

**The Palestinian Association for Empowerment and Local  
Development-REFORM**

**Financial Statements and Independent Auditor's Report**

**For the Year Ended December 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
The Palestinian Association for Empowerment and Local Development- REFORM**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **The Palestinian Association for Empowerment and Local Development - REFORM**, which comprise the statement of financial position as of December 31, 2023, statement of activities and other comprehensive income, statement of changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **REFORM** as of December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) (Accounting standard).

#### 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 Statement section of our report. We are independent of **REFORM** in accordance with the ethical requirements that are relevant to our audit of the financial statement in Palestinian, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the financial statements in accordance with IFRS (Accounting 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.

In preparing the financial statements, management is responsible for assessing **REFORM** 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 **REFORM** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **REFORM** financial reporting process.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### 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 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 ISA's, we exercise professional judgement 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 **REFORM** 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 disclosure 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 **REFORM** 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and protection measures where applicable.

**Munther Al Bandak**  
License no. (114/2015)

**Deloitte & Touche (M.E.)**  
Certified Public Accountants  
Ramallah - Palestine

**Deloitte & Touche (M.E.)**  
Ramallah – Palestine  
8 April 2024

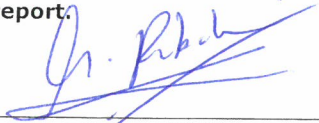
**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Statement of Financial Position  
As of December 31, 2023**

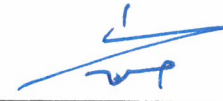
|   | Notes | 2023             | 2022<br>Adjusted<br>(Note 19) | 2022<br>As<br>Presented |
|---|-------|------------------|-------------------------------|-------------------------|
|   |       | NIS              | NIS                           | NIS                     |
| <b>Assets</b>                           |       |                  |                               |                         |
| Cash on hand and deposits with banks    | 5     | 1,607,469        | 909,796                       | 909,796                 |
| Pledge receivables                      | 6     | 2,529,998        | 3,055,427                     | 339,672                 |
| Other current assets                    | 7     | 47,336           | 24,250                        | 9,249                   |
| <b>Total Current Assets</b>             |       | <b>4,184,803</b> | <b>3,989,473</b>              | <b>1,258,717</b>        |
| Right of use assets                     | 8     | 448,470          | 136,753                       | 136,753                 |
| Property and equipment, Net             | 9     | 171,268          | 217,231                       | 217,231                 |
| <b>Total Assets</b>                     |       | <b>4,804,541</b> | <b>4,343,457</b>              | <b>1,612,701</b>        |
| <b>Liabilities and Net Assets</b>       |       |                  |                               |                         |
| Payables and accruals                   | 10    | 297,610          | 371,030                       | 371,030                 |
| Lease liabilities- Short term           | 8     | 68,376           | 68,376                        | 68,376                  |
| <b>Total Current Liabilities</b>        |       | <b>365,986</b>   | <b>439,406</b>                | <b>439,406</b>          |
| Lease liabilities- Long term            | 8     | 380,094          | 68,377                        | 68,377                  |
| Provision for severance pay             | 11    | 356,720          | 306,083                       | 306,083                 |
| Temporarily Restricted Contribution     | 13    | 3,130,383        | 3,008,964                     | 178,620                 |
| <b>Total Liabilities</b>                |       | <b>4,233,183</b> | <b>3,822,830</b>              | <b>992,486</b>          |
| <b>Net Assets</b>                       |       |                  |                               |                         |
| Unrestricted fund                       |       | 571,358          | 520,627                       | 620,215                 |
| <b>Net assets</b>                       |       | <b>571,358</b>   | <b>520,627</b>                | <b>620,215</b>          |
| <b>Total liabilities and net assets</b> |       | <b>4,804,541</b> | <b>4,343,457</b>              | <b>1,612,701</b>        |

The Accompanying Notes form an integral part of these Financial Statements.

Appendix A of this report is provided for explanatory purposes only and is not part of the financial statements or the auditor's report.



Mr. Mohammad Rabah Ali Ahmad  
Chairman of the Board of Directors



Mr. Hasan Mahareeq  
Treasurer

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Statement of Activities and Other Comprehensive Income  
For the year ended December 31, 2023**

|   |      | 2023             | 2022<br>Adjusted<br>(Note 19) | 2022<br>As<br>Presented |
|---|------|------------------|-------------------------------|-------------------------|
|   | Note | NIS              | NIS                           | NIS                     |
| <b>Grants and Revenues</b>  |      |                  |                               |                         |
| Unrestricted Contributions  | 12   | 105,781          | 39,909                        | 39,909                  |
| Temporarily Restricted Contribution<br>Released from Restrictions | 13   | 2,675,327        | 2,731,264                     | 2,731,264               |
| <b>Total Grants and Revenues</b>                                  |      | <b>2,781,108</b> | <b>2,771,173</b>              | <b>2,771,173</b>        |
| <b>Expenses</b>   |      |                  |                               |                         |
| Projects' Expenses  | 14   | 2,656,535        | 2,717,869                     | 2,717,869               |
| General and Administrative Expenses                               | 15   | 136,843          | 87,193                        | 87,193                  |
| <b>Total General, Administrative and<br/>project expenses</b>     |      | <b>2,793,378</b> | <b>2,805,062</b>              | <b>2,805,062</b>        |
| Currency Exchange (Gain) / Loss                                   |      | (138,227)        | 16,331                        | (83,257)                |
| Depreciation Expense  | 9    | 75,226           | 80,669                        | 80,669                  |
| <b>Total Expenses - Net</b>                                       |      | <b>2,730,377</b> | <b>2,902,062</b>              | <b>2,802,474</b>        |
| <b>Increase/ (Decrease) in net assets</b>                         |      | <b>50,731</b>    | <b>(130,889)</b>              | <b>(31,301)</b>         |
| Other Comprehensive Income  |      | -                | -                             | -                       |
| <b>Total Comprehensive Income</b>                                 |      | <b>50,731</b>    | <b>(130,889)</b>              | <b>(31,301)</b>         |

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The Palestinian Association for Empowerment  
and Local Development-REFORM

Statement of Changes in Net Assets  
For the year ended December 31, 2023

|   | Unrestricted<br>fund | Temporarily<br>restricted fund | Investment in<br>property and<br>equipment | Total Net<br>Assets |
|---|----------------------|--------------------------------|--|---------------------|
|   | NIS                  | NIS                            | NIS  | NIS                 |
| <b>Balance As of January 1, 2023 – After Adjusting</b>            |                      |                                |  |                     |
| Change in Net Assets during the year                              | 520,627              | -                              | -  | 520,627             |
| <b>Balance as of December 31, 2023</b>                            | <b>571,358</b>       | -                              | -  | <b>571,358</b>      |
| <b>Balance As of January 1, 2022 – Before Adjusting</b>           | <b>391,970</b>       | <b>43,676</b>                  | <b>283,305</b>                             | <b>718,951</b>      |
| Prior Period Adjustments (Note 18)                                | -                    | 2,901,820                      | -  | 2,901,820           |
| <b>Adjusted Balance As of January 1, 2022</b>                     | <b>391,970</b>       | <b>2,945,496</b>               | <b>283,305</b>                             | <b>3,620,771</b>    |
| Change in Net Assets during the year                              | (130,889)            | -                              | -  | (130,889)           |
| Change in Temporarily restricted fund during 2022                 | -                    | 63,468                         | -  | 63,468              |
| Written off Pledge Receivable                                     | (23,759)             | -                              | -  | (23,759)            |
| Reclassification of property, Plant and Equipment                 | 283,305              | -                              | -  | 283,305             |
| Temporarily restricted Fund reclassified to Liabilities (Note 13) | -                    | (3,008,964)                    | (283,305)                                  | (3,008,964)         |
| <b>Balance as of December 31, 2022 – After Adjusting</b>          | <b>520,627</b>       | -                              | -  | <b>520,627</b>      |

The Accompanying Notes form an integral part of these Financial Statements.

