

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF
GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

FINANCIAL STATEMENTS

DECEMBER 31, 2018

Independent Auditor's Report to members of the General Assembly of The Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH)

Opinion

We have audited the financial statements of the Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH), which comprise the statement of financial position as at December 31, 2018, and the statement of activities and changes in net assets and the 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 MIFTAH as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MIFTAH in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), 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 MIFTAH's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate MIFTAH or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing MIFTAH's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MIFTAH's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 MIFTAH'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 statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MIFTAH 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young - Middle East

License # 206/2012



A. Maher Abushaaban

License # 155/1998

April 2, 2019

Ramallah, Palestine

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Financial Position

As at December 31, 2018

	Notes	<u>2018</u> U.S. \$	<u>2017</u> U.S. \$
Assets			
Non - current assets			
Property and equipment	3	10,655	10,271
		<u>10,655</u>	<u>10,271</u>
Current assets			
Contributions receivable	4	383,411	86,237
Other current assets	5	29,190	7,406
Cash on hand and balances with banks	6	997,596	914,917
		<u>1,410,197</u>	<u>1,008,560</u>
Total Assets		<u><u>1,420,852</u></u>	<u><u>1,018,831</u></u>
Net Assets and Liabilities			
Net assets			
Unrestricted net assets		256,369	254,193
Board of directors designated fund	10	255,747	-
Total net assets		<u>512,116</u>	<u>254,193</u>
Non - current liabilities			
Deferred revenues	7	10,655	10,271
Provision for employees' indemnity	8	147,950	128,862
		<u>158,605</u>	<u>139,133</u>
Current liabilities			
Accounts payable and accruals	9	124,866	43,654
Temporarily restricted contributions	10	625,265	581,851
		<u>750,131</u>	<u>625,505</u>
Total Liabilities		<u>908,736</u>	<u>764,638</u>
Total Net Assets and Liabilities		<u><u>1,420,852</u></u>	<u><u>1,018,831</u></u>

The attached notes 1 to 15 form part of these financial statements

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Activities and Changes in Unrestricted Net Assets

Year ended December 31, 2018

	<u>Notes</u>	<u>2018</u> U.S. \$	<u>2017</u> U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	10	1,013,210	924,787
Deferred revenues recognized	7	4,440	5,244
Other revenues		8,935	8,195
		<u>1,026,585</u>	<u>938,226</u>
Expenses			
Projects expenses	11	(1,013,210)	(924,787)
Depreciation of property and equipment	3	(4,440)	(5,244)
Currency differences		(6,759)	11,113
Other expenses		-	(7,458)
		<u>(1,024,409)</u>	<u>(926,376)</u>
Increase in net unrestricted assets		2,176	11,850
Unrestricted net assets, beginning of year		<u>254,193</u>	<u>242,343</u>
Unrestricted net assets, end of year		<u><u>256,369</u></u>	<u><u>254,193</u></u>

The attached notes 1 to 15 form part of these financial statements

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)

Statement of Cash Flows

Year ended December 31, 2018

	<u>Note</u>	<u>2018</u> U.S. \$	<u>2017</u> U.S. \$
<u>Operating Activities:</u>			
Increase in net assets		2,176	11,850
<u>Adjustments:</u>			
Depreciation of property and equipment		4,440	5,244
Deferred revenues recognized		(4,440)	(5,244)
Provision for employees' indemnity		42,549	31,749
		<u>44,725</u>	<u>43,599</u>
<u>Changes in working capital</u>			
Contributions receivable		(41,427)	279,996
Other current assets		(21,784)	(2,773)
Temporarily restricted contributions		48,238	(85,738)
Accounts payable and accruals		81,212	(74,698)
Employees' indemnity paid		(23,461)	(9,263)
Net cash from operating activities		<u>87,503</u>	<u>151,123</u>
<u>Investing Activities:</u>			
Purchase of property and equipment		(4,824)	(3,502)
Net cash used in investing activities		<u>(4,824)</u>	<u>(3,502)</u>
Increase in cash and cash equivalent		82,679	147,621
Cash and cash equivalent, beginning of year		<u>914,917</u>	<u>767,296</u>
Cash and cash equivalent, end of year	6	<u>997,596</u>	<u>914,917</u>

