

QADER for Community Development

Financial Statements

December 31, 2018

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, 2018, 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, 2018 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



A. Maher Abushaaban
License # 155/1998

April 16, 2019
Ramallah, Palestine

Statement of Financial Position

As at December 31, 2018

	Notes	<u>2018</u> ILS	<u>2017</u> ILS
Assets			
Non-current assets			
Property and equipment	3	34,377	55,130
		<u>34,377</u>	<u>55,130</u>
Current assets			
Contributions receivable	4	606,082	806,295
Other current assets	5	84,741	80,739
Cash and bank balances	6	606,421	351,795
		<u>1,297,244</u>	<u>1,238,829</u>
Total assets		<u><u>1,331,621</u></u>	<u><u>1,293,959</u></u>
Net assets and liabilities			
Net assets			
Unrestricted net assets		100,468	179,969
Total net assets		<u>100,468</u>	<u>179,969</u>
Non-current liabilities			
Provision for employees' indemnity	7	346,290	280,649
		<u>346,290</u>	<u>280,649</u>
Current liabilities			
Temporarily restricted contributions	8	847,563	797,044
Other current liabilities	9	37,300	36,297
		<u>884,863</u>	<u>833,341</u>
Total liabilities		<u>1,231,153</u>	<u>1,113,990</u>
Total net assets and liabilities		<u><u>1,331,621</u></u>	<u><u>1,293,959</u></u>

The attached notes from 1 to 16 form part of these financial statements

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2018

	Notes	<u>2018</u> ILS	<u>2017</u> ILS
Revenues			
Temporarily restricted contributions released from restriction	8	1,136,563	1,928,899
Unrestricted contributions	10	18,698	22,246
General assembly members contributions		5,100	1,700
Currency exchange differences		21,354	113,077
		<u>1,181,715</u>	<u>2,065,922</u>
Expenses			
Program expenses	11	(856,890)	(1,620,874)
General and administrative expenses	12	(373,923)	(317,322)
Depreciation of property and equipment	3	(30,371)	(42,163)
Contributions receivables written-off		-	(830)
Loss on property and equipment disposal		(32)	-
		<u>(1,261,216)</u>	<u>(1,981,189)</u>
(Decrease) increase in unrestricted net assets		(79,501)	84,733
Unrestricted net assets, beginning of the year		<u>179,969</u>	<u>95,236</u>
Unrestricted net assets, end of year		<u><u>100,468</u></u>	<u><u>179,969</u></u>

Statement of Cash Flows

For the year ended December 31, 2018

	<u>Notes</u>	<u>2018</u> ILS	<u>2017</u> ILS
<u>Operating activities:</u>			
(Decrease) increase in net assets		(79,501)	84,733
Adjustments:			
Depreciation of property and equipment		30,371	42,163
Provision for employees' indemnity		65,641	51,295
Loss on property and equipment disposal		32	-
Contributions receivables written off		-	830
		<u>16,543</u>	<u>179,021</u>
Working capital adjustments:			
Contributions receivable		200,213	938,289
Other current assets		(4,002)	9,501
Temporary restricted contributions		50,519	(1,003,432)
Other current liabilities		1,003	(52,729)
End of service payments		-	(16,749)
		<u>264,276</u>	<u>53,901</u>
Net Cash flows from operating activities			
<u>Investing activities:</u>			
Purchase of property and equipment		(9,650)	-
		<u>(9,650)</u>	<u>-</u>
Net cash flows used in investing activities			
Increase in cash and cash equivalents		254,626	53,901
Cash and cash equivalents, beginning of the year		<u>351,795</u>	<u>297,894</u>
Cash and cash equivalents, end of year	6	<u><u>606,421</u></u>	<u><u>351,795</u></u>

Notes to the Financial Statements

December 31, 2018

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 Charitable and 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:

- Promoting the commitment of official Palestinian institutions towards the realization of the rights of persons with disabilities
- Enhancing the performance and responsiveness of civil society organizations and local authorities towards fulfilling the rights and needs of persons with disabilities
- Enhancing QADER's performance towards achieving its vision and mission.

QADER's financial statements as at December 31, 2018 were approved by the Board of directors on April 16, 2019.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Currently, IFRS does not contain specific guidelines for the accounting treatment and presentation of the financial statements of non-profit organizations. Therefore, accounting policies have been based on similar transactions and the general IFRS principles detailed in the IASB Framework.

