

Ta'awon for Conflict Resolution

Independent auditor's report and financial statements

For the year ended December 31, 2019

**ALFERDOUS AUDITING AND ACCOUNTING
CERTIFIED PUBLIC ACCOUNTANT AND AUDITOR**

Ramallah - Palestine

Ta'awon for Conflict Resolution

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Independent Auditor's Report

To: Members of General Assembly
Ta'awon for Conflict Resolution

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of **Ta'awon for Conflict Resolution Association Ramallah – Palestine** which comprise the statement of financial position as at December 31, 2019, 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 **Ta'awon** as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditors' Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of Taawon Association in accordance with the Code of Ethics of Professional Accountants registered under Board of Auditing Profession, which are in conformity With the code of ethics of accountants registered under Palestinian Association of Certified Public Accountants, in line with ethical requirements related to our audit of the financial statements in Palestine. And we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the association'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 the Association or to cease operations, or has no realistic alternative but to do so.



Auditors' 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 auditors' 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 the Company'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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 management 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.



Report on Other Legal and Regulatory Requirements

The Association has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend approving these financial statements.

AL- Ferdous Auditing & Accounting ,

Randa Ismaeil AL-Kiswani

**License NO.
207**

**Ramallah on
May 5th. 2020**



Ta'awon For Conflict Resolution - Ramallah
Statement of Financial Position as at December 31, 2019
Exhibit "A" Amounts are expressed in USD

<u>Assets</u>	<u>Note</u>	<u>2019</u>	<u>2018</u>
<u>Current assets</u>			
Cash in hand & at banks	(3)	<u>251,572</u>	<u>83,494</u>
Prepaid expenses & other receivables	(4)	<u>9,465</u>	<u>6,515</u>
Total current assets		<u>261,037</u>	<u>90,009</u>
<u>Non-current assets</u>			
Plant and equipment, net	(5)	<u>20,509</u>	<u>25,160</u>
Total assets		<u>281,546</u>	<u>115,169</u>
<u>Liabilities and net assets</u>			
<u>Current liabilities</u>			
Credit Banks & Unpaid Cheques	(6)	<u>26,220</u>	<u>1,657</u>
Accrued expenses	(7)	<u>12,005</u>	<u>13,200</u>
Accounts Payable	(7)	<u>120,990</u>	
Total Current liabilities		<u>159,215</u>	<u>14,857</u>
<u>Not current liabilities</u>			
Employees provisions	(8)	<u>23,586</u>	<u>24,8144</u>
<u>Net assets</u>			
Net assets – Exhibit "B"		<u>98,745</u>	<u>75,498</u>
Total liabilities and net assets		<u>281,546</u>	<u>115,169</u>



"Attached notes constitutes an integral part of this statement"

Ta'awon For Conflict R.Association – Ramallah
Statement of activities & changes in net assets

For the year ended December 31, 2019
Exhibit "B" Amounts are expressed in USD

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Projects revenue	(9)	262,157	426,061
Other Incomes		250	-
Annual Subscription fees		428	316
Currency Variances		<u>0</u>	-
Total revenues		<u>262,835</u>	<u>426,377</u>
<u>Expenses</u>			
Project expenses	(9)	171,292	401,738
General and administrative expenses	(10)	63,437	25,478
Depreciation expense	(5)	<u>4,859</u>	<u>4,632</u>
Total expenses		<u>(239,588)</u>	<u>(431,848)</u>
Change in net assets during the year		<u>23,247</u>	<u>(5,471)</u>
<u>Statement of change in net assets</u>			
Net change in assets during the year		23,247	(5,471)
Net assets beginning of the year		75,498	80,969
Net assets end of the year – Exhibit "A"		<u>98,745</u>	<u>75,498</u>



"Attached notes constitute an integral part of this statement"