The attached notes 1 to 15 form part of these financial statements

Notes to the Financial Statements

December 31, 2018

1. General

The Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH) was established in December 1998 as a non-governmental non-partisan Jerusalem-based institution dedicated to fostering democracy and good governance within the Palestinian society through promoting public accountability, transparency, the free flow of information and ideas, and challenging of stereotyping at home and abroad. MIFTAH's aim is to serve as a Palestinian platform for global dialogue and cooperation guided by the principles of democracy, human rights, gender equity, and participatory governance. To this end, MIFTAH undertakes the pro-active generation and presentation of policy proposals and the focused dissemination of reliable information. Since its establishment, MIFTAH has established the cogency of its positions in Palestine and in the region, and has formulated long and short-term policies and strategies to deal with particular pressing issues. Through networking with like-minded organizations locally, regionally and internationally, and with Palestinian expatriate communities, MIFTAH maintains lasting relationships and partnerships in pursuit of a common vision of dialogue and democracy.

MIFTAH's financial statements as at December 31, 2018 were approved by the General Assembly on April 2, 2019

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the financial year ended December 31, 2017, except that MIFTAH applied the following standards and amendments for annual periods beginning on or after January 1, 2018:

IFRS 9 Financial Instruments

MIFTAH has adopted IFRS 9 on January 1, 2018. The Standard has been retrospectively applied to existing financial assets as at the date of application and MIFTAH has chosen not to adjust the comparative figures for prior periods as permitted in accordance with the Standard.

The impact of the application of IFRS 9 has no effect on the opening balance of the net assets items as of January 1, 2018.

The credit exposure on contributions receivable balances is not significant as it is recorded against temporarily restricted contributions balances, and generally MIFTAH limits its credit risk through limiting projects' disbursements from amounts actually transferred by donors, therefore any write off on contributions receivable balances will be matched by a write off in the temporarily restricted contribution.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 15 has no effect on MIFTAH net assets or its accounting policy for revenue recognition.

The IASB issued standards and interpretations that are not yet effective, and have not been adopted by MIFTAH. MIFTAH intends to adopt these standards when they become effective.

2.3 Estimates and assumptions

MIFTAH's financial position and performance are sensitive to accounting methods, assumptions, estimates and judgments that underlie the preparation of the financial statements. MIFTAH bases its estimates on its past experience and on various other assumptions deemed reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Due to different assumptions and situations, the actual results may differ significantly from these estimates.

Useful lives of properties and equipment

MIFTAH's management reassesses the useful lives of properties and equipment assets, and makes adjustments if applicable, at each financial year end.

2.4 Summary of significant accounting policies

Donation revenues

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

Donation revenues from unconditional pledges are recognized as follows:

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

Deferred revenues

Donations related to property and equipment are measured at fair value, recorded as deferred revenues and recognized as revenue in the statement of activities and changes in net assets on a systematic basis over the useful life of the asset.

Expenses recognition

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

Current versus non-current classification

MIFTAH presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading IAS
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Contributions receivable

Contributions receivable are classified as financial assets at amortised cost, and are stated at the original amount of the unconditional pledges less amounts received and expected credit losses.

Impairment of financial assets

After adoption of IFRS (9) as at January 1, 2018

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

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

Before the adoption of IFRS (9) as at January 1, 2018

An assessment is made at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the statement of activities.

Impairment of financial assets

An assessment is made at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, any impairment loss is recognized in the statement of activities and changes in net assets.

Fair value

Where the fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial assets.

Cash and cash equivalent

For the purpose of the statement of cash flow, cash and cash equivalent comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities and changes in unrestricted net assets as incurred.

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

	<u>Useful life (years)</u>
Office equipment	4-5
Office furniture	6-7
Leasehold improvements	5

Any item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and changes in unrestricted net assets when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Income taxes

MIFTAH is a not-for-profit organization; accordingly, it is not subject to income tax.