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

The financial statements have been presented in the 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, except for QADER applicable of certain standards and amendments to standards, which became effective for annual periods beginning on or after January 1, 2018.

IFRS (9) Financial Instruments

IFRS (9) Financial Instruments replaces IAS (39) Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

IFRS (9) replaces the 'incurred loss' model in IAS (39). Financial Instruments: Recognition and Measurement with a comprehensive model of recognition and recording of 'expected credit loss' (ECL), scope of hedge accounting, and classification requirement.

QADER has applied the simplified method of the standard to record the expected credit losses on all debt instruments and calculate the expected credit losses over the entire life of the debt instruments. QADER has prepared a study based on the historical experience of credit loss, taking into account the future factors of creditors and the economic environment.

The credit exposure on contributions receivable balances is not material as it is recorded against temporarily restricted contribution, and generally QADER limits its credit risk through limiting projects' disbursements from amounts actually transferred by donors, therefore any write off or impairment on contributions receivable balances will be recorded against temporarily restricted contribution balance.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for implementing the program activities.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 15 has no effect on QADER financial statements or its accounting policy for revenue recognition.

Issued but not yet effective standards

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted.

Transition to IFRS 16

QADER has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective method. QADER will apply the standard to the contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

IFRS 16 will be implemented as of January 1, 2019, with the option of early adoption. QADER will implement IFRS 16 using the modified retrospective approach. The implementation of this standard is expected to increase assets (Right of use) and Liabilities (rent liability). QADER is currently working on studying the quantitative effect of IFRS 16.

2.3 Estimates and assumptions

The preparation of the financial statements in conformity with IFRS 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. It also requires management to exercise its judgment in the process of applying the QADER's accounting policies. QADER's management continually evaluates its estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Following are the significant estimates made by QADER:

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.

Provision for expected credit losses

Financial assets are reassessed to identify any impairment on the basis mentioned in the "Impairment of financial instruments".

Provision for expected credit losses is reviewed based on IFRS 9. IFRS 9 requires the determination of the provision for expected credit losses issuing provisions to expect the future cash flows and their timings, in addition evaluating any significant increases in the credit risks of QADER's financial assets, after their initial recognition, thereafter taking into account the future value of the expected credit losses.

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 conditional pledges are those pledges the donor will give, depending on the occurrence of a specified future and uncertain event to bind the donor, and shall be recognized when the conditions on which they depend are substantially met.

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

Donation revenues from unconditional pledges are recognized as follows:

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

Expenses recognition

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

Impairment of financial assets

In determining impairment of financial assets, QADER uses judgement to estimate the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses.

Before the adoption of IFRS (9) as at January 1, 2018

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.

Cash and cash equivalents

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.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any expected credit losses.

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.

Income taxes

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

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.

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

	Office equipment	Office furniture	Software	Vehicles	Total
	ILS	ILS	ILS	ILS	ILS
Cost:					
At January 1, 2018	146,698	41,063	2,540	240,000	430,301
Additions	6,566	3,084	-	-	9,650
Disposals	(500)	-	-	-	(500)
At December 31, 2018	<u>152,764</u>	<u>44,147</u>	<u>2,540</u>	<u>240,000</u>	<u>439,451</u>
Accumulated depreciation:					
At January 1, 2018	132,610	34,520	1,846	206,195	375,171
Depreciation for the year	9,590	3,654	508	16,619	30,371
Disposals	(468)	-	-	-	(468)
At December 31, 2018	<u>141,732</u>	<u>38,174</u>	<u>2,354</u>	<u>222,814</u>	<u>405,074</u>
Net book value:					
At December 31, 2018	<u>11,032</u>	<u>5,973</u>	<u>186</u>	<u>17,186</u>	<u>34,377</u>
At December 31, 2017	<u>14,088</u>	<u>6,543</u>	<u>694</u>	<u>33,805</u>	<u>55,130</u>

* Property and equipment include ILS 307,901 of fully depreciated assets that are still used in operation as of December 31, 2018.

