

NGO Development Center

Financial Statements

December 31, 2012

## **Independent Auditors' Report to the Board of Directors of NGO Development Center (NDC)**

We have audited the accompanying financial statements of the NGO Development Center (NDC), which comprise the statement of financial position as of December 31, 2012, and the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

### **Auditors' 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 about 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 auditors' 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 entity'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 entity'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 present fairly, in all material respects, the financial position of NDC as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Other Matters**

The financial statements of NGO Development Center as of December 31, 2011 were audited by another auditor whose report dated April 18, 2012, expressed an unqualified opinion on those financial statements, before the restatement shown in note (15) to the financial statements.

### **Ernst & Young - Middle East**



May 4, 2013  
Ramallah - Palestine

**Statement of Financial Position**  
December 31, 2012

		2012	December 31, 2011 (Restated (Note 15))	January 1, 2011 (Restated (Note 15))
	Notes	U.S. \$	U.S. \$	U.S. \$
<b><u>Assets</u></b>				
<b>Non-current Assets:</b>				
Property and equipment	3	63,434	91,783	89,744
		<u>63,434</u>	<u>91,783</u>	<u>89,744</u>
<b>Current Assets:</b>				
Contributions receivable	4	2,876,784	11,436,164	21,692,174
Other current assets	5	31,546	67,717	28,934
Cash and cash equivalents	6	3,549,166	5,222,969	4,447,855
		<u>6,457,496</u>	<u>16,726,850</u>	<u>26,168,963</u>
<b>Total Assets</b>		<u><u>6,520,930</u></u>	<u><u>16,818,633</u></u>	<u><u>26,258,707</u></u>
<b><u>Net Assets and Liabilities</u></b>				
<b>Net Assets</b>				
Unrestricted net assets		<u>1,165,145</u>	<u>1,179,273</u>	<u>1,217,584</u>
<b>Total Net Assets</b>		<u><u>1,165,145</u></u>	<u><u>1,179,273</u></u>	<u><u>1,217,584</u></u>
<b>Non-current Liabilities:</b>				
Provision for employees' indemnity	7	358,932	263,884	212,542
		<u>358,932</u>	<u>263,884</u>	<u>212,542</u>
<b>Current Liabilities:</b>				
Temporarily restricted contributions	8	4,714,248	15,278,706	24,702,103
Accounts payable and accruals	9	282,605	96,770	126,478
		<u>4,996,853</u>	<u>15,375,476</u>	<u>24,828,581</u>
<b>Total Liabilities</b>		<u><u>5,355,785</u></u>	<u><u>15,639,360</u></u>	<u><u>25,041,123</u></u>
<b>Total Net Assets and Liabilities</b>		<u><u>6,520,930</u></u>	<u><u>16,818,633</u></u>	<u><u>26,258,707</u></u>

The attached notes 1 to 15 form part of these financial statements

**Statement of Activities and Changes in Net Assets**

For the year ended December 31, 2012

	Notes	<u>2012</u> U.S. \$	<u>2011</u> U.S. \$
<b><u>Revenues</u></b>			
Temporarily restricted contributions released			
from restriction	8	10,563,928	9,236,503
Interest income		10,982	12,961
Other revenues		<u>20,647</u>	<u>107,585</u>
<b>Total revenues</b>		<u>10,595,557</u>	<u>9,357,049</u>
<b><u>Expenses</u></b>			
Operational expenses	10	10,554,804	9,172,924
Foreign currency exchange loss		11,739	60,309
Depreciation	3	37,040	63,295
Other expenses		<u>6,102</u>	<u>98,832</u>
<b>Total expenses</b>		<u>10,609,685</u>	<u>9,395,360</u>
<b>Decrease in net assets</b>		(14,128)	(38,311)
Net assets, beginning of the year		<u>1,179,273</u>	<u>1,217,584</u>
<b>Net assets, end of the year</b>		<u><u>1,165,145</u></u>	<u><u>1,179,273</u></u>

