

WOMEN'S CENTRE FOR LEGAL AID AND COUNSELLING

FINANCIAL STATEMENTS

DECEMBER 31, 2022



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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of Women's Centre for Legal Aid and Counselling (WCLAC), which comprise the statement of financial position as at December 31, 2022, 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 WCLAC as of December 31, 2022, 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 Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 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

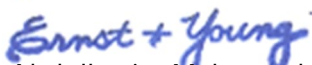
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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.

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 WCLAC'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 Mahmoud  
License # 101/2017

March 23, 2023  
Ramallah, Palestine

Women's Centre for Legal Aid and Counselling - WCLAC

Statement of Financial Position

As at December 31, 2022

	Notes	2022 U.S. \$	2021 U.S. \$
<u>Assets</u>			
Non-current assets			
Property and equipment	3	604,372	595,280
Right-of-use assets	4	57,919	55,251
		<u>662,291</u>	<u>650,531</u>
Current assets			
Contribution's receivable	5	2,628,320	2,922,231
Other current assets	6	96,238	145,181
Cash and balance at banks	7	1,660,023	2,074,322
		<u>4,384,581</u>	<u>5,141,734</u>
Total assets		<u>5,046,872</u>	<u>5,792,265</u>
<u>Net assets and liabilities</u>			
Net assets			
Unrestricted net assets		(38,834)	(48,245)
Board designated fund		120,000	120,000
Total net assets		<u>81,166</u>	<u>71,755</u>
Non-current liabilities			
Provision for employees' benefits	8	1,514,951	1,501,591
Deferred revenues	9	604,372	595,280
Long term lease liabilities	10	36,287	21,138
		<u>2,155,610</u>	<u>2,118,009</u>
Current liabilities			
Accounts payable and accruals	11	491,759	614,124
Short term lease liabilities	10	24,926	30,772
Temporary restricted contributions	12	2,293,411	2,957,605
		<u>2,810,096</u>	<u>3,602,501</u>
Total liabilities		<u>4,965,706</u>	<u>5,720,510</u>
Total net assets and liabilities		<u>5,046,872</u>	<u>5,792,265</u>

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, 2022

	Notes	<u>2022</u> U.S. \$	<u>2021</u> U.S. \$
<u>Revenues</u>			
Temporary restricted contributions released from restriction	12	2,110,405	2,359,910
Unrestricted contributions and other revenues	13	28,676	30,989
Deferred revenues recognized	9	29,589	28,098
Total revenues		<u>2,168,670</u>	<u>2,418,997</u>
<u>Expenses</u>			
Advocacy unit	14	(388,535)	(384,279)
Service and empowerment unit	15	(868,362)	(946,598)
Administrative and finance unit	16	(532,475)	(553,421)
Special projects	17	(332,321)	(391,570)
Depreciation of property and equipment	3	(29,589)	(28,098)
Currency exchange differences		(7,977)	(75,514)
Total expenses		<u>(2,159,259)</u>	<u>(2,379,480)</u>
increase in net assets		9,411	39,517
Net assets, beginning of the year		<u>(48,245)</u>	<u>(87,762)</u>
Net assets, end of year		<u>(38,834)</u>	<u>(48,245)</u>

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

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Statement of Cash Flows

For the year ended December 31, 2022

	<u>Notes</u>	<u>2022</u> U.S. \$	<u>2021</u> U.S. \$
<u>Operating activities:</u>			
increase in net assets		9,411	39,517
<u>Adjustments:</u>			
Depreciation and amortization		54,526	49,157
Provision for employees' benefits		207,302	202,238
Finance costs		4,322	2,436
Deferred revenues recognized		<u>(29,589)</u>	<u>(13,395)</u>
		245,972	279,953
<u>Change in working capital:</u>			
Contributions receivable		293,911	(1,591,952)
Other current assets		48,943	23,515
Temporary restricted contributions		(625,513)	1,573,658
Accounts payable and accruals		(122,365)	160,108
Employee's benefits paid		<u>(193,942)</u>	<u>(49,955)</u>
Net cash flows (used in) from operating activities		<u>(352,994)</u>	<u>395,327</u>
<u>Investing activities:</u>			
Purchase of property and equipment		<u>(38,681)</u>	<u>(14,703)</u>
Cash used in investing activities		<u>(38,681)</u>	<u>(14,703)</u>
<u>Financing activities:</u>			
Restricted cash		47,509	(772,201)
Payments of lease liabilities		<u>(22,624)</u>	<u>(24,136)</u>
Cash from (used in) financing activities		<u>24,885</u>	<u>(796,337)</u>
Decrease in cash and balance at banks		(366,790)	(415,713)
Cash and balance at banks, beginning of the year		<u>632,292</u>	<u>1,048,005</u>
Cash and balance at banks, end of year	7	<u><u>265,502</u></u>	<u><u>632,292</u></u>

