

NGO Development Center  
(NDC)

Financial Statements and  
Independent Auditor's Report

For the Year Ended December 31, 2023

NGO Development Center (NDC)

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## INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board Of  
NGO Development Center (NDC)  
Ramallah - Palestine

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **NGO Development Center (hereinafter "NDC")**, which comprise the statement of financial position as of December 31, 2023, and the statement of activities, statement of changes in net assets, and 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 the NDC as of December 31, 2023, and 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 the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of NDC in accordance with the ethical requirements that are relevant to our audit of the financial statements in areas under the jurisdiction of the Palestinian Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The financial statements of NDC for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 18, 2023.

#### Responsibilities of Management and Those Charged with Governance 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 NDC'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 NDC or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NDC's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Auditor's 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 auditor's 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 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,

- 1- 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 2- 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 internal control.
- 3- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4- 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 NDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause NDC to cease to continue as a going concern.
- 5- 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

HLB PS - License number 201/2023  
Ramallah - Palestine



Raed Abu Eletham, CPA  
License number 109/2002  
April 15, 2024

NGO Development Center (NDC)  
Statement of Financial Position  
As of December 31, 2023

	Notes	2023 USD	2022 USD
<b>Asset</b>			
Cash and cash equivalents	5	9,002,815	5,371,091
Contribution receivables	7	18,083,920	20,608,797
Other debit balances	6	29,195	29,728
<b>Total Current Assets</b>		<u>27,115,930</u>	<u>26,009,616</u>
Property and equipment, Net	8	79,996	66,054
Right of use assets, Net	11	120,922	-
<b>Total Non Current Assets</b>		<u>200,918</u>	<u>66,054</u>
<b>Total assets</b>		<u>27,316,848</u>	<u>26,075,670</u>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Payables and accruals	9	57,714	858,472
Lease liability - current	11	13,435	-
<b>Total current liabilities</b>		<u>71,149</u>	<u>858,472</u>
<b>Non current liabilities</b>			
Provision for employees indemnity	10	499,246	413,922
Deferred revenues	12	35,741	-
Lease liability - non current	11	107,487	-
<b>Total Non current liabilities</b>		<u>642,474</u>	<u>413,922</u>
<b>Total Liabilities</b>		<u>713,623</u>	<u>1,272,394</u>
<b>Net Assets</b>			
Unrestricted net assets		865,267	891,915
Investment in property and equipment		79,996	66,054
Temporary restricted net assets	13	25,657,962	23,845,307
		<u>26,603,225</u>	<u>24,803,276</u>
<b>Total liabilities and Net Assets</b>		<u>27,316,848</u>	<u>26,075,670</u>

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)  
Statement of Activities  
For the year ended December 31, 2023

	Notes	Unrestricted Contribution USD	Temporary Restricted Contribution USD	2023 USD	2022 USD
<b>Grants and Revenues</b>					
Grants and contributions	13	-	9,420,778	9,420,778	17,706,400
Deferred revenues recognized	12	2,488	(38,229)	(35,741)	-
Other revenues		49,098	-	49,098	26,842
General Assembly members fees		903	-	903	931
<b>Total grants and revenues</b>		<b>52,489</b>	<b>9,382,549</b>	<b>9,435,038</b>	<b>17,734,173</b>
Net assets released from restriction	13,14	7,504,346	(7,504,346)	-	-
		<b>7,556,835</b>	<b>1,878,203</b>	<b>9,435,038</b>	<b>17,734,173</b>
<b>Expenses</b>					
Operating expenses	14	(7,461,936)	-	(7,461,936)	(7,401,268)
Depreciation of property and equipment	8	(21,129)	-	(21,129)	(21,699)
Depreciation on right of use assets	11	(13,436)	-	(13,436)	-
Interest expense on lease liability	11	(3,964)	-	(3,964)	-
(Loss) Gain on foreign currency		(62,706)	460,889	398,183	(284,430)
(Loss) Gain on sale of property and equipment		(6,370)	-	(6,370)	375
<b>Total expenses</b>		<b>(7,569,541)</b>	<b>460,889</b>	<b>(7,108,652)</b>	<b>(7,707,022)</b>
<b>(Decrease) Increase in net assets during the year</b>		<b>(12,706)</b>	<b>2,339,092</b>	<b>2,326,386</b>	<b>10,027,151</b>

