

ADDITIONAL FINANCING FOR PALESTINIAN NGO-IV PROJECT

FUNDED BY INTERNATIONAL DEVELOPMENT ASSOCIATION – IDA

MANAGED BY NGO DEVELOPMENT CENTER – NDC

STATEMENT OF PROJECT ACTIVITIES AND SCHEDULE OF THE MOVEMENTS OF THE PROJECT SPECIAL BANK ACCOUNT

FOR THE PERIOD FROM JANUARY 1, 2015 TO DECEMBER 31, 2015

AND INDEPENDENT AUDITOR’S REPORT

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**Independent Auditor's Report
To the Board of Directors of NGO Development Center (NDC)
Jerusalem - Palestine**

We have audited the accompanying statement of activities and schedule of movement of the Special Bank Account of the Project titled "Additional Financing For Palestinian NGO-IV" (hereinafter "the Project"), funded by the International Development Association (hereinafter "IDA or the Bank"), and managed by NGO Development Center (hereinafter "NDC"), for the period from January 1, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement and the Schedule

Management is responsible for the preparation of the financial statement and schedule in accordance with the basis of accounting described in Note (2), this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement and the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement and the schedule are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement and the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement and the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statement and the financial information in the Schedule of the Movements of the Project Special Bank Account are prepared, in all material respects, in accordance with the basis of accounting described in Note (2) and the terms of the agreements with the Bank to reflect the Project revenues and expenditures eligible to the Bank financing.

Basis of Accounting

Without modifying our opinion, we draw attention to Note (2) to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to the NDC and the Bank. As a result, the financial statement may not be suitable for another purpose.

PricewaterhouseCoopers Palestine Limited
March 14, 2016
Ramallah, Palestine

STATEMENT OF PROJECT ACTIVITIES

(All amounts in USD)

	<u>Notes</u>	<u>Project Budget (Refer to note 1)</u>	<u>For the Period from January 1, 2015 to December 31, 2015</u>	<u>Cumulative from August 26, 2013 to December 31, 2015</u>
Revenues				
IDA replenishments	(3)	5,000,000	2,574,186	3,451,939
Total Revenues		5,000,000	2,574,186	3,451,939
Expenses				
Goods, consultants' services, including audit and training	(4)	378,100	90,276	133,982
Sub-grants	(5)	3,420,000	2,280,213	2,576,953
Incremental operating costs	(6)	1,201,900	658,534	870,940
Sub-total Expenses		5,000,000	3,029,023	3,581,875
Less: accrued expense		-	(13,820)	(13,820)
Add: payments made to prior year accrued expenses		-	13,685	-
Less: prepayments from prior year		-	(5,334)	-
Total Expenses		-	3,023,554	3,568,055
(Deficit) Excess fund		-	(449,368)	(116,116)
Beginning fund balance		-	333,252	-
Add: due to NDC	(7)	-	206,705	206,705
Ending fund balance/Project Special Bank Account Balance	(8)	-	90,589	90,589

- The notes on pages 6 to 10 are an integral part of the financial statement.

Mr. Ghassan Kasabreh
 Director

Ms. Rawan Abed Rabbo
 Finance Manager

SCHEDULE OF THE MOVEMENT OF THE PROJECT SPECIAL BANK ACCOUNT

(All amounts in USD)

	<u>Notes</u>	<u>For the Period from January 1, 2015 to December 31, 2015</u>	<u>Cumulative from August 26, 2013 to December 31, 2015</u>
Beginning cash balance		333,252	-
Cash receipts	(3)	2,574,186	3,451,939
Cash disbursements		<u>(2,816,849)</u>	<u>(3,361,350)</u>
Excess of cash receipts over cash disbursements		90,589	90,589
Ending cash balance	(8)	<u>90,589</u>	<u>90,589</u>

- The notes on pages 6 to 10 are an integral part of the financial statement.

NOTES TO THE FINANCIAL STATEMENT AND Schedule of the Movement of the Project Special Bank Account

(All amounts in USD)

NOTE (1) GENERAL

NGO Development Center (NDC) was registered with the Ministry of Interior on March 4, 2006 under registration no. (OR 286-B) as a Palestinian Non-governmental Organization (NGO). NDC started its normal activities on July 1, 2006.

