

DALIA ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

## INDEPENDENT AUDITOR'S REPORT

To the Members of the General Assembly of Dalia Association

### Opinion

We have audited the financial statements of Dalia Association (the Association), which comprise the statement of financial position as at December 31, 2023, and the statement of activities and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note (2).

### Basis for Opinion

We conducted our audit in accordance with the 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 the Association in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

We draw attention to note (2) to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the management of the Association to meet the requirement of the Palestinian Ministry of Interior. As a result, the financial statements may not be suitable for another purposes. Our opinion is not modified with respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in note (2), this includes determining that such a basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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 Board of Directors is responsible for overseeing the Association's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

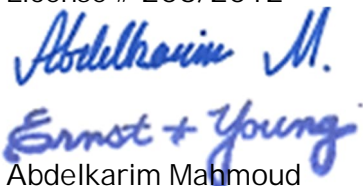
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee 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 the Association'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 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.

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.

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Ramallah – Palestine  
August 14, 2024

DALIA ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	2023 U.S. \$	2022 U.S. \$
<u>ASSETS</u>			
Non-current assets			
Property and equipment	3	37,172	51,268
		<u>37,172</u>	<u>51,268</u>
Current assets			
Contributions receivable	4	133,000	352,834
Due from the Center for Arab American Philanthropy (CAAP)	5	1,036,125	648,194
Other current assets		26,825	20,534
Cash and balances at banks	6	1,030,790	857,327
		<u>2,226,740</u>	<u>1,878,889</u>
TOTAL ASSETS		<u>2,263,912</u>	<u>1,930,157</u>
<u>NET ASSETS AND LIABILITIES</u>			
Net assets			
Unrestricted net assets		496,756	430,334
Total net assets		<u>496,756</u>	<u>430,334</u>
Non-current liabilities			
Deferred revenues	7	1,073,297	699,462
Employees' end of service benefits provision	8	27,511	20,355
		<u>1,100,808</u>	<u>719,817</u>
Current liabilities			
Other current liabilities	9	155,269	98,408
Temporarily restricted contributions	10	511,079	681,598
		<u>666,348</u>	<u>780,006</u>
Total Liabilities		<u>1,767,156</u>	<u>1,499,823</u>
TOTAL NET ASSETS AND LIABILITIES		<u>2,263,912</u>	<u>1,930,157</u>

The accompanying notes from 1 to 19 form part of these financial statements

DALIA ASSOCIATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2023

	<u>Notes</u>	<u>2023</u> U.S. \$	<u>2022</u> U.S. \$
<u>Revenues</u>			
Temporarily restricted contributions released from restriction	10	552,110	478,614
Deferred revenues recognized	7	13,980	14,892
Unrestricted revenues	11	19,128	25,206
Other revenues	12	30,289	15,763
Currency variance gains (losses)		<u>37,803</u>	<u>(8,103)</u>
Total revenues		<u>653,310</u>	<u>526,372</u>
<u>Expenses</u>			
Programs expenses	13	(552,110)	(478,614)
General and administrative expenses	13	(20,798)	(9,955)
Depreciation of property and equipment	3	<u>(13,980)</u>	<u>(14,892)</u>
Total expenses		<u>(586,888)</u>	<u>(503,461)</u>
Increase in net assets		66,422	22,911
Net assets, beginning of the year		<u>430,334</u>	<u>407,423</u>
Net assets, end of year		<u><u>496,756</u></u>	<u><u>430,334</u></u>

The accompanying notes from 1 to 19 form part of these financial statements

DALIA ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Note	2023 U.S. \$	2022 U.S. \$
<u>Operating activities</u>			
Increase in net assets		66,422	22,911
Adjustments:			
Depreciation of property and equipment		13,980	14,892
Employees' end of service benefits provision		14,156	14,702
Interest income		(9,962)	(7,779)
Deferred revenues recognized		(13,980)	(14,892)
Non-cash items		(2,540)	(26,842)
		68,076	2,992
Changes in working capital:			
Contributions receivable		606,865	533,164
Other current assets		(6,291)	4,465
Temporarily restricted contributions		(552,110)	(478,614)
Other current liabilities		56,861	25,384
Employees' end of service benefits paid		(7,000)	(30,181)
Net cash from operating activities		166,401	57,210
<u>Investing activities</u>			
Purchase of property and equipment		(2,900)	(7,653)
Interest income received		9,962	7,779
Net cash from investing activities		7,062	126
Increase in cash and cash equivalents		173,463	57,336
Cash and cash equivalents, beginning of the year		501,435	444,099
Cash and cash equivalents, end of year	6	674,898	501,435

The accompanying notes from 1 to 19 form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. General

Dalia Association (the Association) was established in December 14, 2006, in Belgium as a not-for-profit organization. It was registered in Palestine on August 25, 2009, in Ramallah city as a branch of a foreign not-for-profit organization with the Palestinian Ministry of Interior under registration number (QR-0115-F), in accordance with Law number (1) of the year 2000 with regards charitable associations and community organizations.

