

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT**

**NGO DEVELOPMENT CENTER
AI RAM – PALESTINE**

FOR THE YEAR ENDED DECEMBER 31, 2017

Contents	Page
Independent Auditor's Report	i-2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 21



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INDEPENDENT AUDITOR’S REPORT

**To the General Assembly of
NGO Development Center
Al Ram - Palestine**

Opinion

We have audited the financial statements of **NGO Development Center (hereinafter “NDC or the Center”)**, which comprise the statement of financial position as of December 31, 2017, statement of activities and 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 the Center as of December 31, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 the Center 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.

Restriction on Distribution and Use

We draw attention that the financial statements were prepared for management, official bodies and donors purposes only. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the management, official bodies and the donors only and should not be distributed to or used by parties other than the management, official bodies and the donors. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements for the year ended December 31, 2016 for the Center accounts have been audited by a firm of accountants other than Kawasmy & Partners - KPMG. The auditor’s report on these financial statements dated April 13, 2017 expressed an unqualified 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 IFRS, 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 NDC’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 Center or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing NDC’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 ISA's, we exercise professional judgement 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 risk, 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.
- 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.
- 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 Center'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 disclosure 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 Center 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 represents 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.

Kawasmy and Partners

KPMG

Hazem Abu Gharbieh

License No. (105/2017)

Ramallah - Palestine

April 23, 2018

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

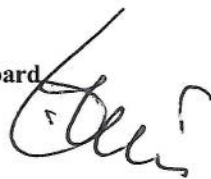
STATEMENT OF FINANCIAL POSITION

US Dollar	Notes	As of December 31,	
		2017	2016
Assets			
current Assets			
Cash and Cash Equivalents	4	2,941,123	2,563,206
Contributions Receivable	5	3,071,470	3,555,400
Other Debit Balances	6	25,899	12,354
		<u>6,038,492</u>	<u>6,130,960</u>
Non-current assets			
Property and Equipment, Net	7	6,573	11,655
		<u>6,573</u>	<u>11,655</u>
Total Assets		<u>6,045,065</u>	<u>6,142,615</u>
Liabilities And Net Assets			
Current Liabilities			
Accounts Payable and Accruals	8	328,504	119,553
Temporarily Restricted Contributions	10	4,594,751	4,660,408
		<u>4,923,255</u>	<u>4,779,961</u>
Non-Current Liabilities			
Provision for Employees Indemnity	9	228,149	302,402
		<u>228,149</u>	<u>302,402</u>
Total Liabilities		<u>5,151,404</u>	<u>5,082,363</u>
Net Assets			
Net Assets		893,661	1,060,252
Total Net Assets		<u>893,661</u>	<u>1,060,252</u>
Total Liabilities and Net Assets		<u>6,045,065</u>	<u>6,142,615</u>

The accompanying notes on pages from (6) to (21) are an integral part of these financial statements

The financial statements on pages (3) to (5) were approved by NC Board of Directors on April 23, 2018

Chairman of Board




 Treasurer

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

US Dollar	Notes	For the year ended December 31,	
		2017	2016
Grants and Revenues			
Temporarily Restricted Contributions Released from Restriction	10	1,473,219	1,649,191
Interest Income		2,877	3,212
Other Revenues		19,328	168,250
Foreign Currency Exchange Gain (Loss)	11	62,107	(46,892)
Total Grants and Revenues		1,557,531	1,773,761
Expenses			
Operating Expenses	12	1,718,119	1,768,958
Depreciation	7	6,003	18,422
Total Expenses		1,724,122	1,787,380
Decrease in net assets		(166,591)	(13,619)
Net assets, Beginning of the Year		1,060,252	1,073,871
Net assets, End of the Year		893,661	1,060,252

The accompanying notes on pages from 6 to 21 are an integral part of these financial statements.

