AI MEZAN CENTER FOR HUMAN RIGHTS

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To Members of the General Assembly of Al Mezan Center for Human Rights

Opinion

We have audited the financial statements of Al Mezan Center for Human Rights (Al Mezan), which comprise the statement of financial position as at December 31, 2018, 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 Al Mezan 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 Al Mezan 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note (15) to the accompanying financial statements, Al Mezan reported a deficit in net assets as at December 31, 2018 and 2017. These conditions indicate that a material uncertainty exists that may cast significant doubt on Al Mezan ability to continue as a going concern. Al Mezan's ability to continue its activities and generate future cash flows depends primarily on obtaining sufficient funding to finance its activities. Our opinion is not modified in respect of this matter.

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

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

The Board of Directors is responsible for overseeing Al Mezan'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 Al Mezan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Al Mezan'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 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 Al Mezan 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.

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Ramallah – Palestine
May 21, 2019

STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	Notes	2018 U.S. $	2017 U.S. $
ASSETS			
Non-current Assets			
Property and equipment	3	36,195	43,076
		36,195	43,076
Current Assets			
Contributions receivable	4	369,960	61,410
Other current assets	5	12,079	6,328
Cash and cash equivalents	6	456,017	322,092
		838,056	389,830
TOTAL ASSETS		874,251	432,906
NET ASSETS AND LIABILITIES			
Net Assets			
Paid-in capital	1	5,000	5,000
Unrestricted net assets		(227,305)	(60,366)
Total Net Assets		(222,305)	(55,366)
Non-current Liabilities			
Deferred revenues	7	36,195	43,076
Provision for employees' benefits	8	340,429	283,540
		376,624	326,616
Current Liabilities			
Temporarily restricted contributions	9	483,611	37,037
Other current liabilities	10	236,321	124,619
		719,932	161,656
Total Liabilities		1,096,556	488,272
TOTAL NET ASSETS AND LIABILITIES		874,251	432,906

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

STATEMENT OF ACTIVITIES
Year ended December 31, 2018

	Notes	2018 U.S. $	2017 U.S. $
Revenues			
Temporarily restricted contributions released from restriction	9	724,531	823,591
Deferred revenues recognized	7	14,221	17,837
Unrestricted contributions	9	7,010	6,111
Other revenues		98	14,357
Total revenues		745,860	861,896
Expenses			
Core programs	11	(479,588)	(759,690)
Non-core programs	11	(399,207)	(163,508)
Depreciation of property and equipment	3	(14,221)	(19,860)
Currency exchange differences		(19,783)	(161)
Total expenses		(912,799)	(943,219)
Decrease in unrestricted net assets		(166,939)	(81,323)

STATEMENT OF CHANGES IN NET ASSETS
Year ended December 31, 2018

	Paid-in capital U.S. $	Unrestricted net assets U.S. $	Total net assets U.S. $
2018			
Balance, beginning of the year	5,000	(60,366)	(55,366)
Decrease in unrestricted net assets for the year	-	(166,939)	(166,939)
Balance, end of year	5,000	(227,305)	(222,305)
2017			
Balance, beginning of the year	5,000	20,957	25,957
Decrease in unrestricted net assets for the year	-	(81,323)	(81,323)
Balance, end of year	5,000	(60,366)	(55,366)

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

STATEMENT OF CASH FLOWS
Year ended December 31, 2018

	Notes	2018	2017
		U.S. $	U.S. $
Operating activities			
Decrease in unrestricted net assets		(166,939)	(81,323)
Adjustments:			
Depreciation of property and equipment		14,221	19,860
Deferred revenues recognized		(14,221)	(17,837)
Provision for employees' benefits		65,889	133,726
		(101,050)	54,426
Changes in working capital:			
Contributions receivable		(308,550)	243,421
Other current assets		(5,751)	12,816
Temporarily restricted contributions		453,914	(367,890)
Other current liabilities		111,702	(152,156)
Employees' benefits paid		(9,000)	(5,226)
Net cash flow from (used in) operating activities		141,265	(214,609)
Investing activities			
Purchase of property and equipment		(7,340)	(10,638)
Cash used in investing activities		(7,340)	(10,638)
Increase (decrease) in cash and cash equivalents		133,925	(225,247)
Cash and cash equivalents, beginning of the year		322,092	547,339
Cash and cash equivalents, end of year	6	456,017	322,092

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. General

Al Mezan Center for Human Rights (Al Mezan) was established in Gaza City on May 30, 1999 as a not-for-profit company and is registered under a registration number (563130798) in accordance with the Palestinian Companies' Law. The authorized and subscribed share capital of Al Mezan is 100 share at U.S. $ 100 par value for each share. The paid-in capital amounted to U.S. $ 5,000 as at the date of these financial statements.