The Association's work is summarized in mobilizing and utilizing all necessary local resources, whether material or non-material, to enable and create an independent, responsible civil society characterized by transparency and accountability. This comes from the belief in the right of the Palestinian people to control their resources in order to achieve social development. This is achieved through community-led grants to support creative and appropriate civil society initiatives, particularly those efforts made by local communities to utilize and benefit from their available resources.

The financial statements of the Association were approved by the Association's Board of Directors on August 14, 2024.

2. Accounting Policies

2.1 Basis of preparation

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

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

2.2 Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2022.

2.3 Estimates, and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, financial assets and liabilities, and disclosure of contingent liabilities at the reporting date. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future periods.

The key estimates and assumptions involved in the financial statements are as follows:

Useful lives of property and equipment

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

Allocation of expenses

Allocation of the Association's expenses to programs, general and administrative functions are based on the Association management's best estimate of allocation basis.

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 to 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.

### Donations through the Center for Arab American Philanthropy (CAAP)

Donations through the Center for Arab American Philanthropy (CAAP) are recorded under current assets when the cash is received by CAAP.

### Deferred revenues

- Donations and revenues related to property and equipment are stated at fair value, recorded as deferred revenues, and recognized as income on a systematic basis over the useful life of the property and equipment.
- Donations through the Center for Arab American Philanthropy (CAAP) are recorded as deferred revenues and recognized as income when the cash is transferred from CAAP to the association.

### General Assembly membership fees revenues

General Assembly membership fees revenues are recognized when cash is received.

### Rent revenues

Rent revenues are recognized when cash is received.

### Expenses recognition

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

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash, and cash equivalents consist of cash and balances at banks, and short-term deposits with an original maturity of three months or less.

### Contributions receivable

Contributions receivables are stated at the original amount of the unconditional pledge less amounts received net of expected credit loss.

### Current and non-current classification

The Association presents its assets and liabilities in a statement of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalents 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.

All other liabilities are classified as non-current.

#### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgment includes input factors and assumptions used in determining fair value such as liquidity risk, credit risk and other market volatility factors. Changes in assumptions may impact fair values of the financial assets presented in the financial statements.

#### Impairment of financial assets

For all debt instruments, the Association has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. To measure ECL, debit balances are classified based on their credit factors and maturities.

Financial assets that are measured at amortized cost are tested as to whether they are credit-impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties.

#### 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 and changes in net assets as incurred.

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

	Useful lives (Years)
Office equipment	3
Computers and software	5 - 6.67
Office Furniture	8.33

Any item of property and equipment and any significant part initially recognized are 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 and changes in net assets 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

The Association 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 the Association 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 currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are recognized in the statement of activities and changes in net assets.

### 3. Property and Equipment

	Office equipment	Computers and software	Office Furniture	Total
<u>2023</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>Cost:</u>				
Balance, beginning of the year	36,577	31,223	46,270	114,070
Additions	2,900	-	-	2,900
Impairment (note 19)	(1,066)	(2,000)	(1,253)	(4,319)
Balance, end of year	<u>38,411</u>	<u>29,223</u>	<u>45,017</u>	<u>112,651</u>
<u>Accumulated depreciation:</u>				
Balance, beginning of the year	28,227	17,417	17,158	62,802
Depreciation charge for the year	4,620	4,195	5,165	13,980
Impairment (note 19)	(354)	(799)	(150)	(1,303)
Balance, end of year	<u>32,493</u>	<u>20,813</u>	<u>22,173</u>	<u>75,479</u>
<u>Net book value as at</u>				
<u>December 31, 2023</u>	<u>5,918</u>	<u>8,410</u>	<u>22,844</u>	<u>37,172</u>
<u>Net book value as at</u>				
<u>December 31, 2022</u>	<u>8,350</u>	<u>13,806</u>	<u>29,112</u>	<u>51,268</u>