Notes to the Financial Statements  
December 31, 2022

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, 2022 were authorized for issuance by the Board of Directors on February 22, 2023.

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, 2021 except for the adoption of new amendments on the standards effective as of January 1, 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no impact on the financial statements of WCLAC.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16  
In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of WCLAC.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of WCLAC.

Standards Issued But Not Yet Effective

The standards and interpretations that are issued but not yet effective, up to the date of issuance of WCLAC financial statements are disclosed below. WCLAC intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. WCLAC is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on WCLAC.



## Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on WCLAC.

## Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

WCLAC is currently assessing the impact of the amendments to determine the impact they will have on WCLAC's accounting policy disclosures.

### 2.3 Estimates and assumptions

The preparation of WCLAC'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:

#### Useful lives of property and equipment

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

#### Employees' benefits

Employees' indemnity expense is recorded in accordance with the Palestinian Labor Law and in accordance with applicable accounting standards.

#### 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.

## 2.4 Summary of Significant accounting policies,

### Revenue recognition

#### Contribution revenues

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 Temporary restricted by donor for specific purpose or time are recognized when such purpose or time is satisfied.

#### Deferred revenues

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

In determining impairment of financial assets, judgement is required in the estimation of 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.

WCLAC computes the provision for impairment of financial assets according to the International Financial Reporting Standards (IFRSs).

#### 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:

	<u>Useful Life (Years)</u>
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.

#### 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.

#### Income taxes

WCLAC 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 WCLAC 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.

#### 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.

### 3. Property and equipment

	<u>Land</u> U.S. \$	<u>Building and improvements</u> U.S. \$	<u>Office furniture and equipment</u> U.S. \$	<u>Computers and Software</u> U.S. \$	<u>Total</u> U.S. \$
<u>Cost:</u>					
At January 1, 2022	371,077	284,413	605,751	53,332	1,314,573
Additions	-	-	38,681	-	38,681
At December 31, 2022	<u>371,077</u>	<u>284,413</u>	<u>644,432</u>	<u>53,332</u>	<u>1,353,254</u>
<u>Accumulated depreciation:</u>					
At January 1, 2022		126,123	539,838	53,332	719,293
Depreciation charge for the year	-	6,252	23,337	-	29,589
At December 31, 2022	<u>-</u>	<u>132,375</u>	<u>563,175</u>	<u>53,332</u>	<u>748,882</u>
<u>Net book value:</u>					
At December 31, 2022	<u>371,077</u>	<u>152,038</u>	<u>81,257</u>	<u>-</u>	<u>604,372</u>
At December 31, 2021	<u>371,077</u>	<u>158,290</u>	<u>65,913</u>	<u>-</u>	<u>595,280</u>

Property and equipment include U.S. \$ 557,470 and U.S. \$ 556,838 of fully depreciated assets that are still being used in WCLAC's activities as at December 31, 2022 and 2021, respectively.

#### 4. Right-of-use assets

Below are the details of the movement in the right of use assets:

	<u>2022</u>	<u>2021</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance at the beginning of the year	55,251	17,096
Additions	27,605	59,214
Amortization for the year	<u>(24,937)</u>	<u>(21,059)</u>
Balance at the end of the year	<u><u>57,919</u></u>	<u><u>55,251</u></u>

WCLAC has lease contracts for a rent of offices. Leases of its offices generally have an average lease term of 4 years. The interest rates on the lease has been computed based on the average interest rate which equals 5%.

