WOMEN'S CENTRE FOR LEGAL AID AND COUNSELLING

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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Independent Auditor's Report

To the General Assembly of the Women's Centre for Legal Aid and Counselling

Opinion

We have audited the financial statements of the Women's Centre for Legal Aid and Counselling (WCLAC), which comprise the statement of financial position as at December 31, 2019, 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 WCALC as at December 31, 2019, 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 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 WCLAC in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of WCLAC as at December 31, 2018 were audited by another auditor whose report dated April 18, 2019 expressed an unmodified opinion on those financial statements.

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 WCLAC'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 WCLAC or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing WCLAC'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.

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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 WCALC'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 WCLAC'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 WCLAC 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 the 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

Abdelkarim M.

Ernst + Young

Abdelkarim Mahmoud
License # 101/2017

April 5, 2020
Ramallah, Palestine

Statement of Financial Position
As at December 31, 2019

	Notes	2019 U.S. $	Restated (Note 21) 2018 U.S. $	Restated (Note 21) 2017 U.S. $
Assets				
Non-current assets				
Property and equipment	3	604,812	614,537	638,707
Right-of-use assets	2	38,155	-	-
		642,967	614,537	638,707
Current assets				
Contributions receivable	4	1,790,619	964,295	1,182,711
Other current assets	5	226,722	326,486	319,052
Cash and balance at banks	6	1,761,511	1,942,891	1,874,140
		3,778,852	3,233,672	3,375,903
Total assets		4,421,819	3,848,209	4,014,610
Net assets and liabilities				
Net assets				
Unrestricted net assets		(143,814)	(176,368)	(185,723)
Board designated fund		120,000	120,000	50,000
Total net assets		(23,814)	(56,368)	(135,723)
Non-current liabilities				
Provision for employees' benefits	7	1,643,098	1,677,578	1,550,076
Deferred revenues	8	604,812	614,537	638,707
Long term lease liabilities	2	13,688	-	-
		2,261,598	2,292,115	2,188,783
Current liabilities				
Accounts payable and accruals	9	511,596	445,105	426,475
Short term lease liabilities	2	21,138	-	-
Temporarily restricted contributions	10	1,651,301	1,167,357	1,535,075
		2,184,035	1,612,462	1,961,550
Total liabilities		4,445,633	3,904,577	4,150,333
Total net assets and liabilities		4,421,819	3,848,209	4,014,610

The attached notes 1 to 23 form part of these financial statements

Statement of Activities and Changes in Net Assets

For the year ended December 31, 2019

	Notes	2019 U.S. $	Restated (Note 21) 2018 U.S. $
Revenues			
Temporarily restricted contributions released from restriction	10	1,858,947	1,862,585
Unrestricted contributions	11	28,122	32,751
Deferred revenues recognized	8	28,641	34,690
Total revenues		1,915,710	1,930,026
Expenses			
Advocacy unit	12	(282,914)	(282,787)
Service and Empowerment Unit	13	(956,963)	(915,070)
Administrative and Finance Unit	14	(465,427)	(416,974)
Special Projects	15	(153,643)	(247,754)
Depreciation of property and equipment	3	(28,641)	(34,690)
Gain (loss) from currency exchange		4,432	(23,396)
Total expenses		(1,883,156)	(1,920,671)
Increase in net assets		32,554	9,355
Net assets, beginning of the year		(176,368)	(185,723)
Net assets, end of year		(143,814)	(176,368)

The attached notes 1 to 23 form part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2019

	Notes	2019 U.S. $	Restated (Note 21) 2018 U.S. $
Operating activities:			
Increase in net assets		32,554	9,355
Adjustments:			
Depreciation and amortization		49,700	34,690
Provision for employees' benefits		162,854	160,042
Finance costs		2,463	-
Deferred revenues recognized		(28,641)	(34,690)
		218,930	169,397
Contributions receivable		(826,324)	218,416
Other current assets		99,764	(7,434)
Temporarily restricted contributions		502,860	(287,198)
Accounts payable and accruals		66,491	18,630
Employee's benefits paid		(197,334)	(32,540)
Net cash flows (used in) from operating activities		(135,613)	79,271
Investing activities:			
Purchase of property and equipment		(18,916)	(10,520)
Net cash used in investing activities		(18,916)	(10,520)
Financing activities:			
Restricted cash		(8,106)	(391,984)
Payments of long term lease liabilities		(26,851)	-
Net cash used in financing activities		(34,957)	(391,984)
Decrease in cash and balance at banks		(189,486)	(323,233)
Cash and balance at banks, beginning of the year		1,289,552	1,612,785
Cash and balance at banks, end of year	6	1,100,066	1,289,552