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)  
Statement of Changes in Net Assets  
For the year ended December 31, 2023

	Unrestricted Net assets USD	Investment in Property and Equipment USD	Temporary Restricted Net assets USD	Total USD
Net Assets as of January 1, 2023	891,915	66,054	23,845,307	24,803,276
(Decrease) Increase in Net Assets for the year	(12,706)	-	2,339,092	2,326,386
Additions of Property and Equipment	(41,978)	41,978	-	-
Disposals of Property and Equipment, net of Depreciation	6,907	(6,907)	-	-
Depreciation of Property and Equipment	21,129	(21,129)	-	-
Grants and donations returned to donors - Note (13)	-	-	(526,437)	(526,437)
Net Assets as of December 31, 2023	865,267	79,996	25,657,962	26,603,225

	Unrestricted Net assets USD	Investment in Property and Equipment USD	Temporary Restricted Net assets USD	Total USD
Net Assets as of January 1, 2022	1,025,911	-	13,757,126	14,783,037
(Decrease) Increase in Net Assets for the year	(67,942)	-	10,095,093	10,027,151
Grants and donations returned to donors - Note (13)	-	-	(6,912)	(6,912)
Transferred from the Unrestricted Net Assets	(66,054)	66,054	-	-
Net Assets as of December 31, 2022	891,915	66,054	23,845,307	24,803,276

The accompanying Notes form an integral part of the financial statements and should be read with them.

NGO Development Center (NDC)  
Statement of Cash Flows  
For the year ended December 31, 2023

	2023 USD	2022 USD
<b>Cash flows from operating activities:</b>		
Increase in Net Assets for the Year	2,326,386	10,027,151
<b>Adjustments:</b>		
Depreciation of property and equipment	21,129	21,699
Depreciation on right of use assets	13,436	-
Interest expense on lease liability	3,964	-
Employees' benefits provision expense	99,075	56,698
Loss (Gain) on sale of property and equipment	6,525	(375)
	<u>2,470,515</u>	<u>10,105,173</u>
<b>Changes in working capital:</b>		
Decrease (Increase) in Contribution receivables	2,524,877	(9,725,530)
Decrease (Increase) in Other Debit Balances	533	(7,370)
(Decrease) in Payables and accruals	(818,158)	(540,905)
Increase in Deferred Revenues	35,741	-
(Decrease) in Grants and donations returned to donors	(526,437)	(6,912)
<b>Cash Flow from Operating Activities</b>	<u>3,687,071</u>	<u>(175,544)</u>
Employees' benefits provision payments	(13,751)	(71,033)
<b>Net Cash Flow Generated from (Used In) Operating Activities</b>	<u>3,673,320</u>	<u>(246,577)</u>
<b>Cash flow from Investing Activities:</b>		
Procurement of Fixed Assets	(41,978)	(6,228)
Proceeds from Selling of Property and Equipment	382	375
<b>Cash Flow (Used In) Investing Activities</b>	<u>(41,596)</u>	<u>(5,853)</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalent</b>	<u>3,631,724</u>	<u>(252,430)</u>
Cash on Hand and at Banks, Beginning of the Year	5,371,091	5,623,521
<b>Cash on hand and at banks, End of the Year</b>	<u>9,002,815</u>	<u>5,371,091</u>

The accompanying Notes form an integral part of the financial statements and should be read with them.



## NGO Development Center (NDC)

### Notes to the Financial Statements For the Year Ended December 31, 2023

#### 1. General

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

NDC is working hand-in-hand with Palestinian NGOs and community development centers to enhance their service delivery and build more capable and representative Palestinian civil society. NDC programs and grants empower Palestinians by providing NGOs the skills, tools, and funds they require to address social needs and promote self-reliance in adversity.

NDC advocates greater transparency and accountability for NGOs through the adoption of professional financial and management practices and promotes sector-wide coordination and sharing of best practice experiences.

The Board of Directors has approved the accompanying financial statements for the year ended December 31, 2023 on April 14, 2024.

