

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF
GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)**

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

For the Year Ended December 31, 2021

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF
GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)**

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Independent Auditor's Report

To the Board of Trustees

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Palestinian Initiative for the Promotion of Global Dialogue and Democracy (hereinafter "MIFTAH"), which comprise the statement of financial position as of December 31, 2021, statement of activities, 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 MIFTAH as of December 31, 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of MIFTAH in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The prior year financial statements were audited by another auditor who issued an unqualified opinion in his report dated on May 25, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing MIFTAH's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate MIFTAH or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing MIFTAH's 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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 risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 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 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 the MIFTAH's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause MIFTAH to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT (continued)

We also inform management and those charged with governance with a statement showing our compliance with the rules of professional conduct related to independence, and we communicate with them regarding all matters and other matters that may reasonably affect our independence and the related protection measures when appropriate.



Deloitte & Touche (M.E.)
Ramallah – Palestine



Raed Abu Eletham, CPA
License no. (109/2002)

April 28, 2022

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)**

Statement of Financial Position

As of December 31, 2021

		2021	2020
		USD	(Adjusted Note 17) USD
Assets			
Current Assets			
Cash on hand and deposits with banks	5	1,038,363	1,203,209
Contributions receivable	6	1,742,786	1,356,430
Other current assets	7	95,655	102,527
Total Current assets		2,876,804	2,662,166
Non-Current Assets			
Right of use assets- Long term	8	53,312	79,969
Property and equipment	9	33,206	31,296
Total Non Current Assets		86,518	111,265
Total Assets		2,963,322	2,773,431
Liabilities and Net Assets			
Liabilities			
Current Liabilities			
Payables and accruals	11	121,358	137,578
Lease Liabilities- Short term	8	21,490	32,876
Total Current Liabilities		142,848	170,454
Non-Current Liabilities			
Deferred revenues	12	33,206	31,296
Provision for employees' indemnity	14	230,549	204,296
Lease Liabilities - Long Term	8	50,847	60,950
Total Non-Current Liabilities		314,602	296,542
Total Liabilities		457,450	466,996
Net Assets			
Unrestricted net assets		200,154	284,858
Board of directors designated fund	13	446,309	376,295
Temporarily restricted contributions	10	1,826,203	1,613,986
Investment in Property and equipment		33,206	31,296
Total Net Assets		2,505,872	2,306,435
Total Liabilities and Net Assets		2,963,322	2,773,431

The Accompanying Notes Form an Integral Part of These Financial Statements.

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIPTAH)**

**Statement of Activities
For the Year Ended December 31, 2021**

	Notes	Unrestricted	Temporarily		Total	Total
		contributions	Restricted	Contributions	2021	2020
		USD		USD	USD	USD
<u>Revenues</u>						
Grants						
Unrestricted contributions	10	-	1,671,306	1,671,306	1,671,306	2,021,020
Deferred revenues recognized	15	8,316	-	8,316	8,316	102,156
	12	10,037	-	10,037	10,037	5,055
Total Operating Revenues		18,353	1,671,306	1,689,659	1,689,659	2,128,231
Total Operating Revenues After Releases	10	1,388,051	(1,388,051)	-	-	-
		1,406,404	283,255	1,689,659	1,689,659	2,128,231
<u>Expenses</u>						
Projects' expenses	16	(1,388,051)	-	(1,388,051)	(1,388,051)	(1,223,834)
Depreciation of property and equipment	9	(10,037)	-	(10,037)	(10,037)	(5,055)
Currency exchange loss/(Gain)		(26,157)	(42,058)	(68,215)	(68,215)	83,681
Other Expenses		(5,168)	-	(5,168)	(5,168)	(6,373)
Total Expenses		(1,429,413)	(42,058)	(1,471,471)	(1,471,471)	(1,151,581)
(Decrease) Increase in net assets for the year		(23,009)	241,197	218,188	218,188	976,650

The Accompanying Notes Form an Integral Part of These Financial Statements.