The attached notes 1 to 23 form part of these financial statements

Notes to the Financial Statements
December 31, 2019

1. General

Women' s Centre for Legal Aid and Counselling (WCLAC) which was established in 1991, is a not for profit local Palestinian organization and registered at the Ministry of Interior in Ramallah on February 2, 2004 under registration number (QR-209-HR) in accordance with law of charitable and community organization No. 1 of the year 2000. WCLAC is dedicated to the service of women in areas of law, legal education and advice and personal counselling. It carries out its educational programmes, apprising women of their rights and status under law and provides potential remedies for various forms of abuse and discrimination in cooperation with other local institutions. WCLAC assists women in obtaining appropriate legal and medical services in extreme hardship cases. In addition to its educational and service activities, WCLAC carries out legal research, procedures and brochures on the subject of women' s rights and law.

WCLAC’s financial statements as at December 31, 2019 were authorized for issuance by the Board of Directors on March 1, 2020.

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).

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

The financial statements have been presented in U.S. Dollars, which is the functional currency of WCLAC.

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2018 after the restatement demonstrated in note (21), except for applying certain standards and amendments to the standards, which became effective for annual periods beginning on or after January 1, 2019.

Except for IFRS 16, the adoption of these amended standards did not have any effect on the financial performance or position of WCLAC.

IFRS (16) “Leases”

IFRS 16 supersedes IAS 17 “Leases”, IFRIC 4” Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases-Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-consolidated balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where WCLAC is the lessor.

WCLAC adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Accordingly, no adjustments were made to prior year financial statements. WCLAC elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Following is the effect of applying IFRS 16:

Following is the effect of the increase on the statement of financial position as at January 1, 2019:

	U.S. $
Assets	
Right-of-use assets	59,214
Liabilities	
Lease liabilities	59,214

a) Nature of the effect of adoption of IFRS (16)

WCLAC has lease contracts for offices rent before the adoption of IFRS 16, WCLAC classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to WCLAC; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under other receivables and other payables, respectively.

After the adoption of the new standard, WCLAC applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific application requirements and practical solutions, which WCLAC has used when applying the standard.

Leases previously accounted for as operating leases

WCLAC recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

WCLAC also applied the available practical expedients where in it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

b) *Amounts recognised in the statement of financial position and statement of activities and changes in net assets.*

Set out below, are the carrying amounts of WCLAC's right-of-use assets and lease liabilities and the movements for the period ended December 31, 2019:

	Right-of-use	Lease liabilities
	U.S. $	U.S. $
As of January 1, 2019	59,214	59,214
Amortization	(21,059)	-
Finance cost	-	2,463
Payments	-	(26,851)
	38,155	34,826

c) *Set out below are the new accounting policies of WCLAC upon adoption of IFRS16:*

Right-of-use assets

WCLAC recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless WCLAC is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, WCLAC recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by WCLAC and payments of penalties for terminating a lease, if the lease terms reflect WCLAC's intentions to exercise the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, WCLAC uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

WCLAC applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

WCLAC determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. WCLAC has the option, under some of its leases to lease the assets for additional terms. WCLAC applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, WCLAC reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

WCLAC included the renewal period as part of the lease term due to the significance of these assets to its operations. These leases are considered to have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

2.3 Estimates and assumptions

The preparation of WCALC's financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key areas involving a higher degree of judgment or complexity are described below:

<u>Useful lives of property and equipment</u>
Management reassesses the useful lives of property and equipment, and makes adjustments if applicable, at each financial year end.

2.4 Summary of Significant accounting policies,

Revenue recognition

<u>Contribution revenues</u>

Donors' unconditional pledges are those pledges where donors do 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 for specific purpose or time are recognized when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by donor for specific purpose or time are recognized when such purpose or time is satisfied.