**Statement of Cash Flows**

For the year ended December 31, 2012

	<u>2012</u>	<u>2011</u>
	<u>U.S. \$</u>	<u>(Restated)</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<b>Operating activities:</b>		
Decrease in net assets	(14,128)	(38,311)
<b>Adjustments:</b>		
Depreciation	37,040	63,295
Provision for employees' indemnity	104,688	98,963
Loss (gain) from disposal of property and equipment	433	(2,425)
	<u>128,033</u>	<u>121,522</u>
<b>Changes in working capital:</b>		
Contributions receivable	8,559,380	10,256,010
Other current assets	36,171	(38,783)
	(10,564,458	
Temporarily restricted contributions	)	(9,423,397)
Accounts payable and accruals	185,835	(29,708)
Employees' indemnity paid	(9,640)	(47,621)
<b>Net cash flow (used in) from operating activities</b>	<u>(1,664,679)</u>	<u>838,023</u>
<b>Investing activities:</b>		
Purchase of property and equipment	(9,124)	(65,724)
Proceeds from disposal of property and equipment	-	2,815
<b>Net cash flow used in investing activities</b>	<u>(9,124)</u>	<u>(62,909)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<u>(1,673,803)</u>	<u>775,114</u>
Cash and cash equivalents, beginning of the year	<u>5,222,969</u>	<u>4,447,855</u>
<b>Cash and cash equivalents, end of the year</b>	<u><u>3,549,166</u></u>	<u><u>5,222,969</u></u>

## **Notes to the Financial Statements**

December 31, 2012

### **1. General**

NGO Development Center (NDC) was registered with the Ministry of Interior on March 4, 2006 under registration no. (OR 286-B) as Palestinian NGO. NDC started its normal activities on July 1, 2006.

NDC is working hand-in-hand with Palestinian NGOs, and community development organizations to enhance their service delivery and build more capable, representative Palestinian civil society. NDC programs and grants empower Palestinians to help them by providing NGOs the skills, tools and funds they require to address social needs and promote self-reliance in adversity. The organization advocates greater NGO transparency and accountability through the adoption of professional financial and management practices, and promotes sector-wide coordination and sharing of best practice experiences.

NDC financial statements as of December 31, 2012 were approved by the Board of Directors on May 4, 2013.

### **2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been presented in United States Dollars (U.S. \$), which is the functional currency of NDC.

### **2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year.

Furthermore, several standards and interpretations have been issued but are not yet mandatory. NDC believes that the new standards and interpretations will have no significant impact on disclosures, financial position or performance when applied at a future date.

### **2.3 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires NDC's management to exercise its judgment in the process of applying the accounting policies. NDC'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.

## 2.4 Summary of Significant Accounting Policies

### Donation revenues

Donor's unconditional pledges are those pledges where donor does 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 by donor for a specific purpose or time are recognized as revenue when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by donor for a specific purpose or time are recognized as revenue when such purpose or time is satisfied.

### Expenses recognition

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

### Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of activities and changes in net assets. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value;
- For assets carried at cost, impairment is the difference between carrying value and present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

### 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 and changes in net assets as incurred.

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

	<u>Years</u>
Office furniture	5-7
Office equipment	5-7
Motor vehicles	7
Computers	3-5
Software	5

An 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 and changes in net assets 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

#### **Contributions receivable**

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges. An estimate for the uncollectible amount is made when the collection of full unconditional pledge is no longer probable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances and short term deposits with an original maturity of three months or less.

#### **Fair values**

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.

#### **Income taxes**

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

#### **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.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at each reporting date. All differences are recognized in the statement of activities and changes in net assets.



### 3. Property and equipment

	<u>Office furniture</u> U.S. \$	<u>Office equipment</u> U.S. \$	<u>Motor vehicles*</u> U.S. \$	<u>Computers</u> U.S. \$	<u>Software</u> U.S. \$	<u>Total</u> U.S. \$
<b>Cost:</b>						
At January 1, 2012	22,425	79,311	28,570	74,937	138,875	344,118
Additions	-	8,168	-	956	-	9,124
Disposals	-	(5,813)	-	-	-	(5,813)
At December 31, 2012	<u>22,425</u>	<u>81,666</u>	<u>28,570</u>	<u>75,893</u>	<u>138,875</u>	<u>347,429</u>
<b>Accumulated depreciation:</b>						
At January 1, 2012	13,109	39,853	14,915	45,583	138,875	252,335
Depreciation charge for the year	3,487	14,077	4,297	15,179	-	37,040
Disposals	-	(5,380)	-	-	-	(5,380)
At December 31, 2012	<u>16,596</u>	<u>48,550</u>	<u>19,212</u>	<u>60,762</u>	<u>138,875</u>	<u>283,995</u>
<b>Net book value</b>						
At December 31, 2012	<u><u>5,829</u></u>	<u><u>33,116</u></u>	<u><u>9,358</u></u>	<u><u>15,131</u></u>	<u><u>-</u></u>	<u><u>63,434</u></u>
At December 31, 2011	<u><u>9,316</u></u>	<u><u>39,458</u></u>	<u><u>13,655</u></u>	<u><u>29,354</u></u>	<u><u>-</u></u>	<u><u>91,783</u></u>
At January 1, 2011	<u><u>12,824</u></u>	<u><u>20,212</u></u>	<u><u>17,941</u></u>	<u><u>10,992</u></u>	<u><u>27,775</u></u>	<u><u>89,744</u></u>

\* NDC owns two vehicles, one vehicle located in Gaza and is registered in the name of the Welfare Association, and the other vehicle is registered in the name of NDC Director in Jerusalem.

