

**AL MEZAN CENTER FOR HUMAN RIGHTS
GAZA-PALESTINE**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2008

Al Mezan Center for Human rights
Gaza - Palestine

Financial statements and independent auditor's report
For the year ended December 31, 2008

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Independent Auditor's Report

Messrs Al Mezan Center for Human Rights
Gaza – Palestine

Report on the financial statements

We have audited the accompanying financial statements of *Al Mezan Center For Human Rights – Gaza* (note 1), which comprise of the statement of financial position as at December 31, 2008, statement of activities, statement of changes in net assets, statement of cash flows and the statement of functional expenses for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility 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 the Statement on Financial Accounting Standards No.117“Financial Statements of Not-For-Profit Organizations” as described in note (2). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the center's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of *Al Mezan Center For Human Rights – Gaza* as of December 31, 2008, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the Statement on Financial Accounting Standards No.117“Financial Statements of Not-For-Profit Organizations” as described in note (2).

Al Mezan Center for Human Rights
Gaza - Palestine

Statement of Financial Position
As of December 31, 2008
(In Us Dollars)

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<i>Assets</i>	Note	December 31,	
		2008	2007
<i>Current assets</i>			
Cash and cash equivalent		176,256	382,271
Pledges receivables and others	3	151,308	5,472
Total current assets		327,564	387,743
Property and equipment – net	4	54,117	61,910
<i>Total assets</i>		381,681	449,653
<i>Liabilities and net assets</i>			
Due to bank		35,593	13,272
Payables and accruals	5	79,191	44,625
<i>Total liabilities</i>		114,784	57,897
Paid in capital (Authorized capital of USD 10,000)	1	5,000	---
<i>Net assets</i>			
Unrestricted		93,858	82,777
Temporary restricted		113,922	247,069
Investment in property and equipment – net		54,117	61,910
Net assets		261,897	391,756
<i>Total liabilities and net assets</i>		381,681	449,653

The accompanying notes form an integral part of these financial statements

Financial statements included in pages 2-18 were approved by the center's management and signed on their behalf by:

Chairman
Board of Directors

“Member Board of Directors”

Financial
Department

Al Mezan Center for Human Rights
Gaza - Palestine

Statement of Activities
For the year ended December 31, 2008
(In Us Dollars)

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		For the year ended December 31,					
Note	Temporary restricted			Un restricted	2008	2007	
	Core	Non- core	Total	Core	Total	Total	
Revenue and grants	6	596,916	20,056	616,972	11,081	628,053	570,052
<i>Expenses</i>							
Core programs costs		(549,606)	---	(549,606)	---	(549,606)	(468,913)
Special programs' expenses (statement of functional expenses)	7	(94,515)	(72,221)	(166,736)	---	(166,736)	(100,837)
Depreciation		(38,803)	(2,767)	(41,570)	---	(41,570)	(38,533)
Total expenses	8	(682,924)	(74,988)	(757,912)	---	(757,912)	(608,283)
<i>Change in net assets</i>		<u>(86,008)</u>	<u>(54,932)</u>	<u>(140,940)</u>	<u>11,081</u>	<u>(129,859)</u>	<u>(38,231)</u>

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Al Mezan Center for Human Rights
Gaza - Palestine

Statement of change in net assets
For the year ended December 31, 2008
(In Us Dollars)

	Property and equipment	Temporary restricted			Un restricted	
		Core	Non- core	Total	Core	Total
January 1, 2007	81,618	152,959	22,240	175,199	82,777	339,594
Change in net assets for the year	---	(38,231)	---	(38,231)	---	(38,231)
Restricted funds received in advance	---	---	93,797	93,797	---	93,797
Property and equipment acquired	18,825	(18,825)	---	(18,825)	---	---
Depreciation for the year	(38,533)	38,533	---	38,533	---	---
Save the children opening balance	---	(3,404)	---	(3,404)	---	(3,404)
<i>January 1, 2008</i>	61,910	131,032	116,037	247,069	82,777	391,756
Change in net assets for the year	---	(86,008)	(54,932)	(140,940)	11,081	(129,859)
Property and equipment acquired	33,777	(5,188)	(28,589)	(33,777)	---	---
<i>Depreciation for the year</i>	(41,570)	38,803	2,767	41,570	---	---
	54,117	78,639	35,283	113,922	93,858	261,897