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

STATEMENT OF CASH FLOWS

US Dollar	Notes	For the year ended December 31,	
		2017	2016
Cash flows from operating activities			
(Decrease) in Net Assets		(166,591)	(13,619)
Adjustments			
Depreciation		6,003	18,422
Provision for Employees Indemnity		33,869	51,021
		(126,720)	55,824
Changes in working capital			
Contributions Receivable		483,930	(1,940,838)
Other Debit Balances		(13,545)	4,640
Accounts Payable and Accruals		208,951	73,151
Temporarily Restricted Contributions		(65,657)	3,167,858
Employees Indemnity Paid		(108,122)	(102,936)
Net Cash Flow from Operating Activities		378,837	1,257,699
Cash Flows from Investing Activities			
Purchase of Property and Equipment		(920)	(6,009)
Net Cash Flow (Used in) Investing Activities		(920)	(6,009)
Net Change in Cash and Equivalent		377,917	1,251,690
Cash and Cash Equivalents, Beginning of the Year		2,563,206	1,311,516
Cash and Cash Equivalents, End of the Year	4	2,941,123	2,563,206

The accompanying notes on pages from (6) to (21) are an integral part of these financial statements

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL

NGO Development Center (hereinafter "NDC or the Center") was registered with the ministry of interior on March 4, 2006 under registration No. (QR286-B), as a Palestinian non-governmental organization (NGO). NDC started its normal activities on July 1, 2006.

NDC is working hand-in-hand with Palestinian NGOs and community development organizations to enhance their service delivery and build more capable and representative Palestinian civil society. NDC programs and grants empower Palestinians by providing NGOs the skills, tools and funds they require to address social needs and promote self-reliance in adversity. The organization advocates greater transparency and accountability for NGOs through the adoption of professional financial and management practices, and promotes sector-wide coordination and sharing of best practice experiences.

2) BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared on the accrual basis of accounting, cost convention and in conformity with relevant International Financial Reporting Standards (IFRS).

b. Basis of measurement

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

c. Functional and presentation currency

The financial statements are presented in U.S. Dollar (USD), which is the Center's functional currency.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and underlying assumptions are reviewed on periodical basis. Revisions to accounting estimates are recognized in the period the estimates are revised and in any future period affected. Critical judgments and estimates relate mainly to useful lives of fixed assets, staff benefits and all other provisions.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is summarized as follows:

- Management frequently reviews the lawsuits raised against the Center based on a legal study prepared by the Center's legal advisors. This study highlights potential risks that the Center may incur in the future.
- A provision for doubtful debts is taken on the basis and estimates approved by management in conformity with the Center's accounting policies.
- Management estimates the provision to decrease inventory to net realizable value if the cost of inventory may not be recoverable, damaged, wholly or partially obsolete, or any other factors that causes the recoverable amount to be lower than its carrying amount.

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

- Management estimated the recoverable amount of the other financial assets to determine whether there was any impairment in its value.

- Management believes that its estimates and judgments are reasonable and adequate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Center uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Center recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Center in these financial statements for the year ended December 31, 2017 are the same as those applied by the Center in its financial statements for the year ended December 31, 2016.

3.1 Financial instruments

Non-derivative financial assets

The Center initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Center becomes a party to the contractual provisions of the instrument.

The Center derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Center is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Center has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the Center becomes a party to the contractual provisions of the instrument.

The Center derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Center classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities comprise accounts payable and accruals and temporarily restricted contribution.

NOTES TO THE FINANCIAL STATEMENTS

3.2 Impairment

Financial Assets

- A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.
- A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.
- An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- Losses are recognized in statement of activities and reflected in an allowance account against loans and receivable. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of activities.
- Individually significant financial assets are tested for impairment on an individual basis.

Non-Financial Assets:

- The carrying amounts of the Center's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.
- An impairment loss is recognized if the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount.
- The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
- For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.
- All impairment losses are recognized in the statement of activities.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 Principles of Fund Accounting

The Center maintains its accounts in accordance with the principles of fund accounting under which the resources for various purposes are classified into the following classes of net assets which are described below:

Unrestricted net assets represent net assets whose use by NDC is not subject to donor imposed restrictions.

Temporarily restricted net assets whose use by NDC is limited by donor-imposed restriction that either expire by passage of time or can be fulfilled and released by actions of NDC pursuant to those donor-imposed stipulations.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

Revenues: are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

Investment in fixed assets: represents fund invested in fixed assets.