Accounts payable and accruals

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

Foreign currencies

Transactions in foreign currencies are presented in U.S. \$ at the average rate of the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and equipment

	<u>Office equipment</u> U.S. \$	<u>Office furniture</u> U.S. \$	<u>Leasehold improvements</u> U.S. \$	<u>Total</u> U.S. \$
Cost:				
At January 1, 2018	230,691	68,996	28,495	328,182
Additions	4,150	674	-	4,824
At December 31, 2018	<u>234,841</u>	<u>69,670</u>	<u>28,495</u>	<u>333,006</u>
Depreciation:				
At January 1, 2018	222,663	66,753	28,495	317,911
Depreciation charge for the year	3,736	704	-	4,440
At December 31, 2018	<u>226,399</u>	<u>67,457</u>	<u>28,495</u>	<u>322,351</u>
Net carrying value:				
At December 31, 2018	<u>8,442</u>	<u>2,213</u>	<u>-</u>	<u>10,655</u>
At December 31, 2017	<u>8,028</u>	<u>2,243</u>	<u>-</u>	<u>10,271</u>

Property and equipment include U.S. \$ 309,219 and U.S. \$ 308,332 of fully depreciated assets that are still being used in MIFTAH's activities as at December 31, 2018 and 2017, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Currency differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Arab Fund	-	165,617	(107,450)	-	58,167
Representative Office of Norway (NRO)- Core fund	-	88,713	(84,055)	(4,658)	-
Representative Office of Norway (NRO)- Project	-	133,069	(126,081)	(6,988)	-
Representative Office of Ireland (IRO) - Core fund	-	79,709	(79,709)	-	-
EU	-	372,630	(110,355)	(22,820)	239,455
OXFAM - Conflict and Fragility Project (contract 04861) Year 2	7,283	-	(7,133)	(150)	-
OXFAM - Conflict and Fragility Project (contract 04861) Year 3	-	90,095	(81,254)	(3,387)	5,454
OXFAM - Finance for Development Project (contract 04854) Year 2	13,089	-	(12,819)	(270)	-
OXFAM - Finance for Development Project (contract 04854) Year 3	-	101,828	(89,925)	(2,477)	9,426
United Nations Population Fund (UNFPA)	970	76,400	(71,246)	(473)	5,651
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)	-	71,945	(62,892)	(2,050)	7,003
Swiss Cooperation Office Gaza & West Bank - Core Fund	-	180,000	(144,000)	-	36,000
Central Elections Commission	7,688	-	(7,757)	69	-
Arab Palestinian Investment Company (APIC)	40,000	-	(20,000)	-	20,000
Women Media and Development (TAM)/ KARAMA	14,250	-	(11,995)	-	2,255
European Institute of the Mediterranean (IEMED)	2,957	-	(2,908)	(49)	-
	<u>86,237</u>	<u>1,360,006</u>	<u>(1,019,579)</u>	<u>(43,253)</u>	<u>383,411</u>

5. Other current assets

	2018	2017
	U.S. \$	U.S. \$
Employee advances	10,858	7,320
Interest receivable	9,398	-
Other	8,934	86
	<u>29,190</u>	<u>7,406</u>

6. Cash and cash equivalent

	2018	2017
	U.S. \$	U.S. \$
Cash in hand and at banks	471,946	414,552
Short-term deposits	525,650	500,365
	<u>997,596</u>	<u>914,917</u>

Short term deposits in U.S. \$ are due within three months after the financial statements date with an average interest rate of 2.5% and 2.25%, during the years 2018 and 2017, respectively.

Short-term deposits as at December 31, 2018 and 2017 include U.S. \$ 147,950 and U.S. \$ 128,862, respectively as deposits designated for employees' indemnity (note 8).

7. Deferred revenues

This item represents the value of property and equipment acquired during the year using the temporarily restricted contributions. It is recorded as deferred revenues and recognized regularly based on the expected useful life of an asset.

Movement on deferred revenues during the year was as follows:

	2018	2017
	U.S. \$	U.S. \$
Balance, beginning of year	10,271	12,013
Additions (Note 10)	4,824	3,502
Deferred revenues recognized	(4,440)	(5,244)
Balance, end of year	<u>10,655</u>	<u>10,271</u>

8. Provision for employees' indemnity

Following is a summary of the movement on the provision for severance pay during the year:

	2018	2017
	U.S. \$	U.S. \$
Balance, beginning of year	128,862	106,376
Additions during the year	42,549	31,749
Payments during the year	(23,461)	(9,263)
Balance, end of year	<u>147,950</u>	<u>128,862</u>

9. Accounts payable and accruals

	2018	2017
	U.S. \$	U.S. \$
Accounts payable	72,671	27,111
Outstanding checks	45,612	7,431
Accrued expenses	6,583	9,112
	<u>124,866</u>	<u>43,654</u>

10. Temporarily restricted contributions

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions during 2018 is as follows:

	Balance, beginning of year	Additions	Transfer from prior year project*	Temporarily restricted contributions released from restriction	Deferred revenues	Write-off*	Interest revenue	Transfer to other revenues**	Currency difference	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)	-	71,945	-	(8,522)	-	-	-	-	(1,968)	61,455
OXFAM - Conflict and Fragility Project (contract 04861) Year 2	39,408	-	-	(32,775)	-	(7,518)	-	-	885	-
OXFAM - Conflict and Fragility Project (contract 04861) Year 3	-	90,095	7,518	(94,921)	-	-	-	-	(2,692)	-
OXFAM - Finance for Development Project (contract 04854) Year 2	57,192	-	-	(41,184)	-	(16,853)	-	-	845	-
OXFAM - Finance for Development Project (contract 04854) Year 3	-	101,828	16,853	(113,429)	-	-	-	-	(5,252)	-
Oxfam- Finance for Development - Study Tour (A-04848-10)	3,945	-	-	(3,798)	-	-	-	-	(147)	-
Representative Office of Norway (NRO)- Core fund	12,980	88,713	-	(35,511)	(327)	-	-	-	(4,730)	61,125
Representative Office of Norway (NRO)- Project	83,075	133,069	-	(126,819)	-	-	-	-	(6,915)	82,410
Representative Office of Ireland (IRO)	82,789	79,709	-	(83,198)	(173)	-	-	-	582	79,709
Arab Fund	-	165,617	-	(121,240)	-	-	-	-	-	44,377
United Nations Population Fund (UNFPA)	-	76,400	-	(75,778)	-	-	-	-	(622)	-
EU	-	372,630	-	(65,007)	(1,921)	-	-	-	(29,513)	276,189
Swiss Cooperation Office Gaza & West Bank	-	180,000	-	(177,597)	(2,403)	-	-	-	-	-
Central Elections Commission (CEC)	-	-	-	-	-	-	-	-	-	-
Arab Palestinian Investment Company (APIC)	40,000	-	-	(20,000)	-	-	-	-	-	20,000
Women Media and Development (TAM)/ KARAMA	5,981	-	-	(5,981)	-	-	-	-	-	-
European Institute of the Mediterranean (IEMED)	7,182	-	-	(7,450)	-	-	-	-	268	-
Other donations	249,299	-	-	-	-	-	6,448	(255,747)	-	-
	<u>581,851</u>	<u>1,360,006</u>	<u>24,371</u>	<u>(1,013,210)</u>	<u>(4,824)</u>	<u>(24,371)</u>	<u>6,448</u>	<u>(255,747)</u>	<u>(49,259)</u>	<u>625,265</u>

* During 2018, OXFAM closed the ending balances of Conflict and Fragility Project and Finance for Development Project for Year 2 and reallocated them to Year 3 of the same projects as part of the additions shown in the above table.

** During 2018, the members of the General Assembly approved to reclassify other donations to net assets under the account "Board of directors designated fund".

11. Projects expenses

Components of projects expenses are as follows:

	Arab Fund	APIC	GIZ	OXFAM Novib	OXFAM Novib	OXFAM Novib	OXFAM Novib	OXFAM Novib	Subtotal
	Grants for Income Generating Projects	Youth Program	Empowerment of Women Participation in LGUs	Finance for Development Project (Y2)	Finance for Development Project (Y3)	Conflict and Fragility (Y2)	Conflict and Fragility (Y3)	Study Tour	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Program personnel salaries and benefits	26,667	3,764	4,486	12,784	37,919	5,801	22,937	-	114,358
Consultants, researchers, trainers and facilitators	11,955	810	-	9,837	26,512	2,226	29,223	-	80,563
Editing and translation	-	-	-	-	2,823	88	1,998	2,730	7,639
International travel and perdiems	-	-	-	-	8,975	10,321	7,665	-	26,961
Field coordinators' expenses	878	189	-	-	-	-	4,185	-	5,252
Paid internships and shadowing	-	-	-	-	-	223	-	-	223
Information, printings and publications	-	-	-	8,401	14,029	-	1,971	1,068	25,469
Workshops, seminars and training sessions	6,772	5,618	62	4,624	2,516	3,976	7,315	-	30,883
Transportation and accommodation	2,769	8,642	-	2,687	3,925	7,413	9,836	-	35,272
Media campaign and activities	-	-	-	-	4,208	211	-	-	4,419
Supplies and materials	1,321	-	-	86	68	717	953	-	3,145
Other program direct costs	56,660	-	-	-	-	-	-	-	56,660
Program direct cost	80,355	15,259	62	25,635	63,056	25,175	63,146	3,798	276,486
Admin staff salaries and benefits	8,108	250	2,960	-	450	150	450	-	12,368
Professional fees	200	-	-	-	815	-	700	-	1,715
Monitoring and evaluation salaries and related benefits	-	-	731	1,121	4,511	748	2,355	-	9,466
Overall management	8,308	250	3,691	1,121	5,776	898	3,505	-	23,549
Rent	3,350	700	100	1,292	4,217	300	2,983	-	12,942
Utilities	1,281	-	53	152	1,334	246	1,334	-	4,400
Communication	1,079	-	63	168	819	252	664	-	3,045
Stationery and supplies	200	-	-	32	179	55	261	-	727
Bank charges and other expenses	-	27	67	-	129	48	91	-	362
Other admin costs	5,910	727	283	1,644	6,678	901	5,333	-	21,476
Total	121,240	20,000	8,522	41,184	113,429	32,775	94,921	3,798	435,869