<u>Deferred revenues</u>
Contributions related to property and equipment are recorded as deferred revenues and recognized as revenue on a systematic basis over the useful life of the asset.

Expenses recognition

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

Cash and balance at banks

For the statement of cash flow, cash and balance at banks consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less.

Contributions receivable

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

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.

Impairment of financial assets

Financial assets are evaluated for impairment based on their credit factors and maturities. In determining impairment of financial assets, WCALC 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.

Current versus non-current classification

WCLAC 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, Or
- 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 settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

WCLAC classifies all other liabilities as non-current.

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 Life (Years)
Building and improvements	10-50
Office furniture and equipment	5-7
Computers and software	3-4

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

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

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.

Provisions

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollar using the rate of exchange ruling at the financial statements date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and equipment

	Land	Building and improvements	Office furniture and equipment	Computers and Software	Total
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Cost:					
At January 1, 2019	371,077	284,413	543,323	53,332	1,252,145
Additions	-	-	18,916	-	18,916
At December 31, 2019	371,077	284,413	562,239	53,332	1,271,061
Accumulated depreciation:					
At January 1, 2019	-	100,868	483,408	53,332	637,608
Depreciation charge for the year	-	12,261	16,380	-	28,641
At December 31, 2019	-	113,129	499,788	53,332	666,249
Net book value:					
At December 31, 2019	371,077	171,284	62,451	-	604,812
At December 31, 2018	371,077	183,545	59,915	-	614,537

Property and equipment include U.S. $ 486,150 and U.S. $ 462,651 of fully depreciated assets that are still being used in WCLAC's activities as at December 31, 2019 and 2018, respectively.

4. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Gain (loss) from currency exchange	Balance, end of year
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Global Fund for Women	50,000	-	(25,000)	-	25,000
Drosos Foundation	308,019	50,000	(90,000)	-	268,019
United Nations Trust Fund	166,341	-	(127,656)	-	38,685
Care International	-	66,025	-	589	66,614
Bread for the World 2019-2021	-	488,870	(132,304)	(8,512)	348,054
Broederlijk Delen (BD)	(1,716)	45,775	(42,123)	(1,936)	-
Oxfam Novib – Strategic Partnership	30,345	72,594	(40,729)	(2,173)	60,037
Dan Church Aid (DCA)	-	172,942	(57,533)	-	115,409
Iceland	200,000	-	(100,000)	-	100,000
Norwegian Ministry of Foreign Affairs	-	291,716	(291,716)	-	-
Open Society Policy Center (OSI)	-	275,000	(137,500)	-	137,500
Young Men's Christian Association - YMCA	69,730	-	(30,116)	(1,995)	37,619
SWISS Development Cooperation 2019	-	350,000	(280,000)	-	70,000
United Nations Women-Himayah	-	354,602	(11,473)	(103)	343,026
United Nations Women-Sawasiyah	-	46,827	(13,410)	(157)	33,260
United Nations Development Programme	-	120,268	(62,564)	-	57,704
Oxfam Novib - Jerusalem Project	38,516	-	-	(813)	37,703
Women International League Peace and Freedom	-	47,323	(28,394)	-	18,929
Bread for the World 2016-2018	33,060	-	-	-	33,060
Swiss Development Cooperation 2018	70,000	-	(70,000)	-	-
	964,295	2,381,942	(1,540,518)	(15,100)	1,790,619

5. Other current assets

	2019	2018
	U.S. $	U.S. $
Employees' loans	174,383	266,015
Employees' receivables	46,604	49,754
Advances to partners	1,299	3,394
Prepaid expenses	3,976	6,219
Others	460	1,104
	226,722	326,486

6. Cash and balance at banks

For the purpose of the statement of cash flows, cash and balance at banks comprise the following:

	2019	2018
	U.S. $	U.S. $
Cash on hand	4,619	7,669
Current accounts at banks	1,095,447	1,281,883
Short-term deposits*	661,445	653,339
	1,761,511	1,942,891
Restricted cash*	(661,445)	(653,339)
	1,100,066	1,289,552

* The average interest during the year on the short-term deposits is 1.25%; the interest revenue for the year 2019 was U.S. $ 8,106. These deposits are restricted for the compensation of employees' benefits (note 7).