Al Mezan's mission is to provide a secure and long-lasting foundation for the provision of human rights on all levels.

Al Mezan goals are to promote and prevent violation of human rights in general, economic, social, and cultural rights, to provide efficient aid to those victims of such violations, and to substantially enhance the quality of life for marginalized sectors of Gaza Strip community. These goals are being achieved through monitoring, investigating and documenting human rights violations and extending the necessary consultation services to individuals and groups through conducting necessary researches in human rights agreements and international law.

Al Mezan operates through its main office in Gaza City and two offices in Jabalia and Rafah.

The financial statements were authorized for issuance by Al Mezan's Board of Directors on May 21, 2019.

2. Accounting Policies

2.1 Basis of preparation

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

The financial statements have been presented in U.S. Dollar, which is the functional currency of Al Mezan.

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

2.2 Changes in accounting policy

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2017 except for the followings:

<u>IFRS 9 Financial Instruments</u>
Al Mezan has adopted IFRS 9 and January 1, 2018 has been adopted as the date of application. The standard has been retrospectively applied to existing financial assets as at the date of application and the Al Mezan has chosen not to adjust the comparative figures for prior periods as permitted in accordance with the Standard.

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 contribution receivable balances is not material as it is recorded against temporarily restricted contribution balances, and generally the Al Mezan limits its credit risk through limiting disbursements from amounts actually transferred by donors, therefore any write off on contribution 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 the Al Mezan net assets or its accounting policy for revenue recognition.

Standards issued but not effective

The relevant standards and interpretations that are issued but not yet effective, up to the date of issuance of the Al Mezan's financial statements are disclosed below. Al Mezan intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Transition to IFRS 16

Al Mezan has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. Al Mezan will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

Due to the lack of sufficient information to disclose the quantitative impact of the Standard as at December 31, 2018, the impact of the Standard will not be disclosed in the financial statements for the year ended December 31, 2018. The application of the Standard is expected to result in increase in the assets (right of use) and liabilities (lease commitments).

2.3 Significant accounting judgment, estimates and assumptions

The preparation of the financial statements in conformity with IFRSs requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying Al Mezan's accounting policies. Al Mezan's management continually evaluates its estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Useful lives of property and equipment

Al Mezan's management reassesses the useful lives of property and equipment, and makes adjustments if applicable, at each financial year end.

Impairment of financial assets (Expected Credit Loss "ECL")

Financial assets are evaluated for impairment on the basis set out in "Impairment of financial assets" paragraph.

In determining impairment of financial assets, Al Mezan uses judgement to estimate the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses.

Allocation of expenses

Allocation of Al Mezan expenses to programs, administrative and general functions is based on Al Mezan management's best estimate of allocation basis.

Management believes that the estimates and assumptions used are reasonable.

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 the 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 stated at fair value, recorded as deferred revenues, and recognized as income on a systematic basis over their respective useful lives.

Expenses recognition

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

Cash and cash equivalents

Cash and cash equivalent comprise cash on hand and bank balances and short-term deposits maturing in three month or less, net of restricted cash balances, if any.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received net of expected credit loss which is computed in accordance with IFRS 9.

Current versus non-current classification

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

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- 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
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Al Mezan classifies all other liabilities as non-current.

Impairment of financial assets

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

For all debt instruments, the center has applied the standard's simplified approach and has calculated 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 and changes in net assets.

Fair value of financial instruments

The fair value of financial assets and financial liabilities recorded in the statement of financial position approximate their carrying amounts largely due to the short-term maturities of these instruments. 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.

Property and equipment

Property and equipment are 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 as incurred.

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

	Useful lives (years)
Furniture and fixtures	8.33
Office equipment	4
Information resources	4
Computers and printers	4
Motor vehicle	6.7
Renovation	4

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 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 tax

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and Al Mezan intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

Provisions

Provisions are recognized when Al Mezan has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to U.S Dollar at the rate of exchange ruling at the statement of financial position date. All differences are recognized in the statement of activities.

