

Dalia Association
Ramallah

**Financial Statements
And Independent Auditor's Report
For the Year Ended December 31, 2018**

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**To the Management of
Dalia Association
Ramallah**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Dalia Association** (hereinafter "**the Association**") which comprise the statement of financial position as of **Decemebr 31, 2018**, statement of activities, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Dalia Association** as of **December 31, 2018**, its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards as described in Note (2).

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 Statement section of our report. We are independent of **Dalia Association** in accordance with the ethical requirements that are relevant to our audit of the financial statement in areas under the jurisdiction of Palestinian Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards as described in Note (2), 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 the Association'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 the Association or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Association's financial reporting process.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also,

1. 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 the Association'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 the Association to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ramallah – Palestine
April 18, 2019



Deloitte & Touche (M.E.)
License Number (208)

Samir Sahhar
Partner
License Number 109/2001

Statement of Financial Position

(All amounts are in US Dollar)

	Note	December 31, 2018	December 31, 2017
Assets			
Current Assets			
Cash and Cash Equivalents	(3)	385,241	217,297
Contributions Receivable	(4)	1,323,551	201,477
Prepaid Expenses		6,024	2,458
Total Current Assets		1,714,816	421,232
Non-Current Assets			
Property, Plant and Equipment, Net	(5)	6,674	3,112
Total Non-Current Assets		6,674	3,112
Total Assets		1,721,490	424,344
Liabilities and Net Assets			
Current Liabilities			
Other Current Liabilities	(6)	7,934	75,494
Philanthropy Funds Liabilities	(7)	49,433	50,612
Total Current Liabilities		57,367	126,106
Non-Current Liabilities			
Accumulated Employees' Severance Pay Benefits	(8)	20,837	12,662
Total Non-Current Liabilities		20,837	12,662
Total Liabilities		78,204	138,768
Net Assets			
Unrestricted Net Assets		486,162	241,413
Temporarily Restricted Net Assets for Projects		1,157,124	44,163
Total Net Assets		1,643,286	285,576
Total Liabilities and Net Assets		1,721,490	424,344

The accompanying notes from (1) to (14) constitute an integral part of the financial statements.

Ms. Alia Nasser Eldin

Chairperson



Ms. Hekmat Bessiso

Treasurer



Statement of Activities

(All amounts are in US Dollar)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets			
Revenues, Donations and Net Assets Releases			
Revenues and Unrestricted Contributions	(9)	359,707	44,647
Net Assets Released from Temporary Restrictions	(AI)	106,627	168,715
Total Revenues , Donations and Net Assets Released from Temporary Restrictions		<u>466,334</u>	<u>217,463</u>
Expenditures			
Project Expenses	(11)	106,627	168,715
General and Administrative	(12)	99,953	37,128
Depreciation	(5)	1,421	2,235
Foreign Currency Exchange Differentials		7,065	(8,831)
Total Expenditures		<u>215,066</u>	<u>199,247</u>
Change in Unrestricted Net Assets from operations		<u>251,268</u>	<u>18,216</u>
Reclassification to Unrestricted Net Assets	(AII)	(6,519)	(440)
Change in Unrestricted Net Assets		<u>244,749</u>	<u>17,776</u>
Changes in Temporarily Restricted Net Assets			
Restricted Contributions Received	(AII)	1,213,069	63,178
Net Assets Released from Temporary Restrictions	(AI)	(106,627)	(168,715)
Reclassification from Temporarily Restricted Net Assets	(AII)	1,213,069	440
Changes in Temporarily Restricted Net Assets		<u>1,112,961</u>	<u>(105,097)</u>
Changes in Net Assets for the Year		<u>1,357,710</u>	<u>(87,321)</u>

The accompanying notes from (1) to (14) constitute an integral part of the financial statements.