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Department

Al Mezan Center for Human Rights
Gaza - Palestine

Statement of Cash Flow
For the year ended December 31, 2008
(In Us Dollars)

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	December 31,	
	2008	2007
<i>Cash flows from operating activities</i>		
Change in net assets	(129,859)	(38,231)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	41,570	38,533
<i>Net book value for property and equipment disposals</i>		
Pledges receivable and others	(145,836)	7,072
Payables and accruals	34,566	33,943
Restricted – net of depreciation	---	(3,404)
Temporary net assets	---	93,797
<i>Net cash (used in) provided by operating activities</i>	(199,559)	131,710
Cash flows from investing activities:		
Property and equipment acquired	(33,777)	(18,825)
<i>Net cash provided by financing activities</i>		
Paid in capital	5,000	---
<i>Net increase in cash and cash equivalents</i>	(228,336)	112,885
<i>Cash and cash equivalents at the beginning of the year</i>	368,999	256,114
<i>Cash and cash equivalents at the end of the year</i>	140,663	368,999

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Board of Directors

“Member Board of Directors”

Financial
Department

Al Mezan Center for Human Rights
Gaza - Palestine

Statements of Functional Expenses
For the year ended December 31, 2008
(In Us Dollars)

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	For the year ended December 31,						2007
	2008						Total
	Core Program	Non Core Program			Total		Total
		Care- Diakonia	Tazeez	others	Total		
Publications	12,944	9,501	2,453	733	12,687	25,631	10,421
Trainers' fees	2,065	1,208	1,295	210	2,713	4,778	1,733
Consultancy	8,650	---	---	---	---	8,650	20,310
Summer camps	---	---	---	---	---	---	3,413
Renting hall	---	913	500	---	1,413	1,413	---
Legal fees	52,104	---	---	---	---	52,104	58,283
Monitoring	---	---	---	---	---	---	1,150
Salaries	---	18,917	19,500	---	38,417	38,417	---
Transportation	---	---	141	407	548	548	---
Communication	---	296	510	---	806	806	---
Hospitality	---	3,630	1,997	442	6,069	6,069	---
Advertisement	---	232	249	---	481	481	---
Stationary	---	843	574	148	1,565	1,565	---
VC Running Cost	---	2,103	---	---	2,103	2,103	---
Others	---	267	---	---	267	267	484
Capacity Building	18,752	152	---	---	152	18,904	---
Manuals	---	---	---	5000	5,000	5,000	5,043
	<u>94,515</u>	<u>38,062</u>	<u>27,219</u>	<u>6,940</u>	<u>72,221</u>	<u>166,736</u>	<u>100,837</u>

The accompanying notes form an integral part of these financial statements

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Board of Directors

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Financial
Department

1. Status and activities

Al Mezan Center For Human Rights (hereafter Center) is a non-profit organization established and registered in Gaza, Palestine on May 30, 1999 under the registration number 563130798. Al Mezan Center For Human Rights commenced its activities in the Palestinian territories and registered as a Limited Shareholders Company (LTD) according to commercial company's law for the year 1929 and its amendment.

For legal purposes and for maximum operation efficiency under local laws and prevailing conditions, the *Center* had been organized as a *non-profit corporation* rather than "charitable society" or a volunteer organization. This explains the "share capital" line item appearing in the accompanying financial statements. The article of incorporation, however, clearly indicates the non-profit nature of the organization, and prohibits the shareholders from collecting profit from the corporation or benefiting from the assets upon liquidation.

