

Qader for Community Development
Financial Statements
December 31, 2016

Independent Auditor's Report to the General Assembly of Qader for Community Development

Opinion

We have audited the financial statements of Qader for Community Development (QADER), which comprise the statement of financial position as at December 31, 2016, and the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of QADER as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

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 QADER in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 QADER for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 26, 2016.

Responsibilities of Management and the Board of Directors for the Financial Statements

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.

In preparing the financial statements, management is responsible for assessing QADER's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the QADER or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing QADER'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 this financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 QADER's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 QADER'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 statement 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 QADER to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with QADER's Board of Directors 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.

Ernst & Young - Middle East
License # 206/2012



Ramallah, Palestine
April 26, 2017

Statement of Financial Position

As at December 31, 2016

| | Notes | 2016 <u>ILS</u> | 2015 <u>ILS</u> |
|---|-------|-------------------------|-------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property and equipment | 3 | 97,293 | 168,908 |
| | | <u>97,293</u> | <u>168,908</u> |
| Current assets | | | |
| Contributions receivable | 4 | 1,745,414 | 2,188,241 |
| Other current assets | 5 | 90,240 | 51,754 |
| Cash on hand and at banks | 6 | 297,894 | 459,279 |
| | | <u>2,133,548</u> | <u>2,699,274</u> |
| Total assets | | <u><u>2,230,841</u></u> | <u><u>2,868,182</u></u> |
| Net assets and liabilities | | | |
| Net assets | | | |
| Unrestricted net assets | | 95,236 | 171,840 |
| Net assets | | <u>95,236</u> | <u>171,840</u> |
| Non-current liabilities | | | |
| Provision for employees' indemnity | 7 | 246,103 | 212,849 |
| | | <u>246,103</u> | <u>212,849</u> |
| Current liabilities | | | |
| Temporarily restricted contributions | 8 | 1,800,476 | 1,771,347 |
| Other current liabilities | 9 | 89,026 | 712,146 |
| | | <u>1,889,502</u> | <u>2,483,493</u> |
| Total liabilities | | <u>2,135,605</u> | <u>2,696,342</u> |
| Total net assets and liabilities | | <u><u>2,230,841</u></u> | <u><u>2,868,182</u></u> |

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2016

| | Notes | <u>2016</u> ILS | <u>2015</u> ILS |
|--|-------|----------------------|-----------------------|
| Revenues | | | |
| Temporarily restricted contributions released from restriction | 8 | 1,620,623 | 2,431,259 |
| Unrestricted contributions | | 37,400 | - |
| General Assembly contribution | | 2,900 | 2,300 |
| Other revenues | | 28,964 | 52,290 |
| Total revenues | | <u>1,689,887</u> | <u>2,485,849</u> |
| Expenses | | | |
| Program expenses | 10 | 1,390,110 | 2,069,164 |
| General and administrative expenses | 11 | 269,991 | 267,143 |
| Depreciation expense | 3 | 50,417 | 50,836 |
| Currency exchange differences | | 23,175 | 68,053 |
| Contribution receivables write off | 4 | 7,680 | - |
| Loss on property and equipment disposal | | 25,118 | - |
| Total expenses | | <u>1,766,491</u> | <u>2,455,196</u> |
| (Decrease) increase in net assets | | (76,604) | 30,653 |
| Net assets, beginning of the year | | <u>171,840</u> | <u>141,187</u> |
| Net assets, end of year | | <u><u>95,236</u></u> | <u><u>171,840</u></u> |

