

Ta'awon for Conflict Resolution

Independent auditor's report and financial statements

For the year ended December 31, **2021**

**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, 2021, 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, 2021, 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.
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Ramallah on
April 30th. 2023



Ta'awon For Conflict Resolution - Ramallah
Statement of Financial Position as at December 31, 2021
Exhibit "A" Amounts are expressed in USD

<u>Assets</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
<u>Current assets</u>			
Cash in hand & at banks	(3)	40,961	58,108
Prepaid expenses & other receivables	(4)	<u>55,940</u>	<u>238,709</u>
Total current assets		<u>96,901</u>	<u>296,817</u>
<u>Non-current assets</u>			
Plant and equipment, net	(5)	<u>23,652</u>	<u>29,653</u>
Total assets		120,553	<u>326,470</u>
<u>Liabilities and net assets</u>			
<u>Current liabilities</u>			
Credit Banks & Unpaid Cheques	(6)	20,693	55,719
Accrued expenses	(7)	10,400	12,282
Accounts Payable	(7)	<u>6,720</u>	<u>152,666</u>
Total Current liabilities		37,813	<u>220,667</u>
<u>Not current liabilities</u>			
Employees provisions	(8)	<u>21,661</u>	<u>27,578</u>
<u>Net assets</u>			
Net assets – Exhibit “B”		<u>61,079</u>	<u>78,225</u>
Total liabilities and net assets		<u>120,553</u>	326,470

"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, 2021
Exhibit "B" Amounts are expressed in USD

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Projects revenue	(9)	131,019	420806
Other Incomes		0	563
Annual Subscription fees		<u>338</u>	<u>441</u>
Total revenues		<u>131,357</u>	<u>421,810</u>
<u>Expenses</u>			
Project expenses	(9)	99,428	398,008
General and administrative expenses	(10)	43,074	37,390
Depreciation expense	(5)	<u>6,001</u>	<u>6,932</u>
Total expenses		<u>148,503</u>	442,330
Change in net assets during the year		(17,146)	(20,520)
<u>Statement of change in net assets</u>			
Net change in assets during the year		(17,146)	(20520)
Net assets beginning of the year		78,225	98,745
Net assets end of the year – Exhibit “A”		<u>61,079</u>	<u>78,225</u>

"Attached notes constitute an integral part of this statement"

Cash Flow for the year ended December 31, 2021

Exhibit "C" Amounts are expressed in USD

<u>Exhibit</u>	<u>2021</u>	<u>2020</u>
<u>Cash flow from operating activities</u>		
Change in net assets during the year – Exhibit “B”	(17,146)	(20520)
<u>Adjustments to reconcile change in net assets during the year to net cash flows</u>		
<u>Non cash items</u>		
Depreciation	6,001	6,932
Increase (Decrease) in Employees provisions	(5,917)	3,992
<u>Changes in operating assets and liabilities</u>		
Diff. in Prepaid expenses and other receivables	182,769	(229244)
Diff. in accrued expenses and accounts payable	(1,882)	277
Diff. in accounts Payable	(145,946)	31,676
Net cash flows provided by (used in) operating activities	17,879	(206887)
<u>cash flows from investing activities</u>		
Purchase of plant and equipment	0	(16,076)
<u>Cash flows from financing activities</u>		
Differences in Credits Balances	(35,026)	29,499
Net increase in cash and cash equivalents	(17,146)	(193,464)
Cash and cash equivalents beginning of the year	58,108	251,572
Cash and cash equivalents ending of the year - Note (3)	<u>40,961</u>	<u>58,108</u>

"Attached notes constitute an integral part of this statement"

Ta'awon for Conflict Resolution
Notes to the financial statements
as at 31.12.2021

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.