Cash Flow for the year ended December 31, 2019

Exhibit "C" Amounts are expressed in USD

<u>Exhibit</u>	<u>2019</u>	<u>2018</u>
<u>Cash flow from operating activities</u>		
Change in net assets during the year – Exhibit “B”	23,247	(5,471)
<u>Adjustments to reconcile change in net assets during the year to net cash flows</u>		
<u>Non cash items</u>		
Depreciation	4,859	4,632
Increase (Decrease) in Employees provisions	1,228	10,822
<u>Changes in operating assets and liabilities</u>		
Diff. in Prepaid expenses and other receivables	2,950	1,750
Diff. in accrued expenses and accounts payable	1,195	2,798
Diff. in accounts Payable	120,990	0
Net cash flows provided by (used in) operating activities	143,723	11,031
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment	207	6,810
<u>Cash flows from financing activities</u>		
Differences in Credits Balances	24,563	6,804
Net increase in cash and cash equivalents	<u>168,078</u>	<u>(2,583)</u>
Cash and cash equivalents beginning of the year	83,494	86,077
Cash and cash equivalents ending of the year - Note (3)	<u>251,572</u>	<u>83,494</u>



"Attached notes constitute an integral part of this statement"

Ta'awon for Conflict Resolution

Notes to the financial statements

as at 31.12.2019

Amounts are expressed in USD

1- Background:

- Ta'awon for Conflict Resolution Association was established on March 2002 as a non-Governmental youth association seeks to contribute in building a free and democratic Palestinian state and modern & to generate peace & dialogue culture, & the association was aiming their at Ministry of Interior & registered under registration number RA-22403-SC according to Charity Law #1 of 2000 on 10/9/2005.
- The Association aims to build the capacity of target groups, particularly young people in schools and universities, institutions and youth clubs and women in the areas of constructive engagement and peaceful with conflicts. It also aims to integrate the concepts of peace, dialogue and reconciliation and non-violence in programs, plans and policies of the Palestinian institutions. Encouraging and deepen the internal dialogue, particularly among young people.
- The association also aims to build Palestinian information source specializing in the field of conflict and peace as well as deepen the culture of volunteerism as an input for sustainable development.
- The financial statements were approved by management on.../.../2020

2- Significant accounting policies:

Summary of significant accounting policies used for preparing the financial statements as follows:

a) Basis of preparation:

The financial statements have been prepared in accordance with historical cost and according to International Financial Reporting Standards issued by the International Accounting Standards Board, and currency records in U.S. dollar.

b) Plant & equipment:

Plant & equipment are recorded at cost. Depreciation is calculated by using the straight line method over the estimated useful lives of the assets at the following estimated annual rates:

- Furniture 10%
- Office equipment & communication system 20%
- Computers & software 25%
- Leasehold improvement 10%

The book value of fixed assets decreases when there are circumstances or events indicate a lack of the recoverability of the book value, in these cases amount is reduced the book value of the value expected to be recovered.

c) **Provision for end of service / Indemnity:**

Provision for end of service indemnity is calculated to cover contractual and legal Commitments of the employees' services.

d) **Revenues:**

Revenues are recorded according to amounts received from donors to implement the projects of the association.

e) **Foreign currencies translations:**

Transactions in foreign currencies are translated at the rates prevailing at the time of each transaction into USD. Monetary assets and liabilities in foreign currencies were presented at exchange rates prevailing at the financial position date. Gain and losses arising from these translations are presented in the statements of activities.

3- **Cash in hand & balances at banks: (This item consists of)**

<u>Exhibit:</u>	<u>2019</u>	<u>2018</u>
Cash in hand	19	0
Cash at banks	<u>225,333</u>	<u>83,494</u>
Total	<u>225,352</u>	<u>83,494</u>

4- **Prepaid expenses and other receivables: (This item consists of)**

<u>Exhibit:</u>	<u>2019</u>	<u>2018</u>
Employees advances	9,465	6,515
Total	<u>9,465</u>	<u>6,515</u>



5- Plant & Equipment net: (This item consists of)