Objectives and overall activities

The following are the objectives of the Center:

- Working towards adopting democratic legislation in alignment with international standards on human rights.
- Documenting and publishing human rights violations.
- Contributing to public awareness with respect to human rights issues.
- Enhancing relation between citizens and the authorities.
- Providing legal assistance to human rights victim.

2. Summary of significant accounting policies

▪ *Basis of Accounting and Presentation*

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards and the Statement on Financial Accounting Standards No. 117 "Financial Statements of Not-For-Profit Organizations".

▪ *Adoption of New and Revised International Financial Reporting Standards:*

The International Accounting Standards Board issued amendments to International Accounting Standards and issued new Financial Reporting Standards which have become effective January 1, 2007. This includes International Financial Reporting Standard No. 7 (Financial Instruments: Disclosures) which replaces IAS No. 30 and certain disclosure provisions in IAS No. 32 (Financial Instruments—Presentation and Disclosure) (effective for annual periods beginning on or after January 1, 2007). The Center has adopted the revision in its financial statements for 2007 and there was no impact on those financial statements.

Significant accounting policies (continued)

▪ *Accounting Policies Used in Preparing the Financial Statements*

The financial statements have been prepared on the accrual basis of accounting, the historical cost convention and in accordance with International Financial Reporting Standards and the Statement on Financial Accounting Standards No. 117 “ Financial Statements of Not-For-Profit Organizations. Below are the significant accounting policies been used in preparing these financial statements:

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

- *Unrestricted net assets* – Net assets whose use by the Center is not subject to donor-imposed restrictions.
- *Temporarily restricted net assets* – Net assets whose use by the Center is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of Center pursuant to those donor-imposed stipulations.
- *Revenues* are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporary restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

- *Cash and cash equivalents*

For the purposes of preparing the statement of cash flows, cash on hand and at banks, and due to bank are considered as cash and cash equivalents.

- *Property and equipment*

Property and equipment are stated at cost including VAT less accumulated depreciation. Depreciation is calculated using the straight - line method based on the estimated useful lives of the assets. The annual rates used to depreciate these assets are:

	<u>Percentage</u>
Furniture	10-15
Computers ,software and printers	20-25
Vehicles	15
Office equipments	20-25
Information resources	25

Significant accounting policies (continued)

▪ *End of service benefits*

- Provision for employees’ end of service indemnity is calculated on the basis of at least 30 days for each year of service at the last salary paid which is in accordance with the labor law.
- The Center's policy is to provide for the pension fund to its permanent employees at 14 percent of the employees’ basic salaries matched with 7 percent of the basic salaries as contribution of the employees.

Theses benefits are accounted for separately. The end of service indemnity and the pension fund have a special bank account in the name of Al Mezan Center Employees Saving, into which benefits are deposited shortly after they accrued.

▪ *Grants*

Committed grants are accounted for on accrual basis. Pledges Receivable represents amounts due for expenses and costs incurred prior to year-end and reimbursed by donors in the subsequent period. Pledges receivable is recorded when related grants become measurable and available. Other contributions are recognized as revenues when received.

▪ *Foreign Currency Transactions*

The books of accounts are maintained in US Dollar.

Transactions in foreign currencies are translated to US Dollar equivalent at the rate of exchange prevailing on the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to U.S equivalent at the exchange rates prevailing on the date of the statement of the financial position. Exchange gains and losses, including foreign currency revaluation gains and losses are included in the statement of activities.