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)**

**Statement of Changes in Net Assets
For the Year Ended December 31, 2021**

	Unrestricted Net Assets	Temporarily Restricted Fund	Board of directors designated fund	Investment in Property and equipment	Total
	USD	USD	USD	USD	USD
Balance as of January 1, 2021	284,858	1,613,986	376,295	31,296	2,306,435
Change in net assets for the year	(23,009)	241,197	-	-	218,188
Interest on board of directors designated fund	-	-	10,229	-	10,229
Additions to property and equipment	(11,947)	-	-	11,947	-
Movement of deferred revenue	-	(11,947)	-	-	(11,947)
Write off contributions	-	(17,033)	-	-	(17,033)
Depreciation for the year	10,037	-	-	(10,037)	-
Transferred to Board of Directors designated fund	(59,785)	-	59,785	-	-
Balance as of December 31, 2021	200,154	1,826,203	446,309	33,206	2,505,872

Balance as of January 1, 2020	359,588	-	263,191	-	622,779
Proir Period Adjustment (Note 17)	(10,187)	734,582	-	10,187	734,582
Adjusted Balance as of January 1, 2020	349,401	734,582	263,191	10,187	1,357,361
Change in net assets for the year	59,785	916,865	-	-	976,650
Interest on board of directors designated fund	-	-	9,885	-	9,885
Movement of deferred revenue	-	(26,164)	-	-	(26,164)
Write off contributions	-	(11,297)	-	-	(11,297)
Additions to property and equipment	(26,164)	-	-	26,164	-
Depreciation for the year	5,055	-	-	(5,055)	-
Transferred to Board of Directors designated fund	(103,219)	-	103,219	-	-
Balance as of December 31, 2020	284,858	1,613,986	376,295	31,296	2,306,435

The Accompanying Notes Form an Integral Part of These Financial Statements.

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL
DIALOGUE AND DEMOCRACY (MIFTAH)**

Statement of Cash Flows

For the Year ended December 31, 2021

	2021	2020
	USD	USD
Cash Flows from Operating activities		
Grants Received from Donors	1,229,672	1,069,523
Other Revenues Received	18,353	107,211
Cash Paid to Suppliers and Employees	(1,379,435)	(1,174,157)
Cash Flows (Used in) Generated from Operating Activities	(131,410)	2,577
Cash Flows from Investing Activities		
Purchase of property and equipment	(11,947)	(26,164)
Cash Flows (Used in) Investing Activities	(11,947)	(26,164)
Cash Flows from Financing Activities		
Cash Paid from Lease Liability	(25,500)	(25,500)
Interest on lease liability	4,011	5,216
Cash Flows (Used in) Financing Activities	(21,489)	(20,284)
(Decrease) in Cash and Banks During the Year	(164,846)	(43,871)
Cash at Banks at Beginning of Year	1,203,209	1,247,080
Cash at Banks at End of Year	1,038,363	1,203,209
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows (Used in) Generated from Operating Activities		
Change in net assets for the year	218,188	976,650
Interest Revenue	10,229	9,885
Depreciation	10,037	5,055
Right of use assets amortization	26,657	26,657
Deferred revenues recognized	(10,037)	(5,055)
Payments for employees' staff benefits	28,771	37,937
Contributions receivable	(386,356)	(993,285)
Other current assets	6,872	(72,134)
Write off contributions	(17,033)	(11,297)
Accounts payable and accruals	(16,220)	29,850
Employees' indemnity paid	(2,518)	(1,686)
Cash Flows (Used in) Generated from Operating Activities	(131,410)	2,577

The accompanying notes constitute an integral part of these financial statements.

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

1. General

The Palestinian Initiative for the Promotion of Global Dialogue and Democracy (MIFTAH) was established in December 1998 as a non-governmental non-partisan Jerusalem-based institution dedicated to fostering democracy and good governance within the Palestinian society through promoting public accountability, transparency, the free flow of information and ideas, and challenging of stereotyping at home and abroad. MIFTAH's aim is to serve as a Palestinian platform for global dialogue and cooperation guided by the principles of democracy, human rights, gender equity, and participatory governance. To this end, MIFTAH undertakes the pro-active generation and presentation of policy proposals and the focused dissemination of reliable information. Since its establishment, MIFTAH has established the cogency of its positions in Palestine and in the region and has formulated long and short-term policies and strategies to deal with particular pressing issues. Through networking with like-minded organizations locally, regionally and internationally, and with Palestinian expatriate communities, MIFTAH maintains lasting relationships and partnerships in pursuit of a common vision of dialogue and democracy.

MIFTAH's financial statements as at December 31, 2021 were approved by the General Assembly on April 19, 2022.

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

In the current year, MIFTAH's 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, 2021.

At the date of these financial statements, there was 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 the organization according to the dates of their effectiveness, and that this application has no effect on the financial statements of the organization in the initial application stage.

3. Summary of Significant Accounting Policies

Statement of Compliance

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

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies (continued)

3.1 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 MIFTAH and changes therein are classified and reported as follows:

- **Unrestricted net assets** - Net assets whose use by MIFTAH is not subject to donor-imposed restrictions.
- **Temporary restricted net assets** - Net assets whose use by MIFTAH is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of MIFTAH pursuant to those donor-imposed stipulations.
- **Investment in Property, Plant and Equipment** represents unrestricted fund invested in fixed assets.
- **Revenues** 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. in respect to restrictions and accordingly, such information should be read in conjunction with MIFTAH'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.

