</u> U.S. \$	<u>2013</u> U.S. \$
<u>ASSETS</u>			
Non-current Assets			
Property and equipment	3	42,583	41,946
Employees' loans receivable	5	77,378	65,803
		<u>119,961</u>	<u>107,749</u>
Current Assets			
Contributions receivable	4	928,973	503,375
Other current assets	5	90,926	77,546
Cash and cash equivalents	6	891,419	666,400
		<u>1,911,318</u>	<u>1,247,321</u>
TOTAL ASSETS		<u><u>2,031,279</u></u>	<u><u>1,355,070</u></u>
<u>NET ASSETS AND LIABILITIES</u>			
Net Assets			
Paid-in capital	1	5,000	5,000
Unrestricted net assets		(38,819)	(71,612)
Total Net Assets		<u>(33,819)</u>	<u>(66,612)</u>
Non-current Liabilities			
Deferred revenues	7	36,509	33,848
Provision for employees' benefits	8	767,821	671,482
		<u>804,330</u>	<u>705,330</u>
Current Liabilities			
Temporarily restricted contributions	9	960,300	492,646
Other current liabilities	10	300,468	223,706
		<u>1,260,768</u>	<u>716,352</u>
Total Liabilities		<u>2,065,098</u>	<u>1,421,682</u>
TOTAL NET ASSETS AND LIABILITIES		<u><u>2,031,279</u></u>	<u><u>1,355,070</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, 2014

	<u>Notes</u>	<u>2014</u> <u>U.S. \$</u>	<u>2013</u> <u>U.S. \$</u>
Revenues			
Temporarily restricted contributions released from restriction	9	918,651	849,093
Deferred revenues recognized	7	12,741	16,557
Unrestricted contributions		41,458	4,908
Currencies exchange gain		-	1,935
Total revenues		<u>972,850</u>	<u>872,493</u>
Expenses			
Core programs	11	510,319	498,289
Non-core programs	11	409,254	353,274
Depreciation	3	14,765	16,557
Currency exchange loss		5,719	-
Total expenses		<u>940,057</u>	<u>868,120</u>
Increase in unrestricted net assets		<u>32,793</u>	<u>4,373</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, 2014

	<u>Paid-in capital</u> U.S. \$	<u>Unrestricted net assets</u> U.S. \$	<u>Net assets</u> U.S. \$
<u>2014</u>			
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>
<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>

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, 2014

	Notes	2014 U.S. \$	2013 U.S. \$
<u>Operating activities</u>			
Increase in unrestricted net assets		32,793	4,373
Adjustments:			
Depreciation		14,765	16,557
Deferred revenues recognized		(12,741)	(16,557)
Provision for employees' benefits		122,585	100,795
		<u>157,402</u>	<u>105,168</u>
Changes in working capital:			
Contributions receivable		(425,598)	(238,953)
Employee's loans receivable due after one year		(11,575)	(40,792)
Other current assets		(13,380)	33,099
Temporarily restricted contributions		483,056	250,603
Other current liabilities		76,762	22,677
Employees' benefits paid		(26,246)	-
Net cash flow from operating activities		<u>240,421</u>	<u>131,802</u>
<u>Investing activities</u>			
Purchase of property and equipment		(15,402)	(23,409)
Net cash used in investing activities		<u>(15,402)</u>	<u>(23,409)</u>
Increase in cash and cash equivalents		225,019	108,393
Cash and cash equivalents, beginning of the year		<u>666,400</u>	<u>558,007</u>
Cash and cash equivalents, end of year	6	<u>891,419</u>	<u>666,400</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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 26, 2015.

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. Several standards have been issued and became mandatory as of January 1, 2014. Al-Mezan believes that the new standards 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. \$
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>
2013						
Cost						
Balance, beginning of the year	49,802	98,211	86,747	118,137	19,200	372,097
Additions	352	16,729	2,057	4,271	-	23,409
Balance, end of year	<u>50,154</u>	<u>114,940</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>7,285</u>	<u>17,735</u>	<u>3,971</u>	<u>12,954</u>	<u>1</u>	<u>41,946</u>

Property and equipment include U.S. \$ 326,076 and U.S. \$ 332,584 of fully depreciated assets that are still used in Al Mezan's activities as of December 31, 2014 and 2013, respectively.

