

Ta'awon for Conflict Resolution

Independent auditor's report and financial statements

For the year ended December 31, 2022

**Dalia Auditing Establishment
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, 2022, 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, 2022, 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

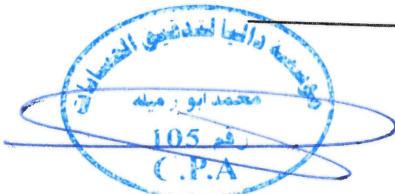
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditors' Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of Taawon Association in accordance 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:

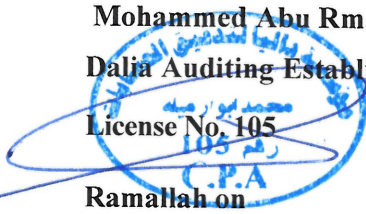
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

Mohammed Abu Rmaileh
Dalia Auditing Establishment
License No. 105
Ramallah on
June 5th. 2023



Ta'awon For Conflict Resolution - Ramallah
Statement of Financial Position as at December 31, 2022
Exhibit "A" Amounts are expressed in USD

<u>Assets</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
<u>Current assets</u>			
Cash in hand & at banks	(3)	48,790	40,961
Prepaid expenses & other receivables	(4)	70,544	55,940
Total current assets		119,334	96,901
<u>Non-current assets</u>			
Plant and equipment, net	(5)	19,184	23,652
Total assets		138,518	120,553
<u>Liabilities and net assets</u>			
<u>Current liabilities</u>			
Credit Banks & Unpaid Cheques	(6)	23,516	20,693
Accrued expenses	(7)	18,143	10,400
Accounts Payable	(7a)	15,956	6,720
Total Current liabilities		57,615	37,813
<u>Not current liabilities</u>			
Employees provisions	(8)	27,411	21,661
<u>Net assets</u>			
Net assets – Exhibit “B”		53,492	61,079
Total liabilities and net assets		138,518	120,553

"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, 2022
Exhibit "B" Amounts are expressed in USD

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Projects revenue	(9)	150,945	131,019
Adjustments		0	0
Annual Subscription fees		<u>327</u>	<u>338</u>
Total revenues		151,272	<u>131,357</u>
<u>Expenses</u>			
Project expenses	(9)	123,932	99,428
General and administrative expenses	(10)	30,459	43,074
Depreciation expense	(5)	<u>4,468</u>	<u>6,001</u>
Total expenses		<u>158,859</u>	<u>148,503</u>
Change in net assets during the year		(7,587)	(17,146)
<u>Statement of change in net assets</u>			
Net change in assets during the year		(7,587)	(17,146)
Net assets beginning of the year		<u>61,079</u>	<u>78,225</u>
Net assets end of the year – Exhibit "A"		53,492	<u>61,079</u>

"Attached notes constitute an integral part of this statement"

Cash Flow for the year ended December 31, 2022

Exhibit "C" Amounts are expressed in USD

<u>Exhibit</u>	<u>2022</u>	<u>2021</u>
<u>Cash flow from operating activities</u>		
Change in net assets during the year – Exhibit “B”	(7,587)	(17,146)
<u>Adjustments to reconcile change in net assets during the year to net cash flows</u>		
<u>Non cash items</u>		
Depreciation	4,468	6,001
Increase (Decrease) in Employees provisions	5,750	(5,917)
<u>Changes in operating assets and liabilities</u>		
Diff. in Prepaid expenses and other receivables	(14604)	182,769
Diff. in accrued expenses and accounts payable	7,743	(1,882)
Diff. in accounts Payable	9,236	(145,946)
Net cash flows provided by (used in) operating activities	5,006	17,879
<u>cash flows from investing activities</u>		
Purchase of plant and equipment	0	
<u>Cash flows from financing activities</u>		
Differences in Credits Balances	2,823	(35,026)
Net increase in cash and cash equivalents	7,829	(17,146)
Cash and cash equivalents beginning of the year	40,961	58,108
Cash and cash equivalents ending of the year - Note (3)	48,790	40,961

"Attached notes constitute an integral part of this statement"