3.2 Contributions and Grants:

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 MIFTAH with no future related costs are recognized in the statement of activities in the period in which they become receivable.

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies (continued)

3.2 Contributions and Grants (Continued)

Grants whose primary condition is that MIFTAH should purchase, construct or otherwise acquire non-current assets are recognised 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 MIFTAH will comply with the conditions attaching to them and that the grants will be received.

3.3 Deferred Revenues

Donations related to property and equipment are measured at fair value, recorded as deferred revenues and recognized as revenue in the statement of activities and changes in net assets on a systematic basis over the useful life of the asset.

3.4 Property and Equipment

Property, plant 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:

<u>Property and equipment</u>	<u>Useful life</u>
Office Equipment & Computers	4-5 years
Office Furniture	6-7 years
Leasehold Improvements	5 years

When the expected recoverable amount is less than the net book value, the property, plant 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, plant 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, plant and equipment are disposed of when there is no expected future benefit from the use of that asset.

3.5 Income Tax

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

3.6 Expenses Recognition

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

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies (continued)

3.7 Foreign Currency Transactions

The financial statements are presented in U.S Dollar (USD) being the currency of the primary economic environment in which MIFTAH 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 each transaction. 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.

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 USD 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 USD equivalent using the exchange rate prevailing at year end.
- All other assets and liabilities are presented in their USD 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 USD are detailed as follows:

	2021	2020
	USD	USD
NIS	3.159	3.318
EURO	0.887	0.839

3.8 Cash and balances at banks

For purpose of the statement of cash flow, cash and cash equivalent comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

3.9 Contingencies

MIFTAH 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.

3.10 Contributions receivables

Contribution receivables are classified as financial assets at amortized cost, and are stated at the original amount of the unconditional pledges less amounts received and expected credit losses.

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies (continued)

3.11 Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.12 Right-of-use assets

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

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

3.13 Lease liabilities

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

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, MIFTAH uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

For the Year Ended December 31, 2021

4. Estimates and Assumptions

The financial statements include certain estimates and assumptions made by management relating to reporting of assets, 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 MIFTAH's management. Estimates used in the preparation of the financial statements are as the following:

Employees Indemnities: 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 and cash equivalent

	2021	2020
	USD	USD
Current accounts	286,522	521,137
Short-term deposits	751,841	682,072
	1,038,363	1,203,209

The average interest rate on the short-term deposits is 2.5% during the year 2021 and 3.1% in the year 2020.

Short-term deposits as of December 31, 2021 and 2020 include U.S. \$ 230,549 and U.S. \$ 204,296, respectively as deposits designated for employees' indemnity (note 14).

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND
DEMOCRACY (MIFTAH)
Notes to the Financial Statements**

For the Year Ended December 31, 2021

6. Contribution receivables

This item comprises temporarily restricted contributions subject to purpose restriction. These amounts represent the excess of donations over the expenditures made out to satisfy the purposes stipulated by the donors. The movement on the temporarily restricted contributions during 2021 is as follows:

	Balance, beginning of year	Additions	Cash received	Written off	Currency differences	Balance, End of year
	USD	USD	USD	USD	USD	USD
2021						
Arab Fund for Economic and Social Development	163,240	-	(33,153)	-	-	130,087
Oxfam-Coflict and Fragility (Year 4 & 5)	72,373	-	(71,414)	-	(959)	-
Oxfam-Beijing +25	23,844	-	(24,562)	-	718	-
Oxfam-Finance for Development Project (year 4 & 5)	13,998	-	(13,786)	-	(212)	-
Swiss Development Cooperation (SDC)	36,000	-	(36,000)	-	-	-
Swiss Development Cooperation (SDC)	-	568,421	(151,579)	-	-	416,842
EU-Youth as HR Defenders	50,117	-	(32,319)	(16,171)	(1,627)	-
Representative Office of Norway (NRO)	209,818	-	(233,350)	-	23,532	-
Representative Office of Ireland (IRO)	-	93,960	(93,469)	-	(491)	-
GIZ- Empowerment of Women in Decision Making Positions in LGUs	82,500	22,562	(33,734)	-	(3,690)	67,638
GIZ - LEAD Programme	-	35,800	(31,466)	-	(779)	3,555
Arab Palestinian Investment Company (APIC)	40,000	-	(20,000)	-	-	20,000
UNDP-Promoting Fiscal Justice	-	25,000	-	-	-	25,000
War Child	-	886,445	(153,177)	-	(29,443)	703,825
EU-Jerusalem Fund	418,041	-	(130,757)	-	(19,076)	268,208
Kayan as a Co-Applicatn in EU-Jerusalem Fund	-	8,511	(8,511)	-	-	-
WCLAC (from EU)	189,449	-	(87,228)	-	(4,043)	98,178
Central Elections Commission (CEC)	8,942	-	(9,107)	-	165	-
IMI Sweden	48,108	-	(44,985)	(390)	(2,733)	-
Folke Bernadotte Academy (FBA)	-	18,906	(9,453)	-	-	9,453
Austrian Representative Office (ARO)	-	11,701	(11,622)	(472)	393	-
	1,356,430	1,671,306	(1,229,672)	(17,033)	(38,245)	1,742,786

**THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND
DEMOCRACY (MIFTAH)
Notes to the Financial Statements
For the Year Ended December 31, 2021**

6. Contribution receivables (continued)

The movement on the temporarily restricted contributions during 2020 is as follows:

	Balance, beginning of year USD	Additions USD	Cash received USD	Movement in USD Written off USD	Currency differences USD	Balance, End of year USD
2020						
Arab Fund for Economic and Social Development	-	163,240	-	-	-	163,240
United Nations Population Fund (UNFPA)	12,179	-	(12,197)	-	18	-
OXFAM - Conflict and Fragility Project (contract 05797) Years 4 and 5	36,943	34,449	(5,863)	(7,546)	14,390	72,373
Oxfam-Beijing +25	-	21,928	-	-	1,916	23,844
Oxfam-Finance for Development Project (year 4 & 5)	112,845	-	(97,540)	(3,751)	2,444	13,998
Swiss Development Cooperation (SDC)	-	180,000	(144,000)	-	-	36,000
EU-Youth as HR Defenders	36,000	-	(36,000)	-	-	-
Representative Office of Norway (NRO)	120,854	-	(76,483)	-	5,746	50,117
Representative Office of Ireland (IRO) - Core fund	-	475,959	(270,050)	-	3,909	209,818
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	4,324	94,678	(96,065)	-	1,387	-
Arab Palestinian Investment Company (APIC)	-	82,500	(4,333)	-	9	82,500
United Nations Development Programme (UNDP)	20,000	60,000	(20,000)	-	-	40,000
EU-Jerusalem Fund	-	26,000	(46,000)	-	-	-
Kayan	-	521,290	(126,358)	-	23,109	418,041
WCLAC (from EU)	-	1,731	(1,731)	-	-	-
Central Elections Commission (CEC)	-	251,401	(62,263)	-	311	189,449
IM Sweden	-	17,873	(8,777)	-	(154)	8,942
Palestinian Private Sector-Unrestricted Contributions	20,000	89,971	(41,863)	-	-	48,108
	363,145	2,021,020	(1,069,523)	(11,297)	53,085	1,356,430

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

Notes to the Financial Statements

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7. Other current assets

	2021	2020
	USD	USD
Advance payments to partners and suppliers	57,152	66,243
Employee advances	21,135	18,309
Interest receivables	12,768	15,564
Others	4,600	2,411
	95,655	102,527

8. Right of use assets and Lease Liabilities

MIFTAH has one lease contract for a rent of office. The movement in the right to use assets and lease liabilities during the year ending December 31, 2021 is as follows:

	Right of Use Assets	Lease Liability*
	USD	USD
Beginning Balance as at January 1, 2021	79,969	93,826
Amortization	(26,657)	-
Interest expense on lease liabilities	-	4,011
Lease payments	-	(25,500)
Ending Balance December 31, 2021	53,312	72,337

During the year ending on December 31, 2020 is are as follows:

	Right of Use Assets	Lease Liability
	USD	USD
Beginning Balance as at January 1, 2020	106,626	114,110
Amortization	(26,657)	-
Interest expense on lease liabilities	-	5,216
Lease payments	-	(25,500)
Ending Balance December 31, 2020	79,969	93,826

Detailed lease liabilities as of 31 December 2021 and 2020 are shown as below:

	2021	2020
	USD	USD
Short term	21,490	32,876
Long term	50,847	60,950
	72,337	93,826

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9. Property and equipment, Net

December 31, 2021

<u>Cost</u>	<u>Office Equipment USD</u>	<u>Office Furniture USD</u>	<u>Leasehold Improvements USD</u>	<u>Total USD</u>
Balance as of January 1, 2021	262,298	71,954	28,495	362,747
Additions	10,221	1,726	-	11,947
Balance as of December 31, 2021	272,519	73,680	28,495	374,694
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2021	233,928	69,028	28,495	331,451
Depreciation	9,175	862	-	10,037
Balance as of December 31, 2021	243,103	69,890	28,495	341,488
Net Book Value as of December 31, 2021	29,416	3,790	-	33,206

