

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

FINANCIAL STATEMENTS

DECEMBER 31, 2016

Independent Auditor's Report to the Board of Trustees 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, 2016, 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, 2016 and the results of its activities 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, 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.
- 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.
- 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.
- Evaluate the overall presentation, structure and content of the financial statement, 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



April 20, 2017
Ramallah, Palestine

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

Statement of Financial Position

As at December 31, 2016

	Notes	2016 U.S. \$	2015 U.S. \$
<u>Assets</u>			
Non - current assets			
Property and equipment	3	12,013	12,540
		<u>12,013</u>	<u>12,540</u>
Current assets			
Contributions receivable	4	366,233	805,126
Other current assets		2,233	2,156
Cash and cash equivalents	5	767,296	711,643
		<u>1,135,762</u>	<u>1,518,925</u>
Total Assets		<u><u>1,147,775</u></u>	<u><u>1,531,465</u></u>
<u>Net Assets and Liabilities</u>			
Net assets			
Unrestricted net assets		242,343	178,158
Total net assets		<u>242,343</u>	<u>178,158</u>
Non - current liabilities			
Deferred revenues	6	12,013	12,540
Provision for employees' indemnity	7	106,376	78,600
		<u>118,389</u>	<u>91,140</u>
Current liabilities			
Accounts payable and accruals	8	115,952	163,245
Temporarily restricted contributions	10	671,091	1,098,922
		<u>787,043</u>	<u>1,262,167</u>
Total Liabilities		<u>905,432</u>	<u>1,353,307</u>
Total Net Assets and Liabilities		<u><u>1,147,775</u></u>	<u><u>1,531,465</u></u>

The attached notes 1 to 16 form part of these financial statements

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

Statement of Activities and Changes in Net Assets

Year ended December 31, 2016

	Notes	2016 U.S. \$	2015 U.S. \$
Revenues			
Temporarily restricted contributions released from restriction	10	998,807	1,107,718
Deferred revenues recognized	6	5,498	5,713
Unrestricted contributions	9	180,715	110,000
Foreign exchange differences		9,705	(37,460)
Other revenues		1,828	1,178
		<u>1,196,553</u>	<u>1,187,149</u>
Expenses			
Projects expenses	11	998,807	1,107,718
General and administrative expenses	12	128,063	98,448
Depreciation of property and equipment	3	5,498	5,713
		<u>1,132,368</u>	<u>1,211,879</u>
Increase (decrease) in net assets		64,185	(24,730)
Net assets, beginning of year		<u>178,158</u>	<u>202,888</u>
Net assets, end of year		<u><u>242,343</u></u>	<u><u>178,158</u></u>

The attached notes 1 to 16 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, 2016

	Note	2016 U.S. \$	2015 U.S. \$
<u>Operating Activities:</u>			
Increase (decrease) in net assets		64,185	(24,730)
<u>Adjustments:</u>			
Depreciation of property and equipment	3	5,498	5,713
Deferred revenues recognized	6	(5,498)	(5,713)
Provision for employees' indemnity	7	39,886	31,721
		<u>104,071</u>	<u>6,991</u>
<u>Changes in working capital</u>			
Contributions receivable		438,893	(240,256)
Other current assets		(77)	906
Temporarily restricted contributions		(427,831)	146,889
Accounts payable and accruals		(47,293)	97,880
Deferred revenues		4,971	2,980
Employees' indemnity paid		(12,110)	-
Net cash from operating activities		<u>60,624</u>	<u>15,390</u>
<u>Investing Activities:</u>			
Purchase of property and equipment	3	(4,971)	(2,980)
Net cash used in investing activities		<u>(4,971)</u>	<u>(2,980)</u>
Increase in cash and cash equivalents		55,653	12,410
Cash and cash equivalents, beginning of year		<u>711,643</u>	<u>699,233</u>
Cash and cash equivalents, end of year	5	<u><u>767,296</u></u>	<u><u>711,643</u></u>

The attached notes 1 to 16 form part of these financial statements

Notes to the Financial Statements

December 31, 2016

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, 2016 were approved by the Board of Trustees on April 20, 2017.

2. Accounting policies

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.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Furthermore, several standards and interpretations have been issued but are not yet mandatory. MIFTAH believes that the new standards and interpretations will have no significant impact on disclosures, financial position or performance when applied at a future date.

Judgements and estimation uncertainty

MIFTAH's financial position and results of activities 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.

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.

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.

Cash and cash equivalents

Cash and cash equivalents 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.

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 is made when the collection of full unconditional pledge is no longer probable.