#### 4. Contributions Receivable

Contributions' receivables comprise unconditional pledges due from donors. Movement during the year was as follows:

	Balance, Beginning of the year	Additions during the year	Written off during the year	Received during the year	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<u>2023</u>					
Stichting WILD GANZEN	-	148,149	-	(148,149)	-
Global Fund for Community Foundations	-	15,000	-	(15,000)	-
Madre - Spain	-	72,375	-	(72,375)	-
Global Fund for Women	30,000	30,000	-	(60,000)	-
MAMA Cash	-	69,641	-	(69,641)	-
HEINRICJ BOLL STIFTUNG	2,834	-	(2,834)	-	-
Al Qattan Foundation	35,000	-	-	(35,000)	-
Drosos Foundation	285,000	-	-	(155,000)	130,000
The Charity Service	-	24,400	-	(24,400)	-
Palestinian Family Planning & Protection Association	-	6,000	-	(3,000)	3,000
Zero Waste Summer School	-	24,300	-	(24,300)	-
	<u>352,834</u>	<u>389,865</u>	<u>(2,834)</u>	<u>(606,865)</u>	<u>133,000</u>

5. Due from Center for Arab American Philanthropy (CAAP)

On December 11, 2015, Dalia Association entered into an agreement with the Center for Arab American Philanthropy (CAAP), a program of the Arab Community Center for Economic and Social Services (ACCESS). This agreement established the Dalia Association Palestinian Community Fund (the Fund) as a charitable fund aimed at supporting the philanthropic objectives of Dalia Association. The Fund is held and managed by CAAP.

Administrative expenses for the Fund are calculated based on a percentage of the cash donations and grants transferred via credit cards. Specifically, 2% of cash donations and 3% of grant amounts received through credit card transactions are allocated towards administrative expenses, in plus to commissions.

A summary of the movement during the year was as follow:

	<u>2023</u>	<u>2022</u>
	U.S. \$	U.S. \$
Balance, beginning of the year	648,194	605,982
Additions during the year	396,115	43,175
Account management fees	(8,184)	(963)
Balance, end of year	<u>1,036,125</u>	<u>648,194</u>

6. Cash and Balances at Banks

	<u>2023</u>	<u>2022</u>
	U.S. \$	U.S. \$
Cash on hand	328	18
Current accounts at banks	674,570	501,417
Bank balance designated for financing initiatives (note 9)	<u>55,892</u>	<u>55,892</u>
	730,790	557,327
Time deposit *	<u>300,000</u>	<u>300,000</u>
	<u>1,030,790</u>	<u>857,327</u>

\* Time deposits represent deposits in U.S. \$ at a local bank with an original maturity of more than three months after the date of financial statements. The average interest rate on these deposits was 3.25 % for the years ended December 31, 2023, and 2022, respectively.

For the purpose of the statement of cash flows, cash, and cash equivalents comprise the following:

	<u>2023</u>	<u>2022</u>
	U.S. \$	U.S. \$
Cash and balances at banks	1,030,790	857,327
Less: Bank balance designated for financing initiatives	(55,892)	(55,892)
Term deposits at banks maturing with more than three months	<u>(300,000)</u>	<u>(300,000)</u>
Cash and cash equivalents	<u>674,898</u>	<u>501,435</u>

## 7. Deferred Revenues

This item represents deferred revenues related to property and equipment and donations through the Center for Arab American Philanthropy (CAAP). The movement on deferred revenues was as follows:

	Property and equipment (note 3)	Donations through CAAP (note 5)	Total
	U.S. \$	U.S. \$	U.S. \$
<b>2023</b>			
Balance, beginning of the year	51,268	648,194	699,462
Additions during the year	2,900	396,115	399,015
Account management fees	-	(8,184)	(8,184)
Impairment (note 19)	(3,016)	-	(3,016)
Deferred revenues recognized /transferred during the year	(13,980)	-	(13,980)
Balance, end of year	<u>37,172</u>	<u>1,036,125</u>	<u>1,073,297</u>
<b>2022</b>			
Balance, beginning of the year	58,507	605,982	664,489
Additions during the year	7,653	43,175	50,828
Account management fees	-	(963)	(963)
Deferred revenues recognized /transferred during the year	(14,892)	-	(14,892)
Balance, end of year	<u>51,268</u>	<u>648,194</u>	<u>699,462</u>

## 8. Employees' End of Service Benefits Provision

The movement on employees' end of service benefits provision was as follows:

	2023	2022
	U.S. \$	U.S. \$
Balance, beginning of the year	20,355	35,834
Additions during the year	14,156	14,702
Payments during the year	(7,000)	(30,181)
Balance, end of year	<u>27,511</u>	<u>20,355</u>

Employees' end of service benefits is calculated in accordance with the Labor Law prevailing in Palestine, and the Association's internal policies, based on one-month indemnity for each year of employment.