Statement of Cash Flows

For the year ended December 31, 2016

| | <u>Notes</u> | <u>2016</u> <u>ILS</u> | <u>2015</u> <u>ILS</u> |
|---|--------------|---------------------------|---------------------------|
| <u>Operating activities:</u> | | | |
| (Decrease) increase in net assets | | (76,604) | 30,653 |
| Adjustments: | | | |
| Depreciation | | 50,417 | 50,836 |
| Provision for employees' indemnity | | 51,222 | 65,839 |
| Loss on property and equipment disposal | | 25,118 | - |
| Contribution receivables write off | | 7,680 | - |
| | | <u>57,833</u> | <u>147,328</u> |
| Working capital adjustments: | | | |
| Contributions receivable | | 435,147 | (1,383,119) |
| Other current assets | | (38,486) | 13,005 |
| Temporary restricted contributions | | 29,129 | 933,751 |
| Other current liabilities | | (623,120) | 676,119 |
| End of service payment | | <u>(17,968)</u> | <u>(4,356)</u> |
| Net cash flows (used in) from operating activities | | <u>(157,465)</u> | <u>382,728</u> |
| <u>Investing activities:</u> | | | |
| Purchase of property and equipment | | <u>(3,920)</u> | <u>(3,587)</u> |
| Net cash flows used in investing activities | | <u>(3,920)</u> | <u>(3,587)</u> |
| (Decrease) increase in cash and cash equivalents | | (161,385) | 379,141 |
| Cash and cash equivalents, beginning of the year | | <u>459,279</u> | <u>80,138</u> |
| Cash and cash equivalents, end of year | 6 | <u><u>297,894</u></u> | <u><u>459,279</u></u> |

Notes to the Financial Statements

December 31, 2016

1. General

QADER for Community Development (QADER) is a non-governmental, non-for-profit Palestinian organization registered at the Ministry of Interior in Bethlehem on July 23, 2008 under registration number (BL-3268-C) in accordance with law No. 1 for the year 2000 concerning not-for-profit organizations.

QADER endeavors to positively influence public policies, develop capacities of relevant stakeholders, and promote and protect the rights of Persons with Disabilities (PwD).

QADER works towards achieving the following strategic objectives:

- Enhanced commitment of Palestinian official institutions towards supporting and fulfilling PwD rights.
- Enhanced supportive community practices in favor of PwD inclusion
- Enhanced role & performance of relevant organizations (civil society, local authorities, DPOs..) in addressing the needs of PwD
- Enhanced participation of persons with disabilities in economic, social and political life

In 2016, QADER implemented the following Projects:

- Continue the implementation of the project “Promoting the quality of life of the poorest and most marginalized women in Area C of Bethlehem and Hebron governorates-Empower Project” in partnership with Psycho Social Counseling Center for Women (PSCCW), and Palestinian Family Planning & Protection Association (PFPPA), funded by the World Bank through the NGO Development Center (NDC). The project aimed to empower women, especially women with disabilities, mothers of children with disabilities, and those who are financially responsible for their families.
- Commencing the implementation of the project “Combating Gender Based Violence-CGBV” in partnership with PSCCW and funded by the UN Women Trust Fund (UNTF). The project aims to ensure that girls and women survivors of violence, including those with disabilities, increasingly receive quality services that meet their needs and are better protected through improved legislations. The project ends in December 2017.
- Implementing program titled “Promoting the Rights of Persons with Disabilities in Palestine” core funded by the Swedish Organization for Individual Relief (SOIR-IM), as several activities were implemented under the framework of QADER’s strategic plan for the years of 2014-2016.
- Commencing the Implementation of the project “Inclusive Development in Education, Protection and Health -IN DEPTH” in Partnership with Associazione Italiana per la Solidarietà tra i Popoli (AISPO) and funded by Italian Ministry of Foreign Affairs. The project aims to promote the implementation of inclusive policies and practices, and strengthening the capacity of official institutions and other service providers. The project ends in April 2018.
- Implementing a new phase of the project “Deprived Families Economic Empowerment Program- Youth Empowerment - DEEP- YE” funded by the Islamic Development Bank through the United Nations Development Programme (UNDP). The project aimed to empower youth entrepreneurs through provision of business development services and establishing income generating projects. The project ends in October 2017.

QADER’s financial statements as at December 31, 2016 were approved by the Board of directors on April 26, 2017.

2. Accounting policies

2.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared under the historical cost basis.

The financial statements have been presented in the New Israeli Shekel (ILS) which is the functional currency of QADER.

2.2 Significant accounting policies

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. QADER 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 Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, financial assets and liabilities and disclosure of contingent liabilities. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future periods.

The key estimates and assumptions involved in the financial statements are as follows:

Useful lives of property and equipment

QADER's management reassesses the useful lives of property and equipment, and makes adjustments if applicable, at each financial year-end.