#### 2. Application of new and revised International Financial Reporting Standards (“IFRSs”)

In the current year, NDC management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on December 31, 2023.

At the date of these financial statements, there were a combination of standards and amendments to IFRSs that are applicable in subsequent years. Management believes that these standards and their interpretations will be applied in the financial statements of the entity according to the dates of their effectiveness, and that this application has no effect on the financial statements of the entity in the initial application stage.

#### 3. Summary of Significant Accounting Policies

##### 3-1 Preparation of Financial Statements

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards.

Significant accounting policies followed are as described below:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or 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 NDC and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by NDC is not subject to donor-imposed restrictions.
- **Temporarily restricted net assets** - Net assets whose use by NDC is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and released by actions of the NDC 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, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.
- **Investment in properties and equipment** - represents unrestricted funds invested in fixed assets.

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

**3- Summary of Significant Accounting Policies (continued)**

The statement of activities is a statement of financial activities related to the current period, it is not a performance measure and does not purport to present the net income or loss for the period as would a statement of income for a business enterprise.

The statement of activities includes certain prior-year summarized comparative in total but not by net asset class, i.e. with respect to restrictions, and accordingly, such information should be read in conjunction with the NDC's financial statements for the prior year from which the summarized information was derived to have sufficient details in conformity with International Financial Reporting Standards.

**3-2 Grants and Revenues**

Unconditional Grants and Grants with stipulations that are expected to be met are recognized as increases in temporarily restricted funds and are released to unrestricted funds over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Amounts received under conditional grants whose conditions are based on future events and actions are deferred and presented under current liabilities and are taken to the statement of activities when the related conditions are met.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to NDC with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that NDC should purchase, construct, or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

Government grants are not recognized until there is reasonable assurance that NDC will comply with the conditions attaching to them and that the grants will be received.

**3-3 Revenue Recognition**

NDC records earned revenues based on the accrual basis; revenues are recognized to the extent that it is probable that the economic benefits will flow to NDC.

The following specific recognition criteria must also be met before revenue is recognized:

**3-3-1 Interest Revenues**

Interest revenues on bank deposits are recognized according to the accrual basis of accounting and interest income is recorded using the effective interest rate method.

**3-3-2 Grants**

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to NDC with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that NDC should purchase, construct, or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

**3-4 Expenses Recognition**

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

3. Summary of Significant Accounting Policies (continued)

3-5 Deferred Revenues

Donations related to property and equipment are stated at fair value, recorded as deferred revenues and recognized on a systematic basis over the useful life of the asset.

3-6 Property, and equipment

Property and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to write off the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising from the disposal or retirement of an item of assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of activities. The useful lives of assets are as follows:

	<u>Years of Service</u>
Computers and Software	4 years
Furniture and Equipment	5-10 years

3-7 Grants Receivable

Grants receivables are considered current assets and are carried at net realizable values.

3-8 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.

3-9 Reserve for Employees' Benefits

NDC provides for severance pay in accordance with local laws by accruing one-month compensation for each year of service based on the last salary paid during the year.

In addition, NDC has established an employees' savings account where NDC deducts 3% of the employees' monthly salary and NDC also contributes 5%.

3-10 Income Tax and Value Added Tax (VAT)

NDC is a not-for-profit organization; accordingly, it is not subject to income tax. Under the VAT law, NDC is an exempt entity and is not entitled to refund VAT paid on its purchases and expenses.

3-11 Functional Allocation of Expenses

NDC allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on best estimates and judgment of management.

3. Summary of Significant Accounting Policies (continued)

3-12 Foreign Currency Translation Reserve

The books of accounts of NDC are maintained in U.S Dollar. Transactions, which are denominated in currencies other than U.S Dollar were translated to U.S Dollar equivalent as follows:

- Transactions incurred in currencies other than the U.S Dollar were converted into U.S Dollar equivalent using the spot exchange rate of those currencies to U.S Dollar at the date of each transaction.
- Balances of assets, (other than fixed assets) and liabilities, which are denominated in currencies other than U.S Dollar currency are presented in the financial statements to U.S. Dollar equivalent according to the representative rate of exchange prevailing at year-end which were as follows:

	2023	2022	Change
US Dollar / NIS	3.60	3.52	2.27%
US Dollar / Euro	0.91	0.94	(3.29) %
US Dollar / JD	0.71	0.71	-
US Dollar / SEK	10.08	10.44	(3.49) %

- Exchange differences arising from the translation of assets and liabilities are charged to the statement of activities.