## 9. Other Current Liabilities

	2023	2022
	U.S. \$	U.S. \$
Grants designated for financing initiatives *	55,892	55,892
Rawa fund **	39,309	17,192
Accrued projects' expenses ***	28,500	-
Um Suliman fund ****	11,100	11,100
Accrued professional fees	8,166	4,391
Outstanding checks	6,632	3,297
Accrued income tax	3,851	5,256
Others	1,819	1,280
	<u>155,269</u>	<u>98,408</u>

\* This item represents the balances allocated to finance unconditional initiatives for the local community (note 6).

\*\* This amount represents the balance of the Creative Palestinian Community Fund (Rawa fund), as Dalia Association acts as an intermediary to receive payments from Rawa and transfer them to the creative initiatives which benefiting from Rawa fund, and the Association deducts 7% as administrative expenses.

\*\*\* This item includes EUR 25,815 which represents the Association's obligation to 19 initiatives in the Gaza Strip according to the agreements signed with these beneficiaries. None of these amounts were paid due to the current situation in the Gaza Strip.

\*\*\*\* During 2019, the Association signed an agreement with Um Suliman fund to finance Um Suliman Farm Project in the village of Bilain in Ramallah. According to the agreement, the Association manages the fund and receives a return of 5% of the donations.

## 10. 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 during the year	Written off during the year	Released from restriction	Deferred revenues (note 7)	Currency exchange differences	Balance, end of year
<u>2023</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Stichting WILD GANZEN	151,774	148,149	-	(267,041)	(1,624)	(3,964)	27,294
Global Fund for Community Foundations	-	15,000	-	(1,262)	-	-	13,738
MADRE - Spain	42,914	72,375	-	(57,628)	-	-	57,661
Global Fund for Women	50,472	30,000	-	(23,272)	-	-	57,200
MAMA Cash	11,647	69,641	-	(13,605)	-	(1,034)	66,649
HEINRICJ BOLL STIFTUNG	2,675	-	(2,675)	-	-	-	-
Al Qattan Foundation	44,478	-	-	(43,202)	(1,276)	-	-
Drosos Foundation	346,005	-	-	(111,597)	-	-	234,408
Palestinian Family Planning & Protection Association	-	6,000	-	(5,475)	-	(525)	-
The Charity Service	31,633	24,400	-	(4,728)	-	2,824	54,129
Zero Waste Summer School	-	24,300	-	(24,300)	-	-	-
	<u>681,598</u>	<u>389,865</u>	<u>(2,675)</u>	<u>(552,110)</u>	<u>(2,900)</u>	<u>(2,699)</u>	<u>511,079</u>

#### 11. Unrestricted revenues

This item represents unrestricted revenues resulting from the sales of the Association's products and services, in addition to unrestricted donations from individuals and institutions. The following represents details of the unrestricted revenue:

	<u>2023</u>	<u>2022</u>
	U.S. \$	U.S. \$
Beit Al-Karmeh revenues	8,344	6,894
Dukkan revenues	7,510	16,750
Environmental garden revenues	-	1,562
Others	3,274	-
	<u>19,128</u>	<u>25,206</u>

#### 12. Other Income, net

	<u>2023</u>	<u>2022</u>
	U.S. \$	U.S. \$
Interest income	9,962	7,779
Management fees from Rawa Fund	9,573	-
Rent revenues	9,019	7,303
Membership fees	106	141
Others	1,629	540
	<u>30,289</u>	<u>15,763</u>