5. Contributions receivable

	Balance, beginning of year	Additions	Cash received	Write-off	Currency exchange differences	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
War Child 2021-2025	895,295	-	(117,008)	-	(51,203)	727,084
SWISS Development Cooperation 2021 - 2023	810,527	-	(368,420)	-	-	442,107
UN Trust Fund	-	483,003	(68,749)	-	-	414,254
Bread for the World 2022-2024	-	525,770	(155,696)	-	(15,205)	354,869
AMAN -NED- EU 2021-2023	338,369	-	(58,087)	-	(21,296)	258,986
Women International League Peace and Freedom 2022 - 2025	-	117,045	-	-	-	117,045
European Union - Miftah	152,368	-	(46,243)	-	-	106,125
Bread for the World 2019-2021	67,221	-	-	-	(3,993)	63,228
Ocha War Child	-	52,958	(23,831)	-	-	29,127
Ministry of Social Affairs "MOSA" Project	33,070	-	-	-	(6,324)	26,746
Oxfam Novib- Naseej	163,764	-	(125,734)	-	(16,080)	21,950
Global Fund 2022 - 2024	-	40,000	(20,000)	-	-	20,000
European Union - JILAC	59,148	-	(32,548)	-	(10,929)	15,671
Italian Cooperation	-	20,399	(3,981)	-	(808)	15,610
CEDAW-Miftah project	7,172	-	-	-	(387)	6,785
International Institute of Social Studies	31,425	-	-	(24,399)	(2,088)	4,938
United Nations Women-Almuntadaa	8,538	48,840	(51,578)	-	(2,372)	3,428
Broederlijk Delen 2022-2026	-	39,900	(39,403)	-	(130)	367
Care International - 2021	41,750	-	(35,595)	(6,155)	-	-
DanChurchAid – Danida Share	38,401	16,638	(52,725)	-	(2,314)	-
International Affairs and Development Cooperation Iceland	-	100,000	(100,000)	-	-	-
Norwegian Ministry of Foreign Affairs	-	262,035	(262,035)	-	-	-
Open Society Policy Center	100,000	-	(100,000)	-	-	-
United Nations Development Programme	90,605	-	(90,605)	-	-	-
United Nations Women-Himayah	84,578	-	(34,717)	(61,308)	11,447	-
UN Women CSOs Network Partnership	-	37,400	(37,400)	-	-	-
	<u>2,922,231</u>	<u>1,743,988</u>	<u>(1,824,355)</u>	<u>(91,862)</u>	<u>(121,682)</u>	<u>2,628,320</u>

## 6. Other current assets

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Employees' loans	47,364	82,973
Employees' receivables	48,024	58,249
Advances to partners	744	3,959
Prepaid expenses	106	-
	<u>96,238</u>	<u>145,181</u>

## 7. Cash and balance at banks

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Cash on hand	1,372	3,787
Current accounts at banks	973,974	1,392,135
Short-term deposits*	684,677	678,400
	<u>1,660,023</u>	<u>2,074,322</u>

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

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Cash and balance at banks	1,660,023	2,074,322
Restricted cash*	(1,394,521)	(1,442,030)
	<u>265,502</u>	<u>632,292</u>

\* The average interest rate during the year on the short-term deposits was 1.83% and 1.25 % for 2022 and 2021, respectively. The interest revenue for the year 2022 and 2021 was U.S. \$ 11,595 and U.S \$ 8,570, respectively. These deposits are restricted for the compensation of employees' benefits (note 8).

## 8. 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
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<u>2022</u>				
Severance pay provision	1,014,349	127,856	(103,563)	1,038,642
Employee's saving fund	487,242	79,446	(90,379)	476,309
	<u>1,501,591</u>	<u>207,302</u>	<u>(193,942)</u>	<u>1,514,951</u>
<u>2021</u>				
Severance pay provision	892,795	131,702	(10,148)	1,014,349
Employee's saving fund	456,513	70,536	(39,807)	487,242
	<u>1,349,308</u>	<u>202,238</u>	<u>(49,955)</u>	<u>1,501,591</u>



## 9. Deferred revenues

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Balance, beginning of year	595,280	608,675
Additions	38,681	14,703
Deferred revenues recognized	(29,589)	(28,098)
Balance, end of year	<u>604,372</u>	<u>595,280</u>

## 10. Lease liability

Below are the details of the movement in the lease Liability:

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Balance, beginning of the year	51,910	14,396
Additions	27,605	59,214
Paid during the year	(22,624)	(24,136)
Finance cost related to long-term lease liabilities	4,322	2,436
Balance at end of year	<u>61,213</u>	<u>51,910</u>

WCLAC has lease contracts for a rent of offices. Leases of offices generally have lease terms for 4 years. The interest on the lease has been computed based on the average interest rate which equals 5%.

