

NGO Development Center
(NDC)

Financial Statements and
Independent Auditor's Report

For the Year Ended December 31, 2024

NGO Development Center (NDC)

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board Of
NGO Development Center (NDC)
Al-Ram - Palestine

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NGO Development Center (hereinafter "NDC")**, which comprise the statement of financial position as of December 31, 2024, and the statement of activities, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NDC as of December 31, 2024, and 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 the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of NDC in accordance with the ethical requirements that are relevant to our audit of the financial statements in areas under the jurisdiction of the Palestinian Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 NDC or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also,

- 1- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 2- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- 3- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NDC'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 is 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 NDC to cease to continue as a going concern.
- 5- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

HLB PS – License number 201/2023
Ramallah - Palestine



Raed Abu Eletham, CPA
License number 109/2002
March 5, 2024



NGO Development Center (NDC)
Statement of Financial Position
As of December 31, 2024

	Notes	2024 USD	2023 USD
Asset			
Cash and Cash Equivalents	5	8,163,344	9,002,815
Contribution Receivables	7	8,349,682	18,083,920
Other Debit Balances	6	30,586	29,195
Total Current Assets		16,543,612	27,115,930
Property and Equipment, Net	8	57,224	79,996
Right of Use Assets, Net	11	107,487	120,922
Total Non Current Assets		164,711	200,918
Total Assets		16,708,323	27,316,848
Liabilities and Net Assets			
Current Liabilities			
Payables and Accruals	9	604,490	57,714
Lease liability - Current	11	13,435	13,435
Total Current Liabilities		617,925	71,149
Non current liabilities			
Provision for Employees Indemnity	10	547,880	499,246
Deferred Revenues	12	33,488	35,741
Lease Liability - Non Current	11	94,052	107,487
Total Non Current Liabilities		675,420	642,474
Total Liabilities		1,293,345	713,623
Net Assets			
Unrestricted Net Assets		1,152,087	865,267
Investment in Property and Equipment		57,224	79,996
Temporary Restricted Net Assets	13	14,205,667	25,657,962
		15,414,978	26,603,225
Total Liabilities and Net Assets		16,708,323	27,316,848

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)
Statement of Activities
For the year ended December 31, 2024

	Notes	Unrestricted Contribution USD	Temporary Restricted Contribution USD	2024 USD	2023 USD
Grants and Revenues					
Grants and contributions	13	-	1,228,003	1,228,003	9,420,778
Deferred revenues recognized	12	7,834	(5,581)	2,253	(35,741)
Other revenues		24,978	-	24,978	49,098
General Assembly members fees		903	-	903	903
Total grants and revenues		33,715	1,222,422	1,256,137	9,435,038
Net assets released from restriction	13,14	5,943,372	(5,943,372)	-	-
		5,977,087	(4,720,950)	1,256,137	9,435,038
Expenses					
Operating expenses	14	(5,908,867)	-	(5,908,867)	(7,461,936)
Depreciation of property and equipment	8	(24,936)	-	(24,936)	(21,129)
Depreciation on right of use assets	11	(13,437)	-	(13,437)	(13,436)
Interest expense on lease liability	11	(3,965)	-	(3,965)	(3,964)
Gain (Loss) on foreign currency		57,168	(930,639)	(873,471)	398,183
Gain (Loss) on sale of property and equipment		9,133	-	9,133	(6,370)
Total expenses		(5,884,904)	(930,639)	(6,815,543)	(7,108,652)
Increase (Decrease) in net assets during the year					
		92,183	(5,651,589)	(5,559,406)	2,326,386

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)
Statement of Changes in Net Assets
For the year ended December 31, 2024

