

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION (PCDCR)

FINANCIAL STATEMENTS

For the year ended December 31, 2016

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**To the Board of Directors
Palestinian Center for Democracy and Conflict Resolution**

Independent Auditor's Report

Our opinion

In our opinion, Palestinian Center for Democracy and Conflict Resolution (hereinafter “the Center” or “PCDCR”) financial statements present fairly, in all material respects the financial position of the Center as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

What we have audited

Palestinian Center for Democracy and Conflict Resolution financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of activities and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Center in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Palestine. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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 International Financial Reporting Standards (IFRSs), 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 Center'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 Center or to cease operations, or has no realistic alternative but to do so.

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



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 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 scepticism 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 Center'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 Center'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 disclosures are 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 the Center to cease to continue as a going concern.

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.

PricewaterhouseCoopers Palestine Limited
July 6, 2017
Ramallah, Palestine

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PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR
Financial statements for the year ended December 31, 2016

STATEMENT OF FINANCIAL POSITION

(All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-Current Assets			
Property, Plant, and equipment	(4)	51,580	17,115
Investment, net	(5)	135,292	285,117
Time deposit restricted for End of service indemnity	(6)	140,334	374,652
Total non-current assets		<u>327,206</u>	<u>676,884</u>
Current assets			
Pledges Receivable	(7)	1,177,920	1,195,539
Other current assets	(8)	88,812	281,194
Cash and cash equivalents	(6)	171,325	308,973
Total current assets		<u>1,438,057</u>	<u>1,785,706</u>
Total assets		<u>1,765,263</u>	<u>2,462,590</u>
NET ASSETS AND LIABILITIES			
Net assets			
Unrestricted net assets		200,380	425,743
Total net assets		<u>200,380</u>	<u>425,743</u>
Non-Current Liabilities			
Provision for End-of-service indemnity	(9)	171,017	345,855
Provision for pension fund	(10)	62,821	290,746
Emergency provision	(11)	88,015	80,839
Deferred revenues	(12)	51,580	19,158
Total non-current liabilities		<u>373,433</u>	<u>736,598</u>
Current liabilities			
Bank overdraft	(13)	80,646	24,218
Accruals and other current liabilities	(14)	96,105	27,640
Temporarily restricted contributions	(15)	1,014,699	1,248,391
Total current liabilities		<u>1,191,450</u>	<u>1,300,249</u>
Total liabilities		<u>1,564,883</u>	<u>2,036,847</u>
Total net assets and liabilities		<u>1,765,263</u>	<u>2,462,590</u>

- The notes on pages from (7) to (26) are an integral part of these financial statements.

- The financial statements were authorized for issue by the Board of Trustees on July 5, 2017 and were signed on its behalf.

Mr. Ashraf Abu Nada
Chairman

Mr. Said Magadmeh
Treasurer

Mrs. Mona Ghnaim
Admin. and finance officer

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR
 Financial statements for the year ended December 31, 2016

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 (All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Changes in unrestricted net assets:			
Grants, revenues and gains			
Local activities income	(16)	3,892	35,305
Other revenues		1,832	1,005
Total unrestricted grants, revenues and other support		5,724	36,310
Net assets released from restriction	(15)	1,591,197	2,068,116
Deferred revenues recognized	(12)	12,082	3,505
Total Revenues		1,609,003	2,107,931
Expenses			
Projects expenses	(17)	(1,296,443)	(2,068,116)
General and administrative expenses	(18)	(380,276)	(102,847)
Depreciation	(4)	(10,039)	(6,014)
Bad debit expenses – investment	(5)	(149,825)	-
Currency variances (losses) gains		2,217	(16,429)
Total expenses		(1,834,366)	(2,193,406)
Net changes in unrestricted net assets – general fund		(225,363)	(85,475)
Balance, beginning of the year		425,743	511,218
Balance, end of the year		200,380	425,743

- The notes on pages from (7) to (26) are an integral part of these financial statements.

