

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT**

**NGO DEVELOPMENT CENTER
AI RAM – PALESTINE**

FOR THE YEAR ENDED DECEMBER 31, 2019

Contents	Page
Independent Auditor's Report	1-2
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 – 27



Kawasmy & Partners CO.
Ramallah – Palestine
Ein Munjid, Tokyo Street, Abraj House, 5th Floor
Tel : +970 2 2980300, Fax : +970 2 2980400

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, 2019, and the related 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, 2019, 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 Auditors' Responsibilities for the Audit of the Financial Statements 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 statements 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 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 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 the Center'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 the Center'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 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.

Kawasmy and Partners
KPMG

Kawasmy & Partners
KPMG

KPMG
Kawasmy & Partners Co.
Palestine Branch

License No. (201/2017)

Ramallah - Palestine
August 27, 2020

**NGO DEVELOPMENT CENTER
AL RAM – PALESTINE**


STATEMENT OF FINANCIAL POSITION

US Dollar	Note	As of December 31	
		2019	2018
Assets			
Current Assets			
Cash and Cash Equivalents	5	8,515,882	6,403,253
Contributions receivable	6	10,377,436	14,183,857
Other Debit Balances	7	25,859	12,848
		<u>18,919,177</u>	<u>20,599,958</u>
Non-Current Assets			
Property and Equipment, Net	8	44,564	2,649
		<u>44,564</u>	<u>2,649</u>
Total Assets		<u>18,963,741</u>	<u>20,622,607</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable and Accruals	9	906,874	240,696
Temporarily Restricted Contributions	11	16,980,492	19,363,251
		<u>17,887,366</u>	<u>19,604,021</u>
Non-Current Liabilities			
Provision for Employees Indemnity	10	249,282	26,484
		<u>249,282</u>	<u>26,484</u>
Total Liabilities		<u>18,136,648</u>	<u>19,810,505</u>
Net Assets			
Net Assets		<u>827,093</u>	<u>812,102</u>
Total Net Assets		<u>827,093</u>	<u>812,102</u>
Total Liabilities and Net Assets		<u>18,963,741</u>	<u>20,622,607</u>

The accompanying notes on pages from (6) to (27) are an integral part of these financial statements

The financial statements on pages (3) to (5) were approved by NDC Board of Directors on August 10, 2020


Chairman of Board


Treasurer

**NGO DEVELOPMENT CENTER
AL RAM – PALESTINE**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

US Dollar	Note	For the Year Ended December 31,	
		2019	2018
Grants and Revenues			
Temporarily Restricted Contributions Released from Restriction	11	10,764,894	1,955,405
Interest Income		21,437	12,206
Foreign Currency Exchange (Loss)	12	(19,876)	(21,292)
Gain from Selling of Property and Equipment		921	403
General Assembly membership fees		1,942	-
Total Grants and Revenues		10,769,318	1,946,722
Expenses			
Operating Expenses	13	(10,747,328)	(2,024,077)
Depreciation	8	(6,999)	(4,204)
Total Expenses		(10,754,327)	(2,028,281)
Increase (Decrease) in Net Assets		14,991	(81,559)
Net Assets, Beginning of the Year		812,102	893,661
Net Assets, End of the Year		827,093	812,102

The accompanying notes on pages from (6) to (27) are an integral part of these financial statements

**NGO DEVELOPMENT CENTER
AL RAM – PALESTINE**

STATEMENT OF CASH FLOWS

	Notes	For the Year Ended December 31,	
		2019	2018
US Dollar			
Cash flows from Operating Activities:			
Increase (Decrease) in Net Assets		14,991	(81,559)
Adjustments:			
Depreciation		6,999	4,204
Provision for Employees Indemnity		50,956	32,002
(Gain) from Selling of Property and Equipment		(921)	(403)
		<u>72,025</u>	<u>(45,756)</u>
Changes in Working Capital:			
Contributions Receivable		3,806,421	(11,112,387)
Other Debit Assets		(13,011)	13,052
Accounts Payables and Accruals		666,178	(87,808)
Temporary Restricted Contributions		(2,382,833)	14,768,574
Employees Indemnity Paid		(8,158)	(53,667)
Net Cash Flow from Operating Activities		<u>2,140,622</u>	<u>3,482,008</u>
Cash Flow from Investing Activities:			
Procurement of Fixed Assets		(28,914)	(20,281)
Proceeds from Selling of Property and Equipment		921	403
Cash Flow (Used in) Investing Activities		<u>(27,993)</u>	<u>(19,878)</u>
Net Increase in Cash and Cash Equivalent		<u>2,112,629</u>	<u>3,462,130</u>
Cash on Hand and at Banks - Beginning of the year		<u>6,403,253</u>	<u>2,941,123</u>
Cash on Hand and at Banks - End of Year	5	<u>8,515,882</u>	<u>6,403,253</u>