Detailed lease liabilities as of December 31, 2022 shown as below:

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Short-term	24,926	30,772
Long-term	36,287	21,138
Total	<u>61,213</u>	<u>51,910</u>

## 11. Accounts payable and accruals

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Postdated cheques	150,363	203,160
Payables	132,858	120,677
Legal provision	30,895	103,615
Inflation allowance	94,537	94,537
Vacation provision	75,416	79,240
Accrued expenses	7,690	12,895
	<u>491,759</u>	<u>614,124</u>

## 12. Temporary restricted contributions

This item comprises temporary 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 temporary restricted contributions for the year ended December 31, 2022 is as follows:

	Balance, beginning of year	Temporary restricted contributions released from restriction						Currency exchange differences	Balance, end of year
		Additions	Core	Special	Total	Deferred	Write-Off		
			Fund (a)	Fund (b)	(a+b)	Revenues			
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
AMAN -NED- EU 2021- 2023	303,485	-	(34,688)	(64,491)	(99,179)	(1,144)	-	(23,023)	180,139
Bread for the World 2022- 2024	-	525,770	(144,267)	-	(144,267)	(11,429)	-	(15,205)	354,869
Broederlijk Delen	2,560	-	-	-	-	-	(2,560)	-	-
Broederlijk Delen 2022- 2026	-	39,900	(29,468)	(8,279)	(37,747)	(2,153)	-	-	-
Care International – 2021	18,519	-	(12,664)	-	(12,664)	-	(6,155)	300	-
CEDAW-Miftah project	11,278	-	(8,729)	(1,451)	(10,180)	-	-	(1,098)	-
DanChurchAid – Danida Share	37,590	16,638	(54,228)	-	(54,228)	-	-	-	-
European Union – JILAC	65,222	-	(34,758)	-	(34,758)	-	-	(12,061)	18,403
European Union – Miftah	238,430	-	(124,179)	(48,440)	(172,619)	-	-	-	65,811
French 2021	2,925	-	-	-	-	-	(2,925)	-	-
Global Fund for Women – 1	7,118	-	-	-	-	-	-	-	7,118
Global Fund for Women – 2	1,758	-	-	-	-	-	-	-	1,758
International Affairs and Development Cooperation Iceland	-	100,000	(93,650)	-	(93,650)	(6,350)	-	-	-
International Institute of Social Studies	46,696	-	(2,981)	(15,062)	(18,043)	-	(24,399)	(4,254)	-
MOSA Project	10,052	-	(3,238)	-	(3,238)	-	-	(6,814)	-
Norwegian Ministry of Foreign Affairs	-	262,035	(262,035)	-	(262,035)	-	-	-	-
Open Society Policy Center (OSI) – New	135,000	-	(100,000)	-	(100,000)	-	-	-	35,000
Oxfam Novib- Naseej	181,295	-	(133,922)	(33,074)	(166,996)	(2,204)	-	(12,095)	-
	<u>1,061,928</u>	<u>944,343</u>	<u>(1,038,807)</u>	<u>(170,797)</u>	<u>(1,209,604)</u>	<u>(23,280)</u>	<u>(36,039)</u>	<u>(74,250)</u>	<u>663,098</u>