Property and equipment include U.S \$ 189,979 of fully depreciated assets that are still in operation as of December 31, 2012.

#### 4. Contributions receivable

	Balance, January 1, 2012	Cash received	Currency exchange variance	Balance, December 31, 2012
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Human Rights/ Good Governance NGOs Project-Phase II (HRGG)*	5,947,353	(4,567,617)	-	1,379,736
International Development Association (IDA)	904,815	(838,636)	-	66,179
Agence Francaise de Development (AFD)	4,579,857	(3,128,445)	(20,543)	1,430,869
Welfare Association	4,139	(4,139)	-	-
	<u>11,436,164</u>	<u>(8,538,837)</u>	<u>(20,543)</u>	<u>2,876,784</u>

\* HRGG program is funded by the Swiss Agency for Development and Cooperation (SDC), Danish Representative Office to the Palestinian Authority (DRO), Swedish International Development Cooperation Agency (SIDA) and Netherlands Representative Office to the Palestinian Authority (NRO).

The composition of the HRGG Program's budget is as follows:

<u>Donor</u>	<u>Currency</u>	<u>Budget in Original Currency</u>	<u>Budget Amount in U.S. \$</u>	<u>%</u>
SDC	U.S \$	3,900,000	3,900,000	24.1
SIDA	Swedish Kroner (SEK)	31,500,000	4,200,000	25.9
NRO	U.S \$	3,500,000	3,500,000	21.6
DRO	Danish Kroner (DKK)	25,000,000	4,600,000	28.4
			<u>16,200,000</u>	<u>100</u>

#### 5. Other current assets

	December 31, 2012	December 31, 2011	January 1, 2011
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Prepaid expenses	24,854	21,834	14,300
Due from employees	3,677	43,018	14,334
Others	3,015	2,865	300
	<u>31,546</u>	<u>67,717</u>	<u>28,934</u>

#### 6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	December 31, 2012	December 31, 2011	January 1, 2011
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Cash on hand and at banks	2,705,148	4,398,131	3,622,630
Deposits at bank*	844,018	824,838	825,225
	<u>3,549,166</u>	<u>5,222,969</u>	<u>4,447,855</u>

\* These deposits are short term in nature with an average interest rate of 2.1% and 1.7% for the years ended December 31, 2012 and 2011, respectively.

## 7. Provision for employees' indemnity

Following is a summary of the movements on the provision for employees' indemnity during the years ended December 31, 2012 and December 31, 2011:

	Balance, Beginning of the year	Additions	Payments	Balance, end of the year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<b>December 31, 2012</b>				
End of service benefits	208,825	74,580	(7,889)	275,516
Employees' saving fund	55,059	30,108	(1,751)	83,416
	<u>263,884</u>	<u>104,688</u>	<u>(9,640)</u>	<u>358,932</u>
	Balance, Beginning of the year	Additions	Payments	Balance, end of the year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<b>December 31, 2011</b>				
End of service benefits	181,395	75,051	(47,621)	208,825
Employees' saving fund	31,147	23,912	-	55,059
	<u>212,542</u>	<u>98,963</u>	<u>(47,621)</u>	<u>263,884</u>

## 8. Temporarily restricted contributions

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations pledged over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions is as follows:

	Balance, January 1, 2012	Operational expenses released from restriction	Property and equipment released from restriction	Currency exchange variance	Balance, December 31,2012
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
International Development Association (IDA)	1,150,078	(828,894)	(3,026)	-	318,158
Agence Francaise de Development (AFD)	5,063,346	(2,952,720)	(590)	(530)	2,109,506
HRGG Program	9,065,282	(6,773,190)	(5,508)	-	2,286,584
	<u>15,278,706</u>	<u>(10,554,804)</u>	<u>(9,124)</u>	<u>(530)</u>	<u>4,714,248</u>

## 9. Accounts payable and accruals

	December 31, 2012	December 31, 2011	January 1, 2011
	U.S. \$	U.S. \$	U.S. \$
Accrued expenses	241,731	53,124	48,967
Staff vacation provision	38,192	37,627	47,897
Others	2,682	6,019	29,614
	<u>282,605</u>	<u>96,770</u>	<u>126,478</u>