Foreign currency exchange rates as of 31 December 2008 were as follows:

	<u>USD</u>
New Israeli Shekel	0.264
Euro	1.410
Nok	0.139

▪ *Judgments and Estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and that the actual results may differ from those estimates adopted by the Center’s management. The management considers its estimates in the financial statements as reasonable. Estimates used in the preparation of the financial statements are as follows:

Significant accounting policies (continued)

Judgments and Estimates(continued)

- Provision for end of service indemnity is booked according to the Palestinian respective laws and regulations,
- A periodic review is performed on the estimated useful lives of the property and equipment that are subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment loss, if any, is included in the statement of income.
- The Center's management reviews, on regular basis, the financial assets that are stated at cost to estimate any impairment, if any. Impairment loss is included in the statement of income, Provision for doubtful accounts

3. Pledges receivable and others

	December 31,	
	2008	2007
	USD	USD
Pledges receivable – NGO Development Center	150,000	---
Prepaid expenses	1,308	5,472
	151,308	5,472

Al Mezan Center for Human Rights
Gaza - Palestine

Notes to Financial Statements (continued)
December 31, 2008

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4. Property and equipment – Net

	<u>Total</u>	<u>Furniture</u>	<u>Vehicle</u>	<u>Office</u> <u>Equipment</u>	<u>Information</u> <u>resources</u>	<u>Computers</u> <u>and</u> <u>printers</u>
	USD	USD	USD	USD	USD	USD
<i>Cost</i>						
January 1, 2008	258,959	40,197	19,200	60,610	69,872	69,080
Additions	33,777	1,204	---	25,547	1,577	5,449
December 31, 2008	<u>292,736</u>	<u>41,401</u>	<u>19,200</u>	<u>86,157</u>	<u>71,449</u>	<u>74,529</u>
<i>Depreciation</i>						
January 1, 2008	(197,049)	(24,289)	(11,503)	(47,684)	(45,344)	(68,229)
Addition	(41,570)	(4,936)	(2,880)	(15,648)	(17,536)	(472)
December 31, 2008	<u>(238,619)</u>	<u>(29,225)</u>	<u>(14,383)</u>	<u>(63,332)</u>	<u>(62,978)</u>	<u>(68,701)</u>
<i>Net book value</i>						
December 31, 2008	<u>54,117</u>	<u>12,176</u>	<u>4,817</u>	<u>22,825</u>	<u>8,471</u>	<u>5,828</u>
December 31, 2007	<u>61,910</u>	<u>15,908</u>	<u>7,697</u>	<u>12,926</u>	<u>24,528</u>	<u>851</u>

Property and equipment – Net (continued)

- Additions to property and equipment of USD 33,777 include property additions for non-core program as follows:

	Diakonia	Care- Tazeez	Total non- core program	SDC	Total
Cost	USD	USD	USD	USD	USD
Furniture	651	325	976	---	976
Equipment Office	12,732	950	13,682	9,096	22,778
Computers and printers	2,050	1,850	3,900	---	3,900
Information resources	934	---	934	----	934
	<u>16,367</u>	<u>3,125</u>	<u>19,492</u>	<u>9,096</u>	<u>28,588</u>
Depreciation	<u>(2,543)</u>	<u>(224)</u>	<u>(2,767)</u>	<u>(909)</u>	<u>(3,676)</u>
Net book value	<u><u>13,824</u></u>	<u><u>2,901</u></u>	<u><u>16,725</u></u>	<u><u>8,187</u></u>	<u><u>24,912</u></u>

5. Payables and accruals

	December 31,	
	2008	2007
	USD	USD
Payroll income tax payables	36,291	8,893
Legal fees payables	16,625	20,446
Accrued expenses	26,275	15,287
	<u>79,191</u>	<u>44,626</u>