3-13 Operating Leases

NDC as a lessee:

NDC assesses whether a contract contains a lease at the inception of the contract. NDC recognizes right-of-use assets and corresponding lease liabilities in respect of all lease arrangements in which it is a lessee, except for short-term leases (defined as leases of 12 or less) and leases of low-value assets (such as tablets, personal computers, things small office furniture and telephones). For these leases, NDC recognizes the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease. If this rate cannot be determined easily, the incremental borrowing rate is used.

Lease payments included in the measurement of lease liabilities include:

- Fixed lease payments (containing in essence fixed payments), less lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the contract;
- The amount the lessee is expected to pay under the residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and,
- Payment of contract termination penalties, if the lease reflects the exercise of the option to terminate the lease.

### 3. Summary of Significant Accounting Policies (continued)

#### 3-13 Operating Leases (continued)

Lease liabilities are presented as a separate line item in the statement of financial position. Subsequently, the lease liabilities are measured by increasing the carrying amount to reflect the interest on lease liabilities (using the effective interest method) and decreasing the carrying amount to reflect the lease liabilities paid.

Lease liabilities are remeasured (and a corresponding adjustment is made for the related right-of-use assets) when:

- The lease term is changed if there is a significant event or change in circumstances that causes a change in the valuation of exercising the call option, in which case the lease liability is re-measured by discounting the revised lease payments using the revised discount rate.
- Lease liabilities change due to changes in an index or rate or a change in expected payments under the guaranteed residual value, in which cases the lease liabilities are remeasured by discounting the modified lease liabilities using an unchanging discount rate (unless the lease liabilities change due to the change in the floating interest rate, in which case the revised discount rate is used).

### 4. Critical accounting judgments and key sources of estimation

The financial statements include certain estimates and assumptions made by management relating to the reporting of assets, and liabilities, at the statement of financial position date, and the reporting of revenue, expenses, gains, and losses during the year in addition to changes in fair value. Particularly, it requires the NDC's management to make important judgments to estimate the time and amount of future cash flows.

Estimates are based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

Estimates used in the preparation of the financial statements are as follows:

- A periodic review is performed on assets estimated useful lives and assets that are subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment loss, if any, is reflected in the statement of activities.
- Provision for employee's reserve for severance Pay is calculated in accordance with Palestinian labor law in effect in Palestine.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

5. Cash and Cash Equivalents

	2023	2022
	USD	USD
Cash on hand	3,539	2,845
Cash at banks - US Dollar	5,301,709	3,981,562
Cash at banks - EURO	2,805,330	-
Cash at banks - Jordanian Dinars	856,691	632,322
Cash at banks - Israeli Shekel	35,546	754,362
	<u>9,002,815</u>	<u>5,371,091</u>

6. Other Debit Balances

	2023	2022
	USD	USD
Prepaid Expenses	3,231	3,947
Due from employees	25,400	25,000
Others	564	781
	<u>29,195</u>	<u>29,728</u>

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

7. Contribution Receivables

	Balance as of January 1, 2023 USD	Additions USD	Cash Received during the year USD	Currency variance USD	Balance as of December 31, 2023 USD
International Development Association (IDA) - C4S	6,822,500	-	(4,362,283)	-	2,460,217
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	11,491,200	-	(2,307,692)	341,625	9,525,133
Agence Francaise de Development (AFD) - AJIR	2,295,097	-	(2,327,375)	32,278	-
Agence Francaise de Development (AFD) - AJIR+	-	8,779,600	(2,672,625)	(36,000)	6,070,975
Agence Francaise de Development (AFD) - Consulting	-	80,277	(53,635)	953	27,595
OCHA	-	394,527	(394,527)	-	-
Spanish Agency - AECID	-	166,374	(162,000)	(4,374)	-
	<u>20,608,797</u>	<u>9,420,778</u>	<u>(12,280,137)</u>	<u>334,482</u>	<u>18,083,920</u>