	<u>Temporary restricted contributions released from restriction</u>							Currency exchange difference s	Balance, end of year
	Balance, beginning of year	Additions	Core Fund (A)	Special Fund (B)	Total (A+B)*	Deferred Revenues	Write-Off		
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$		
Sub-total from previous page	<u>1,061,928</u>	<u>944,343</u>	<u>(1,038,807)</u>	<u>(170,797)</u>	<u>(1,209,604)</u>	<u>(23,280)</u>	<u>(36,039)</u>	<u>(74,250)</u>	<u>663,098</u>
Swiss Development Cooperation 2021 -2023	736,843	-	(363,556)	-	(363,556)	(4,846)	-	-	368,441
United Nations Development Programme	80,453	-	(59,033)	-	(59,033)	-	-	-	21,420
United Nations Women- Almutadaa	-	48,840	(28,651)	(15,669)	(44,320)	-	-	(1,097)	3,423
United Nations Women- Himayah	100,658	-	(34,413)	(16,523)	(50,936)	-	(61,308)	11,586	-
War Child 2021-2025	975,273	-	(166,118)	(83,631)	(249,749)	(10,555)	-	(96,320)	618,649
Women International League Peace and Freedom 2022 - 2025	-	117,045	(4,836)	-	(4,836)	-	-	-	112,209
Italian Cooperation	-	20,399	(18,731)	-	(18,731)	-	-	(1,668)	-
Global Fund 2022 - 2024	-	40,000	(12,168)	-	(12,168)	-	-	-	27,832
Ocha War Child	-	52,958	(6,942)	-	(6,942)	-	-	-	46,016
UN Trust Fund	-	483,003	(21,018)	(29,662)	(50,680)	-	-	-	432,323
UN Women CSOs Network Partnership	-	37,400	(37,400)	-	(37,400)	-	-	-	-
Women International League Peace and Freedom	2,450	-	(2,450)	-	(2,450)	-	-	-	-
	<u>2,957,605</u>	<u>1,743,988</u>	<u>(1,794,123)</u>	<u>(316,282)</u>	<u>(2,110,405)</u>	<u>(38,681)</u>	<u>(97,347)</u>	<u>(161,749)</u>	<u>2,293,411</u>

\* Temporarily restricted contributions released from restrictions consist of U. S. \$ 2,110,405 total expenses (notes 14,15,16 and 17).

13. Unrestricted contributions and other revenues

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Local and private donations	17,081	22,419
Interest on deposits	11,595	8,570
	<u>28,676</u>	<u>30,989</u>

14. Advocacy unit

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Human resources	244,702	238,892
Program costs	116,450	117,527
Occupancy costs	20,131	17,930
Administrative costs	7,252	9,930
	<u>388,535</u>	<u>384,279</u>

15. Service and empowerment unit

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Human resources	563,465	588,302
Program costs	220,988	272,116
Occupancy costs	71,810	66,054
Administrative costs	12,099	20,126
	<u>868,362</u>	<u>946,598</u>

16. Administrative and finance unit

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Human resources	420,266	391,776
Program costs	45,253	88,155
Contractual professional services	32,012	43,116
Occupancy costs	25,546	20,109
Administrative costs	9,398	10,265
	<u>532,475</u>	<u>553,421</u>

17. Special projects

	<u>2022</u>	<u>2021</u>
	U.S. \$	U.S. \$
Program costs	302,254	376,872
Human resources	29,260	11,523
Occupancy costs	807	3,175
	<u>332,321</u>	<u>391,570</u>

## 18. Budget Vs. Actual

This table shows the budget vs actual figures for each major expense line item:

	<u>Budget</u>	<u>Actual</u>	<u>(Over)/ Under Budget</u>	<u>(Over)/ Under Budget</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>%</u>
Human resources	1,334,791	1,228,433	106,358	8.0%
Occupancy costs	118,000	117,487	513	0.4%
Administrative costs	28,700	28,749	(49)	0.2%
Contractual Professional Services	44,000	32,012	11,988	27.2%
Program costs	550,706	382,691	168,015	30.5%
	<u>2,076,197</u>	<u>1,789,372</u>	<u>286,825</u>	<u>13.8%</u>

## 19. 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:

	<u>2022</u>	<u>2021</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
<u>Key management personnel compensation:</u>		
Key management share of salaries and related benefits	<u>65,000</u>	<u>59,462</u>

## 20. 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 and accruals, lease liabilities and temporary restricted contributions.

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

## 21. 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. WCLAC is exposed to credit risk from its operating activities (primarily for contributions receivable). WCLAC seeks to limit its credit risk with respect to contributions receivables by only dealing with reputable donors. With respect to credit risk arising from other financial assets including cash and balance at banks 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>%</u>	<u>U.S. \$</u>
<u>2022</u>		
Euro	10	20,538
ILS	10	(2,118)
<u>2021</u>		
Euro	10	25,196
ILS	10	(3,452)

### 22. 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.

### 23. Comparative figures

The corresponding figures for 2021 have been reclassified in order to conform to the presentation for the current year, such reclassifications do not affect the reported net assets of 2021.