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

STATEMENT OF CASH FLOWS

(All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Changes in net assets for the year		(225,363)	(85,475)
<u>Adjustments of non-cash items</u>			
Depreciation expense	(4)	10,039	6,014
Provision of end -of- service for the year	(9)	50,148	63,735
Provision of pension for the year	(10)	13,134	30,899
Emergency provisions	(11)	9,695	13,178
Deferred revenues recognized	(12)	(12,082)	(3,505)
Adjustments to reconcile changes in net assets to net cash from operating activities:			
Pledges receivable	(7)	17,619	(398,079)
Other current assets	(8)	192,382	(42,575)
Deposit account (restricted)	(6)	234,318	(4,031)
Investment, net	(5)	149,825	-
End -of- service payments	(9)	(224,986)	(28,126)
Employees provident fund payments	(10)	(241,059)	(20,848)
Other provisions payments	(11)	(2,519)	(2,500)
Temporarily restricted contributions	(14)	(233,692)	266,955
Deferred revenues	(12)	44,504	14,040
Accruals and other current liabilities	(13)	68,465	(56,060)
Net cash flows used in operating activities		<u>(149,572)</u>	<u>(246,378)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	(4)	(44,504)	(14,040)
Net cash flows used in investing activities		<u>(44,504)</u>	<u>(14,040)</u>
Cash flows from financing activities			
Bank overdraft	(13)	56,428	24,218
Net cash flows provided by financing activities		<u>56,428</u>	<u>24,218</u>
Decrease in cash and cash equivalents		(137,648)	(236,200)
Cash and cash equivalents, beginning of the year	(6)	<u>308,973</u>	<u>545,173</u>
Cash and cash equivalents, end of the year	(6)	<u>171,325</u>	<u>308,973</u>

- The notes on pages from (7) to (26) are an integral part of these financial statements.

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (1) GENERAL

The Palestinian Center for Democracy and Conflict Resolution (hereinafter the "PCDCR") is a Palestinian not-for-profit civil organization established in August 1998 as an investment of distinguished efforts exerted by highly motivated and ambitious group of Palestinian youth, to develop a Palestinian model promotes democratic principles and modern conflict resolution alternatives. PCDCR was registered as not-for-profit Company in the year 1998 at the Ministry of National Economy under registration no. 563124536.

PCDCR's Vision:

Free democratic Palestine where human rights fully respected and fulfilled, social justice guaranteed and rule of law promoted

The PCDCR's Goals:

- To enhance the concepts, values and practices of democracy, social justice and nonviolence.
- To contribute actively to the formulation of laws, legislations, polices and corresponding measures and executive procedures that fulfil and promote human rights.
- To influence decision making process on local and national levels.
- To enhance access to justice and rule of law.
- To activate social accountability.
- To empower and support vulnerable groups towards enjoying their basic rights.
- To develop PCDCR capacity and resources for high institutional competence and strong self-sustainability

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared according to International Financial Reporting Standards under the historical cost convention and presented in USD. Currently, International Financial Reporting Standards do not include any specific requirements regarding not-for-profit organizations in connection with the accounting policies or the presentation of the financial statements. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of selecting and applying accounting policies.

Following is a summary of the PCDCR's significant accounting policies:

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as indicated. Furthermore, a number of new standards and amendments to standards and interpretations have been issued and effective for annual periods beginning on 1 January 2015. PCDCR management believes that due to the nature of the entity's structure and activities, these new standards and amendments will not have any material effect on the financial statements.

2.3 Property, Plant and equipment

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

	<u>%</u>
Furniture and fixtures	15%
Office Equipment	20%
Computer and Software	33%
Learning and Training Tools	20%
Other Equipment	20%

The cost of the property and equipment includes all of the expenditures incurred so as to make the assets ready for use. Any subsequent expenditure is capitalized only when they increase the future economic benefits of the related property and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.4 Investment, net

Investments are measured at cost less any accumulated impairment and related allowance of bad debt expense that should affect the future cash flows from the investment. Investment are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The additions to the allowance of bad debt expense or impairment in value is recognized in the statement of activities and changes in net assets in the period of occurrence.

2.5 Pledges receivable

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

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and short-term deposits with a maturity of three months or less.

2.7 Net assets

Net Assets of the PCDCR and changes therein, are classified and reported as follows:

- Unrestricted net assets – net assets whose use by the PCDCR is not subject to donor-imposed restrictions.
- Temporarily restricted contributions: As per International Accounting Standard number 8 paragraph 10, in the absence of a Standard and interpretation that specifically applies to a transaction, other event or condition, management can use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. In doing so management can consider the standards set by other standard-setting bodies. Accordingly, the PCDCR's management select to record the temporarily restricted contribution under current liabilities in the financial statements. The PCDCR's management has elected to record temporarily restricted grants as unrestricted if restrictions are met in the same period in accordance with Financial Accounting Standard Board Pronouncement number 116 or as temporarily restricted until restrictions are met. When donors' restrictions expire, temporarily restricted contributions are reclassified to current liabilities and reported in the statement of activities as temporarily restricted contribution released from restrictions.