The accompanying notes on pages from (6) to (27) are an integral part of these financial statements

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.

The board of directors approved the financial statements on August 10, 2020.

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 except for financial assets and financial liabilities.

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

In preparing these financial statements, management has made judgments and estimates that affect the application of the Center's 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. Revisions to estimates are recognized prospectively.

• **Judgments**

The following are the most significant judgments that have a material effect on the amounts of assets and liabilities in the financial statements:

- Classification of financial assets: Valuation of the business model under which the asset is to be held and determining whether the contractual terms of the SPPI are on the outstanding balance.
- The development of new criteria to determine whether financial assets have declined significantly since initial recognition and determine the methodology of future expectations and methods of measuring expected credit loss.

• **Assumptions and estimation uncertainties**

- The management maintains the expected credit losses based on its estimates of the possibility of recovering receivables in accordance with the International Financial Reporting Standards.
- Management recognizes income tax expense for the year in accordance with the prevailing laws and regulations.
- Management periodically reassesses the economic useful life of property and equipment based on the general condition of these assets and the expectation of their useful economic lives in the future.
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

NOTES TO THE FINANCIAL STATEMENTS

- 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

Measurement of fair values:

A number of the Center's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Center has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Center's Board of Directors.

When measuring the fair value of an asset or a liability, the Center uses observable market data as far as possible. Fair values are categorised 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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

- 1- In the principal market for the asset or liability, or
- 2- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Center.

The asset or liability measured at fair value might be either of the following:

- 1- A stand-alone asset or liability; or
- 2- A group of assets, a group of liabilities or a group of assets and liabilities (eg a cash generating unit or a business).
- 3- A number of the Center's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Center should establish control framework with respect to the measurement of fair values and a valuation team should oversee all significant fair value measurements, including Level 3 fair values.

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

NOTES TO THE FINANCIAL STATEMENTS

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Center in these financial statements for the year ended December 31, 2019 are the same as those applied by the Center in its financial statements for the year ended December 31, 2018, except for the following International Financial Reporting Standards amendments and improvements that become effective after January 1, 2019:

- International Financial Reporting Standards (16): Leases.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

The application of amended standards above does not have a significant effect on the balances and disclosures within the financial statements, except for IFRS (16) below is the financial effect of the implementation:

Changes in Significant Accounting Policies

-International Financial Reporting Standard 16 - Leases:

The Center has applied IFRS (16) using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS (17) and IFRIC (4). The details of accounting policies under IAS (17) and IFRIC (4) are disclosed separately if they are different from those under IFRS (16) and the impact of changes is disclosed below.

A. Significant accounting policy

Policy applicable from 1 January 2019

At inception of a contract, the Center assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Center assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Center has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Center has the right to direct the use of the asset. The Center has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Center has the right to direct the use of the asset if either: the Center has the right to operate the asset; or
- the Center designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Center allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Center has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

Policy applicable before 1 January 2019

For contracts entered into before January 1, 2019, the Center determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met: the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

i. As a Lessee

The Center recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Center's incremental borrowing rate. Generally, the Center uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Center is reasonably certain to exercise, lease payments in an optional renewal period if the Center is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Center is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Center's estimate of the amount expected to be payable under a residual value guarantee, or if the Center changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Center presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position

NOTES TO THE FINANCIAL STATEMENTS

Short-Term Leases and Leases of Low-Value Assets

The Center has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, The Center recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under IAS (17)

In the comparative period, as a lessee the Center classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Center's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

ii. As a Lessor

When the Center acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Center makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Center considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Center is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Center applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Center applies IFRS 15 to allocate the consideration in the contract.

