

QADER for Community Development

Financial Statements

December 31, 2017

Independent Auditor's Report
To the members of 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, 2017, 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, 2017 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 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
May 2, 2018

Statement of Financial Position

As at December 31, 2017

	Notes	<u>2017</u> ILS	<u>2016</u> ILS
Assets			
Non-current assets			
Property and equipment	3	55,130	97,293
		<u>55,130</u>	<u>97,293</u>
Current assets			
Contributions receivable	4	806,295	1,745,414
Other current assets	5	80,739	90,240
Cash on hand and at banks	6	351,795	297,894
		<u>1,238,829</u>	<u>2,133,548</u>
Total assets		<u><u>1,293,959</u></u>	<u><u>2,230,841</u></u>
Net assets and liabilities			
Net assets			
Unrestricted net assets		<u>179,969</u>	<u>95,236</u>
Net assets		<u>179,969</u>	<u>95,236</u>
Non-current liabilities			
Provision for employees' indemnity	7	280,649	246,103
		<u>280,649</u>	<u>246,103</u>
Current liabilities			
Temporarily restricted contributions	8	797,044	1,800,476
Other current liabilities	9	36,297	89,026
		<u>833,341</u>	<u>1,889,502</u>
Total liabilities		<u>1,113,990</u>	<u>2,135,605</u>
Total net assets and liabilities		<u><u>1,293,959</u></u>	<u><u>2,230,841</u></u>

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2017

	Notes	<u>2017</u> ILS	<u>2016</u> ILS
Revenues			
Temporarily restricted contributions released from restriction	8	1,928,899	1,620,623
Unrestricted contributions		-	37,400
General assembly members contributions		1,700	2,900
Currency exchange differences		113,077	(23,175)
Other revenues		22,246	28,964
Total revenues		<u>2,065,922</u>	<u>1,666,712</u>
Expenses			
Program expenses	10	1,620,874	1,390,110
General and administrative expenses	11	317,322	269,991
Depreciation expense	3	42,163	50,417
Contributions receivables written off		830	7,680
Loss on property and equipment disposal		-	25,118
Total expenses		<u>1,981,189</u>	<u>1,743,316</u>
Increase (decrease) in net assets		84,733	(76,604)
Net assets, beginning of the year		<u>95,236</u>	<u>171,840</u>
Net assets, end of year		<u>179,969</u>	<u>95,236</u>

Statement of Cash Flows

For the year ended December 31, 2017

	<u>Notes</u>	<u>2017</u> ILS	<u>2016</u> ILS
<u>Operating activities:</u>			
Increase (decrease) in net assets		84,733	(76,604)
Adjustments:			
Depreciation		42,163	50,417
Provision for employees' indemnity		51,295	51,222
Loss on property and equipment disposal		-	25,118
Contributions receivables written off		830	7,680
		<u>179,021</u>	<u>57,833</u>
Working capital adjustments:			
Contributions receivable		938,289	435,147
Other current assets		9,501	(38,486)
Temporary restricted contributions		(1,003,432)	29,129
Other current liabilities		(52,729)	(623,120)
End of service payment		(16,749)	(17,968)
		<u>53,901</u>	<u>(157,465)</u>
Cash flows from (used in) operating activities		<u>53,901</u>	<u>(157,465)</u>
<u>Investing activities:</u>			
Purchase of property and equipment		-	(3,920)
		<u>-</u>	<u>(3,920)</u>
Net cash flows used in investing activities		<u>-</u>	<u>(3,920)</u>
Increase (decrease) in cash and cash equivalents		53,901	(161,385)
Cash and cash equivalents, beginning of the year		<u>297,894</u>	<u>459,279</u>
Cash and cash equivalents, end of year	6	<u><u>351,795</u></u>	<u><u>297,894</u></u>

Notes to the Financial Statements

December 31, 2017

1. General

QADER for Community Development (QADER) is a non-governmental, non-for-profit Palestinian organization registered with 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 community organizations.

QADER endeavours 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 favour of PwD inclusion.
- Enhanced role and performance of relevant organizations in addressing the needs of PwD.
- Enhanced participation of persons with disabilities in economic, social and political life.