Projects expenses (continued)

	EU	Swiss Cooperation Office Gaza & West Bank	Swiss Cooperation Office Gaza & West Bank	IRO	NRO	NRO	Subtotal	
	Youth as HR defenders (80%)	Youth as HR defenders (20%)	Core Fund			Enhancing Women Participation in Public Life		
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$		
Program personnel salaries and benefits	114,358	30,055	-	62,959	25,403	2,000	41,980	276,755
Consultants, researchers, trainers and facilitators	80,563	7,366	10,467	-	-	-	10,786	109,182
Editing and translation	7,639	2,391	-	328	-	22	2,003	12,383
International travel and perdiems	26,961	-	-	569	190	-	11,830	39,550
Field coordinators' expenses	5,252	9,849	-	17,444	9,028	2,180	16,724	60,477
Paid internships and shadowing	223	-	-	1,650	900	300	150	3,223
Information, printings and publications	25,469	-	-	-	-	-	-	25,469
Workshops, seminars and training sessions	30,883	4,405	3,579	354	65	-	16,813	56,099
Transportation and accommodation	35,272	1,779	2,528	1,555	642	765	12,605	55,146
Media campaign and activities	4,419	796	-	-	-	-	629	5,844
Membership fees	-	-	-	100	100	200	-	400
Supplies and materials	3,145	304	-	575	245	106	1,274	5,649
Staff capacity development	-	-	-	796	150	-	-	946
Other program direct costs	56,660	189	-	454	72	-	479	57,854
Program direct cost	276,486	27,079	16,574	23,825	11,392	3,573	73,293	432,222
Admin staff salaries and benefits	12,368	700	-	49,773	27,827	16,394	3,002	110,064
Professional fees	1,715	200	-	2,701	2,702	4,697	-	12,015
Monitoring and evaluation salaries and related benefits	9,466	2,607	-	9,551	3,315	2,000	7,175	34,114
Overall management	23,549	3,507	-	62,025	33,844	23,091	10,177	156,193
Rent	12,942	2,420	-	2,639	3,700	1,200	1,200	24,101
Utilities	4,400	919	-	4,703	4,370	2,412	-	16,804
Communication	3,045	750	-	865	1,066	1,033	97	6,856
Transportation	-	-	-	2,067	1,281	875	-	4,223
Stationery and supplies	727	205	-	1,341	1,084	1,120	72	4,549
Hospitality	-	-	-	363	228	83	-	674
Advertising	-	-	-	60	161	-	-	221
Bank charges and other expenses	362	72	-	10	262	124	-	830
Annual board meetings	-	-	-	166	407	-	-	573
Other admin costs	21,476	4,366	-	12,214	12,559	6,847	1,369	58,831
Total	435,869	65,007	16,574	161,023	83,198	35,511	126,819	924,001

Projects expenses (continued)