Ta'awon for Conflict Resolution**Notes to the financial statements****as at 31.12.2022****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>2022</u>	<u>2021</u>
Cash in hand	0	0
Cash at banks	48,790	40,961
Total	48790	40,961

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

<u>Exhibit:</u>	<u>2022</u>	<u>2021</u>
Employees advances	3,000	8,165
Donors Debit Balances	67,544	47,775
Total	70,544	55,940

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 1/1/2022	12,493	41,102	38,992	4,329	96,916
Additions	0	0	0	0	
Deletions	0	0	0	0	0
Balance as at 31/12/2022	<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 1/1/2022	5,134	27,668	36,135	4,328	73,264
Additions	1,227	1,905	1,336	0	4,468
Deletion	0	0	0	0	0
Balance as at 31/12/2022	<u>6,361</u>	<u>29,573</u>	<u>37,471</u>	<u>4,328</u>	<u>77,732</u>
<u>Net book value as at</u>					
31/12/2022	<u>6,132</u>	<u>11,529</u>	<u>1,521</u>	<u>1</u>	<u>19,184</u>
31/12/2021	<u>7,359</u>	<u>13,434</u>	<u>2,857</u>	<u>1</u>	<u>23,652</u>

6- Credit balances

This item represents the value of un-paid cheques as 31.12.2022

7- Accrued expenses & other payables:

This item consists of:

<u>Exhibit:</u>	<u>2022</u>	<u>2021</u>
Income tax deduction	3,272	2,382
Accrued Rent	5,965	4,365
Accrued expenses(Utilities)	<u>8,906</u>	<u>3,653</u>
Total	<u>18,143</u>	<u>10,400</u>

	<u>2022</u>	<u>2021</u>
7a - Accounts Payable (Donors & Suppliers	15,956	6,720

Donors – CRS ; \$15,262 – Balance of grant

Suppliers \$694.

8- **Employees provisions:**

This item consists of:

Exhibit:

	<u>2022</u>	<u>2021</u>
Balance beginning of the year	21,660	27,578
Additions	5,750	212
Payments – B	<u>0</u>	<u>(6,130)</u>
Balance ending of the year	<u>27,411</u>	<u>21,660</u>

9- **Projects Rvenues consists of:**

	2022	2021
	USD \$	USD \$
1. Olof Palme	66,386	58,555
2. C.R, S	24,559	
3. Finland	60,000	
4- GIZ		72,464
Grand Total	150,945	131,019

Note 10Projects Expenses

<u>Projects Revenue</u>	<u>2022 USD</u> <u>150,945</u>	<u>2021 USD</u> <u>131,019</u>
Salaries	62,434	48,153
Workshops	4,678	3,000
Hospitality	2,102	9,690
Transportation	2,024	2,110
Postal, fax, tel. & Inter Net	508	156
Stationery		1,322
Documentation – video	11,500	
Accommodation & Halls	577	5,287
Transportation of participants	4,544	
Rent	4,729	5,000
Electricity & water		0
Cleaning	1,814	727
Printing & designs	6,891	5,300
Consultancies & Training	2,900	2,520
Advertising &	145	
Maint. & supplies (computer)	174	274
Websites Development	365	350
Banking Charges		39
Surveys & Research	13,590	14,700
Radio & TV Production		
Initiatives	4,244	
Events Management		
Transportation and per		
Training Materials	713	
Evaluations		
Prizes		
Trainers		
Audit		800
Translation		
Total	123,932	99,428

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

<u>Exhibit:</u>	<u>2022</u>	<u>2021</u>
Salaries	1,050	3,480
Severance Pay	5,750	
Audit Fees	1,566	1,566
Stationery	337	409
Transportation		2,273
Hospitality & Cleaning	543	4,849
Telecommunication & postage	1,732	3,794
Electricity and water	172	1,838
Bank's charges	291	404
Taxes		
Website Designing and developing	1,039	
Consultancies	2,000	12,240
Rent	4,871	4,600
Miscellaneous		537
Announcements		57
Maintenance	288	1,574
Films and Documentation		3,600
Newspapers		274
Computer supplies	360	889
Travel Expenses	7,900	690
Meetings & Halls	1,260	
Staff Training	1,300	
Total	30,459	43,074

Depreciation

4,468 6,001