2.8 Deferred revenues:

Donations related to property and equipment are recorded at fair value at the time of the donation and recorded as deferred revenue. Deferred revenue is recognized as income on a systematic basis over the useful life of the property and equipment items.

2.9 2.10 Impairment of assets

The carrying values of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indications exist and when the carrying values exceed the estimated recoverable amounts, the values of the assets are decreased to the recoverable amount, and the difference is recognized in the statement of activities.

2.10 Provision for end of service indemnity:

Benefits payable to the employees of the PCDCR at the end of their services are provided for in accordance with the guidelines set by the local labour laws and PCDCR's bylaw.

2.11 Accruals and other current liabilities

Accruals and other current liabilities are recognized for the amounts to be paid in the future for goods and services received, whether billed by the suppliers or not.

2.12 Revenue recognition

- Service sales and other revenues are recognized when earned.
- Unrestricted contributions are recognized when contributions and/or donations are pledged. Pledged amounts that relate to the current reporting period but were not received are accounted for as pledges receivable.

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.13 Expense recognition

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

2.14 Translation of foreign currencies

The PCDCR's functional currency is the United States Dollar (hereinafter "USD"). Transactions in other currencies are translated to USD using the exchange rate prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD using year end exchange rate and the resulting gains and losses are recognised in the statement of activities.

Exchange rates against (USD) as of December 31, 2015 and 2014 were as follows:

Currency	December 31, 2016	December 31, 2015
NIS	0.2600	0.2564
EUR	1.05	1.09

NOTE (3) RISK MANAGEMENT

1) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This risk is detailed as follows:

A) Fully performing assets:

Analysis of this risk is presented in the following section by quality of credit.

Item	Carrying amount	Carrying amount
	2016	2015
Pledges receivable	1,177,920	1,195,539
Other current assets	88,812	281,194
Cash and cash equivalent	231,013	659,407

- The PCDCR has an amount of 1,177,920 USD as Pledges receivable, this balance represents contracts signed with donors for the implementation of a number of projects, accordingly a significant amount of this balance is expected to be collected during the year 2017 as project activities are performed.
- The PCDCR has an amount of 88,812 USD as other current assets, the majority of the amount is related to staff advances
- The PCDCR has an amount of 231,013 USD as cash at banks and cash on hand.

2) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The schedule below presents expected cash outflow resulting from financial liabilities broken down by time brackets:

Items	Expected timing of cash outflow				
	Carrying amounts	0-6 Month	7M-1 Year	1-2 Years	More than 2 Years
Accruals and other current liabilities	96,105	96,105	-	-	-
	96,105	96,105	-	-	-

- The PCDCR will pay the amount during the first 6 months of the year 2017. It will use the available cash to pay these liabilities.

3) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The main market risk faced by the PCDCR is currency risk. Currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Fluctuations in the exchange rates resulted in a net gain of 2,217 USD.

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (4) PROPERTY, PLANT, AND EQUIPMENT

Details:

2016	Furniture and fixture	Office equipment	Computer and software	Learning and training tools	Other equipment	Total
<u>Cost</u>						
Beginning balance	45,349	22,544	97,735	24,752	5,053	195,433
Additions	1,280	15,139	18,742	9,343	-	44,504
Disposals	-	-	-	-	-	-
Ending balance	46,629	37,683	116,477	34,095	5,053	239,937
<u>Accumulated depreciation</u>						
Beginning balance	42,817	22,277	92,634	15,537	5,053	178,318
Additions	976	428	5,372	3,263	-	10,039
Disposals	-	-	-	-	-	-
Ending balance	43,793	22,705	98,006	18,800	5,053	188,357
Net book value 2016	2,836	14,978	18,471	15,295	-	51,580

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2015	Furniture and fixture	Office equipment	Computer and software	Learning and training tools	Other equipment	Total
<u>Cost</u>						
Beginning balance	44,010	22,279	94,149	15,902	5,053	181,393
Additions	1,339	265	3,586	8,850	-	14,040
Disposals	-	-	-	-	-	-
Ending balance	45,349	22,544	97,735	24,752	5,053	195,433
<u>Accumulated depreciation</u>						
Beginning balance	41,304	22,197	89,831	13,919	5,053	172,304
Additions	1,513	80	2,803	1,618	-	6,014
Disposals	-	-	-	-	-	-
Ending balance	42,817	22,277	92,634	15,537	5,053	178,318
Net book value 2015	2,532	267	5,101	9,215	-	17,115