6. Disposition of grants

	<i>Core Funds</i>			<i>Non Core funds</i>							
	Total	Temporary	Un restricted	Core fund		Diakonia	Trocare	Care		El awqaf & Unicief	Non Core fund
		restricted		Total	Total			Ford	Total		
US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	
<i>Opening balance - January 1, 2008</i>											
Core funds balances	(191,496)	(86,479)	(82,777)	(169,256)	---	---	---	(22,240)	---	---	(22,240)
Temporary restricted funds	(138,350)	(44,553)	---	(44,553)	(71,730)	(10,333)	(11,734)	---	---	---	(93,797)
Investment in properties and equipment	(61,910)	(61,910)	---	(61,910)	---	---	---	---	---	---	---
	(391,756)	(192,943)	(82,777)	(275,719)	(71,730)	(10,333)	(11,734)	(22,240)	---	---	(116,037)
<i>Revenue during the year</i>											
<i>The Representative Office of the Kingdom of the Netherlands to the PA</i>	(190,000)	(190,000)	---	(190,000)	---	---	---	---	---	---	---
<i>Royal Danish Representative Office</i>	(137,067)	(137,067)	---	(137,067)	---	---	---	---	---	---	---
<i>NGO Development Center</i>	(150,000)	(150,000)	---	(150,000)	---	---	---	---	---	---	---
Global Ministries	(50,049)	(50,049)	---	(50,049)	---	---	---	---	---	---	---
Norwegian	(69,800)	(69,800)	---	(69,800)	---	---	---	---	---	---	---
Other	(11,081)	---	(11,081)	(11,081)	---	---	---	---	---	---	---
Care -Tazeez	(18,848)	---	---	---	---	---	(18,848)	---	---	---	(18,848)
El awqaf & Unicief	(1,208)	---	---	---	---	---	---	---	(1,208)	---	(1,208)
	(628,053)	(596,916)	(11,081)	(607,997)	---	---	(18,848)	---	(1,208)	---	(20,056)
<i>Funds available</i>	(1,019,809)	(789,859)	(93,857)	(883,716)	(71,730)	(10,333)	(30,582)	(22,240)	(1,208)	---	(136,093)
Less: Expenses											
<i>Administrative and running costs</i>	549,606	549,606	---	549,606	---	---	---	---	---	---	---
Functional expenses	166,737	94,515	---	94,515	38,062	733	27,218	5,000	1,208	---	72,221
Depreciation	41,570	38,803	---	38,803	2,543	---	224	---	---	---	2,767
<i>Total expenses</i>	757,912	682,924	---	682,924	40,605	733	27,442	5,000	1,208	---	74,988
<i>Net assets December 31, 2008</i>	(261,897)	(106,935)	(93,857)	(200,792)	(31,125)	(9,600)	(3,140)	(17,240)	---	---	(61,105)

The amount of USD 44,554 represents an extra amount over the agreed budget plan received by the Center during the year 2005 from the donor, Global Ministries, which still held by the Center and will be expended/settled according to further instructions by the donor.

Al Mezan Center for Human Rights
Gaza - Palestine

Notes to Financial Statements (continued)
December 31, 2008

Disposition of grants (continued)

	<i>Core Funds</i>			<i>Non Core funds</i>						
	Total	Temporary restricted	Un restricted	Core funds Total	Diakonia	Trocare	Care Tazeez	Ford	El Awqaf & Unicief	Non Core funds Total
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
Presented as follows:										
Cash and cash equivalent	176,256	216	59,013	59,229	28,673	9,831	8,523	---	---	117,027
Pledges and others	151,308	151,308	---	151,308	---	---	---	---	---	---
Properties and equipment	54,118	35,377	2,014	37,391	13,824	---	2,901	---	---	16,727
Due to bank	(35,593)	(33,382)	---	(33,382)	(926)	---	(1,285)	---	---	(2,211)
Payables and accruals	(79,191)	(64,950)	---	(64,950)	(11,081)	---	(3,160)	---	---	(14,241)
Due to – from	---	18,366	37,831	56,197	634	(231)	(73,838)	17,240	---	(56,197)
Paid in Capital	(5,000)	---	(5,000)	(5,000)	---	---	---	---	---	---
	261,897	106,934	93,858	200,792	31,125	9,600	3,140	17,240	---	61,105
		A								B
		US \$								
Unrestricted - Statement of financial position		93,858								
Core temporary restricted core (A)		106,934								
Non core temporary restricted (B)		61,105								
Total		168,039								
Less: Property and equipment - note 5		(54,117)								
Temporary restricted funds - Statement of financial position		113,922								