The Center recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the Center as a lessor in the comparative period were not different from IFRS 16. However, when the Center was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

i. As a Lessee

Property and equipment' comprise owned and leased assets that do not meet the definition of Right of use assets.

Effect on the financial statements:

The Center assessed the impact of IFRS 16 on the financial statements and there was no material impact of IFRS 16 on the Center financial statements for the year ended December 31, 2019, since the management are considering to lease a new premises within the coming year and evacuate the current premises so the useful life for the current lease is less than 1 year, and the office lease agreement shows that the contract period is one year, to be renewed with the agreement of both parties

There is no significant impact for applying IFRS 16 on the financial statements for the Center.

NOTES TO THE FINANCIAL STATEMENTS

The following are the most important accounting policies applied by the Center:

(a) **Financial Instruments:**

- ***Recognition and initial measurement***

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Center becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

- ***Classification***

• **Financial Assets:**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Center changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows (that are solely payments of principal and interest on the principal amount outstanding).

On initial recognition of an equity investment that is not held for trading, the Center may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are measured at fair value through profit or loss.

Business model assessment:

The Center makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Center's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

NOTES TO THE FINANCIAL STATEMENTS

- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Center’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- **Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Center considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Center considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Center’s claim to cash flows from specified assets (e.g. non-recourse features).

Derecognition

- **Financial Assets**

The Center derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Center neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The difference between the carrying amount of the assets derecognised and the recoverable amount of the Center is recognized in the statement of profit or loss and the cumulative portion of the comprehensive income for the profit or loss relating to that asset is reversed.

- **Financial Liabilities**

The Center derecognises financial liabilities when their contractual obligations are discharged, cancelled or expired.

-Modifications of Financial Assets and Financial Liabilities

Adjusted Financial Assets

If the terms of a financial asset are modified, then the Center evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

- Fees considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the new asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Center plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Adjusted Financial Liabilities

The Center derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in the statement of profit or loss.

Impairment in Financial Assets

Financial Assets

The Center recognizes expected credit loss on:

- Financial assets at amortized cost.
- Finance lease receivables
- Contractual guarantees

No impairment loss is recognized on equity investments.

Loss allowances for lease receivables are always measured at an amount equal to lifetime expected credit loss.

The expected credit loss on the life of the financial instrument is the portion of the expected credit loss that results from the possible default of the financial instruments over the life of the financial instrument.

Expected credit loss are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the date of the financial statements.
- Financial assets that are credit-impaired at the date of the financial statements.
- Undrawn loan commitments.
- Financial guarantee contracts.

The provision for credit loss is presented in the statement of financial position

The provision for credit losses is presented in the statement of financial position as follows:

- Less the total carrying amount of financial assets at amortized cost.
- Loan commitments and financial guarantee contracts: generally, they are recognized as a provision.

For debt securities that are measured at fair value through the statement of comprehensive income, an allowance is not recognized in the statement of financial position because the carrying amounts of these assets are measured at fair value. However, the provision for loss is disclosed and recognized in the fair value reserve.

(b) 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.

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.

(c) 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.

(d) 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.

(e) 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

(f) Provision for employee indemnity - 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%.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS

(h) 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.

(i) 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.

(j) 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, 2019	December 31, 2018
USD/NIS	3.455	3.75
USD/EURO	0.8928	0.874
USD/JOD	0.709	0.71
USD/Swedish Krone	9.325	8.933

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

NOTES TO THE FINANCIAL STATEMENTS

4) **NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

The following new and revised IFRSs have been issued but are not effective yet, the Center has not applied the following new and revised IFRSs that are available for early application but are not effective yet:

New and revised standards

Amendments to IAS (1) "Presentation of Financial Statements"
(Effective January 1, 2020)

Amendments to IFRS 3 "Business combinations"
(Effective January 1, 2020)

IFRS 17 "Insurance Contracts"
(Effective January 1, 2022)

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures (2011)"

(The start date has been postponed indefinitely, and the application is still permitted)

Amendments to the new and revised IFRSs

These amendments are mainly related to the significance definition.

These amendments clarify the definition of business as the international accounting standards board published the revised financial reporting framework. This includes revised definitions on measurement, derecognition, presentation, and disclosure.