3. Property and Equipment

2018	Furniture and fixtures U.S. $	Office equipment U.S. $	Information resources U.S. $	Computers and printers U.S. $	Motor vehicle U.S. $	Renovation U.S. $	Total U.S. $
Cost							
Balance, beginning of the year	54,952	126,705	100,085	121,950	19,200	3,142	426,034
Additions	7,116	224	-	-	-	-	7,340
Balance, end of year	62,068	126,929	100,085	121,950	19,200	3,142	433,374
Accumulated depreciation							
Balance, beginning of the year	47,413	116,183	97,267	102,176	19,199	720	382,958
Depreciation	1,302	3,751	1,743	6,640	-	785	14,221
Balance, end of year	48,715	119,934	99,010	108,816	19,199	1,505	397,179
Net book value							
At December 31, 2018	13,353	6,995	1,075	13,134	1	1,637	36,195
2017							
Cost							
Balance, beginning of the year	51,978	126,240	100,085	134,236	19,200	-	431,739
Additions	2,974	2,505	-	2,017	-	3,142	10,638
Disposal	-	(2,040)	-	(14,303)	-	-	(16,343)
Balance, end of year	54,952	126,705	100,085	121,950	19,200	3,142	426,034
Accumulated depreciation							
Balance, beginning of the year	45,727	110,566	94,297	109,652	19,199	-	379,441
Depreciation	1,686	7,657	2,970	6,827	-	720	19,860
Disposal	-	(2,040)	-	(14,303)	-	-	(16,343)
Balance, end of year	47,413	116,183	97,267	102,176	19,199	720	382,958
Net book value							
At December 31, 2017	7,539	10,522	2,818	19,774	1	2,422	43,076

Property and equipment include U.S. $ 378,029 and U.S. $ 350,573 of fully depreciated assets that are still used in Al Mezan's activities as of December 31, 2018 and 2017, respectively.

4. Contributions Receivable

Contributions receivable comprise unconditional pledges to give as of December 31, 2018. Details of movement during the year are as follows:

	Balance, beginning of the year	Additions	Received	Currency differences	Balance, end of year
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
European Union (EU) represented by the European Commission	-	514,617	(189,411)	13,320	338,526
Save the Children International (SCI)	-	65,000	(53,441)	-	11,559
Netherlands Representative Office to Palestinian Authority (PA)	-	230,000	(218,500)	-	11,500
Medico International e.V. (Germany)	17,997	15,107	(33,558)	454	-
Diakonia Regional Office for the Middle East	-	40,000	(37,621)	(2,379)	-
The United Nations – Office for the Coordination of Humanitarian Affairs (OCHA) Through Palestinian Centre for Human Rights (PCHR)	-	99,999	(99,999)	-	-
European Endowment for Democracy (EED)	17,780	-	(18,413)	633	-
Open Society Foundation through Al Haq	-	60,740	(60,740)	-	-
United Nations Development Programme (UNDP)	-	38,500	(38,500)	-	-
KerK In Actie (ICCO)	-	61,990	(61,990)	-	-
Norwegian Refugee Council (NRC)	-	48,107	(39,732)	-	8,375
Central Elections Commission (CEC)	7,638	-	(7,697)	59	-
The International Federation for Human Rights (FIDH)	17,995	-	(18,591)	596	-
	61,410	1,174,060	(878,193)	12,683	369,960

5. Other Current Assets

This item represents the following:

	2018	2017
	U.S. $	U.S. $
Advance payment	8,846	-
Prepaid expenses	3,233	6,328
	12,079	6,328

6. Cash and Cash Equivalents

	2018	2017
	U.S. $	U.S. $
Cash at banks	298,046	196,787
Cash at bank designated for provision for employees' benefits	157,971	125,305
	456,017	322,092

7. Deferred Revenues

This item represents property and equipment acquired out of the temporarily restricted contributions. The movement on deferred revenues during the year was as follows:

	2018	2017
	U.S. $	U.S. $
Balance, beginning of the year	43,076	50,275
Addition (Note 9)	7,340	10,638
Deferred revenues recognized	(14,221)	(17,837)
Balance, end of year	36,195	43,076

8. Provision for Employees' Benefits

Movement on the provision for employees' benefits during the year was as follows:

	Employees' indemnity	Saving fund	Total
	U.S. $	U.S. $	U.S. $
<u>December 31, 2018</u>			
Balance, beginning of the year	165,158	118,382	283,540
Additions during the year	65,889	-	65,889
Payments	(3,000)	(6,000)	(9,000)
Balance, end of year	228,047	112,382	340,429

