

**CENTER FOR DEFENSE OF LIBERTIES AND CIVIL
RIGHTS**

**Financial Statements
As of December 31, 2019
Together with Independent Auditors' Report**

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Independent Auditors' Report

**The Board of Directors
Center for Defense of Liberties and Civil Rights
Ramallah**

Opinion

We have audited the accompanying financial statements of the **Center for Defense of Liberties and Civil Rights (Hurriyat)** which comprise the statement of financial position as at December 31, 2019, the statement of activities and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hurriyat as of December 31, 2019, the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Hurriyat in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the 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 Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing Hurryyat'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 Hurryyat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Hurryyat's ability to continue as a going concern. If we conclude that a material

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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 Hurryyat to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

El Wafa Company
(Permit No. 203/2012)



Musa Abu Dieh
(Permit No. 223/1994)

Ramallah, Palestine
February 26, 2020



Center for Defense of Liberties and Civil Rights
Statement of Financial Position
As at December 31, 2019
(Currency: USD)

	Note	2019	2018
<i>Assets</i>			
Current Assets			
Cash on hand and at bank	3	90,545	63,884
Contributions receivable	4	160,823	314,351
Other current assets	5	11,155	9,857
Total Current Assets		262,523	388,092
Fixed assets, net	6	6,625	6,894
Total Assets		269,148	394,986
 <i>Liabilities and Net Assets</i>			
Current Liabilities			
Accrued expenses and other current liabilities	7	9,420	1,392
Total Current Liabilities		9,420	1,392
Provision for severance pay	8	35,297	26,429
Total Liabilities		44,717	27,821
Net Assets			
Unrestricted		(42,650)	(67,085)
Restricted	9	267,081	434,250
Total Net Assets		224,431	367,165
Total Liabilities and Net Assets		269,148	394,986

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Statement of Activities
For the Year Ended December 31, 2019
(Currency: USD)

	Note	2019			2018
		Unrestricted	Restricted	Total	
Revenues					
Donors' contributions	10	-	129,500	129,500	489,823
Prisoners' project revenues	11	97,900	-	97,900	103,750
Other revenues	12	69,887	-	69,887	33,028
Net assets released from restriction	9	296,669	(296,669)	-	-
Total Revenues		464,456	(167,169)	297,287	626,601
Expenses					
Program expenses	13	405,536	-	405,536	190,205
General and administrative expenses	14	25,745	-	25,745	73,983
Depreciation	6	1,991	-	1,991	825
Loss on disposal of fixed assets		411	-	411	-
Currency differentials loss	15	6,338	-	6,338	25,404
Total Expenses		440,021	-	440,021	290,417
Change in net assets		24,435	(167,169)	(142,734)	336,184
Net assets, beginning of year		(67,085)	434,250	367,165	30,981
Net assets, end of year		(42,650)	267,081	224,431	367,165

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Cash Flows Statement
For the Year Ended December 31, 2019
(Currency: USD)

	2019	2018
Cash Flow from Operating Activities		
Change in net assets	(142,734)	336,184
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	1,991	825
Increase in provision for severance pay	8,868	4,786
Decrease (increase) in contributions receivable	153,528	(283,850)
(Increase) in other current assets	(1,298)	(9,857)
Increase (decrease) in accrued expenses and other current liabilities	8,028	(780)
Net cash flow from operating activities	28,383	47,308
Cash Flow from Investing Activities		
Purchase of fixed assets	(2,133)	(1,135)
Loss on disposal of fixed assets	411	-
Net cash flow (used in) investing activities	(1,722)	(1,135)
Net increase in cash on hand and at bank	26,661	46,173
Cash on hand and at bank, beginning of year	63,884	17,711
Cash on hand and at bank, end of year	90,545	63,884

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Currency: USD)

1. Hurryyat and Its Activities

The Center for Defense of Liberties and Civil Rights “Hurryyat” is a Palestinian non-governmental and independent organization that contributes to the protection of Palestinian civil and political rights. Hurryyat was established in Jerusalem in 1992 and registered in 2003 with the Palestinian Ministry of Interior under registration number RA-2276-LS.

Hurryyat’s main objectives include:

- Activate the social involvement and participation in protecting the Palestinian civil and political rights.
- Organize systematic activities directly targeted for the advocacy of Palestinian prisoners’ conditions.
- Contribute towards the efforts aiming at influencing the decision-making process in ways that protect human, social and political rights.