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**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Statement of Cash Flows  
For the year ended December 31, 2023**

|   | <b>2023</b>      | <b>2022<br/>Adjusted<br/>(Note 19)</b> | <b>2022<br/>As<br/>Presented</b> |
|---|------------------|--|----------------------------------|
|   | <b>NIS</b>       | <b>NIS</b>                             | <b>NIS</b>                       |
| <b>Cash Flows from Operating Activities</b>   |                  |  |                                  |
| Change in net assets  | 50,731           | (130,889)                              | (31,301)                         |
| <b>Adjustments:</b>   |                  |  |                                  |
| Depreciation of property and equipment  | 75,226           | 80,669                                 | 80,669                           |
| Amortization of right of use assets   | 68,376           | 68,376                                 | 68,376                           |
| Provision for severance pay   | 75,873           | 82,673                                 | 82,673                           |
| Written off-Pledge Receivable   | -                | (23,759)                               | (23,759)                         |
| Loss on Sale of Property and equipment  | 1,747            | -                                      | -                                |
| <b>Cash Flow from Operating Activities Before<br/>Changes in Operating Assets and Liabilities</b> | <b>271,953</b>   | <b>77,070</b>                          | <b>176,658</b>                   |
| <b>Increase / Decrease in Assets and Liabilities</b>  |                  |  |                                  |
| Decrease/(Increase) in Pledge Receivable  | 525,429          | (2,674,693)                            | 41,062                           |
| (Increase) / Decrease in Other Current Assets   | (23,086)         | (10,114)                               | 4,887                            |
| (Decrease) in Accounts Payable and Accruals   | (73,420)         | (34,258)                               | (34,258)                         |
| Increase in Temporarily Restricted Contribution   | 121,419          | 2,965,288                              | 134,944                          |
| <b>Cash Flow Generated from Operating Activities</b>  | <b>822,295</b>   | <b>323,293</b>                         | <b>323,293</b>                   |
| Payments of Employees' benefits   | (25,236)         | (98,335)                               | (98,335)                         |
| <b>Net Cash Flows Generated from Operating<br/>Activities *</b>                                   | <b>797,059</b>   | <b>224,958</b>                         | <b>224,958</b>                   |
| <b>Cash Flows from Investing Activities</b>   |                  |  |                                  |
| Purchase of Property and equipment  | (37,645)         | (14,595)                               | (14,595)                         |
| Cash Received from the Sales of Property and<br>equipment   | 6,635            | -                                      | -                                |
| <b>Net Cash flows (Used in) Investing Activities</b>  | <b>(31,010)</b>  | <b>(14,595)</b>                        | <b>(14,595)</b>                  |
| <b>Cash flows from Financing Activities</b>   |                  |  |                                  |
| Interest expense on lease liabilities   | 8,617            | 8,617                                  | 8,617                            |
| Repayments of lease liabilities   | (76,993)         | (76,993)                               | (76,993)                         |
| <b>Net Cash flows (Used in) Financing Activities</b>  | <b>(68,376)</b>  | <b>(68,376)</b>                        | <b>(68,376)</b>                  |
| <b>Increase in Cash and Deposits with Banks<br/>During the Year</b>                               | <b>697,673</b>   | <b>141,987</b>                         | <b>141,987</b>                   |
| Cash on Hand and Deposits with Banks, Beginning of<br>Year  | 909,796          | 767,809                                | 767,809                          |
| <b>Cash on Hand and Deposits with Banks at End<br/>of Year</b>                                    | <b>1,607,469</b> | <b>909,796</b>                         | <b>909,796</b>                   |
| <b>* Operating Activates are summarized as<br/>follows:</b>                                       |                  |  |                                  |
| Grants contribution   | 3,467,342        | 2,900,208                              | 2,900,208                        |
| Other Revenue   | 105,781          | 39,909                                 | 39,909                           |
| Cash paid to employees and suppliers  | (2,776,064)      | (2,715,159)                            | (2,715,159)                      |
| <b>Net Cash Flows Generated from Operating<br/>Activities</b>                                     | <b>797,059</b>   | <b>224,958</b>                         | <b>224,958</b>                   |

The Accompanying Notes form an integral part of these Financial Statements.

Appendix A of this report is provided for explanatory purposes only and is not part of the financial statements or the auditor's report.

# **The Palestinian Association for Empowerment and Local Development-REFORM**

## **Notes to Financial Statements For the year ended December 31, 2023**

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### **1. General**

The Palestinian Institution for Empowerment and Local Development (REFORM) is a Palestinian non-governmental civil society organization, established by a group of young social and political activists in 2012. It seeks to achieve sustainable change within Palestinian society by providing developmental interventions linked to raising awareness among various community components and providing them with a skill set that includes capacity building, training, and guidance.

General and Sub-Strategic Objectives:

- Combat polarization and fragmentation.
- Enhance the access of local and marginalized communities to justice and security.
- Promote active citizenship practices and foster youth and women's engagement.
- Advance outreach and targeting capabilities of REFORM.
- Develop the organizational, administrative, and financial structure of the Association.

The Management has approved the financial statements for the year ended December 31, 2023, on March 31, 2024.

### **2. Application of new and revised International Financial Reporting Standards ("IFRSs")**

In the current year, REFORM management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on December 31, 2023.

At the date of these financial statements, there were a combination of standards and amendments to IFRSs that are applicable in subsequent years. The management believes that these standards and their interpretations will be applied in the financial statements of REFORM according to the dates of their effectiveness and that this application has no effect on the financial statements of REFORM in the initial application stage.

### **3. Information for Material Accounting Policies**

#### **3.1 Commitment Statement**

The financial statements have been prepared in accordance with International Financial Reporting Standard.

#### **3.2 Preparation Principles**

The financial statements have been prepared based on the historical cost principle. The historical cost generally relies on the fair value of the consideration paid for goods and services.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**3. Information for Material Accounting Policies (Continued)**

**3.3 Basis of Preparation of Financial Statements**

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards (IFRSs).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. In order to ensure observance of limitations and restrictions placed on the use of the available resources, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, net assets of REFORM Association and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by REFORM Association is not subject to donor-imposed restrictions.
- **Temporary restricted net assets** - Net assets whose use by REFORM Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of REFORM Association pursuant to those donor-imposed stipulations.
- **Contributions** are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported as net assets released from restrictions.

The statement of activities is a statement of financial activities related to the current period, it is not a performance measure and does not purport to present the net income or loss for the period as would a statement of income for a business enterprise.

The statement of activities includes certain prior-year summarized comparative in total but not by net asset class, i.e., with respect to restrictions and accordingly, such information should be read in conjunction with REFORM's financial statements for the prior year from which the summarized information was derived in order to have sufficient details in conformity with International Financial Reporting Standards.

**3.4 Foreign Currency Transactions**

The financial statements are presented in New Israeli Shekel (NIS) being the currency of the primary economic environment in which REFORM Association operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the date of the transactions. At the date of the financial statements, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**3. Information for Material Accounting Policies (Continued)**

**3.4 Foreign Currency Transactions (Continued)**

Exchange differences are recognized in the statement of activities in the period in which they arise.

- Transactions which are expressed or denominated in other currencies are converted into New Israeli Shekel equivalent using the exchange rate prevailing on the date of each transaction.
- Assets and liabilities which are denominated or expressed in other currencies are presented at their NIS equivalent using the exchange rate prevailing at year-end.
- All other assets and liabilities are presented in their ILS equivalent at their historical values.
- Exchange differences arising from the translation of local currency balances is charged to the statement of activities.

Exchange rates at year-end against New Israeli Shekel were detailed as follows:

|      | <u>2023</u> | <u>2022</u> |
|------|-------------|-------------|
| USD  | 3.596       | 3.516       |
| EURO | 3.968       | 3.753       |

**3.5 Cash on Hand and Deposits with Banks**

Represent all cash and deposits with bank balances maturing within three months.

**3.6 Contributions Receivable**

Unconditional grants and grants with stipulations that are expected to be met are recognized as increases in temporarily restricted funds and are released to unrestricted funds over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis.

Amounts received under conditional grants whose conditions are based on future events and actions are deferred and presented under current liabilities and are taken to the statement of activities when the related conditions are met.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to REFORM Association with no future related costs are recognized in the statement of activities in the period in which they become receivable.

Grants whose primary condition is that REFORM Association should purchase, construct or otherwise acquire non-current assets are recognized under temporarily restricted funds and released to unrestricted funds when the assets are acquired.