Statement of Changes in Net Assets

(All amounts are in US Dollar)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
	Activities	Projects	
Net assets as of December 31, 2016	223,637	149,260	372,897
Increases during the year			
Contributions Received and Other Revenues	48,748	63,178	111,926
	48,748	63,178	111,926
Decreases during the year			
Expenditure	(199,247)	-	(199,247)
Released from restriction	168,715	(168,715)	-
Reclassification	(440)	440	-
	(30,972)	(168,275)	(199,247)
<i>Changes for the year</i>	17,776	(105,097)	(87,321)
Net assets as of December 31, 2017	241,413	44,163	285,576
Increases during the year			
Contributions Received and Other Revenues	359,707	1,213,069	1,572,776
	359,707	1,213,069	1,572,776
Decreases during the year			
Expenditure	(215,066)	-	(215,066)
Released from restriction	106,627	(106,627)	-
Reclassification	(6,519)	6,519	-
	(114,958)	(100,108)	(215,066)
<i>Changes for the year</i>	244,749	1,112,961	1,357,710
Net assets as of December 31, 2018	486,162	1,157,124	1,643,286

The accompanying notes from (1) to (14) constitute an integral part of the financial statements.

Statement of Cash Flows
 (All amounts are in US Dollar)

	<u>2018</u>	<u>2017</u>
Operating activities		
Changes in net assets for the year	1,357,710	(87,321)
<i>Adjustments to reconcile current year changes in net assets to net cash flows (used in) from operating activities:</i>		
Depreciation	1,421	2,235
Other Current Assets	(3,566)	(803)
Contributions Receivable	(1,122,074)	101,278
Philanthropy Funds Liabilities	(1,179)	14,456
Other Current Liabilities	(67,560)	26,895
Employees' Severance Pay Benefits	8,175	(1,066)
Net Cash Flows Provided by Operating Activities	<u>172,927</u>	<u>55,674</u>
Investing Activities		
Purchase of Property, Plant and Equipment	(4,983)	-
Net Cash Flows Used in Investing Activities	<u>(4,983)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	167,944	55,674
Cash and Cash Equivalents as at the Beginning of the Year	<u>217,297</u>	<u>161,623</u>
Cash and Cash Equivalents at the End of the Year	<u>385,241</u>	<u>217,297</u>

The accompanying notes from (1) to (14) constitute an integral part of the financial statements.

Notes to the Financial Statements
(All amounts are in US Dollar)

Note (1) - General

Dalia Association is a Palestinian community foundation that was founded by members of the Palestinian community from the West Bank including East Jerusalem, the Gaza Strip, Israel and the Diaspora. The Association's members are diverse in terms of religion, gender, age, and politics, yet united by their commitment to mobilizing, investing and distributing resources according to local Palestinian priorities using community-based decision-making.

The Association is legally registered as a non-for-profit organization in Belgium, as well as in the Palestinian Ministry of the Interior as a branch of a society/ organization under No. QR-0115-F.

Note (2) - Significant Accounting Policies

The financial statements are prepared in accordance with the significant accounting policies described below, and in accordance with the accrual basis of accounting using the historical cost principle. The accounting policies applied agree with those used in the previous years.

- **Temporarily restricted net assets** composed of the contributions and restricted flows whose use by the Association is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and released by actions of the Association pursuant to those donor-imposed stipulations.
- **Unrestricted net assets** composed of the contributions and other flows used by the Association which are generally not subject to donor- imposed restrictions.

Following are significant accounting policies being followed by the Association:

a. Cash and cash equivalents

For the purpose of preparing the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at banks.

b. 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.

c. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost and are depreciated using the straight-line method, with depreciation rates that are considered adequate to write-off the cost of the assets during their useful economic life.