Allocation of expenses

Expenses are allocated among programs and general and administrative activities based on management estimates.

Management believes that the estimates and assumptions used are reasonable.

2.4 Summary of significant accounting policies

Unrestricted contributions

Donor's unconditional contributions are those contributions where donor does not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Contributions revenues from unconditional contributions are recognized as follows:

- Unconditional contributions that are not restricted by donor for a specific purpose or time are recognized as revenue when the contribution is obtained.
- Unconditional contributions 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.

Classification of current and non-current assets and liabilities

QADER presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when:

- It is expected to be realized or intended to sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be paid within the regular working cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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.

Contributions receivable

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

Cash on hand and at banks

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less, less restricted cash balances, if any.

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:

| | Useful lives (years) |
|------------------|-------------------------|
| Office equipment | 5 |
| Office furniture | 10 |
| Software | 5 |
| Vehicles | 8-9 |

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.

Income taxes

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

Provisions

Provisions are recognized when QADER has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

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 prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the statement of financial position date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and equipment

| | <u>Office Equipment</u> | <u>Office Furniture</u> | <u>Software</u> | <u>Vehicles</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------|-----------------|-----------------|----------------|
| | ILS | ILS | ILS | ILS | ILS |
| Cost: | | | | | |
| At January 1, 2016 | 148,728 | 41,063 | 25,790 | 240,000 | 455,581 |
| Additions | 3,920 | - | - | - | 3,920 |
| Disposals | (5,950) | - | (23,250) | - | (29,200) |
| At December 31, 2016 | <u>146,698</u> | <u>41,063</u> | <u>2,540</u> | <u>240,000</u> | <u>430,301</u> |
| Accumulated depreciation: | | | | | |
| At January 1, 2016 | 103,280 | 26,296 | 2,003 | 155,094 | 286,673 |
| Depreciation for the year | 16,911 | 4,118 | 509 | 28,879 | 50,417 |
| Disposals | (2,907) | - | (1,175) | - | (4,082) |
| At December 31, 2016 | <u>117,284</u> | <u>30,414</u> | <u>1,337</u> | <u>183,973</u> | <u>333,008</u> |
| Net book value: | | | | | |
| At December 31, 2016 | <u>29,414</u> | <u>10,649</u> | <u>1,203</u> | <u>56,027</u> | <u>97,293</u> |
| At December 31, 2015 | <u>45,448</u> | <u>14,767</u> | <u>23,787</u> | <u>84,906</u> | <u>168,908</u> |

4. Contributions receivable

| | Balance, beginning of year | Additions | Cash received | Currency exchange differences | Write off | Balance, end of year |
|---|----------------------------------|------------------|--------------------|-------------------------------------|----------------|----------------------------|
| | ILS | ILS | ILS | ILS | ILS | ILS |
| Associazione Italiana per la Solidarietà tra i Popoli (AISPO) | 1,110,199 | 18,633 | (443,840) | (35,476) | - | 649,516 |
| United Nations Development Programme (UNDP) | 681,615 | 1,659,110 | (1,318,721) | (3,164) | - | 1,018,840 |
| The Swedish Organization for Individual Relief (SOIR) | 260,000 | - | (260,000) | - | - | - |
| UN Women Trust Fund (UN Women TF) | 83,558 | - | - | (1,286) | (7,680) | 74,592 |
| NGO development centre (NDC) | 28,131 | - | (27,121) | (1,010) | - | - |
| Palestinian Municipalities Support Programme - Idna | 11,315 | - | (11,368) | 53 | - | - |
| Palestinian Municipalities Support Programme - Jericho | 8,406 | - | (8,445) | 39 | - | - |
| Palestinian Municipalities Support Programme - Beit Fajjar | 2,594 | - | - | (128) | - | 2,466 |
| Palestinian Municipalities Support Programme - Samou ¹ | 2,423 | - | (2,435) | 12 | - | - |
| | <u>2,188,241</u> | <u>1,677,743</u> | <u>(2,071,930)</u> | <u>(40,960)</u> | <u>(7,680)</u> | <u>1,745,414</u> |