	Balance as of January 1, 2022 USD	Additions USD	Cash Received during the year USD	Currency variance USD	Balance as of December 31, 2022 USD
International Development Association (IDA) - C4S	-	7,000,000	(177,500)	-	6,822,500
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2018 - 2022	4,088,870	-	(3,721,202)	(367,668)	-
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	-	10,706,400	-	784,800	11,491,200
Agence Francaise de Development (AFD) - AJIR	6,794,397	-	(3,773,000)	(726,300)	2,295,097
	<u>10,883,267</u>	<u>17,706,400</u>	<u>(7,671,702)</u>	<u>(309,168)</u>	<u>20,608,797</u>

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

8. Property and Equipment, Net

Cost	Equipment USD	Furniture USD	Vehicles USD	Computers USD	Software USD	Decorations & Enhancements USD	Total USD
Balance as of January 1, 2023	48,804	7,098	34,681	79,346	169,652	1,891	341,472
Reclassification	24,328	3,683	-	(28,011)	-	-	-
Balance as of January 1, 2023 adjusted	73,132	10,781	34,681	51,335	169,652	1,891	341,472
Additions During the year	23,814	-	-	3,464	14,700	-	41,978
Disposal During the year*	(43,793)	(5,503)	-	(37,601)	(1,856)	-	(88,753)
Balance as of December 31, 2023	53,153	5,278	34,681	17,198	182,496	1,891	294,697
Accumulated Depreciation							
Balance as of January 1, 2023	33,978	1,710	19,610	73,512	145,908	700	275,418
Reclassification	21,246	3,683	-	(24,929)	-	-	-
Balance as of January 1, 2023 adjusted	55,224	5,393	19,610	48,583	145,908	700	275,418
Depreciation During the year	8,075	1,153	5,188	1,512	4,824	377	21,129
Disposal During the year*	(40,454)	(4,460)	-	(35,612)	(1,320)	-	(81,846)
Balance as of December 31, 2023	22,845	2,086	24,798	14,483	149,412	1,077	214,701
Net Book value as of December 31, 2023	30,308	3,192	9,883	2,715	33,084	814	79,996

\* During the month of October 2023, the Israeli war on Gaza strip has erupted which resulted in the destruction of NDC office in Gaza. As a result, NDC management has decided to dispose all the fixed assets in Gaza office which had a book value of USD 6,370 as of December 31, 2023.



NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

8. Property and Equipment, Net (Continued)

Cost	Equipment USD	Furniture USD	Vehicles USD	Computers USD	Software USD	Decorations & Enhancements USD	Total USD
Balance as of January 1, 2022	54,326	26,137	34,681	97,780	169,652	1,891	384,467
Additions During the year	4,800	-	-	1,428	-	-	6,228
Disposal During the year	(10,322)	(19,039)	-	(19,862)	-	-	(49,223)
Balance as of December 31, 2022	<u>48,804</u>	<u>7,098</u>	<u>34,681</u>	<u>79,346</u>	<u>169,652</u>	<u>1,891</u>	<u>341,472</u>
Accumulated Depreciation							
Balance as of January 1, 2022	38,816	19,593	14,408	90,051	139,752	322	302,942
Depreciation During the year	5,484	1,156	5,202	3,323	6,156	378	21,699
Disposal During the year	(10,322)	(19,039)	-	(19,862)	-	-	(49,223)
Balance as of December 31, 2022	<u>33,978</u>	<u>1,710</u>	<u>19,610</u>	<u>73,512</u>	<u>145,908</u>	<u>700</u>	<u>275,418</u>
Net Book value as of December 31, 2022	<u>14,826</u>	<u>5,388</u>	<u>15,071</u>	<u>5,834</u>	<u>23,744</u>	<u>1,191</u>	<u>66,054</u>