	Unrestricted Net Assets USD	Investment in Property and Equipment USD	Temporary Restricted Net Assets USD	Total USD
Net Assets as of January 1, 2024	865,267	79,996	25,657,962	26,603,225
Increase (Decrease) in Net Assets for the year	92,183	-	(5,651,589)	(5,559,406)
Additions of Property and Equipment	(5,581)	5,581	-	-
Disposals of Property and Equipment, net of Depreciation	3,417	(3,417)	-	-
Depreciation of Property and Equipment	24,936	(24,936)	-	-
Transferred from Temporary Restricted Contribution to Unrestricted Funds	171,865	-	(171,865)	-
Donations Written off - Note (13)	-	-	(5,628,841)	(5,628,841)
Net Assets as of December 31, 2024	1,152,087	57,224	14,205,667	15,414,978

	Unrestricted Net assets USD	Investment in Property and Equipment USD	Temporary Restricted Net assets USD	Total USD
Net Assets as of January 1, 2023	891,915	66,054	23,845,307	24,803,276
(Decrease) Increase in Net Assets for the year	(12,706)	-	2,339,092	2,326,386
Additions of Property and Equipment	(41,978)	41,978	-	-
Disposals of Property and Equipment, net of Depreciation	6,907	(6,907)	-	-
Depreciation of Property and Equipment	21,129	(21,129)	-	-
Grants and donations returned to donors - Note (13)	-	-	(526,437)	(526,437)
Net Assets as of December 31, 2023	865,267	79,996	25,657,962	26,603,225

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)
Statement of Cash Flows
For the year ended December 31, 2024

	2024	2023
	USD	USD
Cash flows from operating activities:		
(Decrease) Increase in Net Assets for the Year	(5,559,406)	2,326,386
Adjustments:		
Depreciation of Property and Equipment	24,936	21,129
Depreciation on Right of Use Assets	13,437	13,436
Interest expense on Lease Liability	3,965	3,964
Write off Donations during the Year	(5,628,841)	(526,437)
Employees' Indemnity Provision Expense	71,067	99,075
(Gain) Loss on Sale of Property and Equipment	(9,133)	6,525
	(11,083,975)	1,944,078
Changes in working capital:		
Decrease in Contribution Receivables	9,734,238	2,524,877
(Increase) Decrease in Other Debit Balances	(1,391)	533
Increase (Decrease) in Payables and Accruals	529,374	(818,158)
(Decrease) Increase in Deferred Revenues	(2,253)	35,741
Cash Flow from Operating Activities	(824,007)	3,687,071
Employees' Indemnity Payments	(22,433)	(13,751)
Net Cash Flow (Used In) Generated from Operating Activities	(846,440)	3,673,320
Cash flow from Investing Activities:		
(Procurement) of Property and Equipment	(5,581)	(41,978)
Proceeds from Selling of Property and Equipment	12,550	382
Cash Flow Generated from (Used In) Investing Activities	6,969	(41,596)
Net (Decrease) Increase in Cash & Cash Equivalent	(839,471)	3,631,724
Cash on Hand and at Banks, Beginning of the Year	9,002,815	5,371,091
Cash on Hand and at Banks, End of the Year	8,163,344	9,002,815

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)

Notes to the Financial Statements For the Year Ended December 31, 2024

1. General

NGO Development Center (NDC) was registered with the Ministry of Interior on March 4, 2006 under the registration No. (QR-286-B) as a Palestinian Non-Governmental Center (NGO). NDC started its normal activities on July 1, 2006.

NDC is working hand-in-hand with Palestinian NGOs and community development centers 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.

NDC 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 has approved the accompanying financial statements for the year ended December 31, 2024 on March 5, 2025.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

In the current year, NDC management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on December 31, 2024.

At the date of these financial statements, there were a combination of standards and amendments to IFRSs that are applicable in subsequent years. Management believes that these standards and their interpretations will be applied in the financial statements of the entity according to the dates of their effectiveness, and that this application has no effect on the financial statements of the entity in the initial application stage.

3. Summary of Significant Accounting Policies

3-1 Preparation of Financial Statements

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards.

Significant accounting policies followed are as described below:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. In order to ensure observance of limitations and restrictions placed on the use of the available resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, net assets of NDC and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by NDC is not subject to donor-imposed restrictions.
- **Temporarily restricted net assets** - Net assets whose use by NDC is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and released by actions of the NDC pursuant to those donor-imposed stipulations.
- **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 properties and equipment** - represents unrestricted funds invested in fixed assets.