	Employees' indemnity	Saving fund	Total
	U.S. $	U.S. $	U.S. $
<u>December 31, 2017</u>			
Balance, beginning of the year	103,998	51,042	155,040
Additions during the year	63,473	70,253	133,726
Payments	(2,313)	(2,913)	(5,226)
Balance, end of year	165,158	118,382	283,540

Employees' end of service indemnity is calculated in accordance with the labor law prevailing in Palestine, and Al Mezan internal policies, based on one-month indemnity for each year of employment. The Palestinian Social Security Law was expected to go into effect during 2018. However, according to the presidential decree on January 28, 2019, the law implementation was paused and the decree called for dialogue among relevant parties for the purpose of reaching national consensus on the law and the time on which it will become effective. The current version of the law obligates the employer to settle end of service benefits for the periods preceding the application of the provisions of this law.

Contributions to employees' saving fund are made based on the employees' basic salary. The monthly contribution by the employee and Al Mezan is set at 7% and 14% of the basic salary, respectively.

Al Mezan maintains a separate special bank account to maintain employees' indemnity and the saving fund.

9. Temporarily Restricted Contributions

This item comprises temporarily restricted contributions subject to purpose restriction. It represents the difference between the donation pledged and the expenditures made out to satisfy the purpose stipulated by the donor. Movement on temporarily restricted contributions during the year was as follows:

	Balance, beginning of the year	Additions – (written off)	Temporarily restricted contributions released from restriction	Unrestricted contribution	Deferred revenues (Note 7)	Currency differences	Balance, end of year
2018	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
European Union (EU) represented by the European Commission	-	514,617	(100,150)	(7,010)	-	13,320	420,777
Save the Children International (SCI)	-	65,000	(63,913)	-	-	-	1,087
Netherlands Representative Office to Palestinian Authority (PA)	-	230,000	(229,776)	-	(224)	-	-
Medico International e.V. (Germany)	17,997	15,107	(33,558)	-	-	454	-
Diakonia Regional Office for the Middle East	-	40,000	(37,621)	-	-	(2,379)	-
Trocaire	9,408	-	(9,408)	-	-	-	-
The United Nations – Office for the Coordination of Humanitarian Affairs (OCHA) Through Palestinian Centre for Human Rights (PCHR)	-	99,999	(97,333)	-	-	-	2,666
Open Society Foundation through Al Haq	-	60,740	(2,918)	-	(7,116)	-	50,706
United Nations Development Programme – UNDP	9,632	38,500	(48,132)	-	-	-	-
KerK In Actie (ICCO)	-	61,990	(61,990)	-	-	-	-
Norwegian Refugee Council (NRC)	-	48,107	(39,732)	-	-	-	8,375
	37,037	1,174,060	(724,531)	(7,010)	(7,340)	11,395	483,611

2017	Balance, beginning of the year U.S. $	Additions – (written off) U.S. $	Temporarily restricted contributions released from restriction U.S. $	Deferred revenues (Note 7) U.S. $	Currency differences U.S. $	Balance, end of year U.S. $
Human Rights & IHL Secretariat	80,000	146,700	(223,577)	(3,123)	-	-
Jerrahi Order of America	-	10,000	(10,000)	-	-	-
Foundation Open Society Institute	173,431	-	(172,693)	(738)	-	-
Medico International e.V. (Germany)	-	49,705	(31,611)	(501)	404	17,997
Diakonia Regional Office for the Middle East	-	40,000	(42,141)	-	2,141	-
Trocaire	9,408	-	-	-	-	9,408
Broederlijk Delen VZW	-	12,110	(12,110)	-	-	-
European Endowment for Democracy (EED)	-	17,780	(17,780)	-	-	-
United Nations Development Programme (UNDP)	-	105,000	(91,662)	(3,706)	-	9,632
KerK in Actie (ICCO)	2,500	58,060	(59,670)	(890)	-	-
Norwegian Refugee Council (NRC)	21,134	(21,134)	-	-	-	-
The Sigrid Rausing Trust (SRT)	129,092	-	(128,165)	(1,680)	753	-
Central Elections Commission (CEC)	-	15,044	(15,187)	-	143	-
The International Federation for Human Rights (FIDH)	-	17,995	(17,995)	-	-	-
Others	-	1,000	(1,000)	-	-	-
	415,565	452,260	(823,591)	(10,638)	3,441	37,037