4. Contributions Receivable

Contributions receivable comprise unconditional pledges to give as of December 31, 2014. Details of movement during the year 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. \$
2014					
<u>Restricted contributions</u>					
Human Rights & IHL Secretariat	-	454,600	(150,000)	-	304,600
NGO Development Center (NDC)	33,800	-	(33,800)	-	-
Representative Office of Norway to the Palestinian Authority	-	162,763	(155,242)	(7,521)	-
Foundation Open Society Institute	-	275,000	-	-	275,000
Medico International e.V. (Germany)	-	33,491	(32,250)	(1,241)	-
Diakonia Regional Office for the Middle East	3,557	44,864	(45,990)	(2,431)	-
Save the Children - UK	5,109	-	-	-	5,109
Save the Children International	18,458	78,114	(92,689)	(317)	3,566
Adalah: the Legal Center for Arab Minority Rights in Israel	277,095	(47,272)	(69,280)	(25,599)	134,944
Oxfam	53,281	(36,020)	-	(2,257)	15,004
United Nations Development Programme - UNDP	-	100,000	(70,000)	-	30,000
KerK In Actie - ICCO	103,425	-	(101,024)	(2,401)	-
Norwegian Refugee Council (NRC)	8,650	78,000	(72,150)	-	14,500
The Sigrid Rausing Trust (SRT)	-	82,393	(82,393)	-	-
United Nations Office for Project Services - UNOPS	-	212,500	(106,250)	-	106,250
West Asia - North Africa Forum	-	2,000	(2,000)	-	-
	<u>503,375</u>	<u>1,440,433</u>	<u>(1,013,068)</u>	<u>(41,767)</u>	<u>888,973</u>
<u>Unrestricted contributions</u>					
Foundation Open Society Institute	-	25,000	-	-	25,000
Arab League	-	15,000	-	-	15,000
Others	-	1,458	(1,458)	-	-
	<u>-</u>	<u>41,458</u>	<u>(1,458)</u>	<u>-</u>	<u>40,000</u>
	<u>503,375</u>	<u>1,481,891</u>	<u>(1,014,526)</u>	<u>(41,767)</u>	<u>928,973</u>

5. Other Current Assets

This item represents the following:

	<u>2014</u>	<u>2013</u>
	U.S. \$	U.S. \$
Employees' loans receivable *	80,481	65,108
Prepaid expenses	9,750	11,743
Other	695	695
	<u>90,926</u>	<u>77,546</u>

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

	<u>2014</u>	<u>2013</u>
	U.S. \$	U.S. \$
Balance, beginning of the year	130,911	118,116
Loans granted during the year	132,450	105,900
Loans repaid during the year	(105,502)	(93,105)
Balance, end of year	157,859	130,911
Due within a year	<u>(80,481)</u>	<u>(65,108)</u>
Due after one year	<u>77,378</u>	<u>65,803</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>2014</u>	<u>2013</u>
	U.S. \$	U.S. \$
Cash on hand	68	-
Cash at banks	337,158	164,235
Cash at bank designated for provision for employees' benefits	554,193	502,165
	<u>891,419</u>	<u>666,400</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>2014</u>	<u>2013</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance, beginning of the year	33,848	35,094
Addition (note 9)	15,402	15,311
Deferred revenues recognized	<u>(12,741)</u>	<u>(16,557)</u>
Balance, end of year	<u><u>36,509</u></u>	<u><u>33,848</u></u>

8. Provision for Employees' Benefits

Movement on this account during the year was as follows:

	<u>Employees'</u>	<u>Saving fund</u>	<u>Total</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>December 31, 2014</u>			
Balance, beginning of the year	281,579	389,903	671,482
Additions during the year	58,223	64,362	122,585
Payments	<u>(6,168)</u>	<u>(20,078)</u>	<u>(26,246)</u>
Balance, end of year	<u><u>333,634</u></u>	<u><u>434,187</u></u>	<u><u>767,821</u></u>
	<u>Employees'</u>	<u>Saving fund</u>	<u>Total</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>December 31, 2013</u>			
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>

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

	Balance, beginning of the year	Additions - (written off)	Temporarily restricted contributions 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>

10. Other Current Liabilities

	<u>2014</u>	<u>2013</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Accrued professional fees	51,721	44,721
Accrued payroll tax	150,124	126,298
Accrued expenses	95,713	50,142
Others	2,910	2,545
	<u>300,468</u>	<u>223,706</u>

11. Expenses

	2014			2013		
	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	288,338	270,643	558,981	302,674	153,095	455,769
Staff rewards	87,507	-	87,507	56,029	-	56,029
Health insurance	5,750	-	5,750	5,566	-	5,566
Photocopying and printing costs	2,615	25,722	28,337	3,208	17,406	20,614
Professional fees	37,440	3,000	40,440	39,090	3,000	42,090
Legal fees	12,308	29,498	41,806	4,631	24,922	29,553
Monitoring and documentation	2,093	-	2,093	7,000	-	7,000
Transportation	7,266	16,448	23,714	7,803	6,878	14,681
Communication cost	11,910	6,313	18,223	14,267	5,296	19,563
Capacity building cost	-	-	-	-	760	760
Rent	18,393	4,502	22,895	15,434	12,842	28,276
Human rights prize	-	-	-	-	13,528	13,528
Utilities	5,264	8,677	13,941	4,550	764	5,314
Stationery	2,724	6,875	9,599	866	7,704	8,570
Hospitality	3,100	15,570	18,670	3,822	37,298	41,120
Car insurance	690	-	690	540	-	540
Maintenance	5,920	-	5,920	8,746	-	8,746
Translation	-	-	-	-	1,242	1,242
Training cost	1,175	15,574	16,749	7,182	54,147	61,329
Advocacy mission	-	6,145	6,145	-	14,104	14,104
Website and database	9,600	-	9,600	10,400	-	10,400
Information & Advocacy	3,852	-	3,852	3,258	-	3,258
Subscription and mails	575	-	575	846	-	846
Bank charges	1,787	-	1,787	518	-	518
Sundry	2,012	287	2,299	1,859	288	2,147
	<u>510,319</u>	<u>409,254</u>	<u>919,573</u>	<u>498,289</u>	<u>353,274</u>	<u>851,563</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:

	<u>2014</u>	<u>2013</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Compensation of key management personnel:		
Salaries	<u>172,546</u>	<u>163,988</u>
Saving fund	<u>24,707</u>	<u>23,137</u>
End of service benefits	<u>17,507</u>	<u>15,278</u>
Staff rewards	<u>23,405</u>	<u>19,660</u>

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 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 increases shown below:

	<u>Increase in ILS rate to U.S.\$ %</u>	<u>Effect on statement of activities U.S. \$</u>
<u>2014</u>	+10	(3,314)
<u>2013</u>	+10	(4,335)

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 2014 and 2013. Management believes that the deficit will be reduced and bypassed during the following years by increasing efforts in fundraising activities through seeking unrestricted donations.



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

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



**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, 2014**





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, 2014, 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, 2014. Accordingly, we do not express any opinion thereon.

Ernst & Young - Middle East
License # 206/2012

April 26, 2015
Gaza, Palestine



AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Core Programs Expenses Allocated by Donors
For the Year Ended December 31, 2014

The following schedule shows a breakdown of core program expenses allocated to Al Mezan's donors for the year ended December 31, 2014:

	Core programs							Total U.S.\$
	Human Rights/IHL Secretariat	Foundation Open Society Institute	KerK in Actie - ICCO	Medico International e.v. (Germany)	Representative Office of Norway to the Palestinian Authority	Save the Children - International	Not allocated	
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	
Salaries and relate costs	76,676	34,673	53,268	14,865	93,286	15,570	-	288,338
Staff rewards	22,918	17,945	15,619	4,323	26,702	-	-	87,507
Health insurance	1,520	918	1,107	306	1,899	-	-	5,750
Photocopying and printing costs	596	360	434	120	745	360	-	2,615
Professional fees	4,938	9,808	6,055	1,379	9,260	6,000	-	37,440
Legal fees	3,253	2,156	2,370	429	4,100	-	-	12,308
Monitoring and documentation	553	335	403	111	691	-	-	2,093
Transportation	1,061	642	773	214	1,326	3,250	-	7,266
Communication cost	1,562	1,006	1,139	251	1,952	6,000	-	11,910
Rent	1,537	3,557	2,348	649	4,102	6,200	-	18,393
Utilities	995	601	725	200	1,243	1,500	-	5,264
Stationery	456	275	332	92	569	1,000	-	2,724
Hospitality	819	495	597	165	1,024	-	-	3,100
Car insurance	182	110	133	37	228	-	-	690
Maintenance	1,565	945	1,140	315	1,955	-	-	5,920
Training cost	311	188	226	62	388	-	-	1,175
Website and database	2,749	1,717	2,003	536	2,595	-	-	9,600
Information & Advocacy	1,018	615	742	205	1,272	-	-	3,852
Subscription and mails	152	92	111	31	189	-	-	575
Bank charges	158	95	115	455	197	120	647	1,787
Sundry	448	271	326	90	602	-	275	2,012
	<u>123,467</u>	<u>76,804</u>	<u>89,966</u>	<u>24,835</u>	<u>154,325</u>	<u>40,000</u>	<u>922</u>	<u>510,319</u>

AL MEZAN CENTER FOR HUMAN RIGHTS

Schedule of Functional Expenses, Non-core Programs Expenses Allocated by Donors For the Year Ended December 31, 2014

The following schedule shows a breakdown of non-core program expenses allocated to Al Mezan's donors for the year ended December 31, 2014:

	Non-Core programs										Total U.S.\$	
	Norwegian Refugee Council (NRC)	Foundati on Open Society	Diakonia Regional Office for the Middle East	Save the Children - International	United Nations Office for Project Services - UNOPS	Oxfam	United Nations Development Programme - UNDP	Human Rights & IHL Secretariat	The Sigrid Rausing Trust (SRT)	West Asia - North Africa Forum (WANA)		Adalah: the Legal Center for Arab Minority Rights in Israel
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$		U.S.\$
Salaries and relate costs	38,201	-	20,220	28,780	11,196	23,900	15,347	33,490	38,549	1,200	59,760	270,643
Photocopying and printing costs	-	3,333	7,945	2,187	-	-	4,950	-	6,070	-	1,237	25,722
Professional fees	-	-	3,000	-	-	-	-	-	-	-	-	3,000
Legal fees	-	-	-	-	8,000	2,340	16,000	-	-	-	3,158	29,498
Transportation	9,467	-	507	1,784	1,266	969	862	536	48	300	709	16,448
Communication cost	400	-	905	1,200	423	1,351	754	500	480	300	-	6,313
Rent	-	-	-	1,402	-	-	-	-	3,000	-	100	4,502
Utilities	2,994	-	790	-	124	-	769	4,000	-	-	-	8,677
Stationery	273	1,011	-	1,421	456	377	454	1,074	1,500	200	109	6,875
Hospitality	-	-	-	4,814	-	-	-	-	9,482	-	1,274	15,570
Training cost	-	9,480	-	875	-	3,446	-	-	1,440	-	333	15,574
Advocacy mission	5,531	614	-	-	-	-	-	-	-	-	-	6,145
Sundry	-	-	52	65	-	-	30	-	-	-	140	287
	<u>56,866</u>	<u>14,438</u>	<u>33,419</u>	<u>42,528</u>	<u>21,465</u>	<u>32,383</u>	<u>39,166</u>	<u>39,600</u>	<u>60,569</u>	<u>2,000</u>	<u>66,820</u>	<u>409,254</u>