**Notes to the Financial Statements
For the Year Ended December 31, 2024**

3- Summary of Significant Accounting Policies (continued)

3-1 Preparation of Financial Statements (continued)

The statement of activities is a statement of financial activities related to the current period, it is not a performance measure and does not purport to present the net income or loss for the period as would a statement of income for a business enterprise.

The statement of activities includes certain prior-year summarized comparative in total but not by net asset class, i.e. with respect to restrictions, and accordingly, such information should be read in conjunction with the NDC's financial statements for the prior year from which the summarized information was derived to have sufficient details in conformity with International Financial Reporting Standards.

3-2 Grants and Revenues

Unconditional Grants and Grants with stipulations that are expected to be met are recognized as increases in temporarily restricted funds and are released to unrestricted funds over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Amounts received under conditional grants whose conditions are based on future events and actions are deferred and presented under current liabilities and are taken to the statement of activities when the related conditions are met.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to NDC with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that NDC should purchase, construct, or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

Government grants are not recognized until there is reasonable assurance that NDC will comply with the conditions attaching to them and that the grants will be received.

3-3 Revenue Recognition

NDC records earned revenues based on the accrual basis; revenues are recognized to the extent that it is probable that the economic benefits will flow to NDC.

The following specific recognition criteria must also be met before revenue is recognized:

3-3-1 Interest Revenues

Interest revenues on bank deposits are recognized according to the accrual basis of accounting and interest income is recorded using the effective interest rate method.

3-3-2 Grants

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to NDC with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that NDC should purchase, construct, or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

3-4 Expenses Recognition

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

Notes to the Financial Statements
For the Year Ended December 31, 2024

3. Summary of Significant Accounting Policies (continued)

3-5 Deferred Revenues

Donations related to property and equipment are stated at fair value, recorded as deferred revenues and recognized on a systematic basis over the useful life of the asset.

3-6 Property, and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged 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 a prospective basis.

The 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. The useful lives of assets are as follows:

	<u>Years of Service</u>
Computers and Networks	3-5 years
Furniture and Equipment	5-10 years

3-7 Grants Receivable

Grants receivables are considered current assets and are carried at net realizable values.

3-8 Accounts Payable and Accruals

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

3-9 Reserve for Employees' Benefits

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

In addition, NDC has established an employees' savings account where NDC deducts 3% of the employees' monthly salary and NDC also contributes 5%.

3-10 Income Tax and Value Added Tax (VAT)

NDC is a not-for-profit organization; accordingly, it is not subject to income tax. Under the VAT law, NDC is an exempt entity and is not entitled to refund VAT paid on its purchases and expenses.

3-11 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.

Notes to the Financial Statements
For the Year Ended December 31, 2024

3. Summary of Significant Accounting Policies (continued)

3-12 Foreign Currency Translation Reserve

The books of accounts of NDC are maintained in U.S Dollar. Transactions, which are denominated in currencies other than U.S Dollar were translated to U.S Dollar equivalent as follows:

- Transactions incurred in currencies other than the U.S Dollar were converted into U.S Dollar equivalent using the spot exchange rate of those currencies to U.S Dollar at the date of each transaction.
- Balances of assets, (other than fixed assets) and liabilities, which are denominated in currencies other than U.S Dollar currency are converted in the financial statements into U.S. Dollar equivalent according to the representative rate of exchange prevailing at year-end which were as follows:

	2024	2023	Change
US Dollar / NIS	3.66	3.60	1.67%
US Dollar / Euro	0.96	0.91	5.49%
US Dollar / JD	0.71	0.71	-
US Dollar / SEK	11.01	10.08	9.23%

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

3-13 Operating Leases

NDC as a lessee:

NDC assesses whether a contract contains a lease at the inception of the contract. NDC recognizes right-of-use assets and corresponding lease liabilities in respect of all lease arrangements in which it is a lessee, except for short-term leases (defined as leases of 12 or less) and leases of low-value assets (such as tablets, personal computers, things small office furniture and telephones). For these leases, NDC recognizes the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease. If this rate cannot be determined easily, the incremental borrowing rate is used.