The following table represents the funding parties of property and equipment purchased during 2018:

	<u>2018</u> <u>ILS</u>
Associazione Italiana per la Solidarietà tra i Popoli (Inclusive development in education, protection and health -IN DEPTH)	5,000
Caritas-Germany and Children's Relief Bethlehem (Strengthening civil society engagement in promoting the rights of women and girls with disabilities)	1,200
The Swedish Organization for Individual Relief (promoting inclusion of persons with disabilities through enhanced access to services and policy reform)	2,950
QADER's own funds	<u>500</u>
	<u><u>9,650</u></u>

4. Contributions receivable

The movement on the contributions receivable during the year was as follows:

	Balance, beginning of year	Additions	Cash received	Written off	Return to the donor	Currency exchange differences	Balance, end of year
	ILS	ILS	ILS	ILS	ILS	ILS	ILS
Caritas-Germany and Children's Relief Bethlehem (Strengthening civil society engagement in promoting the rights of women and girls with disabilities)	-	557,440	(263,656)	-	-	10,836	304,620
Save the Children (Child rights governance)	450,668	-	(288,949)	-	-	29,188	190,907
GIZ (Strengthening the civil society programme)	-	357,706	(296,375)	-	-	9,875	71,206
UN Women Trust Fund (CGBV)	20,955	-	-	-	-	1,691	22,646
GIZ (Enhancing inclusion and participation of vulnerable groups in local planning)	-	162,633	(144,852)	-	-	(1,078)	16,703
Associazione Italiana per la Solidarietà tra i Popoli (Inclusive development in education, protection and health -IN DEPTH)	238,401	-	(223,394)	(23,565)	-	8,558	-
United Nations Development Programme (DEEP YE)	72,265	-	(71,208)	-	-	(1,057)	-
GIZ (Local Professionals)	18,266	-	(18,266)	-	-	-	-
Save the Children (Supporting children with disabilities in the west bank with assistive devices- TA)	14,262	-	(6,146)	(8,865)	-	749	-
The Swedish Organization for Individual Relief (promoting inclusion of persons with disabilities through enhanced access to services and policy reform)	-	80,000	(84,726)	-	-	4,726	-
Caritas-Germany (coverage of participation expenses at the 70th meeting of the CEDAW shadow report)	-	10,650	(10,643)	-	-	(7)	-
GIZ (UNCRPD Monitoring)	(8,522)	-	-	-	8,522	-	-
	<u>806,295</u>	<u>1,168,429</u>	<u>(1,408,215)</u>	<u>(32,430)</u>	<u>8,522</u>	<u>63,481</u>	<u>606,082</u>

5. Other current assets

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Due from employees	63,160	63,289
Prepaid expenses	13,081	10,814
Accrued membership fee	8,500	4,700
Other receivables	-	1,936
	<u>84,741</u>	<u>80,739</u>

6. Cash and bank balances

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Cash on hand	5,679	2,137
Cash at banks	600,742	349,658
	<u>606,421</u>	<u>351,795</u>

7. Provision for employees' indemnity

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

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Balance, beginning of the year	280,649	246,103
Additions	65,641	51,295
Payments	-	(16,749)
Balance, end of year	<u>346,290</u>	<u>280,649</u>

Provision for employee's end of service benefits is provided for in accordance with the labor law prevailing in Palestine and QADER's internal policies based on one-month salary for each year of employment. The Palestinian Social Security Law was expected to be implemented during 2018, but was suspended in accordance with a presidential decree on January 28, 2019, which states that the dialogue with the relevant parties will continue to arrive at a national consensus on the provisions of the law and the date of enforcement. The current law obliges the employer to settle the end of service benefits for the periods preceding the application of the provisions of this 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 during year end in December 31, 2018 are 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
Caritas-Germany and Children's Relief Bethlehem (Strengthening civil society engagement in promoting the rights of women and girls with disabilities)	-	557,440	(237,882)	-	11,469	331,027
Save the Children (Child rights governance)	450,667	-	(195,599)	-	31,700	286,768
GIZ (Enhancing inclusion and participation of vulnerable groups in local planning)	-	357,706	(223,512)	-	9,753	143,947
GIZ (Strengthening the civil society programme)	-	162,633	(79,157)	-	2,345	85,821
Associazione Italiana per la Solidarietà tra i Popoli (Inclusive development in education, protection and health -IN DEPTH)	259,280	-	(227,489)	(23,565)	(8,226)	-
Save the Children (Supporting children with disabilities in the west bank with assistive devices- TA)	87,097	-	(77,530)	(8,865)	(702)	-
The Swedish Organization for Individual Relief (Promoting inclusion of persons with disabilities through enhanced access to services and policy reform)	-	80,000	(84,726)	-	4,726	-
Caritas-Germany (coverage of participation expenses at the 70th meeting of the CEDAW shadow report)	-	10,650	(10,668)	-	18	-
	<u>797,044</u>	<u>1,168,429</u>	<u>(1,136,563)</u>	<u>(32,430)</u>	<u>51,083</u>	<u>847,563</u>