Useful lives of the assets are as follows:

Office Furniture	8 years
Equipment and Computers	3-6 years

Property, plant and equipment that are reflected under releases from restrictions as stipulated under donor's funded projects are reclassified to fixed assets in the statement of changes in net assets and reflected in property, plant and equipment upon capitalization.

d. Accounts payable and accruals

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

e. Accumulated Employees' Severance Pay Benefits

Accumulated Employees' Severance Pay Benefits are accrued for and recorded in accordance with the provisions of the Palestinian Labor Law.

f. Donations and Contributions

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

Note (2) - Significant Accounting Policies (continued)

g. Expenses recognition

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

h. Foreign currencies

The financial statements are stated in US Dollars at nominal values. No adjustments have been made therein to reflect the changes of the purchasing power of the reporting currency. Transactions carried in other currencies that affect the Statement of Activities revenue and expense accounts, are translated to US Dollars using the official exchange rate prevailing at the date of the transaction. Balances carried in other currencies that affect the Statement of Financial Position accounts are translated to US Dollars according to the official exchange rate prevailing at the end of the year.

The exchange rates at the end of the year are as follows:

	December 31, 2018	December 31, 2017
Israeli Shekel (NIS)	0.266	0.288
Jordianian Dinar (JOD)	1.407	1.407
Euro	1.144	1.197

Note (3) – Cash and cash equivalents

Cash and cash equivalents consist of:

	December 31, 2018	December 31, 2017
Cash on Hand	483	109
Cash at Banks *	384,758	217,188
	385,241	217,297

* Cash at banks includes USD 20,887 and 12,662 as at December 31, 2018 and December 31, 2017, respectively as restricted balances in respect of employees' end-of-service benefits. In addition, Cash at banks includes restricted balances for temporary restricted projects.

Note (4) – Contributions Receivable

Contributions receivable consist of:

	December 31, 2018	December 31, 2017
Drosos Foundation	829,500	-
Center for Arab American Philanthropy - CAAP	451,551	190,696
Global Fund for Women - GFW	25,000	-
Global Women's Rights - MADRE	17,500	-
European Endowment for Democracy - EED	-	10,781
	1,323,551	201,477

Notes to the Financial Statements (continued)
 (All amounts are in US Dollar)

Note (5) – Property, Plant and Equipment, Net
Property, plant and equipment, net consist of:

	Office Furniture	Equipment and Computers	Total 2018	Total 2017
Historical Cost				
Beginning balance	3,962	18,819	22,781	22,781
Additions during the year	165	4,818	4,983	-
	4,127	23,637	27,764	22,781
Depreciation				
Beginning balance	2,908	16,761	19,669	17,434
Depreciation for the year	234	1,187	1,421	2,235
	3,142	17,948	21,090	19,669
Net Book Value December 31, 2018	986	5,689	6,674	
Net Book Value December 31, 2017	1,054	2,058		3,112

Note (6) –Other Current Liabilities
Other current liabilities consist of:

	December 31, 2018	December 31, 2017
Outstanding Checks	5,836	4,899
Accrued Audit Fees	2,000	1,740
Income Tax Withholdings Payable	98	87
Aid Watch Palestine	-	47,623
Accrued Rent Expense	-	11,200
Cordaid	-	9,945
	7,934	75,494

Note (7) –Philanthropy Fund Liabilities
Philanthropy fund liabilities consist of:

	December 31, 2018	December 31, 2017
Jenin Fund	10,800	9,349
Salfeet Fund	10,423	9,223
Taqu' Fund	6,070	6,545
Tulkarem Fund	4,903	6,094
Village Funds (Al-Zawiyeh, Gaza and Burqa)	3,614	4,703
Educational Fund	3,350	3,540
Ramallah Fund	3,085	3,202
Qalqilya Fund	3,002	3,000
Jericho Fund	1,956	2,000
Jerusalem Fund	1,330	1,956
Volunteer Fund	900	1,000
	49,433	50,612

Notes to the Financial Statements (continued)
 (All amounts are in US Dollar)

Note (8) - Employees' Accumulated End-of-Service Benefits

Employees' accumulated end-of-service benefits consist of:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Beginning balance	12,662	13,728
Severance Benefits Accrued for the Year	9,122	8,376
Severance Benefits Paid During the Year	(947)	(9,442)
Ending Balance	20,837	12,662