7. Core programs costs

	For the year ended December 31,	
	2008	2007
	USD	USD
Salaries	215,353	206,486
Volunteers (special services agreement)	175,541	158,783
Staff rewards and compensations	68,947	26,402
Stationery	5,087	3,677
Office rent	21,467	18,415
Utilities and communications	22,712	17,207
Transportation and fuel	5,111	3,609
Translation	388	---
Hospitality	3,066	2,950
Bank charges	347	565
Advertisement	871	7,071
Maintenance	11,453	5,756
Professional fees	8,000	5,500
Subscription and mail	1,246	1,852
Miscellaneous and others	2,489	4,145
Insurance	7,528	6,495
	549,606	468,913

8. Actual expenses versus budget for core- program 2008

	Royal Danish Representative Office DRO	NORWAY	The Representative Office of the Kingdom of the etherlands to the PA	Global Ministries	NDC	Total Expenses	budget
<i>Expenditures:</i>							
<i>Personal Costs:</i>							
Director	8,223	3,449	17,618	3,300	7,410	40,000	40,000
Administrative Assistant	3,075	1,290	6,590	1,235	2,771	14,961	14,962
Accountant	3,253	1,364	6,970	1,305	2,932	15,824	15,825
Information System Officer	2,957	1,240	6,338	1,186	2,665	14,386	14,386
Cleaners	1,881	789	4,030	755	1,695	9,150	9,099
Driver	1,841	772	3,946	739	1,660	8,958	8,908
<i>Fieldwork Unit</i>						0	
Coordinator	4,789	2,008	10,259	1,921	4,314	23,291	23,261
Fieldworkers (3)	6,673	2,798	14,295	2,678	6,014	32,458	32,264
Data entry officer	1,585	578	3,167	636	1,242	7,208	10,335
<i>Legal Aid Unit</i>						0	
Coordinator	4,662	488	6,099	1,870	1,050	14,169	22,620
<i>Training & Mass Communication Unit</i>						0	
Coordinator	4,660	1,954	9,986	1,870	4,200	22,670	22,620
Trainer/Facilitator(1)	3,092	1,023	5,899	1,241	2,198	13,453	15,223
<i>Technical Assistance & Advocacy unit</i>						0	
Coordinator	4,842	2,030	10,373	1,941	4,363	23,549	23,500
Researcher	3,140	1,317	6,729	1,260	2,830	15,276	15,246
<i>Special Service Agreement</i>						0	
Fieldworkers (3)	7,505	3,171	16,140	3,010	6,814	36,640	36,159
Lawyer (2)	5,095	2,304	11,359	2,045	4,950	25,753	25,723
Cleaners (2)	2,812	1,179	6,024	1,128	2,534	13,677	13,336
Secretary (3)	4,826	1,574	9,149	1,937	3,383	20,869	23,478
Liberian(1)	1,769	742	3,791	710	1,594	8,606	8,606
Trainer/Facilitator(1)	2,461	1,032	5,273	988	2,218	11,972	11,973
Assistant Researcher(1)	2,325	993	5,031	933	2,134	11,416	11,637
Translator(1)	1,593	471	2,892	639	1,013	6,608	10,075
Admin & Financial officer(1)	0	0	0	0	0	0	16,957
Staff rewards and compensation	21,164	5,109	20,206	6,488	15,980	68,947	65,000
<i>Sub-total</i>	<u>104,223</u>	<u>37,675</u>	<u>192,164</u>	<u>39,815</u>	<u>85,964</u>	<u>459,841</u>	<u>491,193</u>
<i>Capital Costs</i>							
Furniture	93	0	96	38	0	227	5,000
Equipment	920	359	1,899	369	771	4,318	5,000
Information Resources	0	111	294	0	238	643	2,000
<i>Sub-Total</i>	<u>1,013</u>	<u>470</u>	<u>2,289</u>	<u>407</u>	<u>1,009</u>	<u>5,188</u>	<u>12,000</u>
<i>Administrative And Running Cost</i>							
Rent	6,166	1,621	6,999	1,991	4,690	21,467	21,000
Utilities	1,340	661	3,135	536	1,420	7,092	5,000
Communication	2,378	1,696	6,947	954	3,645	15,620	20,000
Stationary	679	592	2,270	273	1,273	5,087	5,000
Transportation	832	532	2,269	334	1,144	5,111	5,000
Advertisement	184	73	382	74	158	871	3,000
Translation	200	0	133	55	0	388	700
Hospitality	426	350	1,367	171	752	3,066	5,000
Staff Trainings	0	0	0	0	0	0	2,000
Insurance	1,414	705	3,327	567	1,515	7,528	7,300
Auditing & Evaluation	0	1,379	3,656	0	2,965	8,000	10,000
Maintenance	3,825	429	4,659	1,479	1,061	11,453	6,000
Bank Charges	80	19	135	33	73	340	500
Subscription & Mail	153	151	557	62	323	1,246	1,500
Miscellaneous	774	106	1,071	309	229	2,489	6,000
<i>Sub-total</i>	<u>18,451</u>	<u>8,314</u>	<u>36,907</u>	<u>6,838</u>	<u>19,248</u>	<u>89,758</u>	<u>98,000</u>
<i>Activities</i>							
Capacity Building	1,557	2,580	8,444	625	5,546	18,752	22,000
Publications	3,068	945	5,670	1,231	2,030	12,944	25,000
Consultants & Training fees	532	1,624	4,855	214	3,490	10,715	30,000
Legal Fees	8,223	5,913	23,222	2,039	12,707	52,104	40,000
Summer Camp	0	0	0	0	0	0	20,000
<i>Subtotal</i>	<u>13,380</u>	<u>11,062</u>	<u>42,191</u>	<u>4,109</u>	<u>23,773</u>	<u>94,515</u>	<u>137,000</u>
<i>Grand Total</i>	<u><u>137,067</u></u>	<u><u>57,521</u></u>	<u><u>273,551</u></u>	<u><u>51,169</u></u>	<u><u>129,994</u></u>	<u><u>649,302</u></u>	<u><u>738,193</u></u>