Government grants are not recognized until there is reasonable assurance that REFORM Association will comply with the conditions attached to them and that the grants will be received.

**3.7 Functional Allocation of Expenses**

REFORM allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on best estimates and judgment of management.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**3. Information for Material Accounting Policies (Continued)**

**3.8 Properties and Equipment**

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. The yearly depreciation rates are as follows:

|           |     |
|-----------|-----|
| Furniture | 10% |
| Cars      | 10% |
| Equipment | 20% |
| Computers | 20% |

When the expected recoverable amount is less than the net book value, the Property and equipment amount is reduced to the lower of cost or net realizable value and the difference (if any) is included in the statement of activities.

The useful lives of Property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being as a change in estimate.

Property and equipment are disposed of when there is no expected future benefit from the use of that asset.

**3.9 Other current liabilities**

Other current liabilities are recognized for the amounts to be paid in the future for goods and services received, whether billed by the suppliers or not.

**3.10 Provision for Severance Pay**

Provision for severance pay is payable to the employees at the end of their services and it is provided in accordance with the guidelines set by the local labor laws. The provision is computed and provided for based on one-month compensation for each year of service based on the last salary paid during the year.

**3.11 Income taxes**

REFORM is a not-for-profit organization. Accordingly, it is not subject to income taxes.

**3.12 Contingencies**

REFORM receives grants from various donors and such grants are subject to individual audits under the grant agreement terms. The ultimate determination of amounts received under these grants is based on the allowed costs reported to and accepted by donors as a result of the audits. Until such audits are accepted by donors, there exists a contingency to refund any amount received in excess of allowed costs.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**3. Information for Material Accounting Policies (Continued)**

**3.13 Lease Contracts**

The Organization as a Lessee:

The Organization assesses whether the contract contains a lease at the inception of the contract. The Organization recognizes right-of-use assets and corresponding lease liabilities in respect of all lease arrangements in which it is a lessee, except for short-term leases (defined as leases of 12 months or less) and leases of low-value assets (such as tablets, personal computers, things small office furniture and telephones). For these leases, the Organization recognizes the lease payments as an operating expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the implicit rate in the lease. If this rate cannot be easily determined, the incremental borrowing rate is used.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (containing in essence fixed payments), less lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the contract;
- the amount the lessee is expected to pay under the residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payment of penalties for terminating the lease if the lease reflects the exercise of the option to terminate the lease.

Lease liabilities are presented as a separate line item in the statement of financial position. Subsequently, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by decreasing the carrying amount to reflect the lease payments paid.

Lease liabilities are remeasured (and a corresponding adjustment is made to the related right-of-use assets) when:

- The lease term is changed if there is a significant event or change in circumstances that causes a change in the valuation of exercising the call option, in which case the lease liability is remeasured by discounting the adjusted lease payments using the adjusted discount rate.
- Lease payments change due to changes in an index or rate or a change in the expected payments under the guaranteed residual value, in which cases the lease liability is remeasured by discounting the adjusted lease payments using an unchanging discount rate (unless the lease payments change due to a change in the interest rate floating rate, in which case the adjusted discount rate is used).

**3.14 Provident Funds**

The organization maintains a provident fund for its employees, in accordance with organization policies. Contributions to the provident fund are made at a rate of 3% by employees and 6% by the Reform.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**4. Estimates and Assumptions**

The financial statements include certain estimates and assumptions made by management relating to reporting of assets, and liabilities, at the statement of financial position date, and the reporting of revenue, expenses, gains, and losses during the year. Actual results may differ from those estimates adopted by REFORM's management. Estimates used in the preparation of the financial statements are as the following:

**Provision for Severance pay;** Provision for employee's end-of-service benefits is calculated in accordance with Palestinian labor law in effect in Palestine.

**Property, Plant and equipment;** A periodic review is performed on assets estimated useful lives and assets that are subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment loss, if any, is reflected in the statement of activities.

**5. Cash on hand and deposits with banks**

|                     | <u>2023</u>             | <u>2022</u>           |
|---------------------|-------------------------|-----------------------|
|                     | <u>NIS</u>              | <u>NIS</u>            |
| Cash at banks- NIS  | 392,011                 | 76,240                |
| Cash at banks- USD  | 4,053                   | 20,991                |
| Cash at banks- EURO | 551,673                 | 443,239               |
| Time deposit *      | 649,597                 | 340,866               |
| Petty cash          | 10,135                  | 28,460                |
|                     | <u><b>1,607,469</b></u> | <u><b>909,796</b></u> |

\* This item represents short-term deposits, with an interest rate of 3% on the deposit in New Israeli Shekels for the year ending on December 31, 2023.

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Notes to Financial Statements  
For the year ended December 31, 2023

6. Pledge receivables

| December 31, 2023  | Balance at Beginning<br>of the Year (Adjusted) | Additions        | Cash<br>Received   | Currency Exchange<br>Differences | Balance at End<br>of the Year |
|--|--|------------------|--------------------|----------------------------------|-------------------------------|
|  | NIS  | NIS              | NIS                | NIS                              | NIS                           |
| Amal Project-We Change - GVC   | 99,026   | -                | (101,989)          | 2,963                            | -                             |
| Civil Peace Project- AGIAMONDO   | -  | 85,014           | (85,014)           | -                                | -                             |
| Youth Lead Action-YLA 2022 - GIZ   | 2,227,653                                      | -                | (1,133,234)        | 120,828                          | 1,215,247                     |
| Agents for Change towards gender equality- ACPP  | 245,679  | -                | (182,964)          | 18,356                           | 81,071                        |
| National Coalition for Social Cohesion and unity-<br>Palthink  | 55,151   | -                | (57,515)           | 2,364                            | -                             |
| Nseej Project- Oxfam   | 112,593  | -                | (116,639)          | 4,046                            | -                             |
| Women- Creative Force SI   | 154,364  | -                | (104,220)          | -                                | 50,144                        |
| Strengthening democratic Participation egalitarian<br>civil cohesion of Palestinian citizen in area C - ACPP     | 63,802   | -                | (63,878)           | 76                               | -                             |
| Developing relation between LGU's and Palestinian<br>citizen in the Marginalized areas in Westbank- LGRP         | 26,759   | -                | (17,860)           | (8,899)                          | -                             |
| Enhancing access to justice through promoting ADR<br>and early response mechanisms" – Phase II-<br>SAWASYA/ UNDP | 70,400   | -                | (74,071)           | 3,671                            | -                             |
| IM core 2023   | -  | -                | -                  | -                                | -                             |
| Symposia 2023- DIAKONIA  | -  | 153,322          | (153,322)          | -                                | -                             |
| Ambassador (SAFEER) Project- 2023 - KAS  | -  | 145,212          | (145,212)          | -                                | -                             |
| United in Diversity- 2023- NPA   | -  | 126,000          | (126,000)          | -                                | -                             |
| Social Participation Research project SFF/ GIZ   | -  | 375,730          | (371,949)          | (3,781)                          | -                             |
| CPP/ PEER. NPA   | -  | 139,995          | (80,005)           | (677)                            | 59,313                        |
| FSL/ PEER. NPA   | -  | 611,436          | (293,744)          | (23,815)                         | 293,877                       |
| She leads change- WPHF   | -  | 486,782          | (233,846)          | (18,960)                         | 233,976                       |
|  | -  | 759,382          | (125,880)          | (37,132)                         | 596,370                       |
|  | <b>3,055,427</b>                               | <b>2,882,873</b> | <b>(3,467,342)</b> | <b>59,040</b>                    | <b>2,529,998</b>              |



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Notes to Financial Statements  
For the year ended December 31, 2023