5. Other current assets

| | 2016 | 2015 |
|------------------------------|---------------|---------------|
| | <u>ILS</u> | <u>ILS</u> |
| Due from employees | 45,108 | 22,322 |
| Prepaid expenses | 10,782 | 10,332 |
| General Assembly Receivables | 4,900 | 3,500 |
| Other receivable | 29,450 | 15,600 |
| | <u>90,240</u> | <u>51,754</u> |

6. Cash on hand and at banks

| | 2016 | 2015 |
|---------------|----------------|----------------|
| | <u>ILS</u> | <u>ILS</u> |
| Cash on hand | 910 | 1,852 |
| Cash at banks | 296,984 | 457,427 |
| | <u>297,894</u> | <u>459,279</u> |

7. Provision for employees' indemnity

Following is a summary of the movement on the provision for employees' benefits:

| | 2016 | 2015 |
|--------------------------------|----------------|----------------|
| | <u>ILS</u> | <u>ILS</u> |
| Balance, beginning of the year | 212,849 | 151,366 |
| Additions | 51,222 | 65,839 |
| Payments | (17,968) | (4,356) |
| Balance, end of year | <u>246,103</u> | <u>212,849</u> |

8. Temporarily restricted contributions

This item comprises of temporarily restricted contributions subject to purpose and time 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, beginning of year | Additions during the year | Temporarily restricted contributions released from restriction | Currency differences | Balance, end of year |
|---------------------|----------------------------------|---------------------------------|--|-------------------------|-------------------------|
| | <u>ILS</u> | <u>ILS</u> | <u>ILS</u> | <u>ILS</u> | <u>ILS</u> |
| UN TF - CGBV | 183,349 | - | (73,516) | (7,118) | 102,715 |
| UNDP-DEEP | - | 1,659,110 | (705,880) | 60,216 | 1,013,446 |
| AISPO- IN DEPTH | 1,167,848 | 18,633 | (380,485) | (121,681) | 684,315 |
| SOIR- Core support | 260,000 | - | (260,000) | - | - |
| NDC-Empower Project | 160,150 | - | (200,742) | 40,592 | - |
| | <u>1,771,347</u> | <u>1,677,743</u> | <u>(1,620,623)</u> | <u>(27,991)</u> | <u>1,800,476</u> |

9. Other current liabilities

| | <u>2016</u> | <u>2015</u> |
|---|---------------|----------------|
| | ILS | ILS |
| Due to suppliers | 56,820 | 665,797 |
| Provision for annual leaves | 12,989 | - |
| Professional fees | 7,540 | 12,180 |
| Payables for projects' beneficiaries and partners | 5,100 | - |
| Consultants and trainer fees | 1,824 | 12,968 |
| Others | 4,753 | 21,201 |
| | <u>89,026</u> | <u>712,146</u> |

10. Program expenses

Following are QADER program expenses per project:

| | QADER Own Funds | UN TF - CGBV | UNDP- DEEP | AISPO- IN DEPTH | SOIR- Core support | NDC- Empower Project | 2016 | 2015 |
|---|-----------------------|-----------------|----------------|--------------------|--------------------------|----------------------------|------------------|------------------|
| | ILS | ILS | ILS | ILS | ILS | ILS | ILS | ILS |
| Salaries and related benefits | 33,519 | 27,663 | 101,880 | 130,083 | 89,585 | 55,919 | 438,649 | 510,475 |
| Subsidies to partners and beneficiaries | - | - | 549,531 | 84,270 | - | 114,034 | 747,835 | 1,461,662 |
| Professional fees, trainers and consultants | 1,611 | 10,550 | - | 64,049 | 4,624 | - | 80,834 | 31,260 |
| Accommodations, hospitality and refreshments | - | 19,655 | 5,755 | 5,034 | 1,885 | 9,807 | 42,136 | 13,593 |
| Travel and transportation expense | 695 | 8,906 | 9,158 | 14,029 | 4,183 | 3,980 | 40,951 | 44,029 |
| Media production, printing and design | - | 1,117 | - | 2,135 | - | 14,212 | 17,464 | - |
| Web & software maintenance and development | - | - | - | - | 15,689 | - | 15,689 | - |
| Office supplies, stationery, maintenance and others | - | - | 1,798 | 4,314 | - | 140 | 6,252 | 1,331 |
| Employees capacity building | - | - | - | - | 150 | - | 150 | 6,664 |
| Other running costs | - | - | - | - | - | 150 | 150 | - |
| Communication and utilities | - | - | - | - | - | - | - | 150 |
| | <u>35,825</u> | <u>67,891</u> | <u>668,122</u> | <u>303,914</u> | <u>116,116</u> | <u>198,242</u> | <u>1,390,110</u> | <u>2,069,164</u> |