7. Provision for employees' benefits

The movement on the provision for employees' benefits during the year as follows:

	Balance, beginning of year	Additions during the year	Payments during the year	Balance, end of year
2019	U.S. $	U.S. $	U.S. $	U.S. $
Severance pay provision	941,076	90,594	(29,964)	1,001,706
Employee's saving fund	736,502	72,260	(167,370)	641,392
	1,677,578	162,854	(197,334)	1,643,098
2018				
Severance pay provision	872,763	89,997	(21,684)	941,076
Employee's saving fund	677,313	70,045	(10,856)	736,502
	1,550,076	160,042	(32,540)	1,677,578

Provision for employees' indemnity is calculated in accordance with the labor law prevailing in Palestine, and WCLAC's internal policies. The Palestinian Social Security Law was expected to go into effect during 2019. However, according to the presidential decree on January 28, 2019, the law implementation was paused and the decree called for dialogue among relevant parties for the purpose of reaching national consensus on the law and the time on which it will become effective. The current version of the law obligates the employer to settle end of service benefits for the periods preceding the application of the provisions of this law.

8. Deferred revenues

	2019	2018
	U.S. $	U.S. $
Balance, beginning of year	614,537	638,707
Additions	18,916	10,520
Deferred revenues recognized	(28,641)	(34,690)
Balance, end of year	604,812	614,537

9. Accounts payable and accruals

	2019	2018
	U.S. $	U.S. $
Postdated cheques	160,155	91,680
Legal provision	103,615	103,615
Payables	97,683	106,253
Inflation allowance	73,215	43,215
Vacation allowance	66,979	65,738
Accrued expenses	9,949	34,604
	511,596	445,105

10.Temporarily restricted contributions

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of contributions received over the expenditures made out to satisfy the purposes stipulated by the donors. Movement on the temporarily restricted contributions for the year ended December 31, 2019 is as follows:

	Balance, beginning of year	Additions	Temporarily restricted contributions released from restriction	Deferred Revenues	Gain (loss) from currency exchange	Balance, end of year
	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $	U.S. $
Global Fund for Women	67,593	-	(19,071)	-	-	48,522
Drosos Foundation	414,778	50,000	(337,137)	-	-	127,641
United Nations Trust Fund	224,130	-	(122,861)	-	-	101,269
Care International	-	66,025	(28,213)	(4,719)	(801)	32,292
Bread for the World 2019-2021	-	488,870	(151,184)	(10,301)	(7329)	320,056
Broederlijk Delen (BD)	6,776	45,775	(46,496)	-	(1,633)	4,422
Oxfam NOVIB - Strategic Partnership	53,154	72,594	(65,978)	-	(3,145)	56,625
Dan Church Aid (DCA)	-	172,942	(54,448)	(3,896)	-	114,598
Oxfam Novib -Bodily Integrity	19,981	-	(17,844)	-	(2,137)	-
Iceland	200,000	-	(100,000)	-	-	100,000
Norwegian Ministry of Foreign Affairs	-	291,716	(291,716)	-	-	-
Open Society Policy Center (OSI)	-	275,000	(76,181)	-	-	198,819
Young Men's Christian Association - YMCA	83,529	-	(29,712)	-	(2,034)	51,783
Swiss Development Cooperation 2019	-	350,000	(350,000)	-	-	-
United Nations Women-Himayah	-	354,602	(12,438)	-	31	342,195
United Nations Women-Sawasiyah	-	46,827	(13,433)	-	(136)	33,258
United Nations Development Programme	-	120,268	(51,393)	-	-	68,875
Oxfam Novib - Jerusalem Project	75,080	-	(72,601)	-	(2,479)	-
Women International League Peace and Freedom	-	47,323	(18,241)	-	-	29,082
Spanish Agency for International Development Cooperation	13,989	-	-	-	(296)	13,693
Women's World Day of Prayer	8,347	-	-	-	(176)	8,171
	1,167,357	2,381,942	(1,858,947)	(18,916)	(20,135)	1,651,301

11. Unrestricted contributions

	2019	2018
	U.S. $	U.S. $
Coordination and training fees	19,095	11,740
Interest income	7,183	4,559
Local and private donations	1,604	14,511
Others	240	1,941
	28,122	32,751