Lease payments included in the measurement of lease liabilities include:

- Fixed lease payments (containing in essence fixed payments), less lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the contract;
- The amount the lessee is expected to pay under the residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and,
- Payment of contract termination penalties, if the lease reflects the exercise of the option to terminate the lease.

3. Summary of Significant Accounting Policies (continued)

3-13 Operating Leases

Lease liabilities are presented as a separate line item in the statement of financial position. Subsequently, the lease liabilities are measured by increasing the carrying amount to reflect the interest on lease liabilities (using the effective interest method) and decreasing the carrying amount to reflect the lease liabilities paid.

Lease liabilities are remeasured (and a corresponding adjustment is made for the related right-of-use assets) when:

- The lease term is changed if there is a significant event or change in circumstances that causes a change in the valuation of exercising the call option, in which case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.
- Lease liabilities change due to changes in an index or rate or a change in expected payments under the guaranteed residual value, in which cases the lease liabilities are remeasured by discounting the modified lease liabilities using an unchanging discount rate (unless the lease liabilities change due to the change in the floating interest rate, in which case the revised discount rate is used).

4. Critical accounting judgments and key sources of estimation

The financial statements include certain estimates and assumptions made by management relating to the reporting of assets, and liabilities, at the statement of financial position date, and the reporting of revenue, expenses, gains, and losses during the year in addition to changes in fair value. Particularly, it requires the NDC's management to make important judgments to estimate the time and amount of future cash flows.

Estimates are based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

Estimates used in the preparation of the financial statements are as follows:

- A periodic review is performed on assets estimated useful lives and assets that are subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment loss, if any, is reflected in the statement of activities.
- Provision for employee's reserve for severance Pay is calculated in accordance with Palestinian labor law in effect in Palestine.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NGO Development Center (NDC)

Notes to the Financial Statements
For the Year Ended December 31, 2024

5. Cash and Cash Equivalents

	2024	2023
	USD	USD
Cash on hand	1,746	3,539
Cash at banks - US Dollar	5,200,272	5,301,709
Cash at banks - EURO	342,056	2,805,330
Cash at banks - Jordanian Dinars	871,992	856,691
Cash at banks - Israeli Shekel	1,747,278	35,546
	<u>8,163,344</u>	<u>9,002,815</u>

6. Other Debit Balances

	2024	2023
	USD	USD
Prepaid Expenses	4,247	3,231
Due from employees	25,013	25,400
Others	1,326	564
	<u>30,586</u>	<u>29,195</u>

NGO Development Center (NDC)

Notes to the Financial Statements For the Year Ended December 31, 2024

7. Contribution Receivables

	Balance as of January 1, 2024 USD	Additions USD	Cash Received during the year USD	Write Off	Currency variance USD	Balance as of December 31, 2024 USD
International Development Association (IDA) - C4S	2,460,217	-	-	-	-	2,460,217
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	9,525,133	-	(3,448,705)	(5,613,816)	(462,612)	-
Agence Francaise de Development (AFD) - AJIR+	6,070,975	-	-	-	(341,510)	5,729,465
Agence Francaise de Development (AFD) - Consulting	27,595	-	(12,570)	(15,025)	-	-
OCHA	-	1,228,003	(1,068,003)	-	-	160,000
	18,083,920	1,228,003	(4,529,278)	(5,628,841)	(804,122)	8,349,682