NDC is working hand-in-hand with Palestinian NGOs and community development organizations to enhance their service delivery and build more capable and representative Palestinian civil society. NDC programs and grants empower Palestinians by providing NGOs the skills, tools and funds they require to address social needs and promote self-reliance in adversity. The organization advocates greater NGO transparency and accountability through the adoption of professional financial and management practices, and promotes sector-wide coordination and sharing of best practice experiences.

During 2013, NDC entered into a financing agreement (Grant Number TF015033) with International Development Association (IDA or the Bank) concerning the project titled "Additional Financing for Palestinian NGO-IV " (the Project). Under this agreement; the IDA agreed to grant NDC an amount of USD 5,000,000 to implement the Project over the period of three years; from August 26, 2013 to September 30, 2016. Accordingly, the budget on the face of the financial statement represents the whole budget of the project.

The objective of the Project is to provide social services through NGOs to those who are poor, vulnerable or marginalized and to strengthen the institutional capacity of these NGOs.

The Project consists of the following parts/components:

- Part 1: Grants for services delivery,
- Part 2: NGO sector development, and
- Part 3: Project management, monitoring and evaluation.

NOTE (2) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The statement of the Project Activities and the Schedule of the Movement of the Project Special Bank Account were prepared under the modified cash basis of accounting. Under this basis, revenues are recognized when received and expenses are recognized when disbursed. Modified for yearend accruals and prepayments

b) Special Bank Account

As required under the signed agreement with IDA under section IV A-1 which refers to the provisions of Article III of the Standard Conditions, NDC opened a special bank account for the Project as to make all withdrawals from this account which shall be solely used for the purpose of the Project.

c) Foreign currency

NDC maintains its books of accounts in USD which is the functional currency of NDC. Transactions denominated in other currencies were translated to USD using the exchange rate prevailing at the date of each transaction.

**NOTES TO THE FINANCIAL STATEMENT AND SCHEDULE OF THE MOVEMENT OF THE PROJECT
 SPECIAL BANK ACCOUNT**
 (All amounts in USD)

NOTE (3) IDA REPLENISHMENTS

This amount represents the installments received from IDA:

<u>Date</u>	For the Period from January 1, 2015 to December 31, 2015	From Inception on August 26, 2013 to December 31, 2015
Previous Installments	-	877,753
February 2, 2015	162,959	162,959
March 4, 2015	389,297	389,297
April 13, 2015	246,029	246,029
June 3, 2015	315,912	315,912
June 16, 2015	234,920	234,920
August 10, 2015	405,368	405,368
September 2, 2015	224,865	224,865
September 29, 2015	371,326	371,326
November 4, 2015	223,510	223,510
	<u>2,574,186</u>	<u>3,451,939</u>

NOTE (4) GOODS, CONSULTANTS' SERVICES, INCLUDING AUDIT AND TRAINING

<u>Date</u>	For the Period from January 1, 2015 to December 31, 2015	Cumulative from August 26, 2013 to December 31, 2015
Goods	3,596	3,596
Printings	3,814	3,814
Consultancies	63,726	92,972
Audit fees	19,140	33,600
	<u>90,276</u>	<u>133,982</u>

NGO Development Center (NDC)
 Additional Financing For Palestinian NGO-IV Project
 For the Period from January 1, 2015 to December 31, 2015

NOTES TO THE FINANCIAL STATEMENT AND SCHEDULE OF THE MOVEMENT OF THE PROJECT SPECIAL BANK ACCOUNT
 (All amounts in USD)