In 2018, QADER implemented the following Projects:

- Promoting Inclusion of Persons with Disabilities through enhanced access to services and policy reform (Project Support), the project was funded by the Swedish Organization for Individual Relief (SOIR - IM). The project aims at analyzing the Ministry of Social Development budget from the development perspective of disability and support the community centers which implement the MOVE, methodology to provide better services for children with severe disabilities.
- 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 at promoting the implementation of inclusive policies and practices, and strengthening the capacity of official institutions and other service providers.
- Child Rights Governance (CRG) phase 2. 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.
- Supporting Children with disabilities in the west bank with assistive devices (TA), the project was funded by individuals from UK and US though Save the Children International (SCI). Through the project QADER provided MOVE centers with technical aids bought from Rifton (USA).
- QADER received a grant from the Strengthening the Civil Society Programme - GIZ, implemented on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), aiming at promoting the role of Palestinian civil society to become an effective force in the protection and monitoring of human rights in line with international human rights standards, conventions, and instruments. (GA # 81220952)
- Enhancing Inclusion and Participation of Vulnerable Groups in Local Planning (LDP), with the support of the Strengthening the Civil Society Programme - GIZ, the project was implemented on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The project aims to advance local development planning in small communities and draws substantial emphasis on the inclusion and participation of various social groups, especially the marginalized ones, in the entire planning process.
- Strengthening civil society engagement in promoting the rights of women and girls with disabilities (CSE), the project was funded by Caritas Germany, and co-funded by Children's Relief Bethlehem (KHB). The project aims at promoting the role of Palestinian civil society to become an effective force in the protection and monitoring of human rights in line with international human rights standards, conventions, and instruments.

9. Other current liabilities

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Provision for annual leaves	29,412	18,277
Professional fees	7,540	15,080
Others	348	2,940
	<u>37,300</u>	<u>36,297</u>

10. Unrestricted revenue

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Training revenue	16,823	-
Overcharging of vehicle use	-	21,946
Other revenues	1,875	300
	<u>18,698</u>	<u>22,246</u>

11. Program expenses

Following are the distribution of QADER project expenses on projects:

	QADER's own funds	Child rights governance	Inclusive development in education, protection and health - IN DEPTH	Strengthening civil society engagement in promoting the rights of women and girls with disabilities	coverage of participation expenses at the 70th meeting of the CEDAW shadow report	Strengthening the civil society programme	Promoting inclusion of persons with disabilities through enhanced access to services and policy reform	Enhancing inclusion and participation of vulnerable groups in local planning	Supporting children with disabilities in the west bank with assistive devices- TA	2018	2017
	ILS	Save the Children ILS	Associazione Italiana per la Solidarietà tra i Popoli ILS	Caritas- Germany and Children's Relief Bethlehem ILS	Caritas- Germany ILS	GIZ ILS	The Swedish Organization for Individual Relief ILS	GIZ ILS	Save the Children ILS	ILS	ILS
Salaries and related benefits	6,508	76,656	112,430	107,868	-	135,206	35,159	11,585	-	485,412	470,775
Support to partners and beneficiaries	-	-	1,501	-	-	-	-	19,200	77,530	98,231	782,283
Professional fees, trainers and consultants	-	21,439	9,257	660	-	7,200	19,320	25,225	-	83,101	179,218
Accommodations, hospitality and refreshments	-	27,760	15,634	7,674	3,906	4,759	77	11,254	-	71,064	63,682
Travel and transportation expense	-	15,433	14,814	7,536	6,762	8,070	2,095	2,052	-	56,762	56,697
Media production, printing and design	-	10,814	273	22,700	-	6,800	3,300	-	-	43,887	37,754
Awards and Donations	-	-	13,580	-	-	-	-	-	-	13,580	11,000
Office supplies, stationery, maintenance and others	-	1,719	40	-	-	-	-	1,148	-	2,907	3,851
Communication and utilities	-	750	-	-	-	-	-	-	-	750	150
Web and software maintenance and development	-	-	-	-	-	-	-	-	-	-	14,752
Other running costs	-	400	-	-	-	590	16	190	-	1,196	712
	<u>6,508</u>	<u>154,971</u>	<u>167,529</u>	<u>146,438</u>	<u>10,668</u>	<u>162,625</u>	<u>59,967</u>	<u>70,654</u>	<u>77,530</u>	<u>856,890</u>	<u>1,620,874</u>