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

9. Payables and Accruals

	2023	2022
	USD	USD
Accounts payable and accrued expenses	57,432	62,627
Interest payable - due to donors '	-	63,915
Due to other Centers under the Humman Rights Project 2018-2022	-	717,163
Due to other Centers under AFD Project	-	7,821
Due to the International Development of Association (IDA) - C4S project	-	6,912
Others	282	33
	<u>57,714</u>	<u>858,472</u>

10. Provision for Employees' Indemnity

	2023	2022
	USD	USD
End of Service Benefits Provision (a)	308,318	261,705
Provident Fund Provision (b)	159,805	128,452
Vacation Provision (c)	31,123	23,765
	<u>499,246</u>	<u>413,922</u>

a. End of Service Benefits Provision

	2023	2022
	USD	USD
Balance at the Beginning of the year	261,705	293,378
Additions during the year	58,228	25,767
Payments during the year	(11,615)	(57,440)
Balance at the Ending of the year	<u>308,318</u>	<u>261,705</u>

b. Provident Fund Provision

	2023	2022
	USD	USD
Balance at the Beginning of the year	128,452	111,151
Additions during the year	33,489	30,894
Payments during the year	(2,136)	(13,593)
Balance at the Ending of the year	<u>159,805</u>	<u>128,452</u>

c. Vacation Provision

	2023	2022
	USD	USD
Balance at the Beginning of the year	23,765	23,728
Additions during the year	7,358	37
Balance at the Ending of the year	<u>31,123</u>	<u>23,765</u>

NGO Development Center (NDC)

Notes to the Financial Statements  
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11. Right of Use Assets and Lease Liabilities

The movement on the right of use assets and lease liabilities is as follows:

December 31, 2023:

	Right-of-Use Assets USD	Lease Liability USD
Balance as of January 1, 2023	-	-
Additions	134,358	134,358
Amortization on the right of use during the year	(13,436)	(17,400)
Interest on Lease Liability	-	3,964
Balance as of December 31, 2023	<u>120,922</u>	<u>120,922</u>

The details for the current and non-current lease liability are as follows:

	2023 USD	2022 USD
Lease Liability - Current	13,435	-
Lease Liability - Non-Current	107,487	-
	<u>120,922</u>	<u>-</u>

12. Deferred Revenues

Represents assets recorded as deferred revenue and recognized as income on a systematic basis over the useful life of the equipment. The movement in deferred revenues during the year was as follows:

	Balance as of January 1, 2023 USD	Additions USD	Deferred Revenues Recognized	Balance as of December 31, 2023 USD
International Development Association (IDA) - C4W	-	8,274	(285)	7,989
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2018 - 2022	-	28,053	(2,057)	25,996
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	-	1,020	(58)	962
Agence Française de Développement (AFD) - AJIR	-	882	(88)	794
	<u>-</u>	<u>38,229</u>	<u>(2,488)</u>	<u>35,741</u>

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

13. Temporarily Restricted Net Assets

This item comprises temporarily restricted contributions subject to donor purpose restriction. End of year individual balances represent the excess of donations pledged over the expenditures made out to satisfy the purposes stipulated by donors. The movement in temporarily restricted contributions is as follows:

	Balance as of January 1, 2023 USD	Additions USD	Revenues recognized from Temporarily Restricted Contributions Operating Expenses USD	Transferred to Deferred Revenues (Note 12) USD	Returned to the Donor USD	Currency variance USD	Balance as of December 31, 2023 USD
International Development Association (IDA) - C4W The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2018 - 2022	6,881,069	-	(1,452,670)	(8,274)	-	-	5,420,125
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	808,958	-	(356,788)	(28,053)	(526,437)	102,320	-
Agence Francaise de Development (AFD) - AJIR	11,491,200	-	(2,200,117)	(1,020)	-	390,323	9,680,386
Agence Francaise de Development (AFD) - AJIR+	4,664,080	-	(3,060,056)	(882)	-	(83,256)	1,519,886
Agence Francaise de Development (AFD) - Consulting	-	8,779,600	(15,128)	-	-	50,527	8,814,999
OCHA	-	80,277	(17,270)	-	-	2,011	65,018
Spanish Agency - AECID	-	394,527	(394,526)	-	-	-	1
	-	166,374	(7,791)	-	-	(1,036)	157,547
	<b>23,845,307</b>	<b>9,420,778</b>	<b>(7,504,346)</b>	<b>(38,229)</b>	<b>(526,437)</b>	<b>460,889</b>	<b>25,657,962</b>
	Balance as of January 1, 2022 USD	Additions USD	Revenues recognized from Temporary Restricted Contributions Operating Expenses USD	Revenues recognized from temporary restricted contributions Property and equipment additions USD	Returned to the Donor USD	Currency variance USD	Balance as of December 31, 2022 USD
International Development Association (IDA)	795,447	-	(785,571)	(2,980)	(6,912)	16	-
International Development Association (IDA) - C4W/ The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2018 - 2022	4,825,187	7,000,000	(118,931)	-	-	-	6,881,069
The Consulate General of Sweden in Jerusalem (SIDA) - Human rights project 2023 - 2026	-	-	(3,563,119)	(3,131)	-	(449,979)	808,958
Agence Francaise de Development (AFD) - AJIR	7,566,228	10,706,400	-	-	-	784,800	11,491,200
Spanish Agency - AECID	570,264	-	(2,363,648)	(116)	-	(538,500)	4,664,080
	<b>13,757,126</b>	<b>17,706,400</b>	<b>(7,401,640)</b>	<b>(6,227)</b>	<b>(6,912)</b>	<b>(203,440)</b>	<b>23,845,307</b>

NGO Development Center (NDC)

Notes to the Financial Statements  
For the Year Ended December 31, 2023

14. Operating Expenses

	AFD -AJIR	AFD -AJIR +	AFD - Consulting	SIDA - Human rights project 2018 - 2022	SIDA - Human rights project 2023 - 2026	IDA - C4W	OCHA	AECID	Total Operating Expenses	General Expenses	Total 2023	Total 2022
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Grants and recipients	2,708,084	-	-	208,377	2,057,691	1,328,289	-	-	6,302,441	-	6,302,441	6,390,189
Capacity Building for NGOs	9,048	-	-	-	43,365	-	-	-	52,413	-	52,413	234,357
Salaries and related expense	246,673	13,432	7,140	105,226	64,192	66,354	37,649	4,388	545,054	-	545,054	527,387
Consultation	52,315	-	10,130	21,872	12,493	10,160	9,247	-	116,217	-	116,217	114,293
Professional fees	5,957	-	-	1,494	6,389	9,966	-	-	23,806	-	23,806	31,901
Transportation and accommodation expenses	451	-	-	3,984	3,600	4,660	2,213	-	14,908	-	14,908	13,621
Network support expenses	1,842	-	-	-	-	-	1,760	-	3,602	-	3,602	2,835
Utilities	103	-	-	2,988	3,039	6,839	540	-	13,509	-	13,509	17,657
Rent expense	1,941	-	-	-	-	4,569	1,890	-	8,400	-	8,400	25,800
Communication	455	-	-	3,121	1,332	3,765	2,154	-	10,827	-	10,827	9,691
Maintenance	3,114	-	-	531	1,548	1,306	3,628	-	10,127	-	10,127	9,610
Hospitality and meetings	1,779	420	-	1,281	111	1,272	279	-	5,142	-	5,142	4,308
Media advertising	349	1,276	-	229	-	584	1,215	-	3,653	-	3,653	1,036
Stationery and office supplies	216	-	-	2,799	2,397	1,469	450	-	7,331	-	7,331	7,080
Insurance	1,390	-	-	504	-	904	580	-	2,874	-	2,874	2,271
Printings and brochures	504	-	-	-	-	1,699	2,259	-	4,966	-	4,966	6,887
Bank charges	1,226	-	-	-	-	237	2,041	2	3,506	-	3,506	2,144
Projects implemented by contractors	-	-	-	-	-	-	327,500	3,401	330,901	-	330,901	-
PMS system	-	-	-	-	-	-	-	-	-	-	-	160
Others	2,123	-	-	-	-	-	136	-	2,259	-	2,259	41
<b>Total</b>	<b>3,037,570</b>	<b>15,128</b>	<b>17,270</b>	<b>352,406</b>	<b>2,196,157</b>	<b>1,442,073</b>	<b>393,541</b>	<b>7,791</b>	<b>7,461,936</b>	<b>-</b>	<b>7,461,936</b>	<b>7,401,268</b>
Depreciation on right of use assets	-	-	-	4,382	3,960	5,094	-	-	13,436	-	13,436	-
Interest expense on lease liability	-	-	-	-	-	3,964	-	-	3,964	-	3,964	-
(Loss) Gain on sale of property and equipment	3,846	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property and equipment	18,640	-	-	-	-	1,539	985	-	6,370	-	6,370	-
	<b>3,060,056</b>	<b>15,128</b>	<b>17,270</b>	<b>356,788</b>	<b>2,200,117</b>	<b>1,452,670</b>	<b>394,526</b>	<b>7,791</b>	<b>7,504,346</b>	<b>2,489</b>	<b>21,129</b>	<b>21,699</b>
											<b>7,506,835</b>	<b>7,422,967</b>