	Balance as of January 1, 2023 USD	Additions USD	Cash Received during the year USD	Currency variance USD	Balance as of December 31, 2023 USD
International Development Association (IDA) - C4S	6,822,500	-	(4,362,283)	-	2,460,217
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	11,491,200	-	(2,307,692)	341,625	9,525,133
Agence Francaise de Development (AFD) - AJIR	2,295,097	-	(2,327,375)	32,278	-
Agence Francaise de Development (AFD) - AJIR+	-	8,779,600	(2,672,625)	(36,000)	6,070,975
Agence Francaise de Development (AFD) - Consulting	-	80,277	(53,635)	953	27,595
OCHA	-	394,527	(394,527)	-	-
Spanish Agency - AECID	-	166,374	(162,000)	(4,374)	-
	20,608,797	9,420,778	(12,280,137)	334,482	18,083,920

NGO Development Center (NDC)

Notes to the Financial Statements
For the Year Ended December 31, 2024

8. Property and Equipment, Net

	Equipment USD	Furniture USD	Vehicles USD	Computers USD	Software USD	Decorations & Enhancements USD	Total USD
Cost							
Balance as of January 1, 2024	53,153	5,278	34,681	17,198	182,496	1,891	294,697
Additions During the year	2,985	-	-	-	2,596	-	5,581
Disposal During the year	-	-	(14,400)	-	-	-	(14,400)
Balance as of December 31, 2024	56,138	5,278	20,281	17,198	185,092	1,891	285,878
Accumulated Depreciation							
Balance as of January 1, 2024	22,845	2,086	24,798	14,483	149,412	1,077	214,701
Depreciation During the year	8,960	794	4,837	1,175	8,791	379	24,936
Disposal During the year	-	-	(10,983)	-	-	-	(10,983)
Balance as of December 31, 2024	31,805	2,880	18,652	15,658	158,203	1,456	228,654
Net Book value as of December 31, 2024	24,333	2,398	1,629	1,540	26,889	435	57,224

NGO Development Center (NDC)

Notes to the Financial Statements
For the Year Ended December 31, 2024

8. Property and Equipment, Net (Continued)

	Equipment USD	Furniture USD	Vehicles USD	Computers USD	Software USD	Decorations & Enhancements USD	Total USD
Cost							
Balance as of January 1, 2023	48,804	7,098	34,681	79,346	169,652	1,891	341,472
Reclassification	24,328	3,683	-	(28,011)	-	-	-
Balance as of January 1, 2023 adjusted	73,132	10,781	34,681	51,335	169,652	1,891	341,472
Additions During the year	23,814	-	-	3,464	14,700	-	41,978
Disposal During the year*	(43,793)	(5,503)	-	(37,601)	(1,856)	-	(88,753)
Balance as of December 31, 2023	53,153	5,278	34,681	17,198	182,496	1,891	294,697
Accumulated Depreciation							
Balance as of January 1, 2023	33,978	1,710	19,610	73,512	145,908	700	275,418
Reclassification	21,246	3,683	-	(24,929)	-	-	-
Balance as of January 1, 2023 adjusted	55,224	5,393	19,610	48,583	145,908	700	275,418
Depreciation During the year	8,075	1,153	5,188	1,512	4,824	377	21,129
Disposal During the year*	(40,454)	(4,460)	-	(35,612)	(1,320)	-	(81,846)
Balance as of December 31, 2023	22,845	2,086	24,798	14,483	149,412	1,077	214,701
Net Book value as of December 31, 2023	30,308	3,192	9,883	2,715	33,084	814	79,996

* During the month of October 2023, the Israeli war on Gaza strip has erupted which resulted in the destruction of NDC office in Gaza. As a result, NDC management has decided to dispose all the fixed assets in Gaza office which had a book value of USD 6,370 as of December 31, 2023.

NGO Development Center (NDC)

Notes to the Financial Statements
For the Year Ended December 31, 2024

9. Payables and Accruals

	2024 USD	2023 USD
Refunds from Partners - IDA C4S *	510,938	-
Accounts payable and accrued expenses	91,382	57,432
Income Tax on employees' salaries	2,169	282
	<u>604,490</u>	<u>57,714</u>

* As a result of the Israeli war on the Gaza Strip, funds that were previously paid to partner institutions for the cash-for-service project have been refunded. The project's activities have been suspended until the security situation in Palestine stabilizes.