12. General and administrative expenses

Following are the distribution of QADER general and administrative expenses per project:

	QADER's own funds	Child rights governance	Inclusive development in education, protection and health -IN DEPTH	Strengthening civil society engagement in promoting the rights of women and girls with disabilities	Strengthening the civil society programme	Enhancing inclusion and participation of vulnerable groups in local planning	Promoting inclusion of persons with disabilities through enhanced access to services and policy reform	2018	2017
	ILS	Save the Children	Associazione Italiana per la Solidarietà tra i Popoli	Caritas-Germany and Children's Relief Bethlehem	GIZ	GIZ	The Swedish Organization for Individual Relief	ILS	ILS
	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS	ILS
Salaries and related benefits	78,517	22,316	34,066	74,699	18,803	4,259	6,958	239,618	203,252
Professional fees, trainers and consultants	-	3,750	9,664	761	14,000	-	5,416	33,591	18,900
Office rent, taxes and insurance	187	8,127	3,641	6,538	3,665	-	1,854	24,012	21,588
Web and software maintenance and development	3,493	200	-	-	17,635	-	-	21,328	3,085
Travel and transportation expense	11,366	1,096	92	350	216	977	3,708	17,805	29,604
Office supplies, stationery, maintenance and others	1,360	3,504	6,491	1,897	1,347	427	417	15,443	3,802
Communication and utilities	487	958	428	4,515	3,122	1,037	3,127	13,674	14,011
Accommodations, hospitality and refreshments	57	428	263	314	715	1,147	296	3,220	17,938
Awards and donations	-	-	-	363	-	-	-	363	-
Support to partners and beneficiaries	-	-	-	-	-	-	-	-	3,000
Other running costs	1,425	249	315	807	1,384	656	33	4,869	2,142
	<u>96,892</u>	<u>40,628</u>	<u>54,960</u>	<u>90,244</u>	<u>60,887</u>	<u>8,503</u>	<u>21,809</u>	<u>373,923</u>	<u>317,322</u>

13. Related party transactions

This item represents transactions with related parties. Related parties represent Board of Directors and key management personnel.

Transactions with related parties included in the statement of financial position are as follows:

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Due from key management personnel	<u>56,576</u>	<u>51,578</u>

Transactions with related parties included in the statement of activities and changes in net assets are as follows:

	<u>2018</u>	<u>2017</u>
	ILS	ILS
Key management personnel compensation:		
Salaries and related benefits	<u>271,019</u>	<u>261,880</u>
Provision for employee indemnity	<u>27,854</u>	<u>25,351</u>
Subscription fees from members general Assembly	<u>5,100</u>	<u>1,700</u>

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of contributions receivable, some other current assets and cash and bank balances. Financial liabilities consist of account payable, some other current liabilities and temporary restricted contributions.

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

15. 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 and GIZ.

QADER has applied the simplified method of the standard to record the expected credit losses on all debt instruments and calculate the expected credit losses over the entire life of the debt instruments. QADER has prepared a study based on the historical experience of credit loss, taking into account the future factors of debtors and the economic environment.

The credit exposure on contributions receivable balances is not material as it is recorded against temporarily restricted contribution, and generally QADER limits its credit risk through limiting projects' disbursements from amounts actually transferred by donors, therefore any write off or impairment on contributions receivable balances will be recorded against temporarily restricted contribution balance.

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. Most of the financial position liabilities are due within a period of less than one year from the date of the financial statements.

Foreign currency risk

The following table demonstrates the sensitivity of the statement of activities and changes in net assets to the effect of a reasonably possible movement of the Israeli Shekels (ILS) currency rate against the foreign currencies with all other variables held constant. The effect of decreases in foreign currency exchange rate is expected to be equal and opposite to the effect of the increases shown below:

	Increase in ILS rate	Effect on statement of activities and changes in net assets
	%	ILS
<u>2018</u>	20	118,410
<u>2017</u>	20	527,091

16. Concentration of risk in geographic area

QADER is carrying out 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.