6. Pledge receivables (Continued)

| December 31, 2022  | Balance at Beginning of the Year |                | Additions        |                  | Adjustments        |                 | Total Additions after Adjustment |                  | Cash Received |     | Written-off Donation |     | Currency Exchange Differences |          | Balance at End of the Year |        |
|--|----------------------------------|----------------|------------------|------------------|--------------------|-----------------|----------------------------------|------------------|---------------|-----|----------------------|-----|-------------------------------|----------|----------------------------|--------|
|  | NIS                              | NIS            | NIS              | NIS              | NIS                | NIS             | NIS                              | NIS              | NIS           | NIS | NIS                  | NIS | NIS                           | NIS      | NIS                        | NIS    |
| Access Beyond Barriers-GIZ   | 272,406                          | 15,001         | (15,001)         | -                | (248,647)          | -               | (23,759)                         | -                | -             | -   | -                    | -   | -                             | -        | -                          | -      |
| Amal Project-We Change - GVC   | -                                | 70,425         | 28,601           | 99,026           | -                  | -               | -                                | -                | -             | -   | -                    | -   | -                             | -        | -                          | 99,026 |
| AGIAMANDO 2022-2023  | -                                | -              | 77,136           | 77,136           | (77,136)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | -        | -                          | -      |
| KAS partake-4  | -                                | -              | 106,000          | 106,000          | (106,000)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | -        | -                          | -      |
| Youth Lead Action-YLA 2022 - GIZ   | -                                | -              | 2,814,831        | 2,814,831        | (545,166)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | (42,012) | 2,227,653                  | -      |
| Agents for Change towards gender equality- ACPD  | -                                | -              | 320,629          | 320,629          | (71,055)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | (3,895)  | 245,679                    | -      |
| National Coalition for Social Cohesion and unity- Palthink   | -                                | 55,086         | 52,865           | 107,951          | (47,321)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | (5,479)  | 55,151                     | -      |
| Wo'omen- Creative Force SI   | 25,734                           | 109,668        | 652,751          | 762,419          | (620,071)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | (55,489) | 112,593                    | -      |
| SI Creative Force 2022-2024  | -                                | -              | 297,881          | 297,881          | (143,517)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | -        | 154,364                    | -      |
| UNDP ADR 2021  | 12,351                           | -              | 20,836           | 20,836           | (29,621)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | (3,566)  | -                          | -      |
| Strengthening democratic Participation egalitarian civil cohesion of Palestinian citizen in area C - ACPD  | -                                | 60,488         | 78,377           | 138,865          | (70,798)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | (4,265)  | 63,802                     | -      |
| Developing relation between LGU's and Palestinian citizen in the Marginalised areas in Westbank- LGRP      | 25,006                           | 17,859         | 156,572          | 174,431          | (154,468)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | (18,210) | 26,759                     | -      |
| Enhancing access to justice through promoting ADR and early response mechanisms" - Phase II- SAWASYA/ UNDP | -                                | -              | 211,200          | 211,200          | (137,216)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | (3,584)  | 70,400                     | -      |
| NPA-United in Diversit III   | -                                | -              | 386,657          | 386,657          | (362,953)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | (23,704) | -                          | -      |
| IM Core 2022   | -                                | -              | 241,061          | 241,061          | (241,061)          | -               | -                                | -                | -             | -   | -                    | -   | -                             | -        | -                          | -      |
| MDLF II  | 45,237                           | -              | -                | -                | (45,178)           | -               | -                                | -                | -             | -   | -                    | -   | -                             | (59)     | -                          | -      |
|  | <b>380,734</b>                   | <b>328,527</b> | <b>5,430,396</b> | <b>5,758,923</b> | <b>(2,900,208)</b> | <b>(23,759)</b> | <b>(160,263)</b>                 | <b>3,055,427</b> |               |     |                      |     |                               |          |                            |        |

**The Palestinian Association for Empowerment  
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For the year ended December 31, 2023**

**7. Other Current Assets**

|                       | <b>2023</b>   | <b>2022<br/>(Adjusted)</b> |
|-----------------------|---------------|----------------------------|
|                       | <b>NIS</b>    | <b>NIS</b>                 |
| Accounts Receivable   | 47,231        | 17,575                     |
| Advances to Employees | 105           | 6,675                      |
|                       | <b>47,336</b> | <b>24,250</b>              |

**8. Right of use assets\Lease liabilities**

The right-of-use assets and lease liabilities presented in the statement of financial position consist of the following:

|               | <b>2023</b>    | <b>2022</b>    |
|---------------|----------------|----------------|
|               | <b>NIS</b>     | <b>NIS</b>     |
| Building Rent | 448,470        | 136,753        |
|               | <b>448,470</b> | <b>136,753</b> |

The movement on the right-of-use assets and lease liability during the year was as illustrated below:

|   | <b>Right-of-Use<br/>Assets</b> | <b>Lease<br/>Liability</b> |
|---|--------------------------------|----------------------------|
|   | <b>NIS</b>                     | <b>NIS</b>                 |
| Beginning Balance as at January 1, 2023             | 136,753                        | 136,753                    |
| Additions   | 380,093                        | 380,093                    |
| Interest on Lease Liability                         | -                              | 8,617                      |
| Payment of the lease liability during the year      | -                              | (76,993)                   |
| Amortization of right of use assets during the year | (68,376)                       | -                          |
| <b>Ending Balance as at December 31, 2023</b>       | <b>448,470</b>                 | <b>448,470</b>             |

|   | <b>Right-of-Use<br/>Assets</b> | <b>Lease<br/>Liability</b> |
|---|--------------------------------|----------------------------|
|   | <b>NIS</b>                     | <b>NIS</b>                 |
| Beginning Balance as at January 1, 2022             | 193,606                        | 193,606                    |
| Additions   | 11,523                         | 11,523                     |
| Interest on Lease Liability                         | -                              | 8,617                      |
| Payment of the lease liability during the year      | -                              | (76,993)                   |
| Amortization of right of use assets during the year | (68,376)                       | -                          |
| <b>Ending Balance as at December 31, 2022</b>       | <b>136,753</b>                 | <b>136,753</b>             |

|                                | <b>2023</b>    | <b>2022</b>    |
|--------------------------------|----------------|----------------|
|                                | <b>NIS</b>     | <b>NIS</b>     |
| Lease Liabilities – Short Term | 68,376         | 68,376         |
| Lease Liabilities – Long Term  | 380,094        | 68,377         |
|                                | <b>448,470</b> | <b>136,753</b> |

The Palestinian Association for Empowerment  
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Notes to Financial Statements  
For the year ended December 31, 2023

9. Property and equipment

December 31, 2023

|  | Furniture     |  | Equipment      |  | Computers      |  | Cars           |  | Total          |  |
|--|---------------|--|----------------|--|----------------|--|----------------|--|----------------|--|
|  | NIS           |  | NIS            |  | NIS            |  | NIS            |  | NIS            |  |
| <b>Cost</b>                            |               |  |                |  |                |  |                |  |                |  |
| Balance as of January 1, 2023          | 84,587        |  | 250,992        |  | 162,260        |  | 155,000        |  | 652,839        |  |
| Additions                              | -             |  | 22,197         |  | 15,448         |  | -              |  | 37,645         |  |
| Disposals                              | (1,695)       |  | -              |  | (7,574)        |  | -              |  | (9,269)        |  |
| <b>Balance as of December 31, 2023</b> | <b>82,892</b> |  | <b>273,189</b> |  | <b>170,134</b> |  | <b>155,000</b> |  | <b>681,215</b> |  |

Accumulated Depreciation

December 31, 2023

|   |               |  |                |  |                |  |               |  |                |  |
|---|---------------|--|----------------|--|----------------|--|---------------|--|----------------|--|
| Balance as of January 1, 2023                 | 65,512        |  | 198,540        |  | 111,000        |  | 60,556        |  | 435,608        |  |
| Depreciation                                  | 5,702         |  | 37,728         |  | 16,296         |  | 15,500        |  | 75,226         |  |
| Disposals                                     | -             |  | -              |  | (887)          |  | -             |  | (887)          |  |
| <b>Balance as of December 31, 2023</b>        | <b>71,214</b> |  | <b>236,268</b> |  | <b>126,409</b> |  | <b>76,056</b> |  | <b>509,947</b> |  |
| <b>Net Book Value as of December 31, 2023</b> | <b>11,678</b> |  | <b>36,921</b>  |  | <b>43,725</b>  |  | <b>78,944</b> |  | <b>171,268</b> |  |