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 net assets as incurred.

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

	Useful life (years)
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 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.

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.

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

	Office equipment	Office furniture	Leasehold improvements	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<u>Cost:</u>				
At January 1, 2016	223,965	67,249	28,495	319,709
Additions	3,224	1,747	-	4,971
At December 31, 2016	<u>227,189</u>	<u>68,996</u>	<u>28,495</u>	<u>324,680</u>
<u>Depreciation:</u>				
At January 1, 2016	213,121	65,553	28,495	307,169
Depreciation charge for the year	4,969	529	-	5,498
At December 31, 2016	<u>218,090</u>	<u>66,082</u>	<u>28,495</u>	<u>312,667</u>
<u>Net carrying value:</u>				
At December 31, 2016	<u>9,099</u>	<u>2,914</u>	<u>-</u>	<u>12,013</u>
At December 31, 2015	<u>10,844</u>	<u>1,696</u>	<u>-</u>	<u>12,540</u>

Property and equipment include U.S. \$ 298,994 and U.S. \$ 294,028 of fully depreciated assets that are still being used in MIFTAH's activities as at December 31, 2016 and 2015, 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	264,787	-	(157,980)	-	106,807
Representative Office of Norway (NRO)	184,160	-	(190,891)	6,731	-
Human Rights and Int'l HR Secretariat	142,000	80,000	(178,000)	-	44,000
Representative Office of Ireland (IRO)	74,060	76,454	(76,482)	-	74,032
United Nations Development Programme (UNDP)	48,260	-	(37,265)	-	10,995
OXFAM - AMAL Project (contract 02331)	21,307	-	(9,986)	-	11,321
OXFAM - AMAL II Project (contract 04684)	3,443	-	(3,581)	138	-
OXFAM - Amplifying the Voices of Women in the Middle East Project (contract 03394)	6,950	-	(7,370)	420	-
OXFAM - Tax Justice and Budget Monitoring Project (contract 04208)	7,113	-	(7,399)	286	-
Oxfam- Meal Training	364	-	(354)	(10)	-
OXFAM - Conflict and Fragility Project (contract 04861)	-	55,450	(50,256)	94	5,288
OXFAM - Finance for Development Project (contract 04854)	-	114,227	(102,804)	(530)	10,893
United Nations Population Fund (UNFPA)	42,102	19,752	(60,568)	79	1,365
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)	10,580	124,183	(122,687)	(51)	12,025
Private sector-Congressional Delegation to Palestine (Note 9)	-	155,715	(155,715)	-	-
The Italian Agency for Development Cooperation	-	22,835	(5,679)	(340)	16,816
Central Elections Commission	-	26,160	(13,630)	161	12,691
Arab Palestinian Investment Company (APIC)	-	60,000	-	-	60,000
	<u>805,126</u>	<u>734,776</u>	<u>(1,180,647)</u>	<u>6,978</u>	<u>366,233</u>

5. Cash and cash equivalents

	2016	2015
	U.S. \$	U.S. \$
Cash in hand and at banks	298,513	392,798
Short-term deposits	468,783	318,845
	<u>767,296</u>	<u>711,643</u>

Short term deposits in U.S. \$ are due within three months after the financial statements date with an average interest rate of 1.86% and 0.36%, during the years 2016 and 2015, respectively.

Short-term deposits as at December 31, 2016 and 2015 include U.S. \$ 106,376 and U.S. \$ 78,600, respectively as deposits designated for employees' indemnity.

6. 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:

	2016	2015
	U.S. \$	U.S. \$
Balance, beginning of year	12,540	15,273
Additions (Note 10)	4,971	2,980
Deferred revenues recognized	(5,498)	(5,713)
Balance, end of year	<u>12,013</u>	<u>12,540</u>

7. Provision for employees' indemnity

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

	2016	2015
	U.S. \$	U.S. \$
Balance, beginning of year	78,600	46,879
Additions during the year	39,886	31,721
Payments during the year	(12,110)	-
Balance, end of year	<u>106,376</u>	<u>78,600</u>

8. Accounts payable and accruals

	2016	2015
	U.S. \$	U.S. \$
Outstanding checks	43,384	117,257
Accounts payable	64,899	37,510
Accrued expenses	7,669	8,478
	<u>115,952</u>	<u>163,245</u>

9. Unrestricted contributions

During 2016, several private sector institutions and one of MIFTAH's board members donated an amount U.S. \$ 180,715 which was recognized as unrestricted contributions as follows:

	<u>2016</u>
	<u>U.S. \$</u>
Consolidated Contractors Company (CCC)	75,000
Bank of Palestine	35,000
Mr. Samer Khoury, MIFTAH's board member	25,000
Medical Supplies and Services Company	25,000
Palestine for Development Foudnation (PsDF)	15,000
Mr. George Salem	5,000
Al-Zahra Company	715
	<u>180,715</u>

10. Temporarily restricted contributions

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations received over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions during 2016 is as follows:

	Balance, beginning of year U.S. \$	Additions U.S. \$	Temporarily restricted contributions released from restriction U.S. \$	Deferred revenues U.S. \$	Interest revenue U.S. \$	Currency difference U.S. \$	Balance, end of year U.S. \$
United Nations Development Programme (UNDP)	100,908	-	(100,908)	-	-	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	89,914	124,183	(105,689)	-	-	338	108,746
Oxfam Novib and Dutch Ministry of Foreign Affairs (OXFAM Novib-BuZa)	14,603	-	(15,065)	-	-	462	-
OXFAM - Conflict and Fragility Project (contract 04861)	-	55,450	(29,430)	-	-	(1,604)	24,416
OXFAM - Finance for Development Project (contract 04854)	-	114,227	(50,795)	-	-	(3,427)	60,005
Representative Office of Norway (NRO)	196,824	-	(187,289)	(3,607)	-	(5,928)	-
Representative Office of Ireland (IRO)	74,060	76,454	(76,683)	(949)	-	1,150	74,032
Human Rights and Int'l HR Secretariat	120,000	80,000	(200,000)	-	-	-	-
Arab Fund	264,113	-	(163,681)	(415)	-	-	100,017
The Italian Agency for Development Cooperation	-	22,835	(22,986)	-	-	151	-
United Nations Population Fund (UNFPA)	-	19,752	(19,452)	-	-	(300)	-
Central Elections Commission	-	26,160	(26,829)	-	-	669	-
Arab Palestinian Investment Company (APIC)	-	60,000	-	-	-	-	60,000
Other donations	238,500	-	-	-	5,375	-	243,875
	<u>1,098,922</u>	<u>579,061</u>	<u>(998,807)</u>	<u>(4,971)</u>	<u>5,375</u>	<u>(8,489)</u>	<u>671,091</u>

11. Projects expenses

Components of projects expenses are as follows:

	UNDP	UNDP	UNDP	GIZ	GIZ	UNFPA	OXFAM Novib	OXFAM Novib & BuZa	OXFAM Novib	Subtotal U.S. \$
	Conference "Women's Call for National Reconciliation"	Rule of Law- Enhancing Women access to Security and Social Accountability	Support Women Active Leadership Roles at LGUs	Empowerment of Women Participation in LGUs	Support for the Protection of Women	Finance for Development Project	Women Peace and Security	Conflict and Fragility		
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Program personnel salaries and benefits	9,950	15,050	16,993	8,524	2,800	29,892	6,670	14,983		104,862
Consultants, researchers, trainers and facilitators	1,145	9,522	19,550	-	9,295	11,011	422	2,242		53,187
Public opinion poll	-	-	-	-	-	-	2,531	3,410		5,941
International travel and perdiems	-	-	-	-	-	-	-	-		-
Field coordinators' expenses	5,887	-	9,047	-	-	-	-	-		14,934
Paid internships and shadowing	-	605	-	-	-	-	-	-		605
Printings and publications	2,278	8,922	16,131	-	95	139	56	164		27,785
Workshops, seminars and training Sessions	4,924	1,360	11,074	-	3,616	730	562	1,838		24,104
Transportation and accommodation	8,038	875	8,897	-	380	25	255	1,031		19,501
Media campaign and activities	14,280	5,392	6,851	-	2,000	-	-	-		28,523
Program direct cost	36,552	26,676	71,550	-	15,386	11,905	3,826	8,685		174,580
Admin staff salaries and benefits	50	1,960	1,732	1,075	900	200	3,467	150		9,534
Audit fees	-	-	-	-	-	740	-	-		740
Monitoring and evaluation salaries and related benefits	1,430	1,760	2,007	1,225	-	3,226	855	2,297		12,800
Overall management	1,480	3,720	3,739	2,300	900	4,166	4,322	2,447		23,074
Rent	1,100	1,367	975	645	-	3,760	-	1,845		9,692
Utilities	341	641	275	91	201	318	-	753		2,620
Communication	1,085	202	459	73	165	691	247	657		3,579
Advertising	2,711	-	-	-	-	-	-	-		2,711
Bank charges and other expenses	27	6	8	57	-	63	-	60		221
Other admin costs	5,264	2,216	1,717	866	366	4,832	247	3,315		18,823
Total	53,246	47,662	93,999	11,690	19,452	50,795	15,065	29,430		321,339