3.4 Contributions and Grants

Donors unconditional pledges are those pledges where donor does not specify prerequisites that have to be carried out by the NDC before obtaining the fund.

Contributions revenues from pledges where donor does not specify prerequisites that have to be carried out by the NDC before obtaining the fund.

Contributions revenues from pledges /grants are recognized as follows:

- Unconditional pledges that are not restricted by donor for a specific purpose or time are recognized as revenue when the pledge is obtained.
- Conditional restricted pledges that are temporarily restricted by donor for a specific purpose or time are recognized as revenue when such purpose or time is satisfied.

3.5 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 (written-off) is made when the collection of full unconditional pledges is no longer probable.

3.6 Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on prospective basis.

Gain or loss arising from the disposal or retirement of an item of assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of activities. Useful life for the assets is as follows:

<u>Property and Equipment</u>	<u>Years of Service</u>
Office Furniture	5-7 years
Office Equipment	5-7 years
Motor Vehicles	7 Years
Computers	3-5 years
Software	5 Years

3.7 Staff End of Service Benefits - Reserve for End of Service Indemnities and Provident Fund

NDC provides end of service benefits in accordance with local laws by accruing for one-month compensation for each year of service based on the last salary paid during the year.

In addition to the above, NDC established a provident fund scheme for its core employees. The Center established a provident fund plan for its employees whereby NDC deducts 2% of the employees' monthly salaries and contributes an additional 3%.

3.8 Provisions

Provisions are recognized when NDC has a present obligation as a result of past events, and it's probable that the obligation will be settled, and a reliable estimate can be made of the amount of the obligation.

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

3.9 Income Tax and Value Added Tax

As a not-for-profit organization, NDC is exempt from income tax and value added tax. Under the value added tax law, NDC as an exempt entity, is not entitled to refund VAT paid on its purchases and expenses.

3.10 Functional Allocation of Expenses

NDC allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on best estimates and judgment of management.

3.11 Foreign Currency Conversion and Translation

The books of accounts are maintained in United States Dollar (USD). Transactions, which are denominated or expressed in foreign currencies, are converted into USD equivalent as follows:

- Transactions, which are expressed or denominated in currencies other than USD, are converted into USD equivalent at the exchange rates prevailing at the date of the transaction.
- Balances of assets and liabilities in currencies other than USD are converted into USD equivalent at the exchange rate prevailing at the date of the financial statements. Conversion rates were as follows:

Currency	December 31 , 2017	December 31 , 2016
USD/NIS	3.466	3.843
USD/EURO	0.835	0.951
USD/JOD	0.711	0.711
USD/Swedish Krone	8.218	9.142

- Exchange differences arising from translation are charged to the statement of activities.

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

4) CASH AND CASH EQUIVALENTS

US Dollar	As of December 31,	
	2017	2016
Cash on hand	1,837	2,745
Cash at banks – Current	335,008	630,488
Deposits at bank	2,604,278	1,929,973
	2,941,123	2,563,206

5) CONTRIBUTIONS RECEIVABLE

US Dollar Donor Name	Project No. and Name	As of December 31,	
		2017	2016
The Consulate General of Sweden in Jerusalem (SIDA)	52110119, NDC- Cultural organisations, E. Jerusalem 2016-2019	2,555,280	3,445,470
The United Nation Office for the Coordination of Humanitarian Affairs (OCHA)	OPT-17-DDA-3482-OPT-FSL-NGO-5866, Enhance the income of venerable & poor female and male farmers in the northern area of the Gaza strip	49,961	-
The United Nation Office for the Coordination of Humanitarian Affairs (OCHA),	OPT-17-DDA-3482/OPT/FSL/NGO/6658, Utilizing solar / photovoltaic energy to operate agricultural water wells & pumping systems	306,100	-
United Nations Entity for Gender Equality and the Empowerment of Women -	93316, Women for Women and Men for Women	160,129	-
United Nations Entity for Gender Equality and the Empowerment of Women	93316, Men and Women for Gender Equality	-	95,383
United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)	5116001872, Good Governance Contractual services for CBOs	-	14,547
		3,071,470	3,555,400

6) OTHER DEBIT BALANCES

US Dollar	As of December 31,	
	2017	2016
Prepaid Expenses	11,544	12,000
Others	14,355	354
	25,899	12,354