## 10. Operational expenses

	IDA	AFD	HRGG	2012	2011
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Grants*	551,389	2,197,156	5,611,737	8,360,282	7,625,147
Salaries and related expenses	160,664	366,487	337,269	864,420	919,850
Capacity building	-	-	688,910	688,910	30,088
Professional fees	108,594	237,717	-	346,311	369,487
Transportation and accommodation expenses	629	64,177	38,095	102,901	44,262
Sub-grants for NGOs network and umbrella organization	-	29,755	-	29,755	-
Utilities	174	1,971	24,884	27,029	23,779
Rent expenses	4,724	7,056	13,280	25,060	27,166
Communication expense	90	13,358	11,093	24,541	13,141
Maintenance	-	11,850	9,689	21,539	14,890
Hospitality and meetings	1,293	6,980	6,676	14,949	12,558
Media advertising	193	8,748	5,812	14,753	9,392
Vehicle expenses	279	1,243	13,436	14,958	18,784
Stationery and office supplies	118	1,546	10,569	12,233	12,457
Insurance	679	1,640	1,131	3,450	3,244
Printings and brochures	-	2,954	66	3,020	47,379
Bank charges	68	82	543	693	1,300
	<u>828,894</u>	<u>2,952,720</u>	<u>6,773,190</u>	<u>10,554,804</u>	<u>9,172,924</u>

\*The grants made to the NGOs are as follows:

a) Grants funded by IDA:

Project #	Sub-grantee Name	Committed	For the	From August	From August	Remaining
		Amount	year ended	2,2010 to	2, 2010 to	
		U.S. \$	December	December	December	U.S. \$
			31,2012	31,2011	31, 2012	U.S. \$
EMG.IV.11.002	Alasdiqaa Association For People of Special Needs	92,400	35,500	36,400	71,900	20,500
EMG.IV.11.003	Mother School Society	152,000	57,000	87,400	144,400	7,600
EMG.IV.11.004	Martin Luther Elderly Care Center	76,000	57,000	15,200	72,200	3,800
EMG.IV.11.006	Psycho Social Counseling Center for Women	114,000	40,000	68,300	108,300	5,700
EMG.IV.11.008	Hebron Blind Charitable Society	125,000	-	118,750	118,750	6,250
E:MG.IV.11.011	Beit Ula Cultural Center	154,000	61,500	84,800	146,300	7,700
EMG.IV. 11.012	Sharek Youth Forum	142,800	60,000	28,560	88,560	54,240
EMG.IY.11.014	Palestinian Center for Organic Agriculture Association	198,000	91,547	92,553	184,100	13,900
EMG.IV.11.015	Fekra Arts Institute	39,237	9,737	29,500	39,237	-
EMG.IV.11.016	Palestinian Environment Supporters Association	61,200	20,700	38,500	59,200	2,000
EMG.IV.11.019	University College of Applied Sciences	147,900	118,405	19,200	137,605	10,295
		<u>1,302,537</u>	<u>551,389</u>	<u>619,163</u>	<u>1,170,552</u>	<u>131,985</u>

**b) Grants funded by AFD:**

<u>Project #</u>	<u>Sub-grantee Name</u>	<u>Committed Amount</u>	<u>For the year ended December 31, 2012</u>	<u>From Inception to December 31, 2011</u>	<u>Cumulative From Inception to December 31, 2012</u>	<u>Remaining</u>
MG.4.10.001	MA'AN Development Center	5,000	-	5,000	5,000	-
MG.4.10.002	Youth Development Department/Arab Studies Society	3,894	-	3,894	3,894	-
MG.4.10.003	Agriculture Development Association (PARC)	4,971	-	4,971	4,971	-
MG.4.10.004	Birzeit University Center for continuing Education	928	-	928	928	-
MG.4.10.005	Palestinian Counseling Center	5,000	-	5,000	5,000	-
MG.4.10.006	Palestinian Hydrology Group	4,959	-	4,959	4,959	-
MG.4.10.007	The Culture & Free thought Association	5,000	-	5,000	5,000	-
EMG.IV.11.001	Elderly Home Charitable Society	143,000	53,250	82,600	135,850	7,150
EMG.IV.11.005	Patients' Friends Society-Al-Amal Hospital	190,000	142,500	38,000	180,500	9,500
EMG.IV.11.007	Project Loving Care Society-Saraya Center	92,000	69,000	18,400	87,400	4,600
EMG.IV.11.009	Union of Agriculture Work Committees	130,500	97,875	26,100	123,975	6,525
EMG.IV.11.010	The Edward Said National Conservatory of Music	116,500	40,000	23,300	63,300	53,200
EMG.IV.11.013	Gaza Culture & Development Group Association-GCDGA	187,700	19,182	159,318	178,500	9,200
EMG.IV.11.017	El- Wedad Society for Community Rehabilitation	86,700	33,000	50,000	83,000	3,700
EMG.IV.11.018	Society for the care of the handicapped in Gaza	140,800	41,817	89,143	130,960	9,840
EMG.IV.11.020	Agricultural Guiding and Awareness Society	100,000	77,500	20,000	97,500	2,500
EMG.IV.11.021	Khuza'a Permaculture Center Association	125,000	102,373	-	102,373	22,627
EMG.IV.11.022	Olive Tree Protection National Association	125,000	102,589	20,000	122,589	2,411
EMG.IV.11.023	Arab Center for Agricultural Development	125,000	80,786	20,000	100,786	24,214
EMG.IV.11.024	Palestinian Al Nakhil Association	125,000	105,000	20,000	125,000	-
MGM.IV.11.001	MA'AN Development Center	500,000	246,078	97,500	343,578	156,422
MGM.IV.11.002	Youth Development Department (YDD)	422,000	282,624	82,200	364,824	57,176
MGM.IV.11.003	Agricultural Development Association (PARC)	386,000	254,888	75,000	329,888	56,112
MGM.IV.11.004	Palestinian Hydrology Group	449,000	306,600	87,600	394,200	54,800
PG.IV.12.001	Riwaq-Center for architectural conservation	100,000	90,000	-	90,000	10,000
PG.IV.12.002	Young Men Christian Association, Jerusalem	30,000	27,000	-	27,000	3,000
IG.IV.12.001	Elia association for youth	44,000	8,800	-	8,800	35,200
IG.IV.12.002	AlSadeel Society for Palliative Care for Cancer Patient	43,520	8,704	-	8,704	34,816
IG.IV.12.003	Almalath Charitable Society	37,960	7,590	-	7,590	30,370
	<b>Total</b>	<b>3,729,432</b>	<b>2,197,156</b>	<b>938,913</b>	<b>3,136,069</b>	<b>593,363</b>