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9. Property and equipment, Net (continued)

December 31, 2020

<u>Cost</u>	Office equipment USD	Office Furniture USD	Leasehold Improvements USD	Total USD
Balance as of January 1, 2020	236,865	71,223	28,495	336,583
Additions	25,433	731	-	26,164
Balance as of December 31, 2020	262,298	71,954	28,495	362,747
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2020	229,703	68,198	28,495	326,396
Depreciation	4,225	830	-	5,055
Balance as of December 31, 2020	233,928	69,028	28,495	331,451
Net Book Value as of December 31, 2020	28,370	2,926	-	31,296

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10. Temporarily restricted Contributions

This item comprises temporarily restricted contributions subject to purpose restriction. End of year individual balances represent the excess of donations pledged over the expenditures made out to satisfy the purposes stipulated by donors. The movement in temporarily restricted contributions is as follows:

	Balance, beginning of year USD	Additions during the year USD	Temporarily restricted contributions released from restriction USD	Deferred revenue USD	Written off USD	Currency differences USD	Balance, end of year USD
2021							
Arab Fund for Economic and Social Development	163,240	-	(77,960)	-	-	-	85,280
Representative Office of Ireland (IRO)	-	93,960	(94,998)	(1,179)	-	2,217	-
Representative Office of Norway (NRO)	403,336	-	(421,162)	(2,334)	-	20,160	-
Swiss Development Cooperation (SDC)	-	568,421	(175,602)	(2,261)	-	-	390,558
EU-Youth as HR Defenders	135,935	-	(120,549)	-	(16,171)	784	-
EU-Jerusalem Fund	506,775	-	(125,955)	-	-	(21,009)	359,811
Kayvan as a Co-Applicant in EU-Jerusalem Fund	-	8,511	(8,511)	-	-	-	-
WCLAC (from EU)	195,351	-	(81,126)	-	-	(6,965)	107,260
GIZ- Empowerment of Women in Decision Making Positions in LGUs	73,992	22,562	(41,061)	(1,883)	-	(3,315)	50,295
GIZ - LEAD Programme	-	35,800	(35,034)	-	-	(766)	-
Arab Palestinian Investment Company (APIC)	75,000	-	(20,000)	-	-	-	55,000
United Nations Development Programme (UNDP)	-	25,000	(2,099)	-	-	-	22,901
War Child	-	886,445	(112,452)	(1,910)	-	(30,993)	741,090
Central Elections Commission (CEC)	12,249	-	(12,543)	-	-	295	-
IM Sweden	48,108	-	(44,555)	(430)	(390)	(2,733)	-
Folke Bernadotte Academy (FBA)	-	18,906	(2,948)	(1,950)	-	-	14,008
Austrian Representative Office (ARO)	-	11,701	(11,496)	-	(472)	267	-
	1,613,986	1,671,306	(1,388,051)	(11,947)	(17,033)	(42,058)	1,826,203

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10. Temporarily restricted Contributions (Continued)

	Balance, beginning of year USD	Additions during the year USD	Temporarily restricted contributions released from restriction USD	Deferred revenue USD	Written off USD	Currency differences USD	Balance, end of year USD
2020							
Arab Fund for Economic and Social Development	-	163,240	-	-	-	-	163,240
Representative Office of Ireland (IRO)	-	94,678	(84,054)	(10,838)	-	214	-
OXFAM - Conflict and Fragility Project (contract 05797) Years 4 and 5	70,377	34,449	(111,544)	-	(7,546)	14,264	-
OXFAM - Finance for Development Project (contract 05784) Year 4	107,487	-	(106,834)	-	(3,751)	3,098	-
OXFAM - Beijing +25	-	21,928	(23,400)	-	-	1,472	-
Representative Office of Norway (NRO)	296,569	475,959	(372,541)	(4,331)	-	7,680	403,336
Swiss Cooperation Office Gaza & West Bank	-	180,000	(171,774)	(8,226)	-	-	-
EU	201,936	-	(78,245)	-	-	12,244	135,935
EU- Jerusalem Fund	-	521,290	(46,709)	(1,384)	-	33,578	506,775
Kayan	-	1,731	(1,731)	-	-	-	-
EU- WCLAC	-	251,401	(57,050)	(1,385)	-	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	-	82,500	(8,478)	-	-	2,385	195,351
Arab Palestinian Investment Company (APIC)	35,000	60,000	(20,000)	-	-	(30)	73,992
United Nations Development Programme (UNDP)	18,213	26,000	(44,213)	-	-	-	75,000
International Rescue Committee (IRC)	5,000	-	(5,000)	-	-	-	-
Central Elections Commission (CEC)	-	17,873	(5,584)	-	-	-	-
IM Sweden	-	89,971	(41,863)	-	-	(40)	12,249
	734,582	2,021,020	(1,179,020)	(26,164)	(11,297)	74,865	1,613,986