In addition to amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS standards, which contain amendments to IFRS (2, 3, 6 and 14) and IAS (1,8,34,37 and 38) and IFRIC (12,19) and (20,22), and interpretations of standing committee for the interpretation of standards number (32), in order to update those statements with regard to references and quotations from the framework or to refer to a different version of the conceptual framework.

Provides a more consistent measurement and presentation approach to all insurance contracts. These requirements are aimed at achieving a consistent, principle accounting objective for insurance contracts. IFRS (17) replaces IFRS (4) insurance contracts.

These amendments relate to the treatment of the sale or contribution of the assets of the investor in the associate or joint venture.

The adoption of these new standards, interpretations, and amendments may have no material impact on the Center's financial statements.

**NGO DEVELOPMENT CENTER
AIRAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

5) CASH AND CASH EQUIVALENTS

US Dollar	As of December 31,	
	2019	2018
Cash on hand	2,894	2,645
Cash at banks – Current	2,459,563	4,156,001
Cash at banks - Deposits	6,053,284	2,244,607
Checks under collections	141	-
	8,515,882	6,403,253

6) CONTRIBUTIONS RECEIVABLE

US Dollar	Donor Name	Project No. and Name	As of December 31,	
			2019	2018
	International Development Association (IDA)	TF0A8275, Gaza Emergency Cash for Work and Self-Employment Support Project	9,220,683	13,000,000
	The Consulate General of Sweden in Jerusalem (SIDA) – Human Rights Project	11347, Human Rights Programme 2018 - 2020	750,190	-
	United Nations Entity for Gender Equality and the Empowerment of Women	115267, Men and Women for Gender Equality Phase II	406,563	-
	The Consulate General of Sweden in Jerusalem (SIDA) – Culture Project	52110119, NDC-Cultural organizations, E. Jerusalem 2016-2019	-	1,175,370
	United Nations Entity for Gender Equality and the Empowerment of Women	93316, Women for Women and Men for Women – Phase II	-	8,487
			10,377,436	14,183,857

7) OTHER DEBIT BALANCES

US Dollar	As of December 31,	
	2019	2018
Prepaid Expenses	17,785	12,848
Due from employees	7,200	-
Others	874	-
	25,859	12,848

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

8) PROPERTY AND EQUIPMENT, NET

<u>US Dollar</u> 2019	<u>Office</u> <u>Equipment</u>	<u>Office</u> <u>Furniture</u>	<u>Motor</u> <u>Vehicles</u>	<u>Computers</u>	<u>Software</u>	<u>Total</u>
Cost						
Beginning 2019	89,121	19,719	48,851	102,230	138,875	398,796
Additions	5,693	-	14,400	6,965	1,856	28,914
Disposals	(162)	(944)	(26,570)	(7,434)	-	(35,110)
Ending 2019	94,652	18,775	36,681	101,761	140,731	392,600
Accumulated Depreciation:						
Beginning 2019	87,409	19,719	28,962	101,182	138,875	376,147
Depreciation	1,324	-	3,598	1,942	135	6,999
Disposals	(162)	(944)	(26,570)	(7,434)	-	(35,110)
Ending 2019	88,571	18,775	5,990	95,690	139,010	348,036
Net Book Value, December 31, 2019	6,081	-	30,691	6,071	1,721	44,564

NDC owned property and equipment include fully depreciated assets in the amount of USD 338,461 that are still in operation as of December 31, 2019.

NGO DEVELOPMENT CENTER
AIRAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

8 PROPERTY AND EQUIPEMNT, NET (continued)

<u>US Dollar</u> 2018	<u>Office</u> <u>Equipment</u>	<u>Office</u> <u>Furniture</u>	<u>Motor</u> <u>Vehicles</u>	<u>Computers</u>	<u>Software</u>	<u>Total</u>
Cost						
Beginning 2018	89,121	19,719	28,570	107,096	138,875	383,381
Additions	-	-	20,281	-	-	20,281
Disposals	-	-	-	(4,866)	-	(4,866)
Ending 2018	89,121	19,719	48,851	102,230	138,875	398,796
Accumulated Depreciation:						
Beginning 2018	85,914	19,719	28,570	103,731	138,875	376,809
Depreciation	1,495	-	392	2,317	-	4,204
Disposals	-	-	-	(4,866)	-	(4,866)
Ending 2018	87,409	19,719	28,962	101,182	138,875	376,147
Net Book Value, December 31, 2018	1,712	-	19,889	1,048	-	22,649

NDC owned property and equipment include fully depreciated assets in the amount of USD 365,753 that are still in operation as of December 31, 2018.