11. General and administrative expenses

Following are QADER general and administrative expenses per project:

| | QADER Own funds ILS | UNTF - CGBV ILS | UNDP-DEEP ILS | AISPO- IN DEPTH ILS | SOIR- Core support ILS | NDC- Empowe r Project ILS | 2016 ILS | 2015 ILS |
|---|------------------------------|-----------------------|------------------|------------------------------|---------------------------------|------------------------------------|----------------|----------------|
| Salaries and related benefits | 7,573 | - | 26,363 | 48,537 | 90,103 | 1,257 | 173,833 | 164,483 |
| Travel and transportation expense | - | - | - | 3,550 | 28,208 | - | 31,758 | 32,855 |
| Office rent, taxes and insurance | - | 1,705 | 1,728 | 9,305 | 9,755 | - | 22,493 | - |
| Professional fees, trainers and consultants | - | - | 6,000 | 9,080 | - | - | 15,080 | 12,180 |
| Communication and utilities | - | - | 3,170 | 1,801 | 7,305 | 1,221 | 13,497 | 42,065 |
| Office supplies, stationery, maintenance and others | - | - | 278 | 3,665 | 1,108 | - | 5,051 | 10,661 |
| Web & software maintenance and development | - | - | - | - | 3,053 | - | 3,053 | - |
| Accommodations, hospitality and refreshments | - | - | - | 287 | 1,744 | 22 | 2,053 | 3,323 |
| Awards and donations | - | - | - | - | 780 | - | 780 | - |
| Employees capacity building | - | - | - | - | 480 | - | 480 | - |
| Other running costs | - | - | 219 | 346 | 1,348 | - | 1,913 | 1,576 |
| | <u>7,573</u> | <u>1,705</u> | <u>37,758</u> | <u>76,571</u> | <u>143,884</u> | <u>2,500</u> | <u>269,991</u> | <u>267,143</u> |

12. Related party transactions

This item represents transactions with related parties. Related parties represent associated entities, Board of Directors and key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties.

The financial statements include the following related party transactions:

| | | |
|--|----------------|----------------|
| | <u>2016</u> | <u>2015</u> |
| | <u>ILS</u> | <u>ILS</u> |
| Due from employees | <u>41,950</u> | <u>18,000</u> |
| Key management personnel compensation: | | |
| Salaries and related benefits | <u>261,880</u> | <u>244,039</u> |
| Provision for employee indemnity | <u>25,351</u> | <u>29,855</u> |

13. Fair values of financial instruments

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

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

14. Risk management

QADER is exposed to credit risk, liquidity risk and foreign currency risk. Management of QADER sets policies and procedures to manage these risks.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss.

QADER limits its credit risk through obtaining funds from several reputable donors represented by UNDP, SOIR and NDC.

Liquidity risk

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

Foreign currency risk

The table below indicates QADER foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Israeli Shekels (ILS) currency rate against the U.S. \$, with all other variables held constant, on the statement of activities and changes in net assets. The effect of decrease in foreign currency exchange rate is expected to be equal and opposite to the effect of the increase shown below.

| | Increase in ILS rate to U.S. \$ | Effect on statement of activities and changes in net assets |
|-------------|------------------------------------|---|
| | <u>%</u> | <u>ILS</u> |
| <u>2016</u> | 20 | 348,590 |
| <u>2015</u> | 20 | 427,074 |

15. Concentration of risk in geographic area

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

16. Comparative figures

The corresponding figures for the year ended December 31, 2015 have been reclassified in order to conform with the presentation for the current year. These reclassifications have no effect on net assets.