THE PALESTINIAN INITIATIVE FOR THE PROMOTION OF GLOBAL DIALOGUE AND DEMOCRACY (MIFTAH)

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11. Payables and accruals

	2021	2020
	USD	USD
Accounts payable	94,430	106,229
Outstanding checks	19,876	16,536
Legal case provision	-	8,020
Accrued expenses	7,052	6,793
	121,358	137,578

12. Deferred revenues

This item represents the value of property and equipment acquired during the year using the temporarily restricted contributions. It is recorded as deferred revenues and recognized regularly based on the expected useful life of an asset.

Movement on deferred revenues during the year was as follows:

	2021	2020
	USD	USD
Balance as of January 1, 2021	31,296	10,187
Additions	11,947	26,164
Deferred Revenues Recognized	(10,037)	(5,055)
Balance as of December 31, 2021	33,206	31,296

13. Board of Directors designated fund

This item represents unrestricted resources, designated by MIFTAH Board of Directors to contribute to the long-term sustainability of MIFTAH or for any other purpose to be set by the Board of Directors. This amount is deposited in US Dollar with an original maturity of twelve months. The average interest rate was 2.5% during 2021 and 3% in 2020, respectively. During the year, the board has decided to transfer an amount of U.S. \$ 59,785 from unrestricted net assets balance to this account. The new balance of this fund is deposited in bank with an average interest rate of 2.5%.

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14. Provision for employees' indemnity

	2021	2020
	USD	USD
Balance, beginning of year	204,296	168,045
Additions during the year	28,771	37,937
Payments during the year	(2,518)	(1,686)
Balance, end of year*	230,549	204,296

- This balance includes termination benefits amounting to USD 3,848 related to the lawsuit filed against MIFTAH.

15. Unrestricted contributions

	2021	2020
	USD	USD
Donations from private sector	-	93,000
Interest income	6,896	8,598
Subscriptions from general assembly members	623	558
Others	797	-
	8,316	102,156

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16. Projects expenses

	APIC	FBA	GIZ - Civil Society Program (OSP)	GIZ - LEAD Programme	Arab Fund	
	US\$	US\$	US\$	US\$	US\$	US\$
Youth Program						
	6,767	1,303	19,193	5,295	14,624	47,182
Consultants, Trainers, Researchers and Speaker	1,125	-	7,384	6,701	1,656	16,866
Field Coordinators' Expenses	1,438	14	1,646	2,330	41	5,469
Editing and Translation	-	-	681	-	-	681
Workshops, Seminars and Training Sessions	4,293	-	2,238	12,929	2,863	22,323
Supplies and Materials	119	282	90	733	169	1,393
Accommodation and Transportation	5,605	95	2,429	5,191	1,486	14,806
Media Campaign and Activities	223	220	2,075	-	-	2,518
Other Program Direct Cost	-	-	-	-	3,628	3,628
Purchases Within Income Generating Project	-	-	-	-	48,827	48,827
Program Direct Cost	12,803	611	16,543	27,884	58,670	116,511
Admin Staff and Salaries and Benefits	100	-	100	-	200	400
Professional Fees	-	-	-	560	560	1,120
Monitoring and Evaluation Salaries and Related Benefits	-	-	3,361	563	-	3,924
Overall Management	100	-	3,461	1,123	760	5,444
Rent	-	-	200	450	2,050	2,700
Stationery and Supplies	53	73	318	-	206	650
Utilities	141	569	721	155	1,144	2,730
Communication	78	383	569	69	505	1,604
Bank Charges	-	9	55	-	-	64
Advertising	58	-	-	58	-	116
Other admin cost	330	1,034	1,863	732	3,905	7,864
Total	20,000	2,948	41,060	35,034	77,959	177,001

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16. Projects' expenses (Continued)