12. Advocacy Unit

	2019	2018
	U.S. $	U.S. $
Human resources	185,864	180,063
Program costs	75,942	79,244
Occupancy costs	14,075	16,432
Administrative costs	7,033	7,048
	282,914	282,787

13. Service and Empowerment Unit

	2019	2018
	U.S. $	U.S. $
Human resources	594,485	594,937
Program costs	284,345	246,324
Occupancy costs	68,697	64,326
Administrative costs	9,436	9,483
	956,963	915,070

14. Administrative and Finance Unit

	2019	2018
	U.S. $	U.S. $
Human resources	320,635	305,584
Program costs	67,002	39,137
Contractual professional services	36,043	26,867
Strategic plan evaluation	18,511	22,456
Occupancy costs	16,029	16,503
Administrative costs	7,207	6,427
	465,427	416,974

15. Special Projects

	2019	2018
	U.S. $	U.S. $
Program costs	144,489	225,374
Human resources	9,154	22,380
	153,643	247,754

16.Budget Vs. Actual

	Budget	Actual	(Over)/ Under Budget	(Over)/ Under Budget
	U.S. $	U.S. $	U.S. $	%
Human resources	1,130,256	1,100,984	29,272	3%
Capital costs	25,000	18,916	6,084	24%
Occupancy costs	88,000	98,801	(10,801)	(12%)
Administrative costs	24,500	23,676	824	3%
Contractual Professional Services	26,000	36,043	(10,043)	(39%)
Program costs	454,580	427,289	27,291	6%
Strategic plan evaluation	25,000	18,511	6,489	26%
	1,773,336	1,724,220	49,116	3%

17.Related party transactions

This item represents transactions with related parties. Related parties represent WCLAC's board of directors, key management and entities controlled, jointly controlled or significantly influenced by such parties.

The statement of activities and changes in net assets included the following transactions with related parties:

	2019	2018
	U.S. $	U.S. $
Employee's receivables - Key management	5,238	-

	2019	2018
Key management personnel compensation:	U.S. $	U.S. $
Key management share of salaries and related benefits	60,148	60,276

18. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of contributions receivable and cash and balance at banks and some other current assets. Financial liabilities consist of accounts payable, accruals and temporarily restricted contributions.

The fair value of financial instruments is not materially different from their carrying values at the date of financial statements.

19.Risk management

Credit Risk

Credit risk is the risk that the donors or other parties will be unable to fulfil their obligations of transferring the amounts under the signed contracts, which equal the carrying value of these payables. With respect to credit risk arising from other financial assets of WCLAC including cash and cash equivalent and other current assets, exposure to credit risk arises from the default of the counterparty. The maximum exposure is equal to the carrying amount of these financial assets.

Liquidity risk

WCLAC limits its liquidity risk by maintaining adequate cash balances to meet its current obligations and to finance its activities. In addition, the activities of WCLAC are financed by multiple donors. Most of WCLAC's financial liabilities are due within a period of three months.

Foreign currency risk

The table below indicates WCLAC's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the U.S. $ currency rate against the foreign currencies with all other variables held constant, on the statement of activities and changes in net assets. The effect of decreases in foreign currency exchange rate is expected to be equal and opposite to the effect of the increases shown.

	Increase in currency exchange rate to U.S. $	Effect on statement of activities and changes in net assets
	%	U.S. $
2019		
Euro	10	19,690
ILS	10	(1,548)
2018		
Euro	10	7,438
ILS	10	(1,840)

20. Concentration of Risk in Geographic Area

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

21.Restatements

Prior period restatements were made on the previously issued financial statements for 2018. Main adjustments included: accounting treatment for contributions receivable and temporary restricted contributions.