### c) Grants funded by HRGG:

#### 1- Core funding

The core funding granting scheme supports HR/GG NGOs through two parallel tracks of funding as follow:

- **Core funding for large HR/GG NGOs:** Large HR/GG NGOs with an overall annual budget that exceeds U.S. \$250,000 may be eligible to receive funding to cover up to 40% of their annual budget (not exceeding 50% of their unsecured funds).
- **Core funding for small HR/GG NGOs:** Small HR/GG NGOs with an overall annual budget of less than U.S. \$250,000 may be eligible to receive funding to cover up to 50% of their annual budget (not exceeding 50% of their unsecured funds).

Project #	Sub-grantee Name	Committe	For the year	From May	Cumulative	Cancellation	Remaining
		d Amount	ended	1, 2010 to	From May		
			December	December	December		
		U.S. \$	31, 2012	31, 2011	31, 2012	U.S. \$	U.S. \$
HRG.2.10.041	Ramallah Center for Human Rights Studies	112,000	-	111,956	111,956	44	-
HRG.2.10.042	BTselem - The Israeli Information Center for Human Rights in the Occupied Territories (The Palestinian Center for the Independence of Judiciary and the Legal Profession) - Musawa	680,000	260,000	396,000	656,000	-	24,000
HRG.2.10.043	Palestinian Center for Peace and Democracy (PCPD)	390,000	151,000	224,000	375,000	-	15,000
HRG.2.10.044	HaMoked: Center for the Defence of The Individual	115,000	44,700	65,800	110,500	-	4,500
HRG.2.10.045	Women For Life	680,000	280,000	360,000	640,000	-	40,000
HRG.2.10.046	BADIL Resource Center For Palestinian Residency Rights	178,000	68,585	100,500	169,085	-	8,915
HRG.2.10.047	The Arab Thought Forum (ATF)	575,000	276,000	284,000	560,000	-	15,000
HRG.2.10.048	The Palestinian Working Women Society for Development	30,000	-	30,000	30,000	-	-
HRG.2.10.049	Adalah: The Legal Center for Arab Minority Rights in Israel	400,000	122,000	266,500	388,500	-	11,500
HRG.2.10.050	The Palestinian Initiative for the Promotion of Global Dialogue and Democracy - MIFTAH	170,000	53,400	111,500	164,900	-	5,100
HRG.2.10.051	Jerusalem Legal Aid and Human Rights Centre (JLAC)	110,000	6,000	104,000	110,000	-	-
HRG.2.10.052	Public Committee Against Torture in Israel (PCATI)	170,000	63,900	91,900	155,800	-	14,200
HRG.2.10.053	Women's Studies Centre (WSC)	33,000	-	33,000	33,000	-	-
HRG.2.10.054	Women's Centre for Legal Aid and Counseling (WCLAC)	124,000	7,300	116,700	124,000	-	-
HRG.2.10.055	Addameer Prisoners' Support Human Rights Association	680,000	290,000	361,000	651,000	-	29,000
HRG.2.10.056	Jerusalem Center for Women (JCW)	127,000	-	127,000	127,000	-	-
HRG.2.10.057	ACRI - Association for Civil Rights in Israel	50,000	3,500	46,500	50,000	-	-
HRG.2.10.058	Sub-total	50,000	-	50,000	50,000	-	-
		4,674,000	1,626,385	2,880,356	4,506,741	44	167,215