	UNFPA	IEMED	TAM / KARAMA			
	Support for the Protection of Women	Mobilization Action of Gender Equality Actors at a Local Level, Phase II	Promoting Palestinian Women Human Rights	Total Project Expenses 2018	Total Project Expenses 2017	
Subtotal	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
Program personnel salaries and benefits	276,755	8,350	2,456	1,860	289,421	264,053
Consultants, researchers, trainers and facilitators	109,182	23,087	-	-	132,269	94,598
Public opinion polls/surveys	-	-	-	3,747	3,747	8,908
Editing and translation	12,383	1,286	-	-	13,669	-
International travel and perdiems	39,550	-	-	-	39,550	13,440
Field coordinators' expenses	60,477	463	-	-	60,940	59,348
Paid internships and shadowing	3,223	526	-	-	3,749	5,408
Information, printings and publications	25,469	12,072	-	-	37,541	28,174
Workshops, seminars and training sessions	56,099	8,273	202	371	64,945	56,546
Transportation and accommodation	55,146	4,810	775	3	60,734	50,997
Media campaign and activities	5,844	6,575	3,680	-	16,099	32,903
Membership fees	400	-	-	-	400	457
Supplies and materials	5,649	400	-	-	6,049	-
Staff capacity development	946	-	-	-	946	15,865
Other program direct costs	57,854	2,100	-	-	59,954	75,152
Program direct cost	<u>432,222</u>	<u>59,592</u>	<u>4,657</u>	<u>4,121</u>	<u>500,592</u>	<u>441,796</u>
Admin staff salaries and benefits	110,064	4,775	100	-	114,939	116,604
Professional fees	12,015	200	-	-	12,215	11,684
Monitoring and evaluation salaries and related benefits	34,114	-	-	-	34,114	30,799
Overall management	<u>156,193</u>	<u>4,975</u>	<u>100</u>	<u>-</u>	<u>161,268</u>	<u>159,087</u>
Rent	24,101	1,200	199	-	25,500	25,500
Utilities	16,804	1,025	-	-	17,829	18,012
Communication	6,856	456	38	-	7,350	6,771
Transportation	4,223	-	-	-	4,223	4,212
Stationery and supplies	4,549	144	-	-	4,693	2,999
Hospitality	674	-	-	-	674	782
Advertising	221	-	-	-	221	384
Bank charges and other expenses	830	36	-	-	866	1,003
Annual board meetings	573	-	-	-	573	188
Other admin costs	<u>58,831</u>	<u>2,861</u>	<u>237</u>	<u>-</u>	<u>61,929</u>	<u>59,851</u>
Total	<u>924,001</u>	<u>75,778</u>	<u>7,450</u>	<u>5,981</u>	<u>1,013,210</u>	<u>924,787</u>

12. Related party transactions

Related parties represent members of the board of directors and key management personnel of MIFTAH. Pricing policies and terms of these transactions are approved by MIFTAH's management.

Transactions with related parties included in the statement of activities and changes in net assets are as follows:

	<u>2018</u> <u>U.S. \$</u>	<u>2017</u> <u>U.S. \$</u>
<u>Key management personnel compensation:</u>		
Short-term benefits	<u>51,871</u>	<u>55,720</u>
Termination benefits	<u>4,516</u>	<u>4,800</u>

13. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contributions receivable, cash on hand and balances with banks and some other current assets. Financial liabilities consist of some accounts payable and accruals.

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

14. Risk management

Interest rate risk

Interest rate risk results mainly from changes in interest rates on financial assets subject to changing interest rate. MIFTAH's financial assets are subject to fixed interest rate and therefore, there is no change of interest rate risk exposure on such assets.

Liquidity risk

MIFTAH limits its liquidity risk by maintaining adequate cash balances to meet its current obligations and to finance its operating activities. In addition, the activities of MIFTAH are financed by multiple donors.

Most of MIFTAH's financial liabilities are due within a period of three months.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. MIFTAH is exposed to credit risk from its operating activities primarily on contributions receivable as disclosed in note (4).

MIFTAH limits its credit risk through obtaining funds from several reputable donors.

Foreign currency risk

The table below indicates MIFTAH's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the U.S. \$ currency rate against the foreign currencies with all other variables held constant, on the statement of activities and changes in unrestricted net assets. The effect of decrease in foreign currency exchange rate is expected to be equal and opposite to the effect of the increase shown.

	Increase in currency exchange rate to U.S. \$	Effect on statement of activities and changes in unrestricted net assets
	<u>%</u>	<u>U.S. \$</u>
<u>2018</u>		
EURO	20	27,812
ILS	20	(9,940)
<u>2017</u>		
EURO	20	31,339
ILS	20	2,577

15. Concentration of risk in geographic area

MIFTAH is carrying out all of its activities in Palestine. The political and economic situation in the area increases the risk of carrying out these activities and may adversely affect MIFTAH's performance.