10. Provision for Employees' Indemnity

	2024 USD	2023 USD
End of Service Benefits Provision (a)	342,624	308,318
Provident Fund Provision (b)	191,071	159,805
Vacation Provision (c)	14,185	31,123
	<u>547,880</u>	<u>499,246</u>

a. End of Service Benefits Provision

	2024 USD	2023 USD
Balance at the Beginning of the year	308,318	261,705
Additions during the year	36,969	58,228
Payments during the year	(2,663)	(11,615)
Balance at the Ending of the year	<u>342,624</u>	<u>308,318</u>

b. Provident Fund Provision

	2024 USD	2023 USD
Balance at the Beginning of the year	159,805	128,452
Additions during the year	33,561	33,489
Payments during the year	(2,295)	(2,136)
Balance at the Ending of the year	<u>191,071</u>	<u>159,805</u>

c. Vacation Provision

	2024 USD	2023 USD
Balance at the Beginning of the year	31,123	23,765
Additions during the year	(16,938)	7,358
Balance at the Ending of the year	<u>14,185</u>	<u>31,123</u>

NGO Development Center (NDC)

Notes to the Financial Statements
For the Year Ended December 31, 2024

11. Right of Use Assets and Lease Liabilities

The movement on the right of use assets and lease liabilities is as follows:

December 31, 2024:

	Right-of-Use Assets USD	Lease Liability USD
Balance as of January 1, 2024	120,922	120,922
Additions	-	-
Amortization on the right of use during the year	(13,437)	(17,400)
Interest on Lease Liability	-	3,965
Balance as of December 31, 2024	107,487	107,487

The details for the current and non-current lease liability are as follows:

	2024 USD	2023 USD
Lease Liability – Current	13,435	13,435
Lease Liability – Non-Current	94,052	107,487
	107,487	120,922

12. Deferred Revenues

Represents assets recorded as deferred revenue and recognized as income on a systematic basis over the useful life of the equipment. The movement in the deferred revenues during the year was as follows:

	2024 USD	2023 USD
Balance at the Beginning of the year	35,741	-
Additions during the year	5,581	38,229
Deferred Revenues recognized during the year	(7,834)	(2,488)
Balance at the Ending of the year	33,488	35,741

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Notes to the Financial Statements For the Year Ended December 31, 2024

13. Temporarily Restricted Net Assets

This item comprises temporarily restricted contributions subject to donor purpose restriction. End of year individual balances represent the excess of donations pledged over the expenditures made out to satisfy the purposes stipulated by donors. The movement in temporarily restricted contributions is as follows:

	Balance as of January 1, 2024 USD	Additions USD	Revenues recognized from Temporary Restricted Contributions USD	Transferred from the Temporary Restricted Fund to Unrestricted Fund USD	Transferred to Deferred Revenues (Note 12) USD	Write off USD	Currency variance USD	Balance as of December 31, 2024 USD
International Development Association (IDA) - C4S	5,420,125	-	(111,624)	-	-	-	-	5,308,501
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	9,680,386	-	(2,735,391)	-	(5,315)	(5,613,816)	(455,511)	870,353
Agence Francaise de Development (AFD) - AJIR	1,519,886	-	(1,323,955)	(171,865)	-	-	(24,066)	-
Agence Francaise de Development (AFD) - AJIR+	8,814,999	-	(1,131,144)	-	-	-	(444,977)	7,238,878
Agence Francaise de Development (AFD) - Consulting	65,018	-	(50,093)	-	-	(15,025)	100	-
OCHA _ Promote Emergency Relief and Support Basic Needs 27778	1	428,004	(427,739)	-	(266)	-	-	-
OCHA _ Emergency Cash Assistance to Vulnerable Families in the Gaza Strip 33819	-	799,999	(18,490)	-	-	-	-	781,509
Spanish Agency - AECID	157,547	-	(144,936)	-	-	-	(6,185)	6,426
	25,657,962	1,228,003	(5,943,372)	(171,865)	(5,581)	(5,628,841)	(930,639)	14,205,667