December 31, 2022

|  | Furniture     |  | Equipment      |  | Computers      |  | Cars           |  | Total          |  |
|--|---------------|--|----------------|--|----------------|--|----------------|--|----------------|--|
|  | NIS           |  | NIS            |  | NIS            |  | NIS            |  | NIS            |  |
| <b>Cost</b>                            |               |  |                |  |                |  |                |  |                |  |
| Balance as of January 1, 2022          | 84,587        |  | 249,792        |  | 148,865        |  | 155,000        |  | 638,244        |  |
| Additions                              | -             |  | 1,200          |  | 13,395         |  | -              |  | 14,595         |  |
| <b>Balance as of December 31, 2022</b> | <b>84,587</b> |  | <b>250,992</b> |  | <b>162,260</b> |  | <b>155,000</b> |  | <b>652,839</b> |  |

Accumulated Depreciation

December 31, 2022

|   |               |  |                |  |                |  |               |  |                |  |
|---|---------------|--|----------------|--|----------------|--|---------------|--|----------------|--|
| Balance as of January 1, 2022                 | 57,294        |  | 161,079        |  | 91,510         |  | 45,056        |  | 354,939        |  |
| Depreciation                                  | 8,218         |  | 37,461         |  | 19,490         |  | 15,500        |  | 80,669         |  |
| <b>Balance as of December 31, 2022</b>        | <b>65,512</b> |  | <b>198,540</b> |  | <b>111,000</b> |  | <b>60,556</b> |  | <b>435,608</b> |  |
| <b>Net Book Value as of December 31, 2022</b> | <b>19,075</b> |  | <b>52,452</b>  |  | <b>51,260</b>  |  | <b>94,444</b> |  | <b>217,231</b> |  |

**The Palestinian Association for Empowerment  
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**Notes to Financial Statements  
For the year ended December 31, 2023**

**10. Payables and accruals**

|                            | <b>2023</b>    | <b>2022</b>    |
|----------------------------|----------------|----------------|
|                            | <b>NIS</b>     | <b>NIS</b>     |
| Account Payables           | 67,823         | 71,683         |
| Provident fund payable     | 94,354         | 57,461         |
| Outstanding checks         | 134,662        | 241,086        |
| Accrued expense and others | 771            | 800            |
|                            | <b>297,610</b> | <b>371,030</b> |

The movement on employee's provident fund for 2023 and 2022 were as follows:

|                        | <b>2023</b>   | <b>2022</b>   |
|------------------------|---------------|---------------|
|                        | <b>NIS</b>    | <b>NIS</b>    |
| Beginning Balance      | 57,461        | 27,806        |
| Provision for the Year | 36,893        | 34,219        |
| Paid during the Year   | -             | (4,565)       |
| <b>Ending Balance</b>  | <b>94,354</b> | <b>57,461</b> |

**11. Provision for severance pay**

|                        | <b>2023</b>    | <b>2022</b>    |
|------------------------|----------------|----------------|
|                        | <b>NIS</b>     | <b>NIS</b>     |
| Beginning Balance      | 306,083        | 321,745        |
| Provision for the Year | 75,873         | 82,673         |
| Paid during the Year   | (25,236)       | (98,335)       |
| <b>Ending Balance</b>  | <b>356,720</b> | <b>306,083</b> |

**12. Unrestricted Contributions**

|                                  | <b>2023</b>    | <b>2022</b>   |
|----------------------------------|----------------|---------------|
|                                  | <b>NIS</b>     | <b>NIS</b>    |
| Individual's contributions       | -              | 697           |
| Organization's contributions     | 100,951        | 25,788        |
| Interest revenue                 | 2,230          | 8,552         |
| General Assembly Membership Fees | 2,600          | 2,000         |
| Others                           | -              | 2,872         |
|                                  | <b>105,781</b> | <b>39,909</b> |

The Palestinian Association for Empowerment  
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Notes to Financial Statements  
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13. Temporarily Restricted Contribution

| December 31, 2023   | Beginning Balance | Additions        | Total contributions available for release | Released from restrictions |                 |                    | Ending Balance   |
|---|-------------------|------------------|---|----------------------------|-----------------|--------------------|------------------|
|   |                   |                  |   | Operation expenses         | PPE             | Total              |                  |
|   | NIS               | NIS              | NIS                                       | NIS                        | NIS             | NIS                | NIS              |
| Amal Project-We Change - GVC  | 21,032            | -                | 21,032                                    | (5,578)                    | -               | (5,578)            | -                |
| Civil Peace Project- AGIAMONDO  | 4,543             | 85,014           | 89,557                                    | (82,748)                   | (1,924)         | (84,672)           | 4,885            |
| Youth Lead Action-YLA 2022 - GIZ  | 2,296,684         | -                | 2,296,684                                 | (1,114,512)                | (1,804)         | (1,116,316)        | 1,180,368        |
| Agents for Change towards gender equality- ACPP   | 302,026           | -                | 302,026                                   | (246,750)                  | -               | (246,750)          | 55,276           |
| Inseej Project- Oxfam   | 97,641            | -                | 97,641                                    | (46,594)                   | -               | (46,594)           | -                |
| Wo'men- Creative Force SI   | 160,368           | -                | 160,368                                   | (110,245)                  | -               | (110,245)          | -                |
| Strengthening democratic Participation egalitarian civil cohesion of Palestinian citizens in area C - ACPP              | 24,499            | -                | 24,499                                    | (14,357)                   | -               | (14,357)           | 50,123           |
| Enhancing access to justice through promoting ADR and early response mechanisms" - Phase II- SAWASYA/ UNDP IM core 2023 | 102,171           | -                | 102,171                                   | (103,174)                  | -               | (103,174)          | -                |
| Symposia 2023- DIAKONIA   | -                 | 153,322          | 153,322                                   | (153,322)                  | -               | (153,322)          | -                |
| Ambassador (SAFEER) Project- 2023 - KAS   | -                 | 145,212          | 145,212                                   | (138,280)                  | -               | (138,280)          | -                |
| United in Diversity- 2023- NPA  | -                 | 126,000          | 126,000                                   | (126,000)                  | -               | (126,000)          | -                |
| Social Participation Research project SFF/ GIZ CPP/ PEER. NPA   | -                 | 375,730          | 375,730                                   | (372,175)                  | -               | (372,175)          | -                |
| FSL/ PEER. NPA  | -                 | 139,995          | 139,995                                   | (32,207)                   | -               | (32,207)           | 107,788          |
| She leads change- WPHF  | -                 | 611,436          | 611,436                                   | (35,474)                   | (2,204)         | (37,678)           | 573,758          |
|   | -                 | 486,782          | 486,782                                   | (23,377)                   | -               | (23,377)           | 463,405          |
|   | -                 | 759,382          | 759,382                                   | (51,742)                   | (12,860)        | (64,602)           | 694,780          |
|   | <b>3,008,964</b>  | <b>2,882,873</b> | <b>5,891,837</b>                          | <b>(2,656,535)</b>         | <b>(18,792)</b> | <b>(2,675,327)</b> | <b>3,130,383</b> |

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**Notes to Financial Statements  
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**13. Temporarily Restricted Contribution (continued)**