Project #	Sub-grantee Name	Committed Amount U.S. \$	For the year ended December 31, 2012	From May 1, 2010 to December 31, 2011	Cumulative From May 1, 2010 to December 31, 2012	Cancellation U.S. \$	Remaining U.S. \$
			U.S. \$	U.S. \$	U.S. \$		
	<b>Balance rolled-forward</b>	4,674,000	1,626,385	2,880,356	4,506,741	44	167,215
HRG.2.10.059	BIMKOM - Planners for Planning Rights	160,000	16,000	144,000	160,000	-	-
HRG.2.10.060	Al-Haq	134,000	-	134,000	134,000	-	-
HRG.2.10.061	Kav LaOved ryvorker's Hotline)	86,000	24,000	59,700	83,700	-	2,300
HRG.2.10.062	Gisha - Legal Center for Freedom of Movement	271,000	108,000	152,200	260,200	-	10,800
HRG.2.10.064	Defence of Children International- Palestine Section	639,000	237,000	378,000	615,000	-	24,000
HRG.2.10.065	Al-Dameer Association for Human Rights - Gaza	170,000	10,405	159,000	169,405	595	-
HRG.2.10.066	Al-Mezan Centre for Human Rights	425,000	21,000	404,000	425,000	-	-
HRG.2.10.067	WAC - Women's Affairs Committee	615,000	233,687	343,000	576,687	-	38,313
HRG.2.10.068	Palestinian Centre for Human Rights (PCHR)	425,000	18,500	406,500	425,000	-	-
HRG.2.11.082	Ramallah Center for Human Rights Studies	271,000	148,700	107,100	255,800	-	15,200
HRG.2.11.083	The Arab Thought Forum (ATF)	241,000	136,060	85,500	221,560	-	19,440
HRG.2.11.084	Public Committee Against Torture in Israel (PCATI) Addameer Prisoners' Support and Human Rights Association	396,000	265,200	102,600	367,800	-	28,200
HRG.2.11.085	Association	296,000	159,200	120,600	279,800	-	16,200
HRG.2.11.086	ACRI - Association for Civil Rights in Israel	200,000	100,000	90,000	190,000	-	10,000
HRG.2.11.087	Israeli Committee Against House Demolitions (ICAHD)	236,000	25,500	25,500	51,000	-	185,000
HRG.2.11.088	Al-Haq	650,000	375,400	235,800	611,200	-	38,800
HRG.2.12.095	BIMKOM - Planners for Planning Rights	200,000	180,000	-	180,000	-	20,000
HRG.2.12.096	Al-Mezan Centre for Human Rights	210,000	189,000	-	189,000	-	21,000
HRG.2.12.097	Al-Dameer Association for Human Rights - Gaza	130,000	117,000	-	117,000	-	13,000
HRG.2.12.098	Palestinian Centre for Human Rights (PCHR)	350,000	245,000	-	245,000	-	105,000
HRG.2.12.099	Jerusalem Center for Women (JCW) The Palestinian Initiative for the Promotion of Global Dialogue and Democracy - MIFTAH	50,000	45,000	-	45,000	-	5,000
HRG.2.12.100	Dialogue and Democracy - MIFTAH	130,000	117,000	-	117,000	-	13,000
HRG.2.12.101	Women's Studies Centre (WSC)	145,000	130,500	-	130,500	-	14,500
HRG.2.12.102	HaMoked: Center for the Defence of The individual	193,000	173,700	-	173,700	-	19,300
	<b>Grand Total</b>	<b>11,297,000</b>	<b>4,702,237</b>	<b>5,827,856</b>	<b>10,530,093</b>	<b>639</b>	<b>766,268</b>



## 2- Small grant facility:

This facility is intended to make available small amounts of money (maximum U.S. \$ 80,000) to respond to:

- Well-justified proposals of organizations that respond to urgent activities, during a maximum of 12 months which, if funded, will have quick impact, and of complementary type to core funding projects.
- Support innovative proposals submitted by HR/GG NGOs or group of NGOs.