In 2017, QADER implemented the following Projects:

- Accomplished the project “Combating Gender Based Violence- CGBV” in partnership with PSCCW and funded by the UN Women Trust Fund (UN Women TF). The project aimed to develop the protection system related to women and women with disabilities victims of violence through improving and developing the legislations, and the performance of service providers.
- Implemented the program titled “Promoting the Rights of Persons with Disabilities in Palestine- Core Support” core funded by the Swedish Organization for Individual Relief (SOIR-IM), as several activities were implemented within the framework of QADER’s strategic plan for the years of 2014-1017.
- Proceeded with implementation of the project “Inclusive Development in Education, Protection and Health -IN DEPTH” (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 at promoting the implementation of inclusive policies and practices, and strengthening the capacity of official institutions and other service providers. The project ends in April 2018.
- Accomplished the implementing 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.
- Implemented the first phase of the project “Child Rights Governance - CRG” in partnership with Save the Children International (SCI), funded by Swedish International Development Cooperation Agency - SIDA. The project aimed at strengthening national systems and processes to be child right based, inclusive, gender sensitive, participatory, accountable, and protective especially for marginalized children including CWD and reflecting the voice of children. QADER is responsible of several activities related to children with disabilities.

- QADER Received two grants from German Agency for International Cooperation - GIZ (Civil Society Program CSP). The first grant supported the organization with the employment of Media & Advocacy Officer and Legal Researcher "Local Professionals-LP". The second grant was for implementing a TOT workshop about "Participatory Monitoring of UN Convention on the rights of persons with disabilities -UNCRPD Monitoring", which targeted CSOs and DPOs.
- Implemented the project "Promoting Gender Equality in Humanitarian Action- PGEHA", funded by Spanish Agency for International Development Cooperation – AECID through UN Women. The project aimed to improve access of women, girls including those with disabilities to humanitarian aid as direct and equal beneficiaries.
- Implemented the project "Supporting Children with disabilities in the west bank with assistive devices- TA" funded by individuals from UK and US through Save the Children International (SCI). Through the project QADER provided MOVE centres with technical aids bought from Rifton (USA).

QADER's financial statements as at December 31, 2017 were approved by the Board of directors on May 2, 2018.

2. Accounting policies

2.1 Basis of presentation

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

The financial statements have been prepared on a historical cost basis.

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

2.2 Changes in accounting policies

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

Furthermore, several standards and interpretations have been issued but are not yet mandatory. 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 at the reporting date. 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

Donation revenues

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

Donation revenues from unconditional pledges are recognized as follows:

- Unconditional pledges that are not restricted by donor for a specific purpose or time are recognized as revenue when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by donor for a specific purpose or time are recognized as revenue when such purpose or time is satisfied.

Expenses recognition

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

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.

Fair value of financial instruments

The fair value of financial assets and financial liabilities recorded in the statement of financial position approximate their carrying amounts largely due to the short-term maturities of these instruments. Where the fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Contributions receivable

Contributions receivable are stated at the original amount of the conditional 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. Receivables are written off when determined uncollectible.

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 furniture	10
Vehicles	8-9
Office equipment	5
Software	5

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and changes in net assets when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Employees indemnity

Provision for employee's indemnity is provided for in accordance with the labor law prevailing in Palestine and QADER's human resources policies based on one-month salary for each year of employment.

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> ILS	<u>Office Furniture</u> ILS	<u>Software</u> ILS	<u>Vehicles</u> ILS	<u>Total</u> ILS
Cost:					
At January 1, 2017	146,698	41,063	2,540	240,000	430,301
At December 31, 2017	<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, 2017	117,284	30,414	1,337	183,973	333,008
Depreciation for the year	<u>15,326</u>	<u>4,106</u>	<u>509</u>	<u>22,222</u>	<u>42,163</u>
At December 31, 2017	<u>132,610</u>	<u>34,520</u>	<u>1,846</u>	<u>206,195</u>	<u>375,171</u>
Net book value:					
At December 31, 2017	<u>14,088</u>	<u>6,543</u>	<u>694</u>	<u>33,805</u>	<u>55,130</u>
At December 31, 2016	<u>29,414</u>	<u>10,649</u>	<u>1,203</u>	<u>56,027</u>	<u>97,293</u>