| December 31, 2022  | Beginning Balance |                  | Additions      |                  | Pledge receivable |                  | Adjustments        |                 | Total Additions after Adjustment |                 | Total contributions available for release |           | Released from restrictions |          |                   | Ending Balance |
|--|-------------------|------------------|----------------|------------------|-------------------|------------------|--------------------|-----------------|----------------------------------|-----------------|---|-----------|----------------------------|----------|-------------------|----------------|
|  | NIS               | NIS              | NIS            | NIS              | NIS               | NIS              | NIS                | NIS             | NIS                              | NIS             | Operation expenses                        | PPE       | NIS                        | Total    | Currency Variance |                |
| Amal Project-We Change - GVC   | 43,676            | -                | -              | 70,425           | 28,601            | 99,026           | 142,702            | -               | (121,670)                        | -               | -   | (121,670) | -                          | -        | -                 | 21,032         |
| Civil Peace Project- AGIAMONDO   | -                 | 77,136           | -              | -                | -                 | 77,136           | 77,136             | -               | (72,593)                         | -               | -   | (72,593)  | -                          | -        | -                 | 4,543          |
| KAS partake IIII   | -                 | 106,000          | -              | -                | -                 | 106,000          | 106,000            | -               | (105,927)                        | -               | -   | (105,927) | -                          | (73)     | -                 | -              |
| Youth Lead Action-YLA 2022 - GIZ   | -                 | 545,166          | -              | -                | 2,269,665         | 2,814,831        | 2,814,831          | -               | (518,147)                        | -               | -   | (518,147) | -                          | -        | -                 | 2,296,684      |
| Agents for Change towards gender equality- ACPD  | -                 | 71,055           | -              | -                | 249,574           | 320,629          | 320,629            | -               | (18,603)                         | -               | -   | (18,603)  | -                          | -        | -                 | 302,026        |
| PALTHINK - National Coalition for Social Coherence and   | -                 | 47,321           | -              | 55,086           | 5,544             | 107,951          | 107,951            | -               | (94,950)                         | (3,190)         | -   | (98,140)  | -                          | (9,811)  | -                 | -              |
| Nseej Project- Oxfam   | -                 | 594,338          | -              | 109,668          | 58,413            | 762,419          | 762,419            | -               | (664,778)                        | -               | -   | (664,778) | -                          | -        | -                 | 97,641         |
| Wo'men- Creative Force SI  | -                 | 143,517          | -              | -                | 154,364           | 297,881          | 297,881            | -               | (132,409)                        | (5,104)         | -   | (137,513) | -                          | -        | -                 | 160,368        |
| UNDP ADR 2021  | -                 | 17,554           | -              | -                | 3,282             | 20,836           | 20,836             | -               | (18,076)                         | -               | -   | (18,076)  | -                          | (2,760)  | -                 | -              |
| Strengthening democratic Participation egalitarian civil cohesion of Palestinian citizen in area C - ACPD  | -                 | 70,798           | -              | 60,488           | 7,579             | 138,865          | 138,865            | -               | (114,366)                        | -               | -   | (114,366) | -                          | -        | -                 | 24,499         |
| Developing relation between LGU's and Palestinian citizen in the Marginalised areas in Westbank- LGRP      | -                 | 129,462          | -              | 17,859           | 27,110            | 174,431          | 174,431            | -               | (155,744)                        | -               | -   | (155,744) | -                          | (18,687) | -                 | -              |
| Enhancing access to justice through promoting ADR and early response mechanisms" - Phase II- SAWASYA/ UNDP | -                 | 137,216          | -              | -                | 73,984            | 211,200          | 211,200            | -               | (107,118)                        | (1,911)         | -   | (109,029) | -                          | -        | -                 | 102,171        |
| NPA-United in Diversit III   | -                 | 362,953          | -              | -                | 23,704            | 386,657          | 386,657            | -               | (352,427)                        | (3,190)         | -   | (355,617) | -                          | (31,040) | -                 | -              |
| IM Core 2022   | -                 | 241,061          | -              | -                | -                 | 241,061          | 241,061            | -               | (241,061)                        | -               | -   | (241,061) | -                          | -        | -                 | -              |
|  | <b>43,676</b>     | <b>2,543,577</b> | <b>313,526</b> | <b>2,901,820</b> | <b>5,758,923</b>  | <b>5,802,599</b> | <b>(2,717,869)</b> | <b>(13,395)</b> | <b>(2,731,264)</b>               | <b>(62,371)</b> | <b>3,008,964</b>                          |           |                            |          |                   |                |

Temporarily Restricted Contribution are donations given to REFORM with specific stipulations on how the organization must use them. These restrictions are set by the donor. The restricted contributions were presented in prior year under net assets in the name of "Temporarily Restricted Net Assets" and this year it was classified to be presented under liabilities as these restricted contributions recorded as an increase in assets and an increase in liability as Temporarily Restricted Contribution Liability When REFORM uses the funds according to the donor's restrictions, the liability is reduced, and the amount is recognized as revenue.

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

**14. Projects' expenses**

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
|   | <b>NIS</b>       | <b>NIS</b>       |
| Salaries and other Benefits                 | 1,037,624        | 975,234          |
| Provision for severance pay                 | 73,933           | 72,968           |
| Office Expenses                             | 71,459           | 70,526           |
| Contractors and Consultancy expense         | 483,378          | 526,009          |
| Publication, printing, and stationery       | 263,133          | 410,971          |
| Transportation, refreshment & Accommodation | 347,121          | 336,267          |
| Tools and supplies                          | 15,540           | 52,484           |
| Travel expense                              | 85,416           | -                |
| Utility Expenses                            | 33,702           | 33,177           |
| Telecommunication expenses                  | 30,375           | 38,744           |
| Administrative expense                      | 14,887           | 39,912           |
| Auditing fees                               | 25,000           | 3,432            |
| Insurance expense                           | 31,137           | 24,503           |
| Subscriptions                               | 15,861           | 5,739            |
| Hall rental expense                         | 94,363           | 127,773          |
| Projects Partners Expense                   | 27,206           | -                |
| Other Expenses                              | 6,400            | 130              |
|   | <b>2,656,535</b> | <b>2,717,869</b> |

**15. General and Administrative Expenses**

|   | <b>2023</b>    | <b>2022</b>   |
|---|----------------|---------------|
|   | <b>NIS</b>     | <b>NIS</b>    |
| Salaries and other Benefits                 | 37,230         | 5,598         |
| Provision for severance pay                 | 1,940          | 9,705         |
| Office Expenses                             | 30,408         | 21,405        |
| Contractors and Consultancy expense         | 26,343         | 9,215         |
| Publication, printing, and stationery       | 1,132          | 6,852         |
| Transportation, refreshment & Accommodation | 3,848          | 1,918         |
| Tools and supplies                          | 10,550         | 50            |
| Travel expense                              | 5,936          | 420           |
| Utility Expenses                            | 412            | 448           |
| Telecommunication expenses                  | 709            | 221           |
| Administrative expense                      | 7,413          | 2,146         |
| Auditing fees                               | 1,300          | 17,500        |
| Insurance expense                           | 124            | 3,099         |
| Subscriptions                               | 74             | 94            |
| Hall rental expense                         | 49             | 8,522         |
| Projects Partners Expense                   | 2,872          | -             |
| Other Expenses                              | 6,503          | -             |
|   | <b>136,843</b> | <b>87,193</b> |

**The Palestinian Association for Empowerment  
and Local Development-REFORM**

**Notes to Financial Statements  
For the year ended December 31, 2023**

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**16. Financial Instruments**

**(a) Fair Values of Financial Assets and Liabilities**

The carrying book value of financial assets and liabilities are not materially different from their fair values applicable at the date of the statement of financial position.

**(b) Credit Risk**

Credit Risk is the risk that counterparty will not settle its obligations in accordance with the agreed terms. REFORM credit risk is primarily attributable to its liquid funds especially on the time deposits with banks and contributions receivable. Deposits are placed with reputable financial institutions.

**(c) Foreign Currency Risk**

The analysis calculates the effect of a reasonably possible movement in the ILS currency rate against the USD and the EURO with all other variables held constant, on the statement of activities and changes in net assets.

**(d) Operational Risk**

The costs of the programs, administrative as well as fixed assets procurement are mostly financed by donors through donations. The management believes that the funding level in the year 2024 will be sufficient to finance all of its disbursements and will be consistent with the funding level in the prior years. Furthermore, the management believes that the political and economic conditions prevailing in the area will not materially affect its operations.

**(e) Relationship with Donors**

The majority of REFORM revenue and support for the years ended December 31, 2023, and 2022 was derived from grants received from individuals or donor agencies. REFORM has no reason to believe that relationships with donor agencies will be discontinued in the foreseeable future. However, any interruption of these relationships would have an adverse effect REFORMS's ability to finance ongoing operations in the coming years.

**(f) Liquidity Risk**

REFORM limits its liquidity risk by maintaining adequate cash balances to meet its current obligations and to finance its activities. In addition, the operations of REFORM are financed by multiple donors.



**The Palestinian Association for Empowerment  
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**Notes to Financial Statements  
For the year ended December 31, 2023**

**17. Related Party Transactions**

Related parties represent the Board of Directors, key management personnel and entities controlled, jointly controlled, or significantly influenced by such parties.