Project #	Sub-grantee Name	Committed	For the year	From May	Cumulative	Cancellation	Remaining
		Amount	ended	1, 2010 to	From May		
		U.S. \$	December	December	December	U.S. \$	U.S. \$
			31, 2012	31, 2011	31, 2012		
HRG.2.10.069	Hurryyat: Center for Defense of Liberties and Civil Rights	39,500	-	39,500	39,500	-	-
HRG.2.10.070	QADER for Community Development	41,200	-	41,200	41,200	-	-
HRG.2.10.071	Women And Family Affairs Centre (WAFAC)	41,000	-	41,000	41,000	-	-
HRG.2.10.072	Human Rights and Democracy Media Center "SHAMS"	45,800	-	44,898	44,898	902	-
HRG.2.10.073	Centre for Applied Research in Education (CARE)	40,000	-	38,500	38,500	1,500	-
HRG.2.10.074	Young Artists Forum	39,207	-	38,938	38,938	269	-
HRG.2.10.075	All For Peace Palestinian-Israeli Radio Station	38,000	7,600	30,400	38,000	-	-
HRG.2.10.076	Al-Maqdese for Society Development (MSD)	40,000	-	34,320	34,320	5,680	-
HRG.2.10.077	Rabbis for Human Rights	50,000	9,800	40,000	49,800	200	-
HRG.2.10.078	Applied Research Institute ARIJ.	40,000	7,902	32,000	39,902	98	-
HRG.2.10.079	Al Quds University, Al Quds Human Rights Clinic	40,000	2,135	32,000	34,135	5,865	-
HRG.2.10.080	HADAF Center For Human Rights	31,000	-	30,768	30,768	232	-
HRG.2.10.081	The Palestinian Commission for Refugees	21,440	-	21,440	21,440	-	-
HRG.2.11.089	Jerusalem Community Advocacy Network - JCAN	59,000	23,600	23,600	47,200	-	11,800
HRG.2.11.090	Women's Center of Shu'fat Refugee Camp	47,600	19,040	19,040	38,080	-	9,520
HRG.2.11.091	Palestinian Youth Association for leadership and Rights Activation-PYALARA	45,538	36,430	-	36,430	-	9,108
HRG.2.11.092	Young Women's Christian Association	72,872	29,149	29,149	58,298	-	14,574
HRG.2.11.093	AFKAR For Educational & Cultural Development	55,291	33,175	22,116	55,291	-	-
HRG.2.11.094	Community Media Center	46,700	25,685	18,680	44,365	-	2,335
	<b>Total</b>	<b>834,148</b>	<b>194,516</b>	<b>577,549</b>	<b>772,065</b>	<b>14,746</b>	<b>47,337</b>

### 3- Special grant facility:

The Special grant facility intended to make available special grants up to U.S. \$ 150,000 to NGOs that aim to attain measurable results in the following priority areas: 1) displacement and forced evictions; 2) women's equal participation in political life; 3) right to health with emphasis on access issues; 4) prisoner rights, torture and rehabilitation; and 5) freedom of religion.

The Special Grant Facility is funded only by NRO and SDC.

Project #	Sub-grantee Name	Committed	For the year	Cumulative	Remaining
		Amount	ended	From May	
			December	1, 2010 to	
		U.S. \$	31, 2012	December	U.S. \$
			U.S. \$	31, 2012	
HRG.2.12.103	Rabbis for Human Rights	62,209	49,768	49,768	12,441
HRG.2.12.104	Breaking the Silence (BTS)	77,500	62,000	62,000	15,500
HRG.2.12.105	Treatment and Rehabilitation Center for Victims of Torture (TRC)	143,960	115,168	115,168	28,792
HRG.2.12.106	Center for Defense of Liberties and Civil Rights (Hurriyat)	77,660	62,128	62,128	15,532
HRG.2.12.107	The Institute of Law-Birzeit University	90,900	72,720	72,720	18,180
HRG.2.12.108	All For Peace Palestinian-Israeli Radio Station	96,200	76,960	76,960	19,240
HRG.2.12.109	Land Research Center	100,200	80,160	80,160	20,040
HRG.2.12.110	Women's Affairs Technical Committee/Ramallah	145,100	116,080	116,080	29,020
HRG.2.12.111	Society Voice Foundation for Community and Civil Work	100,000	80,000	80,000	20,000
	<b>Total</b>	<b>893,729</b>	<b>714,984</b>	<b>714,984</b>	<b>178,745</b>

### 11. Related party transactions

This item represents transaction with key management personnel:

	<u>2012</u>	<u>2011</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Key management personnel compensation	<u>238,173</u>	<u>231,628</u>

### 12. Fair values of financial instruments

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

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

### 13. Risk management

#### Interest rate risk

NDC is exposed to interest rate risk on its interest bearing short-term deposits at banks (Note 6).

#### Credit risk

NDC limits its credit risk through obtaining funds from several reputable donors represented by IDA, AFD, SDC, DRO, SIDA and NRO.