NGO Development Center (NDC)  
Notes to the Financial Statements

For the Year Ended December 31, 2023

15. Related Party Transactions

Related parties represent the Board of Directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties.

As at the end of the period, the amounts due (from/to) the related parties were included in the statement of financial position as follows:

The financial statements include the following related party transactions:

	2023 USD	2022 USD
Key management Personnel Salaries & Related Benefits	262,330	236,082

16. Financial Instruments - Fair Values and Risk Management

The main risks arising from NDC financial instruments are the following risks:

**Fair Values of Financial Assets and Liabilities**

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

**Credit risk**

With respect to credit risk arising from other financial assets, which comprise cash and cash equivalents, NDC exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. NDC seeks to limit its credit risk to banks by dealing with respectable banks.

**Liquidity risk**

Liquidity risks arise from shortages in funds. NDC has no shortage of funds for its current liabilities, additionally NDC is funded from multiple donation sources.

**Interest Rate Risk**

NDC'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 NDC usually monitors the fluctuation in interest rates in every individual currency in order to maximize the benefits from placements

**Foreign currency risk**

Currency risk arises from the possibility that changes in the exchange rates may negatively affect the value of the financial assets and liabilities in case NDC 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.

**Operational Risk**

Dependency on donor funding: NDC as a not-for-profit organization is partially dependent upon donors to fund its activities. Due to that nature, it has an operational risk if donor funding decreases or stops.

NDC believes that expenditures for 2024 may decrease compared to prior years, this is due to the Israeli war on Gaza that has an impact on its ability to conduct projects activities. Regardless, NDC believes that it can cover any deficit from the unrestricted Net assets.

For the Year Ended December 31, 2023

#### 16. Financial Instruments – Fair Values and Risk Management (Continued)

##### Relationship with Donors

The majority of NDC revenues and support for the years ended December 31, 2023 and 2022 were derived from grants received from individuals or donor agencies. NDC has no reason to believe that relationships with donor agencies will be discontinued in the foreseeable future. However, any interruption of these relationships would have an adverse effect on NDC's ability to finance ongoing operations in the coming years.

#### 17. Comparative Figures

The prior year comparative figures have been reclassified, to confirm the presentation of the financial statements for the current period.

#### 18. Impact of Israeli War on Gaza

During the month of October 2023, the Israeli war on Gaza Strip erupted, resulting in significant destruction affecting all aspects of life. This led to damage in all business and economic activities in Gaza Strip and West Bank, accompanied by numerous market closures and movement restrictions between cities, resulting in the suspension of normal business activities.

NDC management has examined the exceptional circumstances that may have a material impact on the operations and the risks associated with them. It concluded that the primary effects could arise from:

- Increased default risks due to the fact that donors and contracting parties' inability to fulfill their contractual obligations to NDC. Due to the Israeli war on Gaza strip, one of the major donors have temporarily frozen the donation and the related project activities on all Palestinian institutions including NDC.
- In ability to continue operations in Gaza since the branch of Gaza is currently considered within a war zone and no individual would be able to reach it.

The situation in Gaza remains unstable and unpredictable as the result of the War. The NDC's management will continue to evaluate the impact of the war on its activities and financial statements and take appropriate measures in this regard.