	Subtotal USD	ARO Training of youth for PLC USD	War Child We Rise USD	UNDP Transparency, Evidence and Accountability (TEA) Programme USD	NRO Advancing Women, Peace and Security Agenda in Palestine USD	NRO Core USD	Subtotal USD
Program Personnel and Salaries Benefits	47,182		45,195	1,610	54,059	83,698	231,744
Consultants, Trainers, Researchers and Speaker	16,866	3,681	19,777	-	12,804	10,053	63,181
Employees, Participants Perdiems and Meals	-	-	-	-	-	250	250
Field Coordinators' Expenses	5,469	2,009	8,970	-	11,381	7,372	35,201
Vol. Stipend, Paid Internships, Shadowing and Vocational	-	-	2,975	-	-	1,276	4,251
Publications and Dissemination	-	-	3,947	-	-	2,400	6,907
Editing and Translation	681	240	137	-	560	339	1,637
Workshops, Seminars and Training Sessions	22,323	5,566	9,390	-	240	4,176	56,634
Supplies and Materials	1,393	-	675	-	15,179	4,176	56,634
Accommodation and Transportation	14,806	-	1,689	-	1,985	561	4,614
Media Campaign and Activities	2,518	-	5,487	-	6,889	3,657	27,041
Membership Fees	-	-	-	-	1,778	11,974	21,757
Institutional and Capacity Development	-	-	-	-	-	300	300
Other Program Direct Cost	3,628	-	-	-	-	5,486	5,486
Purchase of Hygiene and Consumable Goods	-	-	-	-	-	3,628	3,628
Purchases Within Income Generating Project	48,827	-	-	-	87,700	1,088	88,788
Program Direct Cost	116,511	11,496	53,047	-	138,516	48,932	368,502
Admin Staff and Salaries and Benefits	400	-	1,922	-	100	54,801	57,223
Professional Fees	1,120	-	1,932	-	-	5,850	8,902
Monitoring and Evaluation Salaries and Related Benefits	3,924	-	6,261	422	7,908	8,475	26,990
Overall Management	5,444	-	10,115	422	8,008	68,126	93,115
Rent	2,700	-	2,000	-	400	6,851	11,951
Hospitality	-	-	-	-	-	1,066	1,066
Stationery and Supplies	650	-	271	43	-	1,911	2,875
Utilities	2,730	-	1,231	23	-	4,121	8,105
Transportation	-	-	-	-	-	2,129	2,129
Communication	1,604	-	593	-	-	1,248	3,445
Annual Board Meetings	-	-	-	-	-	179	179
Bank Charges	64	-	-	-	-	630	694
Advertising	118	-	-	-	-	290	406
Other admin cost	7,864	-	4,095	66	400	18,425	30,850
Total	177,001	11,496	112,452	2,098	200,983	220,181	724,211

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16. Projects' expenses (Continued)

	Subtotal USD	IM SWEDEN USD	IRO USD	Core USD	Swiss Agency for Development and Cooperation USD	Swiss Agency for Development and Cooperation USD	Increasing Citizens' Participation in Elections USD	Central Elections Commission - CEC USD	Subtotal USD
Program Personnel and Salaries Benefits	231,744	16,961		39,104	49,174		1,464	2,441	340,888
Consultants, Trainers, Researchers and Speaker	63,181	3,650		3,875	4,213		-	4,694	79,613
Employees, Participants Perdiems and Meals	250	50		50	50		-	-	400
Field Coordinators' Expenses	35,201	263		583	17,352		-	2,281	55,680
Vol. Stipend, Paid Internships, Shadowg and Vocational	4,251	638		1,276	1,276		-	-	7,441
Publications and Dissemination	6,907	-		-	-		-	-	6,907
Editing and Translation	1,637	26		359	64		-	-	2,086
Workshops, Seminars and Training Sessions	56,634	1,780		3,566	1,771		446	2,697	66,894
Supplies and Materials	4,614	196		471	331		92	48	5,752
Accommodation and Transportation	27,041	559		2,658	1,226		502	382	32,368
Media Campaign and Activities	21,757	625		682	8,955		-	-	32,019
Membership Fees	300	300		300	300		-	-	1,200
Institutional and Capacity Development	5,486	661		5,299	5,386		-	-	16,832
Other Program Direct Cost	3,628	-		-	-		-	-	3,628
Purchase of Hygiene and Consumable Goods	88,788	-		1,068	4,335		-	-	94,211
Purchases Within Income Generating Project	48,827	-		-	-		-	-	48,827
Program Direct Cost	368,502	8,748		20,207	45,259		1,040	10,102	453,858
Admin Staff and Salaries and Benefits	57,223	11,350		22,789	24,400		-	-	115,762
Professional Fees	8,902	563		563	930		611	-	11,569
Monitoring and Evaluation Salaries and Related Benefits	26,990	1,200		3,804	4,453		-	-	36,447
Overall Management	93,115	13,113		27,156	29,783		611	-	163,778
Rent	11,951	1,650		1,500	2,850		-	-	17,951
Hospitality	1,066	-		-	198		-	-	1,264
Stationery and Supplies	2,875	660		891	675		-	-	5,101
Utilities	8,105	2,199		4,569	2,573		-	-	17,446
Transportation	2,129	828		877	1,401		-	-	5,235
Communication	3,445	339		413	872		-	-	5,069
Annual Board Meetings	179	-		129	-		-	-	308
Bank Charges	694	-		94,00	64		-	-	852
Advertising	406	58		58	116		-	-	638
Other admin cost	30,850	5,734		8,531	8,749		-	-	53,864
Total	724,211	44,556		94,998	132,965		3,115	12,543	1,012,388