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (5) INVESTMENT, NET

Details:

Cost	2016	2015
Investment in land	71,570	71,570
Investment in Themar El Sham company	317,363	317,363
Investment in Sahel Al Jaleel company	432,343	432,343
	821,276	821,276
Less: Provision for impairment of :		
Investment in land	-	-
Investment in Themar El Sham company	(317,363)	(167,538)
Investment in Sahel Al Jaleel company	(368,621)	(368,621)
	(685,984)	(536,159)
Net value	135,292	285,117

During the year, 2016 there was no movement on the investments' accounts but there was a movement on the related provision for impairment accounts:

	2016	2015
Balance, beginning of the year	536,159	536,159
Additions to the provision - Themar El Sham company	149,825	-
Balance, end of the year	685,984	536,159

The addition to the provision of impairment of Themar El Sham of USD 149,825 was presented as bad debt expense in the statement of activities for the year 2016. PCDCR management expects that no further collection will be obtained from such investment in the future since the investment partner declared bankruptcy and imprisoned by local authorities several years ago. The increase of the provision was approved by PCDCR BOD.

The investment in land represents a land of 4,190 SM purchased in the year 2007 against JD 50,600. The land was reported using the historical cost and no further valuation was made for it.

NOTE (6) CASH AND CASH EQUIVALENTS

Details:

	2016	2015
Cash at banks	171,325	308,973
Deposits at banks – restricted for the EOS indemnity	140,334	374,652
	311,659	683,625

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (7) PLEDGES RECEIVABLE

Details:

<u>Donor</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Received during the year</u>	<u>Adjustment</u>	<u>Currency (gains) losses</u>	<u>Ending balance 2016</u>
Aman	-	5,000	(3,500)	(238)	-	1,262
Central Elections Commission(CEC)	-	21,800	(11,300)	(1,086)	-	9,414
Handicap international – HI	-	303,960	-	-	-	303,960
International Medical Corps	-	99,854	-	-	-	99,854
MYCARE	-	1,285	(1,279)	-	(6)	-
National Endowment for Democracy - NED - University students, high school students, youth, stakeholders, political parties	-	57,700	(57,700)	-	-	-
Norwegian Ministry of Foreign Affairs - NRC	-	60,000	(40,000)	-	-	20,000
Norwegian People Aid – NPA	-	115,009	(112,940)	-	-	2,069
Save the children International - Improved access to protection and health services for children	160,529	-	(114,839)	-	-	45,690
Save the children International - oPt_ Psychosocial Support	-	133,468	(120,916)	-	-	12,552
Save the children International - Protecting Children and Adolescents from Gender Based Violence	-	32,550	(29,295)	-	-	3,255
Save the Children International - Emergency Fund-MEF	-	10,000	-	-	-	10,000
Save the Children International - Establishing 5 emergency key intervention points	-	10,000	-	-	-	10,000
Save the Children International - Establishing a protective fence in Dair Al-Balah	-	10,000	-	-	-	10,000
Save the children international - Rehabilitating and amending 15 houses	-	10,000	-	-	-	10,000
Save the children international - "I protect my right"	-	19,920	(10,356)	-	-	9,564
Sub-total	160,529	890,546	(502,125)	(1,324)	(6)	547,620

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Donor	Beginning balance	Additions	Received during the year	Adjustment	Currency (gains) losses	Ending balance 2016
Sub- total from previous page	160,529	890,546	(502,125)	(1,324)	(6)	547,620
Terre Des Hommes -TDH - Empowering juvenile justice actors	-	6,511	(3,230)	28	-	3,309
Terre Des Hommes -TDH -Justice for children Project "J4C	-	24,021	-	-	-	24,021
Terre Des Hommes –TDH	8,474	-	(8,474)	-	-	-
United Nations Development Fund - UNDP	-	174,167	(116,111)	-	-	58,056
United nations Children Emergency Fund - UNICEF - Response to psychosocial distress and violence	298,843	-	(310,406)	11,563	-	-
United nations Children Emergency Fund - UNICEF - Situation monitoring and community psychosocial support for children	-	126,037	-	-	-	126,037
United Nations Human Settlements Programme (UN HABITAT)	-	43,977	-	-	-	43,977
United States Agency for International Development- USAID	600,000	-	(330,496)	(20)	-	269,484
UNRWA - Young Women Leaders Programme	26,595	18,550	(45,145)	-	-	-
UNRWA	8,844	-	(8,844)	-	-	-
Welfare Association	-	105,000	-	-	-	105,000
European Union – EU	52,499	-	(54,212)	-	1,713	-
Save the children international -Partnership for community-led action for resilience and livelihoods.	5,219	-	(5,219)	-	-	-
Save the children international -OPT PAL 14/0013: Child Rights at the centre	2,366	-	(2,366)	-	-	-
Save the children international -CRG-CRC Monitoring and Implementation "I protect my right"	4,754	-	(4,754)	-	-	-
Save the children international -Reducing child protection risks in OPT	6,662	-	(6,662)	-	-	-
Sub-total	1,174,785	1,388,809	(1,398,044)	10,247	1,707	1,177,504