The financial statements include the following related party transactions:

a) Transactions with related parties are as follows:

|                                       | <b>2023</b> | <b>2022</b> |
|---------------------------------------|-------------|-------------|
|                                       | <b>NIS</b>  | <b>NIS</b>  |
| Key management compensation- salaries | 213,336     | 213,336     |
| Severance pays expense                | 17,778      | 17,778      |

b) Balances with related parties are as follows:

|  | <b>2023</b> | <b>2022</b> |
|--|-------------|-------------|
|  | <b>NIS</b>  | <b>NIS</b>  |
| Key management compensation- Provision for severance pay | 169,792     | 152,014     |
| Due to employees- provident fund                         | 49,601      | 30,400      |

**18. Comparative Figures**

Some comparative figures for the previous year have been reclassified where necessary to align with the presentation applied in the current year.

**19. Prior Year Adjustments**

|   | <b>Before<br/>Adjustment</b> | <b>After<br/>Adjustment</b> | <b>Impact</b>   |
|---|------------------------------|-----------------------------|-----------------|
|   | <b>NIS</b>                   | <b>NIS</b>                  | <b>NIS</b>      |
| As of December 31, 2022                       |                              |                             |                 |
| Pledge receivable (*)                         | 339,672                      | 3,055,427                   | 2,715,755       |
| Temporarily Restricted Contribution (*)       | (178,620)                    | (3,008,964)                 | (2,830,344)     |
| Other current assets (**)                     | 9,249                        | 24,250                      | 15,001          |
| <b>Total Impact on Assets and Liabilities</b> | <b>170,301</b>               | <b>70,713</b>               | <b>(99,588)</b> |
| Currency Variance (*)                         | (83,257)                     | 16,331                      | 99,588          |
| <b>Total Impact on Net Assets</b>             | <b>(83,257)</b>              | <b>16,331</b>               | <b>99,588</b>   |

\* A prior period adjustment was made by **REFORM** in response to a change in restricted contribution accounting policy. Previously, the restricted contributions are recorded as both an increase in liability "Temporarily Restricted Contribution" and an increase in cash. However, according to the new policy the restricted contributions are recorded as an increase in assets "Pledge receivable" and an increase in liability "Temporarily Restricted Contribution" upon the signing of an agreement with the donor for the total pledged amount. Because of the mentioned change currency variance differences have resulted which were adjusted on the Statement of Activities.

\*\* Regarding "other current assets", an amount of 15,001 Israeli Shekels related to the "GIZ" project has been reclassified from "Pledge Receivable" to "Other Current Assets" due to the recovery of eligible allowances from an old, closed project.

The Palestinian Association for Empowerment  
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Statement of Project Expenses  
For the year ended December 31, 2023

Appendix (A)

|   | Amal Project |  | AGIAMANDO     |  | YLA -GIZ         |  | ACPP II        |  | Naseej project - OXFAM |  | SI Creative    |  | ACPP I        |  | UNDP SAWASYA   |  | Subtotal         |  |
|---|--------------|--|---------------|--|------------------|--|----------------|--|------------------------|--|----------------|--|---------------|--|----------------|--|------------------|--|
|   | NIS          |  | NIS           |  | NIS              |  | NIS            |  | NIS                    |  | NIS            |  | NIS           |  | NIS            |  | NIS              |  |
| Salaries and other Benefits                 | -            |  | 6,490         |  | 455,895          |  | 84,924         |  | -                      |  | 50,953         |  | 1,550         |  | 17,050         |  | 616,862          |  |
| Provision for severance pay                 | -            |  | 541           |  | 10,123           |  | 7,077          |  | -                      |  | 3,444          |  | 129           |  | 1,533          |  | 22,847           |  |
| Office Expenses                             | -            |  | 15,955        |  | 7,435            |  | 5,413          |  | -                      |  | -              |  | -             |  | -              |  | 28,803           |  |
| Contractors and Consultancy expense         | -            |  | 18,824        |  | 202,619          |  | 48,540         |  | 13,989                 |  | 3,757          |  | 1,050         |  | 30,082         |  | 318,861          |  |
| Publication, printing, and stationery       | -            |  | 27,116        |  | 61,509           |  | 32,708         |  | 25,811                 |  | 26,437         |  | 11,628        |  | 38,138         |  | 223,347          |  |
| Transportation, refreshment & Accommodation | 2,578        |  | 830           |  | 193,999          |  | 47,328         |  | 3,624                  |  | 9,680          |  | -             |  | 4,862          |  | 262,901          |  |
| Tools and supplies                          | -            |  | 530           |  | 12,863           |  | 790            |  | -                      |  | 90             |  | -             |  | 640            |  | 14,913           |  |
| Travel expense                              | -            |  | 4,389         |  | 78,030           |  | -              |  | 2,997                  |  | -              |  | -             |  | -              |  | 85,416           |  |
| Utility Expenses                            | -            |  | 535           |  | 7,739            |  | 1,932          |  | 173                    |  | 1,521          |  | -             |  | 450            |  | 12,350           |  |
| Telecommunication expenses                  | -            |  | 2,016         |  | 17,445           |  | 2,773          |  | -                      |  | 3,341          |  | -             |  | 419            |  | 25,994           |  |
| Administrative expense                      | 3,000        |  | 80            |  | 448              |  | 161            |  | -                      |  | 33             |  | -             |  | -              |  | 3,722            |  |
| Auditing fees                               | -            |  | -             |  | 15,575           |  | -              |  | -                      |  | -              |  | -             |  | -              |  | 15,575           |  |
| Insurance expense                           | -            |  | 3,598         |  | 10,563           |  | -              |  | -                      |  | -              |  | -             |  | -              |  | 14,161           |  |
| Subscriptions                               | -            |  | 800           |  | 9,469            |  | -              |  | -                      |  | 59             |  | -             |  | -              |  | 10,328           |  |
| Hall rental expense                         | -            |  | 1,044         |  | 30,800           |  | 15,104         |  | -                      |  | 10,930         |  | -             |  | -              |  | 67,878           |  |
| Projects Partners Expense                   | -            |  | -             |  | -                |  | -              |  | -                      |  | -              |  | -             |  | -              |  | -                |  |
| Other Expenses                              | -            |  | -             |  | -                |  | -              |  | -                      |  | -              |  | -             |  | -              |  | -                |  |
| <b>Total</b>                                | <b>5,578</b> |  | <b>82,748</b> |  | <b>1,114,512</b> |  | <b>246,750</b> |  | <b>46,594</b>          |  | <b>110,245</b> |  | <b>14,357</b> |  | <b>103,174</b> |  | <b>1,723,958</b> |  |

The Palestinian Association for Empowerment  
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Statement of Project Expenses  
For the year ended December 31, 2023

Appendix (A)

|   | Subtotal         | IM Core<br>2023 | Symposia       | Partake<br>IIIIII | United in<br>Diversity IIIII | SFF - GIZ     | NPA - CPP     | NPA - FSL     | WPHF-<br>Unwoman | Total 2023       |
|---|------------------|-----------------|----------------|-------------------|------------------------------|---------------|---------------|---------------|------------------|------------------|
|   | NIS              | NIS             | NIS            | NIS               | NIS                          | NIS           | NIS           | NIS           | NIS              | NIS              |
| Salaries and other Benefits                 | 616,862          | 111,328         | 44,473         | 60,777            | 131,543                      | 21,621        | 13,709        | 20,715        | 16,596           | 1,037,624        |
| Provision for severance pay                 | 22,847           | 29,177          | 2,364          | 9,239             | 6,964                        | 450           | 942           | 567           | 1,383            | 73,933           |
| Office Expenses                             | 28,803           | -               | 8,907          | 7,130             | 10,072                       | 2,425         | 14,122        | -             | -                | 71,459           |
| Contractors and Consultancy expense         | 318,861          | 6,000           | 23,161         | 13,031            | 115,996                      | -             | 1,800         | 1,665         | 2,864            | 483,378          |
| Publication, printing, and stationary       | 223,347          | -               | 14,342         | 2,572             | 22,204                       | -             | 238           | 430           | -                | 263,133          |
| Transportation, refreshment & Accommodation | 262,901          | -               | 28,261         | 18,456            | 34,276                       | 2,259         | 629           | -             | 339              | 347,121          |
| Tools and supplies                          | 14,913           | -               | 270            | 8                 | 131                          | 30            | -             | -             | 188              | 15,540           |
| Travel expense                              | 85,416           | -               | -              | -                 | -                            | -             | -             | -             | -                | 85,416           |
| Utility Expenses                            | 12,350           | -               | 2,597          | 1,890             | 7,802                        | 4,938         | 2,176         | -             | 1,949            | 33,702           |
| Telecommunication expenses                  | 25,994           | -               | -              | 2,217             | 792                          | -             | 212           | -             | 1,160            | 30,375           |
| Administrative expense                      | 3,722            | -               | 1              | 10,680            | -                            | 484           | -             | -             | -                | 14,887           |
| Auditing fees                               | 15,575           | -               | 5,225          | -                 | 4,200                        | -             | -             | -             | -                | 25,000           |
| Insurance expense                           | 14,161           | 6,817           | 3,715          | -                 | 6,444                        | -             | -             | -             | -                | 31,137           |
| Subscriptions                               | 10,328           | -               | -              | -                 | 3,830                        | -             | 1,646         | -             | 57               | 15,861           |
| Hall rental expense                         | 67,878           | -               | 4,964          | -                 | 21,521                       | -             | -             | -             | -                | 94,363           |
| Projects Partners Expense                   | -                | -               | -              | -                 | -                            | -             | -             | -             | 27,206           | 27,206           |
| Other Expenses                              | -                | -               | -              | -                 | 6,400                        | -             | -             | -             | -                | 6,400            |
| <b>Total</b>                                | <b>1,723,958</b> | <b>153,322</b>  | <b>138,280</b> | <b>126,000</b>    | <b>372,175</b>               | <b>32,207</b> | <b>35,474</b> | <b>23,377</b> | <b>51,742</b>    | <b>2,656,535</b> |