Property and equipment include U.S. \$ 155,273 of fully depreciated assets that are still in operation as of December 31, 2017.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Written Off	Currency exchange differences	Balance, end of year
	ILS	ILS	ILS	ILS	ILS	ILS
Save the Children (CRG)	-	603,454	(142,952)	(63)	(9,771)	450,668
Associazione Italiana per la Solidarietà tra i Popoli (IN DEPTH)	649,516	-	(412,868)	-	1,753	238,401
United Nations Development Programme (DEEP YE)	1,018,840	-	(876,946)	(40)	(69,589)	72,265
UN Women Trust Fund (CGBV)	74,592	-	(47,386)	-	(6,251)	20,955
GIZ (Local Professionals)	-	122,326	(71,175)	(32,885)	-	18,266
Save the Children (TA)	-	144,672	(129,013)	-	(1,397)	14,262
Palestinian Municipalities Support Programme (Beit Fajjar)	2,466	-	(1,595)	(830)	(41)	-
UN Women (PGEHA)	-	55,474	(55,474)	-	-	-
The Swedish Organization for Individual Relief (Core Support)	-	200,000	(195,139)	(5,361)	500	-
GIZ (UNCRPD Monitoring)	-	50,717	(45,751)	(13,488)	-	(8,522)
	<u>1,745,414</u>	<u>1,176,643</u>	<u>(1,978,299)</u>	<u>(52,667)</u>	<u>(84,796)</u>	<u>806,295</u>

5. Other current assets

	<u>2017</u>	<u>2016</u>
	ILS	ILS
Due from employees	63,289	45,108
Prepaid expenses	10,814	10,782
General assembly receivables	4,700	4,900
Other receivables	1,936	29,450
	<u>80,739</u>	<u>90,240</u>

6. Cash on hand and at banks

	<u>2017</u>	<u>2016</u>
	ILS	ILS
Cash on hand	2,137	910
Cash at banks	349,658	296,984
	<u>351,795</u>	<u>297,894</u>

7. Provision for employees' indemnity

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

	<u>2017</u>	<u>2016</u>
	ILS	ILS
Balance, beginning of the year	246,103	212,849
Additions	51,295	51,222
Payments	(16,749)	(17,968)
Balance, end of year	<u>280,649</u>	<u>246,103</u>

It is expected that the Palestinian Social Security Law will be applied during the year 2018, which requires the employer to settle the provision for employees' indemnity for periods prior to the application of the Law.

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	Written off	Currency exchange differences	Balance, end of year
	ILS	ILS	ILS	ILS	ILS	ILS
UN Women Trust Fund (CGBV)	102,715	-	(95,574)	-	(7,141)	-
The Swedish Organization for Individual Relief (Core Support)	-	200,000	(194,639)	(5,361)	-	-
Associazione Italiana per la Solidarietà tra i Popoli (IN DEPTH)	684,315	-	(342,989)	-	(82,046)	259,280
United Nations Development Programme (DEEP YE)	1,013,446	-	(895,342)	(40)	(118,064)	-
Save the Children (CRG)	-	603,454	(164,917)	(63)	12,193	450,667
Save the Children (TA)	-	144,672	(55,520)	-	(2,055)	87,097
GIZ (Local Professionals)	-	122,326	(87,365)	(32,885)	(2,076)	-
GIZ (UNCRPD Monitoring)	-	50,717	(37,079)	(13,488)	(150)	-
UN Women (PGEHA)	-	55,474	(55,474)	-	-	-
	<u>1,800,476</u>	<u>1,176,643</u>	<u>(1,928,899)</u>	<u>(51,837)</u>	<u>(199,339)</u>	<u>797,044</u>

9. Other current liabilities

	2017	2016
	ILS	ILS
Provision for annual leaves	18,277	12,989
Professional fees	15,080	7,540
Due to suppliers	-	56,820
Payables for projects' beneficiaries and partners	-	5,100
Consultants and trainer fees	-	1,824
Others	2,940	4,753
	<u>36,297</u>	<u>89,026</u>