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Donor	Beginning balance	Additions	Received during the year	Adjustment	Currency (gains) losses	Ending balance 2016
Sub- total from previous page	1,174,785	1,388,809	(1,398,044)	10,247	1,707	1,177,504
Save the children international -Psychosocial support for conflict and societal violence	13,902	-	(13,902)	-	-	-
Save the children international -Alleviating psychical and humiliating punishment	4,692	-	(4,692)	-	-	-
Save the children international -	2,160	-	-	(2,160)	-	-
Amal alliance	-	440	-	(24)	-	416
Sub-total	20,754	440	(18,594)	(2,184)	0	416
Grand total	1,195,539	1,389,249	(1,416,638)	8,063	1,707	1,177,920

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Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (8) OTHER CURRENT ASSETS

Details:

	<u>2016</u>	<u>2015</u>
Prepaid expenses	-	666
Employee loans and advances	74,973	267,761
Other receivables	13,839	12,767
	<u>88,812</u>	<u>281,194</u>

NOTE (9) PROVISION FOR END -OF- SERVICE INDEMNITY

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	345,855	310,246
Add: provision made during the year	50,148	63,735
Less: payments made during the year	(224,986)	(28,126)
Balance, end of the year	<u>171,017</u>	<u>345,855</u>

NOTE (10) PROVISION FOR PENSION FUND

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	290,746	280,695
Add: provision made during the year	13,134	30,899
Less: payments made during the year	(241,059)	(20,848)
Balance, end of the year	<u>62,821</u>	<u>290,746</u>

NOTE (11) EMERGENCY PROVISION

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	80,839	70,161
Add: Additions made during the year	9,695	13,178
Less: payments made during the year	(2,519)	(2,500)
Balance, end of the year	<u>88,015</u>	<u>80,839</u>

The emergency provision additions comes from two sources (1) the permanent employees' contributions (5% of the salaries from January 1, 2016 to April 30, 2016 and 1% of the salary from May 1 to December 31, 2016 because the PCDCR joint the pension scheme of the Palestinian Pension Agency on May 1, 2016 (2) One third of one working day salary from all employees. The payment made out of the provision is related to social support for some employees based on the approved bylaws of the PCDCR.

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCRFinancial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (12) DEFERRED REVENUES

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	19,158	8,623
Additions made during the year	44,504	14,040
Deferred revenues recognized during the year	(12,082)	(3,505)
Balance, end of the year	<u>51,580</u>	<u>19,158</u>

NOTE (13) BANK OVERDRAFT

The amount represents the overdraft bank balances per books for several bank ledger accounts and not as per bank statements. Such overdraft in books' balances refer to postdated checks issued in December 2016 for suppliers and other beneficiaries and due in year 2017.

NOTE (14) ACCRUALS AND OTHER CURRENT LIABILITIES

Details:

	<u>2016</u>	<u>2015</u>
Professional fees	3,378	2,970
Salaries and wages	71,546	7,233
Income tax payable	2,225	2,225
Due to suppliers	4,639	-
Communication expense	-	477
Utilities	-	228
Transportation	-	103
Other	14,317	14,404
	<u>96,105</u>	<u>27,640</u>

PALESTINIAN CENTER FOR DEMOCRACY AND CONFLICT RESOLUTION - PCDCR

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (15) TEMPORARILY RESTRICTED NET ASSETS

Details:

<u>Donor</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Assets</u>	<u>Adjustments</u>	<u>Currency (gains) losses</u>	<u>Ending balance 2016</u>
Aman	-	5,000	(4,762)	-	(238)	-	-
Central Elections Commission(CEC)	-	21,800	(21,065)	-	(735)	-	-
Handicap international – HI	-	303,960	(6,214)	-	-	-	297,746
International Medical Corps	-	99,854	(2,316)	-	-	-	97,538
MYCARE	-	1,285	(1,311)	-	-	26	-
National Endowment for Democracy - NED - University students, high school students, youth, stakeholders	-	57,700	(33,137)	(10,639)	-	-	13,924
National Endowment for Democracy - NED -Youth for Social Peace	5,710	-	(5,710)	-	-	-	-
Norwegian Ministry of Foreign Affairs - NRC	-	60,000	(60,000)	-	-	-	-
Norwegian People Aid – NPA	-	115,009	(112,774)	(2,236)	1	-	-
Save the children International - Improved access to protection and health services for children	156,930	-	(130,904)	-	-	-	26,026
Save the children International - oPt_ Psychosocial Support	-	133,468	(134,677)	-	1,209	-	-
Save the children International - Protecting Children and Adolescents from Gender Based Violence	-	32,550	(32,549)	-	(1)	-	-
Save the Children International - Emergency Fund-MEF	-	10,000	(10,000)	-	-	-	-
Save the Children International - Establishing 5 emergency key intervention points	-	10,000	(10,000)	-	-	-	-
Save the Children International - Establishing a protective fence in Dair Al-Balah	-	10,000	(10,000)	-	-	-	-
Save the children international - Rehabilitating and amending 15 houses	-	10,000	(10,000)	-	-	-	-
Save the children international - "I protect my right"	-	19,920	(19,920)	-	-	-	-
Sub-total	162,640	890,546	(605,339)	(12,875)	236	26	435,234

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Donor	Beginning balance	Additions	Released from restriction	Assets	Adjustments	Currency (gains) losses	Ending balance 2016
Sub- total from previous page	162,640	890,546	(605,339)	(12,875)	236	26	435,234
Terre Des Hommes -TDH - Empowering juvenile justice actors	-	6,511	(6,539)	-	-	28	-
Terre Des Hommes -TDH -Justice for children Project "J4C	-	24,021	(440)	-	-	1	23,582
United Nations Development Fund - UNDP	-	174,167	(96,865)	-	-	-	77,302
United nations Children Emergency Fund - UNICEF - Response to psychosocial distress and violence	404,222	-	(414,669)	(2,046)	-	12,493	-
United nations Children Emergency Fund - UNICEF - Situation monitoring and community psychosocial support for children	-	126,037	(76,395)	-	-	-	49,642
United Nations Human Settlements Programme (UN HABITAT)	-	43,977	(18)	-	-	-	43,959
United States Agency for International Development- USAID	590,637	-	(268,222)	(29,583)	-	-	292,832
UNRWA - Young Women Leaders Programme	90,892	18,550	(109,442)	-	-	-	-
Welfare Association	-	105,000	(12,852)	-	-	-	92,148
Amal alliance	-	440	(416)	-	(24)	-	-
Sub-total	1,085,751	498,703	(985,858)	(31,629)	(24)	12,522	579,465
Grand total	1,248,391	1,389,249	(1,591,197)	(44,504)	212	12,548	1,014,699

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE (16) LOCAL ACTIVITIES INCOME

Details:

	<u>2016</u>	<u>2015</u>
Interest income	1,392	702
Income from Hall rent- Nablus office	-	32,603
Income from Hall rent- Hebron office	-	2,000
Training income	2,500	-
	<u>3,892</u>	<u>35,305</u>

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NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (17) PROJECTS EXPENSES

Details:

	Aman	Central Elections Commission(CEC)	Handicap international - HI	International Medical Corps	MYCARE	NED - University students, high school students, youth, stakeholders	NED -Youth for Social Peace	Norwegian Ministry of Foreign Affairs - NRC	Norwegian People Aid - NPA	Save the Children International - Improved access to health services	Total
Salaries and related benefits	600	3,562	4,634	719	-	1,126	13,774	16,511	13,443	38,490	92,859
Workshops	-	-	-	-	-	-	-	-	3,095	34,108	37,203
Meals, hospitality and refreshment	590	3,027	-	-	-	2,192	91	-	4,862	17,468	28,230
Initiatives, Meetings and study days	-	-	-	-	-	-	152	6,089	2,421	10,948	19,610
Media, advertising and publication	235	4,353	-	-	-	-	900	4,175	8,075	192	17,930
Travel and transportation	213	-	172	-	-	186	2,565	1,548	6,078	4,779	15,541
Professional expenses	400	3,558	-	-	-	200	-	-	7,560	2,020	13,738
Education and training	1,552	-	-	-	-	-	1,254	8,980	875	-	12,661
Stationary and printing	624	989	-	-	-	-	-	-	5,571	3,908	11,092
Awareness, lobbying and advocacy	-	-	-	-	-	-	-	4,513	4,000	-	8,513
Rent	150	846	-	-	-	200	-	-	363	5,630	7,189
Materials and supplies	-	-	-	-	1,311	808	107	-	-	800	3,026
Open days	-	-	-	-	-	-	-	-	2,095	-	2,095
Monitoring and evaluations	-	-	-	-	-	-	-	-	1,875	-	1,875
Volunteers expenses	-	-	-	-	-	-	-	-	-	1,800	1,800
Communication	-	-	-	-	-	-	-	940	662	-	1,602
Others	-	-	-	-	-	100	-	-	-	-	100
Sub-total	4,364	16,335	4,806	719	1,311	4,812	18,843	42,756	60,975	120,143	275,064

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	Save the Children International - oPt_ Psychosocial Support	Save the Children International - Protecting Children and Adolescents	Save the Children International - Emergency Fund-MEF	Save the Children International - Establishing 5 emergency key intervention	Save the Children International - Establishing a protective fence in Dair Al-Balah	Save the Children International - Rehabilitating and amending 15 houses	Save the Children International - "I protect my right"	Terre Des Hommes - TDH - Empowering juvenile justice actors	Terre Des Hommes - TDH - Justice for children Project "J4C	United Nations Development Fund - UNDP	Total
Sub- total from previous page											275,064
Salaries and related benefits	38,483	2,249	1,150	1,930	2,000	800	9,000	2,826	440	33,100	91,978
Professional expenses	20,635	5,950	-	-	-	-	-	-	-	11,900	38,485
Education and training	18,713	3,742	-	1,875	-	-	278	-	-	11,789	36,397
Rehabilitation expenses	-	-	-	-	7,366	8,994	-	-	-	-	16,360
Rent	9,197	4,320	-	500	-	-	-	185	-	1,290	15,492
Meals, hospitality and refreshment	7,137	466	-	923	-	-	-	823	-	2,825	12,174
Open days	11,070	-	-	-	-	-	-	-	-	-	11,070
Travel and transportation	2,770	715	-	240	99	99	1,292	622	-	3,763	9,600
Aseptic Tanks	-	-	8,690	-	-	-	-	-	-	-	8,690
Materials and supplies	4,796	-	-	3,303	-	100	-	237	-	-	8,436
Media, advertising and publication	-	-	-	-	435	7	251	-	-	5,820	6,513
Stationary and printing	-	1,881	-	429	-	-	0	212	-	2,400	4,922
Volunteers expenses	-	-	-	-	-	-	2,400	-	-	1,600	4,000
Monitoring and evaluations	2,615	-	-	800	-	-	500	-	-	-	3,915
Initiatives, Meetings and study days	-	-	-	-	-	-	3,828	-	-	-	3,828
Awareness, lobbying and advocacy	2,201	-	-	-	-	-	-	-	-	-	2,201
Communication	0	-	160	-	100	-	-	52	-	1,196	1,508
Workshops	508	-	-	-	-	-	-	-	-	-	508
Sub-total	118,125	19,323	10,000	10,000	10,000	10,000	17,549	4,957	440	75,683	551,141

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	UNCEF - Response to psychosocial distress and violence	UNCEF - Situation monitoring and community psychosocial support	United Nations Human Settlements Programme (UN HABITAT)	United States Agency for International Development- USAID	UNRWA - Young Women Leaders Programme	Welfare Association	Amal alliance	Total
Sub- total from previous page								551,141
Professional expenses	151,657	-	-	19,840	95,700	-	-	267,197
Salaries and related benefits	62,703	56,746	-	72,529	5,417	8,485	-	205,880
Rent	57,130	-	-	60,020	-	-	-	117,150
Meals, hospitality and refreshment	58,272	-	-	20,216	-	-	393	78,881
Travel and transportation	13,321	500	-	11,556	-	-	23	25,400
Open days	17,911	-	-	-	-	-	-	17,911
Stationary and printing	4,556	-	-	7,710	-	-	-	12,266
Media, advertising and publication	4,696	-	-	5,975	-	-	-	10,671
Education and training	481	-	-	4,800	-	-	-	5,281
Materials and supplies	3,788	-	-	-	-	-	-	3,788
Communication	230	-	18	629	-	-	-	877
Sub-total	374,745	57,246	18	203,275	101,117	8,485	416	745,302
Grand total								<u>1,296,443</u>