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

7) PROPERTY AND EQUIPMENT, NET

US Dollar	Office Equipment	Office Furniture	Motor Vehicles	Computers	Software	Total
2017:						
Cost:						
Beginning 2017	89,121	22,425	28,570	106,176	138,875	385,167
Additions	-	-	-	920	-	920
Disposals	-	(2,706)	-	-	-	(2,706)
Ending 2017	89,121	19,719	28,570	107,096	138,875	383,381
Accumulated Depreciation:						
Beginning 2017	82,948	22,425	28,570	100,694	138,875	373,512
Depreciation	2,966	-	-	3,037	-	6,003
Disposals	-	(2,706)	-	-	-	(2,706)
Ending 2017	85,914	19,719	28,570	103,731	138,875	376,809
Net Book Value, December 31, 2017	3,208	-	-	3,365	-	6,573

NDC owned property and equipment include fully depreciated assets in the amount of USD 354,791 that are still in operation as of December 31, 2017.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

7) PROPERTY AND EQUIPEMTN, NET (continued)

<u>US Dollar</u>	<u>Office</u>	<u>Office</u>	<u>Motor</u>	<u>Computers</u>	<u>Software</u>	<u>Total</u>
<u>2016:</u>	<u>Equipment</u>	<u>Furniture</u>	<u>Vehicles</u>			
Cost:						
Beginning 2016	88,691	22,425	28,570	101,517	138,875	380,078
Additions	430	-	-	5,579	-	6,009
Disposals	-	-	-	(920)	-	(920)
Ending 2016	89,121	22,425	28,570	106,176	138,875	385,167
Accumulated Depreciation:						
Beginning 2016	75,514	22,093	28,570	90,958	138,875	356,010
Depreciation	7,434	332	-	10,656	-	18,422
Disposals	-	-	-	(920)	-	(920)
Ending 2016	82,948	22,425	28,570	100,694	138,875	373,512
Net Book Value, December 31, 2016	6,173	-	-	5,482	-	11,655

NDC owned property and equipment include fully depreciated assets in the amount of USD 355,041 that are still in operation as of December 31, 2016.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

8) ACCOUNTS PAYABLE AND ACCRUALS

US Dollar	As of December 31,	
	2017	2016
Staff Vacation Provision	21,121	25,136
Accounts Payable	22,644	54,872
Accrued Expenses	3,391	24,626
Outstanding Checks	3,899	14,638
Interest Payable	22,935	-
Due to Partners – under SIDA Agreement	253,666	-
Others	848	281
	328,504	119,553

9) PROVISION FOR EMPLOYEES INDEMNITY

US Dollar	As of December 31,	
	2017	2016
End of Service Benefits	195,532	262,340
Provident Fund	32,617	40,062
	228,149	302,402

The movement during the years of 2017 and 2016 for staff end of service benefits and provident fund are as follows:

a. Reserve for End of Service Benefits

US Dollar	As of December 31,	
	2017	2016
Beginning Balance as of January 1	262,340	318,559
Additions During the Year	22,183	32,081
Payments During the Year	(88,991)	(88,300)
Ending Balance as of December 31	195,532	262,340

b. Reserve for Provident Fund

US Dollar	As of December 31,	
	2017	2016
Beginning Balance as of January 1	40,062	35,758
Additions During the Year	11,686	18,940
Payments During the Year	(19,131)	(14,636)
Ending Balance as of December 31	32,617	40,062

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

10) TEMPORARILY RESTRICTED CONTRIBUTIONS

This item represents the temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations pledged over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions is as follows:

	Balance as of January 1, 2017	Additions	Temporarily Restricted Contributions Released from Restriction			Currency Exchange Variance	Write- Off	Balance as of December 31, 2017
			Operational Expenses	Property and Equipment				
<u>US Dollar</u>								
OCHA - OPT-17-DDA-3482-OPT- FSL-NGO-3866	-	249,808	(160,674)	(920)	-	-	-	88,214
OCHA - OPT-17-DDA-3482-OPT- FSL-NGO-6658	-	510,160	(34,079)	-	-	-	-	476,081
UN Women - 93316, Men and Women for Gender Equality	-	208,998	(72,553)	-	3,469	-	-	139,914
UN Women - 93316, Women for Women and Men for Women SIDA	66,448 4,593,960	- -	(54,654) (1,150,339)	- -	4,147 446,921	(15,941) -	- -	3,890,542 4,594,751
	<u>4,660,408</u>	<u>968,966</u>	<u>(1,472,299)</u>	<u>(920)</u>	<u>454,537</u>	<u>(15,941)</u>		
			<u>(1,473,219)</u>					

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

10) TEMPORARILY RESTRICTED CONTRIBUTIONS (continued)

US Dollar	Balance as of January 1, 2016	Additions	Temporarily Restricted Contributions Released from Restriction		Currency Exchange Variance	Balance as of December 31, 2016
			Operational Expenses	Property and Equipment		
International Development Association	1,418,124	-	(1,412,934)	(5,190)	-	-
Care International in Egypt Stars Foundation	-	100,000	(100,000)	-	-	-
UNRWA	-	9,669	(9,669)	-	-	-
UN Women	74,426	29,095	(29,095)	-	-	-
SIDA	-	82,725	(92,303)	-	1,600	66,448
	-	4,554,480	-	-	39,480	4,593,960
	<u>1,492,550</u>	<u>4,775,969</u>	<u>(1,644,001)</u>	<u>(5,190)</u>	<u>41,080</u>	<u>4,660,408</u>
			<u>(1,649,191)</u>			

11) FOREIGN CURRENCY EXCHANGE GAIN (LOSS) Foreign

Currency exchange gain or loss have resulted from the revaluation of NDC's monetary assets and liabilities in foreign currencies (mainly bank balances, contributions receivable, payables and accruals) to USD using exchange rates prevailing at the date of the statement of financial position. The fluctuations in the exchange rates against USD resulted in gain of USD 62,107 and loss of USD 46,892 as of December 31, 2017 and 2016 respectively.

NGO DEVELOPMENT CENTER
AURAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

12) OPERATING EXPENSES

	UN Women- Women for Men and Women for Gender Equality	UN Women- Men and Women for Gender Equality	OCHA - 5866	OCHA - 6658	Subtotal	NDC core fund	2017	2016
<i>US Dollar</i>	SIDA	UN Women- Women for Men and Women for Gender Equality	OCHA - 5866	OCHA - 6658	Subtotal	NDC core fund	2017	2016
Grants to recipients	972,970	-	58,152	19,248	1,059,820	-	1,059,820	838,449
Salaries and related expenses	91,183	18,235	5,858	16,077	143,249	165,708	308,957	449,835
Consultation	58,513	11,587	4,451	13,300	93,045	32,174	125,219	286,734
Professional fees	3,954	1,359	-	3,170	8,483	4,384	12,867	17,145
Transportation and accommodation expenses	614	5,998	40	-	6,666	1,342	8,008	44,805
Network support expense	-	-	-	-	-	1,733	1,733	2,254
Utilities	4,309	1,079	3,295	4,531	16,043	3,455	19,498	17,310
Rent expenses	6,273	-	-	2,205	9,738	10,937	20,675	25,319
Communication expense	3,846	-	-	1,050	5,496	6,074	11,570	16,619
Maintenance	-	1,329	-	3,100	4,429	4,591	9,020	11,558
Hospitality and meetings	493	13,145	585	56	14,279	521	14,800	15,502
Media advertising	234	-	-	-	234	757	991	2,509
Vehicle expenses	4,513	883	-	2,100	10,332	7,130	17,462	13,251
Stationery and office supplies	3,437	355	172	34	3,998	4,728	8,726	14,608
Insurance	-	312	-	730	1,042	944	1,986	2,616
Printings and brochures	-	372	-	-	372	-	372	6,449
Bank charges	-	-	-	-	-	729	729	1,130
Projects implemented by sub contractor	-	-	-	95,073	95,073	-	95,073	-
Other	-	-	-	-	-	613	613	2,865
	1,150,339	54,654	72,553	160,674	1,472,299	245,820	1,718,119	1,768,958

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

13) RELATED PARTY TRANSACTIONS

This item represents transactions with related parties, i.e., trustees, directors, NDC's senior Management and organizations, over which they exercise control during 2017 and 2016:

US Dollar	2017	2016
Key Management Personnel Compensation	169,676	210,561

14) CONTINGENT LIABILITY

There are two legal cases against the Center as at December 31, 2017 relating to employees end of service indemnities. Adequate provisions have been made by management to meet any legal obligations as a result of these cases. According to the Center's legal counselor, the Center will not have any additional obligations related to these cases more than amounts previously provided for.