The Palestinian Association for Empowerment  
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Statement of Project Expenses  
For the year ended December 31, 2023

Appendix (A)

|   | Amal Project   |               | AGIAMANDO      |                | Partake<br>IIII |               | GIZ - PART     |                | ACPP II          |   | National Coalition for<br>Social Coherence |   | Naseej project -<br>OXFAM |   | SI Creative |   | Subtotal |  |
|---|----------------|---------------|----------------|----------------|-----------------|---------------|----------------|----------------|------------------|---|--|---|---------------------------|---|-------------|---|----------|--|
|   | NIS            |               | NIS            |                | NIS             |               | NIS            |                | NIS              |   | NIS  |   | NIS                       |   | NIS         |   | NIS      |  |
| Salaries and other Benefits                 | 31,152         | -             | -              | -              | 376             | -             | 302,581        | -              | 12,536           | - | 72,463                                     | - | 126,673                   | - | 39,022      | - | 584,803  |  |
| Provision for severance pay                 | 2,591          | -             | -              | -              | -               | -             | -              | -              | 1,045            | - | -  | - | 10,383                    | - | 3,257       | - | 17,276   |  |
| Office Expenses                             | 5,993          | 12,302        | -              | -              | 21,156          | -             | -              | -              | 4,999            | - | 1,890                                      | - | 10,610                    | - | 5,865       | - | 62,815   |  |
| Contractors and Consultancy expense         | 11,169         | 31,537        | -              | -              | 48,638          | -             | 69,574         | -              | -                | - | 5,263                                      | - | 127,420                   | - | 22,180      | - | 310,518  |  |
| Publication, printing, and stationery       | 4,892          | 24,444        | -              | -              | 7,644           | -             | 16,751         | -              | -                | - | 2,592                                      | - | 232,963                   | - | 1,847       | - | 293,804  |  |
| Transportation, refreshment & Accommodation | 5,895          | 3,475         | -              | -              | 8,405           | -             | 74,338         | -              | -                | - | 800  | - | 115,760                   | - | 24,431      | - | 234,896  |  |
| Tools and supplies                          | 14,721         | -             | -              | -              | 3,404           | -             | 11,742         | -              | -                | - | 1,426                                      | - | 14,851                    | - | 450         | - | 45,968   |  |
| Utility Expenses                            | 2,949          | -             | -              | -              | 7,044           | -             | 1,426          | -              | -                | - | 1,054                                      | - | 5,678                     | - | 2,040       | - | 20,191   |  |
| Telecommunication expenses                  | -              | 835           | -              | -              | 7,755           | -             | 1,493          | -              | -                | - | 5,624                                      | - | 1,378                     | - | 3,055       | - | 20,140   |  |
| Administrative expense                      | 34,302         | -             | -              | -              | 197             | -             | 2,700          | -              | 23               | - | -  | - | -                         | - | 500         | - | 37,722   |  |
| Auditing fees                               | -              | -             | -              | -              | -               | -             | -              | -              | -                | - | -  | - | -                         | - | -           | - | -        |  |
| Insurance expense                           | -              | -             | -              | -              | 802             | -             | 3,824          | -              | -                | - | 2,985                                      | - | 4,084                     | - | -           | - | 11,695   |  |
| Subscriptions                               | -              | -             | -              | -              | 503             | -             | -              | -              | -                | - | 2,279                                      | - | -                         | - | 57          | - | 2,839    |  |
| Hall rental expense                         | 8,006          | -             | -              | -              | -               | -             | 33,591         | -              | -                | - | -  | - | 14,978                    | - | 29,705      | - | 86,280   |  |
| Other Expenses                              | -              | -             | -              | -              | 3               | -             | 127            | -              | -                | - | -  | - | -                         | - | -           | - | 130      |  |
| <b>Total</b>                                | <b>121,670</b> | <b>72,593</b> | <b>105,927</b> | <b>518,147</b> | <b>18,603</b>   | <b>94,950</b> | <b>664,778</b> | <b>132,409</b> | <b>1,729,077</b> |   |  |   |                           |   |             |   |          |  |

The Palestinian Association for Empowerment  
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Statement of Project Expenses  
For the year ended December 31, 2023

Appendix (A)

|   | Subtotal         | UNDP ADR      | ACPP I         | LGRP - Local government | UNDP SAWASYA   | United in Diversit | IM Core 2022   | Total 2022       |
|---|------------------|---------------|----------------|-------------------------|----------------|--------------------|----------------|------------------|
|   | NIS              | NIS           | NIS            | NIS                     | NIS            | NIS                | NIS            | NIS              |
| Salaries and other Benefits                 | 584,803          | 1,307         | 40,664         | 17,236                  | 44,788         | 120,678            | 165,758        | 975,234          |
| Provision for severance pay                 | 17,276           | -             | 3,127          | -                       | 3,142          | 6,184              | 43,239         | 72,968           |
| Office Expenses                             | 62,815           | -             | -              | -                       | -              | 7,711              | -              | 70,526           |
| Contractors and Consultancy expense         | 310,518          | 621           | 32,889         | 55,071                  | 15,151         | 93,004             | 18,755         | 526,009          |
| Publication, printing, and stationery       | 293,804          | 14,930        | 17,457         | 41,220                  | 4,324          | 39,236             | -              | 410,971          |
| Transportation, refreshment & Accommodation | 234,896          | -             | 5,204          | 30,893                  | 18,326         | 46,948             | -              | 336,267          |
| Tools and supplies                          | 45,968           | -             | 3,000          | 600                     | 2,250          | 666                | -              | 52,484           |
| Utility Expenses                            | 20,191           | 1,218         | -              | 3,910                   | 703            | 5,755              | 1,400          | 33,177           |
| Telecommunication expenses                  | 20,140           | -             | 25             | 6,814                   | 7,205          | 22                 | 4,538          | 38,744           |
| Administrative expense                      | 37,722           | -             | -              | -                       | -              | 2,190              | -              | 39,912           |
| Auditing fees                               | -                | -             | -              | -                       | -              | 3,432              | -              | -                |
| Insurance expense                           | 11,695           | -             | -              | -                       | -              | 5,437              | -              | 3,432            |
| Subscriptions                               | 2,839            | -             | -              | -                       | -              | 2,900              | 7,371          | 24,503           |
| Hall rental expense                         | 86,280           | -             | 12,000         | -                       | -              | 18,264             | -              | 5,739            |
| Other Expenses                              | 130              | -             | -              | -                       | 11,229         | -                  | -              | 127,773          |
| <b>Total</b>                                | <b>1,729,077</b> | <b>18,076</b> | <b>114,366</b> | <b>155,744</b>          | <b>107,118</b> | <b>352,427</b>     | <b>241,061</b> | <b>2,717,869</b> |