	Balance as of January 1, 2023 USD	Additions USD	Revenues recognized from Temporary Restricted Contributions USD	Transferred to Deferred Revenues (Note 12) USD	Transferred to the Donor USD	Currency variance USD	Balance as of December 31, 2023 USD
International Development Association (IDA) - C4S	6,881,069	-	(1,452,670)	(8,274)	-	-	5,420,125
The Consulate General of Sweden in Jerusalem (SIDA)_Human rights project 2018 - 2022	808,958	-	(356,788)	(28,053)	(526,437)	102,320	-
The Consulate General of Sweden in Jerusalem (SIDA)_Human rights project 2023 - 2026	11,491,200	-	(2,200,117)	(1,020)	-	390,323	9,680,386
Agence Francaise de Development (AFD) - AJIR	4,664,080	-	(3,060,056)	(882)	-	(83,256)	1,519,886
Agence Francaise de Development (AFD) - AJIR+	-	8,779,600	(15,128)	-	-	50,527	8,814,999
Agence Francaise de Development (AFD) - Consulting	-	80,277	(17,270)	-	-	2,011	65,018
OCHA	-	394,527	(394,526)	-	-	-	1
Spanish Agency - AECID	-	166,374	(7,791)	-	-	(1,036)	157,547
	23,845,307	9,420,778	(7,504,346)	(38,229)	(526,437)	460,889	25,657,962

NGO Development Center (NDC)

Notes to the Financial Statements For the Year Ended December 31, 2024

14. Operating Expenses

	AFD -AJIR	AFD AJIR +	AFD - Consulting	SIDA - Human rights project 2018 - 2022	IDA - C4W	OCHA _ Promote Emergency Relief and Support Basic Needs 27778	OCHA _ Emergency Cash Assistance to Vulnerable Families In the Gaza Strip 33819	AECID	Total Operating Expenses	General Expesnes	Total 2024	Total 2023
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Grants and recipients	1,159,926	1,019,797	-	2,529,144	-	-	-	-	4,708,867	-	4,708,867	6,302,441
Capacity Building for NGOs	-	-	-	-	-	-	-	-	-	-	-	52,413
Salaries and related expense	113,555	76,610	6,567	146,217	86,983	35,657	7,104	36,089	508,782	-	508,782	545,054
Consultation	26,012	30,497	42,546	22,551	208	-	-	503	122,317	-	122,317	116,217
Professional fees	4,335	1,885	980	6,505	8,135	2,870	-	-	24,710	-	24,710	23,806
Transportation and accommodation expenses	-	74	-	4,990	2,250	654	77	139	8,184	-	8,184	14,908
Network support expenses	-	-	-	-	-	-	-	-	-	-	-	3,602
Utilities	-	-	-	6,228	4,236	-	-	-	10,464	-	10,464	13,509
Rent expense	-	-	-	-	-	-	-	-	-	-	-	8,400
Communication	-	-	-	2,685	1,620	2,553	200	478	7,536	-	7,536	10,827
Maintenance	1,512	-	-	3,986	180	3,816	-	-	9,494	-	9,494	10,127
Hospitality and meetings	14	608	-	197	-	-	-	-	819	-	819	5,142
Media advertising	-	1,520	-	2,898	123	-	-	-	4,541	-	4,541	3,653
Stationery and office supplies	-	153	-	2,693	-	600	200	-	3,646	-	3,646	7,331
Insurance	-	-	-	-	415	374	-	-	789	-	789	2,874
Printings and brochures	-	-	-	785	1,017	1,278	-	562	3,642	-	3,642	4,966
Bank charges	659	-	-	-	29	3,370	-	-	4,058	-	4,058	3,506
Projects implemented by contractors	-	-	-	-	-	371,677	10,909	107,165	489,751	-	489,751	330,901
PMIS system	-	-	-	-	428	-	-	-	428	-	428	-
Others	839	-	-	-	-	-	-	-	839	-	839	2,259
Total	1,306,852	1,131,144	50,093	2,728,879	105,624	422,849	18,490	144,936	5,908,867	-	5,908,867	7,461,936
Depreciation on right of use assets	-	-	-	6,512	6,000	925	-	-	13,437	-	13,437	13,436
Interest expense on lease liability	-	-	-	-	-	3,965	-	-	3,965	-	3,965	3,964
Depreciation of property and equipment	17,103	-	-	-	-	-	-	-	17,103	7,833	24,936	21,129
	1,323,955	1,131,144	50,093	2,735,391	111,624	427,739	18,490	144,936	5,943,372	7,833	5,951,205	7,500,465