<u>Cost</u>	<u>Furniture</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance as at 1/1/2019	10,598	31,372	34,334	4,329	80,633
Additions	-	207	-	0	207
Deletions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 31/12/2019	<u>10,598</u>	<u>31,579</u>	<u>34,334</u>	<u>4,329</u>	<u>80,840</u>
<u>Accumulated depreciation</u>					
Balance as at 1/1/2019	1,699	22,831	27,910	3,032	55,473
Additions	1,060	810	2,356	433	4,859
Deletions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance as at 31/12/2019	<u>2,759</u>	<u>23,641</u>	<u>30,466</u>	<u>3,465</u>	<u>60,331</u>
<u>Net book value as at</u>					
31/12/2019	<u>7,839</u>	<u>7,938</u>	<u>3,368</u>	<u>864</u>	<u>20,509</u>
31/12/2018	<u>8,899</u>	<u>8,541</u>	<u>6,424</u>	<u>1,297</u>	<u>25,160</u>

6- Credits & Accounts Payable:

This item represents the value of un-paid cheques as 31.12.2019 as following:

Cheques in \$: \$23594 + EURO 1513 + nis3894.

7- Accrued expenses & other payables:

This item consists of:

<u>Exhibit:</u>	<u>2019</u>	<u>2018</u>
Income tax deduction	2,131	2,102
Accrued Rent	5,800	7,200
Accounts payable	-	1,657
Accrued expenses(Utilities)	4,074	3,898
Total	<u>12,005</u>	<u>14,857</u>

8- Employees provisions:

This item consists of:

<u>Exhibit:</u>	<u>2019</u>	<u>2018</u>
Balance beginning of the year	24,814	13,992
Additions	4,386	13,954
Payments – B	5,614	3,132
Balance ending of the year	<u>23,586</u>	<u>24,814</u>



9- Projects Revenue in 2018 consists of:

	USD \$
1. Olof Palme	82,436
2. Tetratic	66,214
3. USAID – P.S.A	240,000
4. IREX	24,998
5. GIZ	12,413
Total	426,061

10- Projects Revenue in 2019 consists of:

	USD \$
1. Olof Palme	74,418
2. AFD	42,949
3. USAID	70,000
4. DW	16,394
5. GIZ	49,766
6. Finland	8,630
Total	262,157



Projects Expenses

<u>Projects Expenses</u>	<u>2019 USD</u>	<u>2018 USD</u>
Salaries	96,985	176,566
Severance Pay	554	10,264
Workshops	5,147	13,952
Hospitality	2,959	8,389
Transportation	4,938	8,382
Postal, fax, tel. & Inter Net	1,530	5,013
Stationery	2,863	3,928
Documentation – video	2,000	14,600
Accommodation & Halls	11,312	12,429
Transportation of participants	6,344	10,256
Publications	-	403
Rent	4,312	8,880
Electricity & water expenses	1,073	1,537
Cleaning	649	847
Printing & designs	4,518	5,818
Consultancies & Training	10,866	31,908
Advertising & Publications	57	900
Maint. & supplies (computer)	539	2,037
Websites Development	1,003	1,437
Miscellaneous	572	3,119
Surveys & Research -	-	7,233
Radio & TV Production	11,600	1,100
Initiatives	1,471	72,740
Total	<u>171,292</u>	<u>401,738</u>



10- **General and administrative expenses: (This item consists of)**

<u>Exhibit:</u>	<u>2019</u>	<u>2018</u>
Salaries	20,833	0
Severance Pay	3,689	2,823
Audit Fees	1,566	1,566
Stationery	922	272
Transportation	577	2,955
Hospitality & Cleaning	1,823	1420
Telecommunication & postage	1,795	251
Electricity and water	1,724	422
Bank's charges	510	339
Taxes	11,484	150
Website Designing and developing	854	2710
Consultancies	1,309	1052
Rent	5,288	720
Miscellaneous	2,558	2,917
Announcements	97	842
Maintenance	53	900
Training	4,810	3,070
Proposals	2,000	-
Currency variances	1,535	
Admin & General Exp	-	3069
Total	63,437	25,478