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NOTE (18) GENERAL AND ADMINISTRATIVE EXPENSES

Details:

Description	Aman	Central Elections Commission (CEC)	Handicap international - HI	International Medical Corps	NED - University students, high school students, youth, stakeholders	NED - Youth for Social Peace	Norwegian Ministry of Foreign Affairs - NRC	Norwegian People Aid - NPA	Save the Children International - Improved access health services	Save the Children International - oPt_ Psychosocial Support	Save the Children International - Protecting Children and Adolescents	Total
Salaries and related benefits	398	3,127	1,315	1,597	629	8,643	13,783	34,058	3,418	10,873	9,905	87,746
Rent	-	-	-	-	-	3,696	-	11,362	-	1,393	1,367	17,818
Communication	-	934	93	-	269	1,367	1,748	2,332	1,709	774	919	10,145
Travel and transportation	-	669	-	-	-	-	-	3,054	1,874	-	-	5,597
Materials and supplies	-	-	-	-	-	-	-	259	1,985	988	1,035	4,267
Utilities	-	-	-	-	-	442	428	-	1,775	510	-	3,155
Stationary and printing	-	-	-	-	-	-	985	-	-	510	-	1,495
Maintenance	-	-	-	-	-	-	-	734	-	424	-	1,158
Fuel	-	-	-	-	-	-	-	-	-	1,080	-	1,080
Others	-	-	-	-	-	-	300	-	-	-	-	300
Bank charges	-	-	-	-	-	146	-	-	-	-	-	146
Sub-total	398	4,730	1,408	1,597	898	14,294	17,244	51,799	10,761	16,552	13,226	132,907

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Description	Save the Children International - "I protect my right"	Terre Des Hommes - TDH - Empowering juvenile justice actors	United Nations Development Fund - UNDP	UNCEF - Response to psychosocial distress and violence	UNCEF -Situation monitoring and community psychosocial support for children	United States Agency for International Development- USAID	UNRWA - Young Women Leaders Programme	Welfare Association	PCDCR	Total
Sub- total from previous page										132,907
Salaries and related benefits	-	1,582	16,096	20,156	15,311	52,070	1,867	4,367	76,129	187,578
Communication	967	-	1,808	2,619	836	2,271	1,396	-	25	9,922
Rent	1,200	-	-	2,885	639	4,644	-	-	-	9,368
Meals, hospitality and refreshment	-	-	-	6,366	-	-	753	-	-	7,119
Others	-	-	3,278	-	-	-	-	-	2,859	6,137
Professional expenses	-	-	-	1,750	-	-	-	-	3,378	5,128
Travel and transportation	-	-	-	2,166	193	-	1,967	-	-	4,326
Utilities	-	-	-	1,218	-	2,603	-	-	21	3,842
Stationary and printing	204	-	-	900	-	-	2,342	-	-	3,446
Maintenance	-	-	-	870	-	1,935	-	-	444	3,249
Bank charges	-	-	-	-	-	-	-	-	2,438	2,438
Materials and supplies	-	-	-	155	828	1,424	-	-	-	2,407
Fuel	-	-	-	839	1,342	-	-	-	-	2,181
Media, advertising and publication	-	-	-	-	-	-	-	-	228	228
Sub-total	2,371	1,582	21,182	39,924	19,149	64,947	8,325	4,367	85,522	247,369
Grand total										380,276

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NOTE (19) RELATED PARTIES TRANSACTIONS

This item represents transactions and balances with related parties, i.e., directors, senior management and projects being managed by the PCDCR, over which they exercise control.

-Transactions with related parties are as follows:

Key Management compensation

	<u>2016</u>	<u>2015</u>
<i>Statement of Financial Position</i>		
Provision for end of service indemnity	37,183	176,427
Provision for saving fund (pension)	219,660	213,130
<i>Statement of Activities</i>		
Salaries and related benefits	170,278	154,780

Also, the investment balances as of December 31, 2016 was managed and controlled by the BOD member "Said El Magadmeh":

	<u>2016</u>	<u>2015</u>
<i>Statement of Financial Position</i>		
Investment, net	135,292	285,117

The investments contracts were entitled and owned by the PCDCR as independent entity but the Director General and BOD member Mr. Said el Magadmeh was a representative of the PCDCR and in charge for managing such investment.