NGO Development Center (NDC)
Notes to the Financial Statements

For the Year Ended December 31, 2024

15. Related Party Transactions

Related parties represent the Board of Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties.

As at the end of the period, the amounts due (from/to) the related parties were included in the statement of financial position as follows:

The financial statements include the following related party transactions:

	2024 USD	2023 USD
Key management Personnel Salaries & Related Benefits	234,648	262,330

16. Financial Instruments – Fair Values and Risk Management

The main risks arising from NDC financial instruments are the following risks:

Fair Values of Financial Assets and Liabilities

The carrying book value of financial assets and liabilities are not materially different from their fair values applicable at the date of the financial statements.

Credit risk

With respect to credit risk arising from other financial assets, which comprise cash and cash equivalents, NDC exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. NDC seeks to limit its credit risk to banks by dealing with respectable banks.

Foreign currency risk

Currency risk arises from the possibility that changes in the exchange rates may negatively affect the value of the financial assets and liabilities in case NDC does not hedge its currency exposure by means of hedging instruments. The management usually distributes its liquid assets over its functional currencies to minimize any possible loss from currency rates fluctuation.

Operational Risk

Dependency on donor funding: NDC as a not-for-profit organization is partially dependent upon donors to fund its activities. Due to that nature, it has an operational risk if donor funding decreases or stops.

NDC believes that expenditures for 2024 may decrease compared to prior years, this is due to the Israeli war on Gaza that has an impact on its ability to conduct projects activities. Regardless, NDC believes that it can cover any deficit from the unrestricted Net assets.

Relationship with Donors

The majority of NDC revenues and support for the years ended December 31, 2024 and 2023 were derived from grants received from individuals or donor agencies. NDC has no reason to believe that relationships with donor agencies will be discontinued in the foreseeable future. However, any interruption of these relationships would have an adverse effect on NDC's ability to finance ongoing operations in the coming years.

Liquidity risk

Liquidity risks arise from shortages in funds. NDC has no shortage of funds for its current liabilities, additionally NDC is funded from multiple donation sources.

For the Year Ended December 31, 2024

16. Financial Instruments – Fair Values and Risk Management (Continued)

Interest Rate Risk

NDC's interest rate risk arises from the possibility that changes in market interest rates may affect the value of its interest-bearing assets. The management of NDC usually monitors the fluctuation in interest rates in every individual currency in order to maximize the benefits from placements

17. Impact of Israeli War on Gaza

During the month of October 2023, the Israeli war on Gaza Strip erupted, resulting in significant destruction affecting all aspects of life. This led to damage in all business and economic activities in Gaza Strip and West Bank, accompanied by numerous market closures and movement restrictions between cities, resulting in the suspension of normal business activities.

NDC management has examined the exceptional circumstances that may have a material impact on the operations and the risks associated with them. It concluded that the primary effects could arise from:

- Increased default risks due to the fact that donors and contracting parties' inability to fulfill their contractual obligations to NDC. Due to the Israeli war on Gaza strip, one of the major donors have temporarily frozen the donation and the related project activities on all Palestinian institutions including NDC. Additionally, another donor has written off part of the donation by decreasing the project period.
- In ability to continue operations in Gaza since the branch of Gaza is currently considered within a war zone and no individual would be able to reach it.

The situation in Gaza remains unstable and unpredictable as the result of the War. The NDC's management will continue to evaluate the impact of the war on its activities and financial statements and take appropriate measures in this regard.