Note (9) - Revenues and Unrestricted Contributions

Revenues and unrestricted contributions consist of:

	<u>2018</u>	<u>2017</u>
CAAP Fund Donations	325,085	32,152
Individual Donations	16,962	1,882
Other Donations	15,835	4,101
Fiscal Sponsorship Fees	1,500	10,223
General Assembly Membership Fees	325	390
	359,707	48,748

Note (10) - Project Expenses

Project expenses consist of:

	<u>2018</u>	<u>2017</u>
Salaries and Related Benefits	56,590	92,700
Workshops and Events	14,993	3,580
Office Rent	9,508	4,000
Grant and Funds	8,800	30,580
Professional Fees	7,774	14,558
"Dukkan" Expenses	2,439	1,661
Travel and Transportation	1,559	9,275
Information and Publications	1,382	1,907
Others	1,298	3,628
Communication Expense	1,208	2,631
Utilities and Cleaning	1,076	2,251
Insurance	-	1,944
	106,627	168,715

Note (11)- General and Administrative Expenses

General and administrative expenses consist of:

	<u>2018</u>	<u>2017</u>
Salaries and Related Benefits	61,174	17,586
Grant and Funds	8,944	9,303
Office Rent	8,292	5,600
Others	7,142	1,338
Information and Publications	6,226	1,792
Insurance	3,052	-
Professional Fees	2,000	-
Utilities and Cleaning	1,484	1,062
Communication Expense	1,462	-
Travel and Transportation	177	144
Bad Debt Expense	-	303
	99,953	37,128

Notes to the Financial Statements (continued)
(All amounts in US Dollar)

Note (13) – Risk Management

a. Liquidity risk:

Dalia Association limits its liquidity risk by maintaining adequate cash balances to meet its current obligations and to finance its operating activities. In addition, the activities of Dalia Association are financed by multiple donors. Most of the Association's financial liabilities are due within a period of three months.

b. Currency risk:

The Association is subject to fluctuations in foreign exchange rates in the normal course of its business. The Association did not undertake significant transactions in currencies other than US Dollars and New Israeli Shekels during the year.

c. Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. Dalia Association is subject to fluctuations in interest rates on its interest bearing liabilities, including bank overdrafts and term loans (if any).

d. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Association seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, and by monitoring outstanding receivables. At the statement of financial position date, no significant concentrations of credit risk were identified by management.

e. Other risk factors

Dalia Association is located in Ramallah, Palestine and operates in a high risk political and economic area, which may increase the operational risk of the Association and consequently impact the Association's operation in a negative manner.

Note (14) – Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length basis. The Association financial assets consists of cash and bank balances, receivables and inventory, its financial liabilities consists of accounts payable, unearned revenue, bank overdraft and other liabilities.

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

Note (15) – Comparative Figures

Certain prior year figures have been reclassified to conform to the presentation of the current year.

- *The foregoing notes Notes to Financial Statements constitute an integral part of these statements.*

Appendix I – Net Assets Released from Temporary Restrictions

(All amounts are in US Dollar)

	EED	MECA	CCFD	Lush	TNF	EF	HBS	DROSOS	GFW	GFCF	MADRE	Total 2018	Total 2017
Salaries and Related Benefits	8,289	2,717	-	6,156	-	-	-	14,353	2,890	13,556	8,629	56,590	92,700
Workshops and Events	-	798	845	7,568	561	-	4,367	-	-	854	-	14,993	3,580
Office Rent	-	-	3,200	-	-	-	-	2,308	2,400	-	1,600	9,508	4,000
Grant and Funds	-	2,600	-	-	-	6,200	-	-	-	-	-	8,800	30,580
Professional Fees	2,000	4,400	700	-	-	-	-	674	-	-	-	7,774	14,558
"Dukkan" expenses	-	14	-	-	-	-	-	113	-	2,242	70	2,439	1,661
Travel and Transportation	518	259	297	110	-	-	88	106	-	29	152	1,559	9,275
Information and Publications	-	-	-	-	69	-	-	-	-	1,257	56	1,382	1,907
Others	-	247	444	-	249	12	55	-	-	162	129	1,298	3,628
Communication Expense	617	-	-	447	27	-	-	117	-	-	-	1,208	2,631
Utilities and Cleaning	-	313	70	-	-	-	-	-	-	385	308	1,076	2,251
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	1,944
	11,424	11,348	5,556	14,281	906	6,212	4,510	17,671	5,290	18,485	10,944	106,627	168,715