	NRO	IRO	Human Rights and Int'l HR Secretariat	Arab Fund	CEC	The Italian Agency for Development Cooperation	Total Project Expenses 2016	Total Project Expenses 2015
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Subtotal	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Program personnel salaries and benefits	104,862	57,493	51,374	30,400	6,540	4,699	278,610	263,354
Consultants, researchers, trainers and facilitators	53,187	6,233	1,726	19,970	3,819	9,052	95,097	178,128
Public opinion poll	5,941	-	1,375	-	-	-	7,316	35,375
International travel and perdiems	-	597	225	-	-	-	1,044	25,590
Field coordinators' expenses	14,934	18,758	21,118	1,226	682	-	60,035	55,057
Paid internships and shadowing	605	-	-	-	648	1,744	2,997	6,685
Printings and publications	27,785	18,356	9,881	2,396	-	2,421	62,173	48,681
Workshops, seminars and training sessions	24,104	13,639	10,601	7,167	10,324	2,229	73,746	90,120
Transportation and accommodation	19,501	13,794	9,852	5,045	4,747	2,221	60,945	90,692
Media campaign and activities	28,523	-	-	2,448	-	-	30,971	34,227
Membership fees	-	400	-	-	-	-	400	326
Staff capacity development	-	7,724	4,045	-	-	-	15,879	-
Other program direct costs	-	-	918	85,413	-	-	86,331	55,925
Program direct cost	174,580	79,501	59,741	123,665	20,220	17,667	496,934	620,806
Admin staff salaries and benefits	9,534	27,102	58,010	5,350	-	200	116,601	113,421
Audit fees	740	3,250	3,850	400	-	-	9,184	5,368
Monitoring and evaluation salaries and related benefits	12,800	6,304	8,619	-	-	-	28,667	35,725
Overall management	23,074	36,656	70,479	5,750	-	200	154,452	154,514
Rent	9,692	2,329	5,825	2,500	-	400	25,500	25,400
Utilities	2,620	4,975	8,239	728	-	-	21,079	13,756
Communication	3,579	1,120	858	586	63	13	7,528	6,792
Transportation	-	2,072	1,522	-	-	-	5,050	4,977
Stationary and supplies	-	1,812	1,372	-	-	-	4,215	4,345
Hospitality	-	497	200	46	-	-	1,031	643
Advertising	2,711	342	-	-	-	-	3,053	11,799
Bank charges and other expenses	221	332	390	6	6	7	1,067	1,130
Annual board meetings	-	160	-	-	-	-	288	202
Other admin costs	18,823	13,639	18,406	3,866	69	420	68,811	69,044
Total	321,339	187,289	200,000	163,681	26,829	22,986	998,807	1,107,718

12. General and administrative expenses

	<u>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
International travel and perdiems	67,675	82,069
Accommodation and transportation	13,211	-
Workshops, seminars and training sessions	4,458	1,451
Admin staff salaries and benefits	-	4,050
Co-sponsorship	34,000	-
Other expenses	8,719	10,878
	<u>128,063</u>	<u>98,448</u>

13. 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>2016</u>	<u>2015</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Unrestricted contribution	<u>25,000</u>	<u>-</u>
Key management personnel compensation		
Short-term benefits	<u>55,240</u>	<u>59,540</u>
Termination benefits	<u>4,732</u>	<u>4,640</u>

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of contributions receivable, cash and cash equivalents and other current assets. Financial liabilities consist of accounts payable and accruals.

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

15. Risk management

Interest rate risk

MIFTAH's exposure to the risk of changes in interest rates on its short-term deposit.

The following table demonstrates the sensitivity of the statement of activities and changes in net assets to reasonably possible changes in interest rates, with all other variables held constant, the effect of decreases in interest rate is expected to be equal and opposite to the effect of the increase shown:

	<u>Increase in interest rate</u> <u>Basis Points</u>	<u>Effect on statement of activities and changes in net assets</u> <u>U.S.\$</u>
2016		
U.S. \$	20	597
2015		
U.S. \$	20	638

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.

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 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.

	<u>Increase in currency exchange rate to U.S. \$</u> <u>%</u>	<u>Effect on statement of activities and changes in net assets</u> <u>U.S. \$</u>
2016		
EURO	20	21,905
ILS	20	(38,923)
2015		
EURO	20	39,832
ILS	20	(21,258)

16. 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.