### 13. Expenses

	2023			2022		
	Programs	General and administrative	Total	Programs	General and administrative	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries and related expenses	208,338	-	208,338	203,249	-	203,249
Activities and events	152,592	4,000	156,592	153,642	534	154,176
Professional and consultancy fees	60,478	8,013	68,491	37,846	-	37,846
Travel and transportations	26,512	4,796	31,308	10,005	-	10,005
Advertisement and promotion	30,056	-	30,056	2,023	-	2,023
Hospitality	12,745	399	13,144	4,105	-	4,105
Capacity building	12,714	-	12,714	10,311	-	10,311
Maintenance	11,564	-	11,564	2,694	-	2,694
Rent	10,375	-	10,375	21,282	6,077	27,359
Telecommunications	7,027	-	7,027	7,233	-	7,233
Accommodation	2,341	2,174	4,515	6,128	-	6,128
Cleaning expenses	3,689	-	3,689	3,125	-	3,125
Stationery and printings	3,391	-	3,391	1,693	-	1,693
Utilities	3,035	-	3,035	4,157	-	4,157
Information technology and systems	2,765	-	2,765	3,173	-	3,173
Office supplies	2,399	-	2,399	815	-	815
Insurance	1,057	-	1,057	6,560	2,826	9,386
Bank charges	-	645	645	481	-	481
Miscellaneous	1,032	771	1,803	92	518	610
	<u>552,110</u>	<u>20,798</u>	<u>572,908</u>	<u>478,614</u>	<u>9,955</u>	<u>488,569</u>

#### 14. Fair Values of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and balances at banks, contributions receivable, and some other current assets. Financial liabilities consist of some other current liabilities.

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

#### 15. Related Party Transactions

Related parties represent board of directors and key management personnel of the Association. The pricing policies and terms of these transactions are approved by Association's Board of Directors.

The statement of activities and changes in net assets includes the following related party transactions:

	<u>2023</u>	<u>2022</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>Compensation of key management personnel:</u>		
Salaries and related benefits (short term)	<u>47,500</u>	<u>42,000</u>
Salaries and related benefits (long term)	<u>3,958</u>	<u>3,408</u>

#### 16. Risk Management

##### Liquidity risk

Association's management limits its liquidity risk by maintaining adequate cash balances and depending on funding from multiple donors to meet its current obligations and to finance its activities. Most of the Association's liabilities are due within a year.

##### Credit risk

Credit risks are the risks that may arise from the default or inability of the counterparty to a financial instrument to fulfill its obligations to the Association, leading to losses. The credit risks faced by the Association are primarily due to receivables from donors as shown in notes (4) and (5). The Association mitigates credit risk by obtaining funding from multiple and reliable sources. Typically, when balances from receivables from donors are written off, a balance of the same value is written off from deferred grants.

With respect to credit risk arising from the other financial assets which consist of cash and balances at banks and some other current assets, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

##### Interest rate risk

Interest rate risk arising from the changes in interest rates on Association's financial assets and financial liabilities which were subject to floating interest rate.

The assets and liabilities of Association as at December 31, 2023 and 2022 are not subject to floating interest rate, hence it is not subject to interest rate risk.

## Foreign currency risk

The table below indicates Association'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 and changes in net assets.

The effect of decrease in foreign currency exchange rates is expected to be equal and opposite to the effect of increases shown below:

	2023		2022	
	Change in price rate to U.S.\$ %	Effect on statement of activities and changes in net assets for the year U.S. \$	Change in price rate to U.S.\$ %	Effect on statement of activities and changes in net assets for the year U.S. \$
ILS	10+	7,973	10+	1,267
EURO	10+	33,749	10+	17,745
Other	10+	5,413	10+	1,660

## 17. Concentration of Risk in Geographic Area

The Association is carrying out its activities in Palestine. The political and economic situation in the area increases the risk of carrying out activities and could adversely affect the Association's performance.

## 18. Comparative figures

Certain financial statement notes as of December 31, 2022, have been reclassified to conform to the presentation of the current year's financial statements. These reclassifications do not affect the results of prior years and the unrestricted net assets.

## 19. The war on Gaza Strip

The Israeli war on the Gaza Strip led to the destruction of many economic facilities in the Gaza Strip, and various business sectors in the West Bank were also affected due to restrictions and closures between cities, as well as the repeated closure of external borders.

The management believes that this event had an impact on the operational activities of the Association and on its assets that were damaged by the war. The Association suspended the disbursement of funds allocated to support initiatives in the Gaza Strip amounting to U.S. \$ 28,500 due to the current circumstances (note 9). The Association also excluded the book value of its assets in the Gaza Strip amounting to U.S. \$ 3,016, which include furniture, office equipment, computers, and software.

The war is still ongoing on the Gaza Strip, and the effects of the current situation are still unclear and depend on future developments that cannot be accurately predicted at the present time. The Association is continuously monitoring and analyzing the situation and assessing the impact of future developments on the future financial results of the Association and its cash flows. The management believes that there are no material uncertainties about the Association's ability to continue its operations in the future.