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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>2021</u>	<u>2020</u>
Cash in hand	0	35
Cash at banks	<u>40,961</u>	<u>58,073</u>
Total	<u>40,961</u>	<u>58,108</u>

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

<u>Exhibit:</u>	<u>2021</u>	<u>2020</u>
Employees advances	8,165	9,465
Donors Debit Balances	<u>47,775</u>	<u>229,244</u>
Total	<u>55,940</u>	<u>238,709</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 1/1/2021	12,493	41,102	38,992	4,329	96,916
Additions	0	0	0	0	
Deletions	0	0	0	0	0
Balance as at 31/12/2021	<u>12,493</u>	<u>41,102</u>	<u>38,992</u>	<u>4,329</u>	<u>96,916</u>
<u>Accumulated depreciation</u>					
Balance as at 1/1/2021	3,897	25,763	33,704	3,899	67,263
Additions	1,236	1,905	2,431	429	6,001
Deletion	0	0	0	0	0
Balance as at 31/12/2021	<u>5,134</u>	<u>27,668</u>	<u>36,135</u>	<u>4,328</u>	<u>73,264</u>
<u>Net book value as at</u>					
31/12/2021	<u>7,359</u>	13,434	<u>2,857</u>	<u>1</u>	<u>23,652</u>
31/12/2020	8,596	<u>15,339</u>	<u>5,288</u>	<u>430</u>	<u>29,653</u>

6- Credits & Accounts Payable:

This item represents the value of un-paid cheques as 31.12.2021

7- Accrued expenses & other payables:

This item consists of:

Exhibit:

	<u>2021</u>	<u>2020</u>
Income tax deduction	2,382	4,097
Accrued Rent	4,365	4,365

Accrued expenses(Utilities)	3,653	3,820
Total	<u>10,400</u>	<u>12,282</u>

Accounts Payable – Suppliers	6,720	152,666
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8- Employees provisions:

This item consists of:

Exhibit:

	<u>2021</u>	<u>2020</u>
Balance beginning of the year	27,578	23,586
Additions	212	6,442
Payments – B	(6,130)	(2,450)
Balance ending of the year	<u>21,660</u>	<u>27,578</u>

9- **Projects Rvenues consists of:**

	2021	2020
	USD \$	
1. Olof Palme	58,555	71,951
2. AFD		38,784
3. DW		52,077
4. Finland		28,750
5. GIZ	72,464	0
Total Received		191,562
Accounts Receivable		229,244
Grand Total	131,019	420,806

Note 10**Projects Expenses**

	<u>2021 USD</u> <u>131,019</u>	<u>2020 USD</u> <u>420,806</u>
<u>Projects Revenue</u>		
<u>Projects Expenses</u>		
Salaries	48,153	100,139
Workshops	3,000	1,691
Hospitality	9,690	14,994
Transportation	2,110	9,623
Postal, fax, tel. & Inter Net	156	4,279
Stationery	1,322	4,950
Documentation – video		14,705
Accommodation & Halls	5,287	9,741
Transportation of participants		2,701
Rent	5,000	9,600
Electricity & water expenses	0	1,703
Cleaning	727	2,177
Printing & designs	5,300	1,586
Consultancies & Training	2,520	19,103
Advertising & Publications		2,783
Maint. & supplies (computer)	274	3,100
Websites Development	350	10,002
Banking Charges	39	
Surveys & Research	14,700	32,085
Radio & TV Production		8,112
Initiatives		71,642
Events Management		1200
Transportation and per diems		8970
Training Materials		6,900
Evaluations		8,186
Prizes		9,000
Trainers		36,287
Audit	800	2,600
Translation		152
<u>Total</u>	<u>99,428</u>	<u>398,008</u>

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

<u>Exhibit:</u>	<u>2021</u>	<u>2020</u>
Salaries	3,480	8,880
Severance Pay		6,190
Audit Fees	1,566	1,566
Stationery	409	875
Transportation	2,273	142
Hospitality & Cleaning	4,849	56
Telecommunication & postage	3,794	996
Electricity and water	1,838	743
Bank's charges	404	325
Taxes		1,800
Website Designing and developing		163
Consultancies	12,240	6,675
Rent	4,600	0
Miscellaneous	537	892
Announcements	57	1,800
Maintenance	1,574	531
Films and Documentation	3,600	
Newspapers	274	
Computer supplies	889	0
Travel Expenses	690	
Accounting services & Internal Audit		4,300
Admin & General Exp		1,456
Total	43,074	37,390

Depreciation

6,001

6,932