9. Core contributions

The Center's activities are funded through the restricted funds received from core donors that cover the core program costs. The agreed budget plan from these donors for the year 2008 was as follows:

Donors	Currency	Actual Received 2008	Budget 2008
The Head of The Representative of The Kingdom of The Netherlands.	USD	137,067	137,067
Royal Danish Representative Office DRO Norway	USD	190,000	190,000
Global Ministries	NOK	500,000	500,000
NGO Development Center	EUR	35,000	35,000
	USD	---	150,000

10. Management cost (highest five salaries and benefits)

	For the year ended December 31,	
	2008	2007
	USD	USD
Salaries	105,549	108,921
Pension @ 14 % of basic salaries	9,337	9,780
End of services benefits	8,795	9,077
	123,681	127,778

11. Financial instruments and fair values

▪ *Fair Values of Financial Assets and Liabilities*

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

▪ *Operational Risk*

The costs of the programs, administrative as well as property and equipment (fixed assets) procurements are significantly financed by donors through donations. The management believes that the funding level in the year 2009 will be sufficient to finance all of its disbursements and will be consistent with the funding level in the prior years. Furthermore, the management believes that the political and economical conditions prevailing in the area will not materially affect its operations.

▪ *Credit Risk*

The center's credit risk is primarily attributable to its liquid funds and receivables. The credit risk on liquid funds is limited because they are placed with reputable financial institutions. The Receivables are stated in the statement of financial position net of allowances for doubtful debts, if any, which is estimated by the center management based on prior experience and the current economic environment.

▪ *Interest Rate Risk*

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

▪ *Currency Risk*

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

12. Prior year financial statements

Certain figures of financial statements of the prior year were adjusted and reclassified to confirm with the current year presentation.