#### Liquidity risk

NDC limits its liquidity risk by maintaining adequate cash balances and funds from multiple donors to meet its current obligations and to finance its operating activities.

#### Foreign currency risk

NDC maintains its major assets and liabilities in U.S. \$. In addition, NDC's major contribution revenues are collected in U.S. \$ and most of its expenses are paid in U.S. \$.

### 14. Concentration of risk in geographic area

NDC is carrying out all of its activities in Palestine. The political and economical situation in the area increases the risk of carrying out its activities and might adversely affect NDC's performance.

## 15. Comparative Figures

During the year, NDC started to classify the “temporarily restricted contributions” as a liability account with a retroactive effect, instead of classifying this account as part of net assets. Temporarily restricted contributions amounted to U.S.\$ 15,278,706 and U.S.\$ 24,702,103 as of December 31, 2011 and January 1, 2011, respectively.

The effect of the restatement on net assets and liabilities as at January 1, 2011 was as follows:

	January 1, 2011		
	Before restatement	Restatement	Restated
	U.S. \$	U.S. \$	U.S. \$
Net assets	<u>25,919,687</u>	<u>(24,702,103)</u>	<u>1,217,584</u>
Liabilities	<u>339,020</u>	<u>24,702,103</u>	<u>25,041,123</u>

The effect of restatements on net assets and liabilities as at December 31, 2011 was as follows:

	December 31, 2011		
	Before restatement	Restatement	Restated
	U.S. \$	U.S. \$	U.S. \$
Net assets	<u>16,457,979</u>	<u>(15,278,706)</u>	<u>1,179,273</u>
Liabilities	<u>360,654</u>	<u>15,278,706</u>	<u>15,639,360</u>

The following schedule dose not form part of the audited financial statements of the NGO Development Center (NDC)

**To the Board of Directors of NGO Development Center (NDC)**

Our audit of the financial statements of the NGO Development Center (NDC) for the year ended December 31, 2012, has been made primarily for the purpose of expressing an opinion on the financial statements taken as a whole. The schedules of Budget Versus Actual (the Schedules) as set out on pages (21 and 22) are presented for information purposes only and are not considered necessary to presenting fairly the financial statements of the NDC for the year ended December 31, 2012. Accordingly, we do not express any opinion thereon.

**Ernst & Young - Middle East**

A stylized, handwritten signature of 'Ernst + Young' in blue ink.

May 4, 2013  
Ramallah - Palestine

**Schedule of Budget versus Actual**  
December 31, 2012

**1- International Development Association**

<b>Budget Item</b>	Budget U.S. \$	For the year ended December 31, 2012 U.S. \$	Cumulative From August 2, 2010 to December 31, 2012 U.S. \$	Remaining U.S. \$
Goods, consultants' services, including audit and training	275,000	111,442	196,198	78,802
Sub-grants	1,325,000	551,389	1,170,552	154,448
Incremental operating costs	400,000	169,089	315,092	84,908
	<b><u>2,000,000</u></b>	<b><u>831,920</u></b>	<b><u>1,681,842</u></b>	<b><u>318,158</u></b>

**2- Agence Francaise de Development**

<b>Budget Item</b>	Budget U.S. \$	For the year ended December 31, 2012 U.S. \$	Cumulative From Inception until December 31, 2012 U.S. \$	Remaining U.S. \$
NGO grants for social and productive services	4,073,875	2,216,424	3,155,337	918,538
NGO sector development	787,583	286,942	390,573	397,010
Institutional development	1,367,709	449,944	907,720	459,989
Contingencies	270,833	-	-	270,833
	<b><u>6,500,000</u></b>	<b><u>2,953,310</u></b>	<b><u>4,453,630</u></b>	<b><u>2,046,370</u></b>

### 3- HRGG Program

<u>Budget Item</u>	<u>Budget</u>	<u>For the</u>	<u>Cumulative</u>	<u>Remaining</u>
	<u>U.S. \$</u>	<u>year ended</u>	<u>From May 1,</u>	<u>U.S. \$</u>
		<u>December</u>	<u>2010 until</u>	
		<u>31, 2012</u>	<u>December 31,</u>	
		<u>U.S. \$</u>	<u>2012</u>	<u>U.S. \$</u>
Core funding	11,915,000	4,702,237	10,530,093	1,384,907
Small grant facility	1,000,000	194,516	772,065	227,935
Special grant facility	900,000	714,984	714,984	185,016
Sector development component	800,000	641,745	689,856	110,144
Management fees	1,585,000	525,216	1,206,399	378,601
	<b><u>16,200,000</u></b>	<b><u>6,778,698</u></b>	<b><u>13,913,397</u></b>	<b><u>2,286,603</u></b>