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

9) ACCOUNTS PAYABLE AND ACCRUALS

US Dollar	As of December 31,	
	2019	2018
Staff Vacation Provision	22,653	18,524
Accounts Payable	12,449	2,466
Accrued Expenses	38,131	8,734
Outstanding Checks	2,484	3,278
Interest Payable	77,858	43,083
Due to other organizations – SIDA Culture Project	189,267	164,611
Due to other organizations – SIDA HR Project	562,994	-
Others	1,038	-
	906,874	240,696

10) PROVISION FOR EMPLOYEES INDEMNITY

US Dollar	As of December 31,	
	2019	2018
End of Service Benefits	200,938	170,944
Provident Fund	48,344	35,540
	249,282	206,484

The movement during the years of 2019 and 2018 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,	
	2019	2018
Beginning Balance as of January 1	170,944	195,532
Additions During the Year	35,364	20,437
Payments During the Year	(5,370)	(45,025)
Ending Balance as of December 31	200,938	170,944

b. Reserve for Provident Fund

US Dollar	As of December 31,	
	2019	2018
Beginning Balance as of January 1	35,540	32,617
Additions During the Year	15,592	11,565
Payments During the Year	(2,788)	(8,642)
Ending Balance as of December 31	48,344	35,540

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

11) 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:

US Dollar	Balance as of January 1, 2019	Additions	Temporarily Restricted Contributions Released from Restriction			Currency Exchange Variance	Write-Off	Balance as of December 31, 2019
			Operational Expenses	Property and Equipment				
International Development Association (IDA)	16,890,539	-	(5,525,660)	(6,405)	-	-	11,358,474	
SIDA – NDC- Cultural organizations, E. Jerusalem 2016-2019	2,472,786	-	(1,193,453)	(3,117)	(12,898)	-	1,263,318	
SIDA – Human Rights Programme 2018 - 2020	-	8,099,080	(3,934,613)	(1,045)	(145,637)	-	4,017,785	
UN Women - 115267, Men and Women for Gender Equality – Phase II	-	420,769	(100,601)	-	20,747	-	340,915	
	<u>19,363,325</u>	<u>8,519,849</u>	<u>(10,754,327)</u>	<u>(10,567)</u>	<u>(137,788)</u>	<u>-</u>	<u>16,980,492</u>	
			<u>(10,764,894)</u>					

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

11) TEMPORARILY RESTRICTED CONTRIBUTIONS (continued)

US Dollar	Balance as of January 1, 2018	Additions	Temporarily Restricted Contributions Released from Restriction		Currency Exchange Variance	Write- Off	Balance as of December 31, 2018
			Operational Expenses	Property and Equipment			
International Development Association (IDA)	-	17,000,000	(109,461)	-	-	-	16,890,539
OCHA - OPT-17-DDA-3482-OPT-FSL- NGO-5866	88,214	-	(88,214)	-	-	-	-
OCHA - OPT-17-DDA-3482-OPT-FSL- NGO-6658	476,081	-	(473,442)	-	-	(2,639)	-
UN Women - 93316, Men and Women for Gender Equality	139,914	-	(128,436)	-	(5,301)	(6,177)	-
SIDA - NDC- Cultural organizations, E. Jerusalem 2016-2019	3,890,542	-	(1,155,852)	-	(261,904)	-	2,472,786
	<u>4,594,751</u>	<u>17,000,000</u>	<u>(1,955,405)</u>	<u>-</u>	<u>(267,205)</u>	<u>(8,816)</u>	<u>19,363,325</u>
			<u>(1,955,405)</u>				

12) FOREIGN CURRENCY EXCHANGE (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 losses of USD 19,876 and USD 21,292 as of December 31, 2019 and 2018 respectively.