10. Other Current Liabilities

	2018	2017
	U.S. $	U.S. $
Accrued professional fees	17,754	17,744
Accrued payroll tax	94,711	69,367
Accrued salaries	26,976	-
Due to employees saving fund	72,645	-
Accrued expenses	24,235	37,508
	236,321	124,619

11. Expenses

	2018			2017		
	Core programs	Non-core programs	Total	Core programs	Non-core programs	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Salaries and related costs	345,375	262,956	608,331	490,487	42,182	532,669
Staff rewards	33,546	-	33,546	55,833	-	55,833
Health insurance	-	-	-	4,250	-	4,250
Photocopying and printing costs	196	4,706	4,902	10,000	24,282	34,282
Professional fees	7,550	4,900	12,450	21,071	20,080	41,151
Legal fees	16,195	35,620	51,815	15,972	26,107	42,079
Monitoring and documentation	4,716	-	4,716	17,068	1,200	18,268
Transportation	2,471	6,902	9,373	7,000	2,323	9,323
Communication cost	6,514	7,757	14,271	17,567	1,297	18,864
Capacity building cost	128	-	128	1,523	-	1,523
Rent	14,409	10,160	24,569	20,150	4,650	24,800
Human rights prize	-	16,159	16,159	-	9,400	9,400
Utilities	5,128	5,369	10,497	9,406	216	9,622
Stationery	1,501	5,068	6,569	1,611	1,798	3,409
Hospitality	3,618	2,274	5,892	4,543	1,983	6,526
Car insurance	258	-	258	233	-	233
Maintenance	4,939	-	4,939	7,470	-	7,470
Training cost	8,194	5,595	13,789	25,677	24,603	50,280
Advocacy mission	-	4,708	4,708	-	2,225	2,225
Website and database	-	-	-	11,400	-	11,400
Information & advocacy	16,984	-	16,984	28,250	793	29,043
Subscription and mails	726	-	726	868	-	868
Bank charges	1,564	58	1,622	1,710	34	1,744
Summer camps	-	24,057	24,057	-	-	-
Sundry	5,576	2,918	8,494	7,601	335	7,936
	479,588	399,207	878,795	759,690	163,508	923,198

12. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, contributions receivable, and some other current assets. Financial liabilities consist of temporarily restricted contributions and some other current liabilities.

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

13. Related Party Transactions

Related parties represent directors and key management personnel of Al Mezan, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by Al Mezan's management.

The statement of activities includes the following related party transactions:

	2018	2017
	U.S. $	U.S. $
Compensation of key management personnel:		
Salaries	218,376	193,113
Saving fund	24,665	23,476
End of service benefits	17,469	25,610
Staff rewards	21,329	21,200

14. Risk Management

Liquidity risk

Al Mezan limits its liquidity risk by maintaining adequate cash balances and funds from multiple donors to meet its current obligations and to finance its activities. Most of Al Mezan's financial liabilities are due within a year.

Foreign currency risk

The table below indicates Al Mezan'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 EURO and Israeli Shekels (ILS) with all other variables held constant, on the statement of activities. The effect of decrease in foreign currency exchange rates is expected to be equal and opposite to the effect of increase shown below:

	Increase in EURO rate to U.S.$	Effect on statement of activities for the year	Increase in ILS rate to U.S.$	Effect on statement of activities for the year
	%	U.S. $	%	U.S. $
2018	10	(7,149)	10	3,345
2017	10	(5,562)	10	2,365

Credit risk

Credit risks arising from the contribution receivable, exposure to credit risk arises from default of donors to transfer the donations according to the contracts signed with them which represent the carrying amount of these receivables.

With respect to credit risk arising from the other financial assets of Al Mezan which consist of cash and cash equivalents and some other current assets, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

15. Financial Stability and Management Plans

The deficit of Al Mezan's net assets at December 31, 2018 increased to U.S. $ 222,305 (December 31, 2017: U.S. $ 55,366). Management believes that the deficit will be reduced and bypassed during the following years by increasing efforts in fundraising activities through seeking unrestricted donations.

16. Concentration of Risk in Geographic Area

Al Mezan is carrying out its activities in Palestine. The political and economic destabilization in the area increases the risk of carrying out activities and may adversely affect Al Mezan's performance.