EED European Endowment for Democracy
MECA Middle East Children's Alliance
CCFD Comité catholique contre la faim et pour le développement-Terre Solidaire
Lush The Sustainable Lush Fund
TNF The Funding Network
EF Educational Fund

HBS Heinrich Böll Stiftung Palestine & Jordan
DROSOS Drosos Foundation
GFW Global Fund for Women
GFCF Global Fund for Community Foundation
MADRE Global Women's Rights - MADRE

Appendix II (A) – Temporarily Restricted Contributions 2018

(All amounts are in US Dollar)

Donor	Balance at January 01, 2018	Restricted Contribution Received 2018	Available Funds	Releases from Restriction	Reclassification from General Fund	Balance at December 31, 2018
DROSS	-	977,500	977,500	(17,671)	-	959,829
MADRE	-	90,018	90,018	(10,944)	-	79,074
GFW	2,537	50,000	52,537	(5,290)	-	47,247
GFCF	18,326	30,000	48,326	(18,485)	-	29,841
Lush	-	38,218	38,218	(14,281)	-	23,937
MECA	11,315	16,000	27,315	(11,348)	-	15,967
CCFD	5,989	-	5,989	(5,556)	796	1,229
EED	5,996	-	5,996	(11,424)	5,428	-
TNF	-	963	963	(906)	(57)	-
EF	-	5,838	5,838	(6,212)	374	-
HBS	-	4,532	4,532	(4,510)	(22)	-
	44,163	1,213,069	1,257,232	(106,627)	6,519	1,157,124

EED European Endowment for Democracy
MECA Middle East Children’s Alliance
CCFD Comité catholique contre la faim et pour le développement-Terre Solidaire
Lush The Sustainable Lush Fund
TNF The Funding Network
EF Educational Fund

HBS Heinrich Böll Stiftung Palestine & Jordan
DROSOS Drosos Foundation
GFW Global Fund for Women
GFCF Global Fund for Community Foundation
MADRE Global Women’s Rights - MADRE

Appendix II (B) – Temporarily Restricted Contributions 2017

(All amounts are in US Dollar)

Donor	Balance at January 01, 2017	Additions in 2017	Reclassification between funds	Restricted Contribution Received 2017	Releases from restriction	Unspent funds	Reclassification from general fund	Balance at December 31, 2017
GFCF	11,440	20,000	-	20,000	(13,114)	18,326	-	18,326
PSDF	54,783	-	(6,000)	(6,000)	(48,783)	-	-	-
GIZ	44,741	-	-	-	(45,181)	(440)	440	-
CCFD	-	5,989	-	5,989	-	5,989	-	5,989
EED	15,879	26,466	-	26,466	(36,349)	5,996	-	5,996
MECA	2,670	16,723	-	16,723	(8,078)	11,315	-	11,315
GFW	19,748	-	-	-	(17,211)	2,537	-	2,537
	149,260	69,178	(6,000)	63,178	(168,715)	43,723	440	44,163

GFCF Global Fund for Community Foundation
PSDF Palestine for Development Foundation
GIZ The Deutsche Gesellschaft für Internationale Zusammenarbeit
CCFD Comité catholique contre la faim et pour le développement-Terre Solidaire

EED European Endowment for Democracy
MECA Middle East Children’s Alliance
GFW Global Fund for Women