NGO DEVELOPMENT CENTER
AI RAM - PALESTINE

NOTES TO THE FINANCIAL STATEMENTS

13) OPERATING EXPENSES

<i>US Dollar</i>	Sida- Culture	Sida- Human Rights	UN Women III	IDA	Total	
					2019	2018
Grants and recipients	1,015,847	3,839,064	68,200	5,138,080	10,061,191	1,126,223
Salaries and related expenses	76,735	62,347	25,943	227,169	392,194	265,038
Consultation - Capacity building	70,011	5,175	-	68,346	143,532	84,044
Professional fees	13,473	9,724	-	16,122	39,319	14,046
Transportation and accommodation expenses	-	1,802	1,072	8,199	11,073	1,886
Network support expense	-	655	-	588	1,243	1,270
Utilities	6,526	603	-	9,080	16,209	16,071
Rent expense	2,942	2,960	-	14,558	20,460	19,560
Communication expense	3,456	-	-	7,054	10,510	9,918
Maintenance	-	3,549	-	3,769	7,318	5,123
Hospitality and meetings	-	1,556	603	4,263	6,422	2,182
Media advertising	175	447	-	2,126	2,748	333
Vehicle expenses	3,750	1,230	-	6,319	11,299	18,088
Stationery and office supplies	538	3,498	327	2,617	6,980	4,326
Insurance	-	553	-	1,064	1,617	1,574
Printings and brochures	-	-	-	3,357	3,357	1,748
Bank charges	-	510	-	144	654	567
Projects implemented by contractors	-	-	-	-	-	451,415
PMIS system	-	-	-	10,130	10,130	-
Other	-	513	-	559	1,072	665
Total before depreciation expenses	1,193,453	3,934,186	96,145	5,523,544	10,747,328	2,024,077
Depreciation expenses charged on the Projects	-	427	4,456	2,116	6,999	-
Total	1,193,453	3,934,613	100,601	5,525,660	10,754,327	2,024,077

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

14) 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 2019 and 2018:

US Dollar	<u>2019</u>	<u>2018</u>
Key Management Personnel Compensation	190,889	170,708

15) CONTINGENT LIABILITY

There are two legal cases against the Center as at December 31, 2019 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.

16) 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.

- **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.

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

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,	
	2019	2018
Cash and Cash Equivalents	8,515,882	6,403,253
Contributions Receivable	10,377,436	14,183,857
Other Debit Balances	25,859	12,848
	<u>18,919,177</u>	<u>20,599,958</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.

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

2019	Carrying Amount	Contractual Cash Flows	6 months or less	6 to 12 months	More than a year
<i>US Dollar</i>					
Accounts payable and accruals	906,874	906,874	906,874	-	-
Temporarily restricted contributions	16,980,492	16,980,492	16,980,492	-	-
Provision for employees indemnity	249,282	249,282	-	-	249,282
	<u>18,136,648</u>	<u>18,136,648</u>	<u>17,887,366</u>	<u>-</u>	<u>249,282</u>
<i>US Dollar</i>					
Accounts payable and accruals	240,696	240,696	240,696	-	-
Temporarily restricted contributions	19,363,325	19,363,325	19,363,325	-	-
Provision for employees indemnity	206,484	206,484	-	-	206,484
	<u>19,810,505</u>	<u>19,810,505</u>	<u>19,604,021</u>	<u>-</u>	<u>206,484</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.

**NGO DEVELOPMENT CENTER
AI RAM - PALESTINE**

NOTES TO THE FINANCIAL STATEMENTS

• **Interest rate risk**

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

17) 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, 2019</u>				
Cash and cash equivalent	8,515,882	8,515,882	--	--
Contributions receivable	10,377,436	--	10,377,436	--
Other debit balances	25,859	--	25,859	--
Accounts payable and accruals	906,874	--	906,874	--
Temporarily restricted contributions	16,980,492	--	16,980,492	--
Provision for employees' indemnity	249,282	--	249,282	--
<u>December 31, 2018</u>				
Cash and cash equivalent	6,403,253	6,403,253	--	--
Contributions receivable	14,183,857	--	14,183,857	--
Other debit balances	12,848	--	12,848	--
Accounts payable and accruals	240,696	--	240,696	--
Temporarily restricted contributions	19,363,325	--	19,363,325	--
Provision for employees' indemnity	206,484	--	206,484	--

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.

NOTES TO THE FINANCIAL STATEMENTS

18) SUBSEQUENT EVENT

During the month of March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices, donations and contributions receivable from donors and currency exchange rates.

For the Center's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Due to the uncertainty of the outcome of the current events, the Center cannot reasonably estimate the impact these events will have on the Center's financial position, results of activities or cash flows in the future.