The following are the details of the reclassifications of prior years:

a. During the year, WCLAC classified the "temporarily restricted contributions" as a current liability account with a retroactive effect, instead of classifying this account as part of net assets. Temporarily restricted contributions amounted to U.S. $ 291,816 and U.S. $ 364,877 as of December 31, 2018 and January 1, 2018, respectively;

b. WCLAC classified the "postdated checks" as a current liability account with a retroactive effect, instead of classifying this account as part of cash in the current assets. Postdated checks amounted to U.S. $ 91,680 and U.S. $ 84,333 as of December 31, 2018 and January 1, 2018, respectively;

c. WCLAC classified the "deferred revenues" as a non-current liability account with a retroactive effect, instead of classifying this account as part of net assets. Deferred revenues amounted to U.S. $ 614,537 and U.S. $ 638,707 as of December 31, 2018 and January 1, 2018, respectively;

d. WCLAC classified the "employees' loans" as a current asset account with a retroactive effect, instead of classifying this account as part of liability within provisions for employees benefits account. Employees' loans amounted to U.S. $ 266,015 and U.S. $ 256,163 as of December 31, 2018 and January 1, 2018, respectively;

e. During the year, WCLAC classified the "vacation allowance" as a current liability account with a retroactive effect, instead of classifying this account as part of non-current liability. Vacation allowance amounted to U.S. $ 65,737 and U.S. $ 51,576 as of December 31, 2018 and January 1, 2018, respectively.

The effect of restatements as at December 31, 2018 was as follows:

	December 31, 2018		
	Before restatements	Restatements	Restated
	U.S. $	U.S. $	U.S. $
Assets			
Non-current assets			
Property and equipment	614,537	-	614,537
	614,537	-	614,537
Current assets			
Contributions receivable	103,060	861,235	964,295
Other current assets	60,471	266,015	326,486
Cash and balance at banks	1,851,214	91,677	1,942,891
	2,014,745	1,218,927	3,233,672
Total assets	2,629,282	1,218,927	3,848,209
Net assets and liabilities			
Net assets			
Unrestricted net assets	(162,059)	(14,309)	(176,368)
Board designated fund	120,000	-	120,000
Deferred revenues	614,537	(614,537)	-
Temporarily restricted contributions	291,816	(291,816)	-
Total net assets	864,294	(920,662)	(56,368)
Non-current liabilities			
Provision for employees' benefits	1,477,300	200,278	1,677,578
Deferred revenues	-	614,537	614,537
	1,477,300	814,815	2,292,115
Current liabilities			
Accounts payable and accruals	286,000	159,105	445,105
Temporarily restricted contributions	-	1,167,357	1,167,357
	286,000	1,326,462	1,612,462
Total liabilities	1,764,988	2,139,589	3,904,577
Total net assets and liabilities	2,629,282	1,218,927	3,848,209

The effect of the restatement as at January 1, 2018 was as follows:

	January 1, 2018		
	Before restatements	Restatements	Restated
	U.S. $	U.S. $	U.S. $
Assets			
Non-current assets			
Property and equipment	638,707	-	638,707
	638,707	-	638,707
Current assets			
Contributions receivable	23,190	1,159,521	1,182,711
Other current assets	62,889	256,163	319,052
Cash and balance at banks	1,789,807	84,333	1,874,140
	1,875,886	1,500,017	3,375,903
Total assets	2,514,593	1,500,017	4,014,610
Net assets and liabilities			
Net assets			
Unrestricted net assets	(175,036)	(10,687)	(185,723)
Board designated fund	50,000	-	50,000
Deferred revenues	638,707	(638,707)	-
Temporarily restricted contributions	364,877	(364,877)	-
Total net assets	878,548	(1,014,271)	(135,723)
Non-current liabilities			
Provision for employees' benefits	1,345,489	204,587	1,550,076
Deferred revenues	-	638,707	638,707
	1,345,489	843,294	2,188,783
Current liabilities			
Accounts payable and accruals	290,556	135,919	426,475
Temporarily restricted contributions	-	1,535,075	1,535,075
	290,556	1,670,994	1,961,550
Total liabilities	1,636,045	2,514,288	4,150,333
Total net assets and liabilities	2,514,593	1,500,017	4,014,610

22.Reclassification

We have reclassified some notes to the financial statements as of December 31, 2018 to match the presentation of the financial statements for the current period. These classifications do not affect the net assets for the year ended 2018, except for the effect of reclassification in note (21).

23.Subsequent events

Subsequent to the financial statements date, the coronavirus (COVID-19) outbreak has impacted the global economy and caused significant disruption in the global markets. Accordingly, the activities for WCLAC may be affected.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements for issuance. These developments could impact WCLAC's future financial condition and cash flows.