10. Program expenses

	QADER's own funds	CRG	IN DEPTH	DEEP YE	CGBV	Local Professionals	Sub-total
	ILS	ILS	ILS	ILS	ILS	ILS	ILS
Support to partners and beneficiaries	-	-	58,519	668,244	-	-	726,763
Salaries and related benefits	2,076	39,284	110,356	147,532	25,934	84,582	409,764
Professional fees, trainers and consultants	-	94,476	40,199	-	21,893	-	156,568
Accommodations, hospitality and refreshments	-	1,246	4,802	5,776	33,818	-	45,642
Travel and transportation expense	-	3,096	11,731	17,562	7,278	-	39,667
Media production, printing and design	-	-	18,449	6,318	3,167	-	27,934
Web and software maintenance and development	-	-	14,752	-	-	-	14,752
Awards and Donations	-	-	11,000	-	-	-	11,000
Office supplies, stationery, maintenance and others	-	-	3,724	-	-	-	3,724
Other running costs	-	-	-	-	-	-	-
Communication and utilities	-	-	-	-	-	-	-
Employees capacity building	-	-	-	-	-	-	-
	<u>2,076</u>	<u>138,102</u>	<u>273,532</u>	<u>845,432</u>	<u>92,090</u>	<u>84,582</u>	<u>1,435,814</u>

Program expenses (continued)

	TA	PGEHA	Core Support	UNCRPD Monitoring	2017	2016
	ILS	ILS	ILS	ILS	ILS	ILS
Support to partners and beneficiaries	55,520	-	-	-	782,283	747,835
Salaries and related benefits	-	17,500	43,511	-	470,775	438,649
Professional fees, trainers and consultants	-	5,600	2,218	14,832	179,218	80,834
Accommodations, hospitality and refreshments	-	8,686	1,019	8,335	63,682	42,136
Travel and transportation expense	-	4,214	2,952	9,864	56,697	40,951
Media production, printing and design	-	9,820	-	-	37,754	17,464
Web and software maintenance and development	-	-	-	-	14,752	15,689
Awards and Donations	-	-	-	-	11,000	-
Office supplies, stationery, maintenance and others	-	-	-	127	3,851	6,252
Other running costs	-	-	712	-	712	150
Communication and utilities	-	-	150	-	150	-
Employees capacity building	-	-	-	-	-	150
	<u>55,520</u>	<u>45,820</u>	<u>50,562</u>	<u>33,158</u>	<u>1,620,874</u>	<u>1,390,110</u>

11. General and administrative expenses

Following are QADER general and administrative expenses per project:

	QADER's own funds	CRG	IN DEPTH	YE DEEP	CGBV	Local Professionals	PGEHA	Core Support	UNCRPD Monitoring	2017	2016
	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS
Salaries and related benefits	6,990	16,029	51,994	36,000	-	2,783	5,518	80,017	3,921	203,252	173,833
Travel and transportation expense	-	-	60	-	500	-	-	29,044	-	29,604	31,758
Office rent, taxes and insurance	-	3,450	5,313	-	-	-	1,915	10,910	-	21,588	22,493
Professional fees, trainers and consultants	-	3,510	4,165	9,300	1,925	-	-	-	-	18,900	15,080
Accommodations, hospitality and refreshments	-	-	4,142	-	111	-	226	13,459	-	17,938	2,053
Communication and utilities	-	3,598	1,566	4,285	924	-	1,965	1,673	-	14,011	13,497
Office supplies, stationery, maintenance and others	-	203	1,161	-	-	-	-	2,438	-	3,802	5,051
Web and software maintenance and development	-	-	-	-	-	-	-	3,085	-	3,085	3,053
Support to partners and beneficiaries	-	-	-	-	-	-	-	3,000	-	3,000	-
Other running costs	231	25	1,056	325	24	-	30	451	-	2,142	1,913
Awards and donations	-	-	-	-	-	-	-	-	-	-	780
Employees capacity building	-	-	-	-	-	-	-	-	-	-	480
	<u>7,221</u>	<u>26,815</u>	<u>69,457</u>	<u>49,910</u>	<u>3,484</u>	<u>2,783</u>	<u>9,654</u>	<u>144,077</u>	<u>3,921</u>	<u>317,322</u>	<u>269,991</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>2017</u>	<u>2016</u>
	<u>ILS</u>	<u>ILS</u>
Due from employees	<u>51,578</u>	<u>41,950</u>
Key management personnel compensation:		
Salaries and related benefits	<u>260,957</u>	<u>261,880</u>
Provision for employee indemnity	<u>21,556</u>	<u>25,351</u>

13. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of contributions receivable, some other current assets and cash on hand and at banks. Financial liabilities consist of some other current liabilities and temporary restricted contributions.

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 SOIR, Save the Children International.

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. \$ <u> </u> %	Effect on statement of activities and changes in net assets <u> </u> ILS
<u>2017</u>	20	527,091
<u>2016</u>	20	348,590

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.