15) FINANCIAL RISK MANAGEMENT

Overview

The Center has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.
- Interest risk.

This note presents information about the Center's exposure to each of the above risks, the Center's objectives, policies and processes for measuring and managing risk.

Risk management framework

The management has overall responsibility for the establishment and oversight of the Center's risk management framework.

The management is responsible for developing and monitoring the Center's risk management policies.

The Center's risk management policies are established to identify and analyze the risks faced by the Center, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Center's activities.

The Center's Management oversees how management monitors compliance with the Center's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Center.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

• **Credit risk**

Credit risk is the risk of financial loss to the Center counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Center's cash and cash equivalents, contributions receivable and other debit balances.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

US Dollar	As of December 31,	
	2017	2016
Cash and Cash Equivalents	2,941,123	2,563,206
Contributions Receivable	3,071,470	3,555,400
Other Debit Balances	25,899	12,354
	<u>6,038,492</u>	<u>6,130,960</u>

• **Liquidity risk**

Liquidity risk is the risk that the Center will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Center's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Center's reputation.

The Center ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

The following are the contracted maturities of financial liabilities, including estimated interest payments:

<u>2017</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 months or less</u>	<u>6 to 12 months</u>	<u>More than a year</u>
<i>US Dollar</i>					
Accounts payable and accruals	328,504	328,504	328,504	--	--
Temporarily restricted contributions	4,594,751	4,594,751	4,594,751	--	--
Provision for employees indemnity	228,149	228,149	--	--	228,149
	<u>5,151,404</u>	<u>5,151,404</u>	<u>4,923,255</u>	<u>—</u>	<u>228,149</u>
<u>2016</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>6 months or less</u>	<u>6 to 12 months</u>	<u>More than a year</u>
<i>US Dollar</i>					
Accounts payable and accruals	119,553	119,553	119,553	--	--
Temporarily restricted contributions	4,660,408	4,660,408	4,660,408	--	--
Provision for employees indemnity	302,402	302,402	--	--	302,402
	<u>5,082,363</u>	<u>5,082,363</u>	<u>4,779,961</u>	<u>—</u>	<u>302,402</u>

- **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Center's statement of activities or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

- **Interest rate risk**

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

16) FAIR VALUES

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs good be defend directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities that are not measured at fair value:

In exception to the table below, The Center's management believes that the book value of the financial assets and liabilities shown in the financial statements approximates their fair value as a result of their short term maturities or of re-pricing their interest rates during the year:

<i>U.S Dollar</i>	Carrying amount	Fair Value		
		Level (1)	Level (2)	Level (3)
<u>December 31, 2017</u>				
Cash and cash equivalent	2,941,123	2,941,123	--	--
Contributions receivable	3,071,470	--	3,071,470	--
Other debit balances	25,899	--	25,899	--
Accounts payable and accruals	328,504	--	328,504	--
Temporarily restricted contributions	4,594,751	--	4,594,751	--
Provision for employees indemnity	228,149	--	228,149	--
<u>December 31, 2016</u>				
Cash and cash equivalent	2,563,206	2,563,206	--	--
Contributions receivable	3,555,400	--	3,555,400	--
Other debit balances	12,354	--	12,354	--
Accounts payable and accruals	119,553	--	119,553	--
Temporarily restricted contributions	4,660,408	--	4,660,408	--
Provision for employees indemnity	302,402	--	302,402	--

For items illustrated above, level 2 fair values for financial assets and liabilities have been determined based on interest rates, yield curve, credit spreads.

Management believes that the book value of these financial assets and liabilities approximate their fair value as a result of their short term maturities or of re-pricing their interest rates during the year.