2. Summary of Significant Accounting Policies

The financial statements have been prepared under the historical cost convention; the significant accounting policies follow: -

- General

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as unrestricted and restricted. Unrestricted net assets are those whose use by Hurryyat is not subject to donor-imposed stipulations. Restricted net assets are those whose use by Hurryyat has been limited by donors for specific time period or purpose.

- Donors’ Contributions

Unconditional promises to give cash and other assets to Hurryyat are recorded at the fair market value at the date promises to give are made. Conditional promises to give and indications of intention to give are recorded at the fair market value at the date contribution is received. Unconditional promises to give are promises that depend only on passage of time and certain performance requested by the promising donors. Restricted contributions are recorded as restricted revenues. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

- Membership Fees

Membership fees are recorded by Hurryyat when received, in accordance with the cash basis of accounting.

- Expenses

Expenses are recorded by Hurryyat when incurred in accordance with the accrual basis of accounting.

- Provision for Severance Pay

Hurryyat provides for the severance pay of its employees in conformity with local labor law (law number 7 of the year 2000).

- Fixed Assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives using the straight-line method, at the following annual rates:

	%
Computers	20
Office equipment	20
Office furniture	10
Telecommunication equipment	20

- Foreign Currencies

Hurryyat's basic functional currency is the United States Dollar (USD). Transactions which are expressed or denominated in other currencies were translated to USD using exchange rates in effect at the time of each transaction. Assets and liabilities which are denominated in other currencies are translated to USD using exchange rates prevailing at the date of the statement of financial position. Gains and losses arising from translation are reflected in the statement of activities.

Foreign currency exchange rates against USD at December 31, 2019 and 2018 were as follows:

	One USD	
	2019	2018
New Israeli Shekel (ILS)	3.45	3.75
Jordanian Dinar (JD)	0.71	0.71
EUR	0.89	0.87

3. Cash on Hand and at Bank

Cash on hand and at bank comprises:

	2019	2018
Cash on hand in ILS	528	451
Cash at bank in JD	22,573	41,072
Cash at bank in USD	24,292	5,826
Cash at bank in EUR	43,972	16,001
Cash at bank in ILS	* (820)	534
	90,545	63,884

* This balance includes outstanding cheques in the amount of ILS 6,881 (equivalent to USD 1,994) as of December 31, 2019.

4. Contributions Receivable

Contributions receivable comprises:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Received during the Year</u>	<u>Currency variance</u>	<u>Balance, End of year</u>
Torture is a humiliation of dignity – Ref. # ENI/2018/395-152 - European Union (EU ENI/2018/395-152).	190,918	-	(106,844)	(4,652)	79,422
Urgent Program to Support the Palestinian People – Phase 16 - Providing health care and treatment for sick prisoners in Israeli Jails - Grant # 16 NGO/21 -Arab Fund for Economic and Social Development - (Arab Fund 16 NGO/21).	123,433	-	(106,532)	-	16,901
SAWASYA II - Promoting the Rule of Law in Palestine (2018-2023) United Nations Development Programme (UNDP) Project # 102754.	-	129,500	(65,000)	-	64,500
	<u>314,351</u>	<u>129,500</u>	<u>(278,376)</u>	<u>(4,652)</u>	<u>160,823</u>

5. Other Current Assets

Other current assets comprise:

	<u>2019</u>	<u>2018</u>
Advance payment to the Palestinian Non-Governmental Organizations Network (PNGO)	11,155	9,673
Due from employees	-	184
	<u>11,155</u>	<u>9,857</u>

6. Fixed Assets, Net

Components of fixed assets costs and related accumulated depreciation as of December 31, 2019 and movement thereon during the year follow:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, End of year</u>
Costs				
Computers	9,798	220	718	9,300
Office equipment	5,021	1,288	1,962	4,347
Office furniture	5,773	267	-	6,040
Telecommunication equipment	3,315	358	-	3,673
	<u>23,907</u>	<u>2,133</u>	<u>2,680</u>	<u>23,360</u>
Accumulated Depreciation				
Computers	6,800	916	718	6,998
Office equipment	4,293	284	1,551	3,026
Office furniture	3,815	141	-	3,956
Telecommunication equipment	2,105	650	-	2,755
	<u>17,013</u>	<u>1,991</u>	<u>2,269</u>	<u>16,735</u>
Net Book Value	<u>6,894</u>			<u>6,625</u>

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities comprise:

	<u>2019</u>	<u>2018</u>
Withheld income tax	7,277	-
Accrued professional fees	1,392	1,392
Due to employees	751	-
	<u>9,420</u>	<u>1,392</u>

8. Provision for Severance Pay

The movement on the provision for severance pay during 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	26,429	21,643
Additions during the year	11,749	4,786
Payments during the year	(2,881)	-
Balance, end of year	35,297	26,429

9. Restricted Net Assets

Restricted net assets as of December 31, 2019 and movement thereon during the year follow:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Released from restriction</u>			<u>Balance, End of year</u>
			<u>Program expenses</u>	<u>Fixed assets</u>	<u>Total</u>	
UNDP SAWASYA II	-	129,500	(65,769)	(1,404)	(67,173)	62,327
EU ENI/2018/395-152	269,750	-	(110,176)	(577)	(110,753)	158,997
Arab Fund 16 NGO/21	164,500	-	(118,591)	(152)	(118,743)	45,757
	<u>434,250</u>	<u>129,500</u>	<u>(294,536)</u>	<u>(2,133)</u>	<u>(296,669)</u>	<u>267,081</u>

10. Donors' Contributions

Donors' contributions comprise:

	<u>2019</u>			<u>2018</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	
UNDP SAWASYA II	-	129,500	129,500	-
EU ENI/2018/395-152	-	-	-	325,323
Arab Fund 16 NGO/21	-	-	-	164,500
	<u>-</u>	<u>129,500</u>	<u>129,500</u>	<u>489,823</u>

11. Prisoners' Project Revenues

Prisoners' project revenues represent donations from entities and individuals to be devoted for prisoners' canteens.

12. Other Revenues

Other revenues represent:

	<u>2019</u>	<u>2018</u>
Donations from individuals and organizations	69,887	8,874
Voluntary work - General Manager	-	24,000
Membership fees	-	154
	<u>69,887</u>	<u>33,028</u>

13. Program Expenses

Program expenses comprise:

	2019							2018
	From Restricted Donations				From Unrestricted Donations	Total Program Expenses		
	UNDP SAWASYA II	EU ENI/2018/39 5-152	Arab Fund	Sub-total	Prisoners' Canteens			
Salaries and related benefits	23,469	68,990	26,400	118,859	-	118,859	60,881	
Prisoners' canteens and assistance expenses	-	-	-	-	111,000	111,000	114,000	
Donations	3,000	-	6,256	9,256	-	9,256	3,000	
Travel and transportation	73	4,472	7,522	12,067	-	12,067	2,740	
Maintenance, hospitality and cleaning	9	5,977	1,064	7,050	-	7,050	2,265	
Office and hall rent	7,800	143	-	7,943	-	7,943	2,033	
Consulting and professional fees	31,099	14,350	52,802	98,251	-	98,251	1,708	
Printing, stationery and supplies	188	9,657	5,586	15,431	-	15,431	1,236	
Utilities and administrative expenses	-	2,067	289	2,356	-	2,356	1,086	
Postal, telephone and website expenses	-	2,615	11,583	14,198	-	14,198	990	
Media, advertising and translation	116	-	-	116	-	116	167	
Subscription, fees and bank charges	15	955	89	1,059	-	1,059	99	
Radio and film production	-	-	7,000	7,000	-	7,000	-	
Compliment and ceremonies	-	950	-	950	-	950	-	
	65,769	110,176	118,591	294,536	111,000	405,536	190,205	

14. General and Administrative Expenses

General and administrative expenses comprise:

	<u>2019</u>	<u>2018</u>
Salaries and related benefits	19,502	55,298
Insurance expenses	2,223	1,401
Travel and transportation	1,799	2,040
Donations	583	642
Subscription, fees and bank charges	514	1,560
Maintenance, hospitality and cleaning	478	2,304
Printing, stationery and supplies	221	759
Postal, telephone and website expenses	209	1,858
Utilities and administrative expenses	135	764
Office and hall rent	81	5,965
Professional fees	-	1,392
	<u>25,745</u>	<u>73,983</u>

15. Currency Differentials loss

Currency differentials have resulted from the revaluation of Hurryyat monetary assets and liabilities in foreign currencies to USD using the exchange rates prevailing at the date of the statement of financial position. The fluctuations in the exchange rates against USD resulted in a loss of USD 6,338 and USD 25,404 as of December 31, 2019 and 2018 respectively.