NOTE (5) SUB-GRANTS

Sub-grantee Name	Allocated (committed amount)	For the Period from January 1, 2015 to December 31, 2015	Cumulative from August 26, 2013 to December 31, 2015
Land Research Center	179,395	110,561	140,044
Environmental Education Center	95,550	38,220	57,330
Beit Ula Cultural Center	56,040	42,030	53,238
Mother School Society	147,469	55,301	84,795
The Palestinian Health Care Committees	149,641	56,115	86,043
QADER for Community Development	144,259	108,194	137,046
Psycho Social Counseling Center for Women	146,588	55,000	84,318
Palestinian Family Planning and Protection Association	128,711	64,283	90,025
Burj Al Luqluq Social Center Society	142,615	53,481	82,004
Palestinian Vision Organization	138,540	103,905	131,613
Al-Saraya Center for community Services	126,870	95,152	120,526
Public Aid Society	110,000	86,000	86,000
Sawaed for Relief & Development	149,950	54,318	54,318
Palestine Hydrology Group	89,700	52,940	52,940
East Jerusalem YMCA Rehabilitation Program	87,744	83,357	83,357
Partners for Sustainable Development - PSD	79,922	45,984	45,984
Palestinian Consultative Staff for Developing NGOs in Jenin	96,866	92,023	92,023
Health Work Committees	63,000	59,850	59,850
Youth Development Department/Arab Studies Society	97,050	92,197	92,197
PYALARA/Palestinian Youth Association for Leadership and Rights Activation	86,452	52,290	52,290

NGO Development Center (NDC)
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NOTES TO THE FINANCIAL STATEMENT AND SCHEDULE OF THE MOVEMENT OF THE PROJECT SPECIAL BANK ACCOUNT
 (All amounts in USD)

Sub-grantee Name	Allocated (committed amount)	For the Period from January 1, 2015 to December 31, 2015	Cumulative from August 26, 2013 to December 31, 2015
Women Center of Shufat Refugee Camp	53,000	30,600	30,600
Palestine Save the Children Foundation	65,850	55,500	55,500
Gaza Culture and Development Group	91,100	86,500	86,500
Association Of Alrowad For Palestinian Youth	20,000	19,000	19,000
Eye Society For Visually Impaired Rehabilitation And Prevention of Blindness (Save Vision)	41,300	39,200	39,200
Al-Amal Association for the Deaf	98,620	74,120	74,120
Jabalia Rehabilitation Society	64,478	61,000	61,000
East Gaza Association for Family Development	73,740	57,500	57,500
Atfaluna Society for Deaf Children	63,307	49,000	49,000
Palestinian Medical Relief Society/Gaza	99,970	94,970	94,970
Ajyal Association For Creativity and Development	60,000	57,000	57,000
Theatre Day Productions	81,512	50,400	50,400
Aisha Association for Woman and Child Protection	70,790	67,250	67,250
Beit Lahia Development Association	99,971	94,972	94,972
The Palestinian National Institute for NGOs (PNIN)	30,000	7,500	13,500
Palestinian General Union of Charitable Societies (PGUCS)	30,000	13,500	13,500
General Union of Non-Governmental Organizations	30,000	15,000	21,000
The Palestinian NGO Network (PNGO)	30,000	6,000	6,000
	3,420,000	2,280,213	2,576,953

**NOTES TO THE FINANCIAL STATEMENT AND SCHEDULE OF THE MOVEMENT OF THE PROJECT
 SPECIAL BANK ACCOUNT**
 (All amounts in USD)

NOTE (6) INCREMENTAL OPERATING COSTS

Date	For the Period from January 1, 2015 to December 31, 2015	Cumulative from August 26, 2013 to December 31, 2015
Staff-salaries and benefits	542,725	719,588
Rent, operation and maintenance of office and office equipment	51,741	64,186
Transportation and travel, including per diem allowances	7,046	7,892
Vehicles running cost	13,312	17,619
Office supplies	9,472	11,605
Communication costs	13,396	19,332
Bank charges	529	681
Meeting costs	2,089	6,838
Office administration including printing, translating and advertising	18,224	23,199
	658,534	870,940

NOTE (7) DUE TO NDC

This amount represents a transfer made by NDC to the special bank account to cover the Project expenses as a result of the shortage in the available funds in the special bank account until receiving the IDA transfers.

NOTE (8) PROJECT SPECIAL BANK ACCOUNT BALANCE

This represents the balance, of USD 90,589, outstanding in the Project special bank account as of December 31, 2015. This bank account details are as follows:

	Details
Bank	Bank of Palestine
Branch	Ramallah- Al Masyoun
Account number	PS52PALS047106000400013000001