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16. Projects' expenses (Continued)

	Subtotal USD	Swiss Agency for Development and Cooperation (5%)		WCLAC - EU		Swiss Agency for Development and Cooperation (20%)		EU		Subtotal USD
		USD	Agents for Change	USD	USD	USD	Youth as HR Defenders	USD	USD	
Program Personnel and Salaries Benefits	340,888			20,448				28,720		390,056
Consultants, Trainers, Researchers and Speaker	79,613		4,249	14,823				2,869		101,554
Employees, Participants Perdiems and Meals	400									400
Field Coordinators' Expenses	55,680			4,825				833		61,338
Vol. Stipend, Paid Internships, Shadowg and Vocational	7,441			12,723				14,327		34,491
Publications and Dissemination	6,907									6,907
Editing and Translation	2,086			3,267			1,062	6,096		12,511
Workshops, Seminars and Training Sessions	66,894			11,538			1,067	1,681		81,180
Supplies and Materials	5,752			963				449		7,164
Accommodation and Transportation	32,368			4,423				373		37,164
Media Campaign and Activities	32,019			400				32,899		65,318
Membership Fees	1,200									1,200
Institutional and Capacity Development	16,832									16,832
Other Program Direct Cost	3,628									3,628
Purchase of Hygiene and Consumable Goods	94,211						27,784	11,869		133,864
Purchases Within Income Generating Project	48,827									94,211
Program Direct Cost	453,858		4,249	52,962			29,913	71,396		612,378
Admin Staff and Salaries and Benefits	115,762			50				1,825		117,637
Professional Fees	11,569			1,575				10,585		23,729
Monitoring and Evaluation Salaries and Related Benefits	36,447			1,987				2,144		40,578
Overall Management	163,778			3,612				14,554		181,944
Rent	17,951			1,750				4,750		24,451
Hospitality	1,264									1,264
Stationery and Supplies	5,101			470				295		5,866
Utilities	17,446			1,244				530		19,220
Transportation	5,235									5,235
Communication	5,069			563				249		5,881
Annual Board Meetings	308									308
Bank Charges	852			20.00				55		927
Advertising	638			58						696
Other admin cost	53,864			4,105				5,879		63,848
Total	1,012,388		4,249	81,127			29,913	120,549		1,248,226

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16. Projects' expenses (Continued)

	Subtotal USD	Swiss Agency for Development and Cooperation (10%)	Kayan	Jerusalem Fund - EU	Total Project Expenses 2021 USD	Total Project Expenses 2020 USD
		USD	USD	USD	USD	USD
Program Personnel and Salaries Benefits	390,056	5,078	-	36,228	431,362	359,523
Consultants, Trainers, Researchers and Speaker	101,554	-	-	-	101,554	122,320
Employees, Participants Perdiems and Meals	400	-	-	-	400	-
International Travel and Per diems	-	-	-	-	-	597
Field Coordinators' Expenses	61,338	-	-	2,622	63,960	93,883
Vol. Stipend, Paid Internships, Shadowg and Vocational	34,491	-	-	-	34,491	17,405
Publications and Dissemination	6,907	-	-	-	6,907	16,607
Editing and Translation	12,511	-	-	1,128	13,639	19,677
Workshops, Seminars and Training Sessions	81,180	-	-	1,754	82,934	30,796
Supplies and Materials	7,164	-	-	88	7,252	6,906
Accommodation and Transportation	37,164	-	-	452	37,616	16,981
Media Campaign and Activities	65,318	-	-	-	65,318	180,499
Membership Fees	1,200	-	-	-	1,200	1,100
Institutional and Capacity Development	16,832	-	-	-	16,832	7,150
Other Program Direct Cost	43,281	-	8,511	-	128,394	34,848
Purchase of Hygiene and Consumable Goods	94,211	-	-	76,602	94,211	101,791
Purchases Within Income Generating Project	48,827	-	-	-	48,827	-
Program Direct Cost	612,378	-	8,511	82,646	703,535	650,560
Admin Staff and Salaries and Benefits	117,637	-	-	-	117,637	100,689
Professional Fees	23,729	-	-	-	23,729	14,196
Monitoring and Evaluation Salaries and Related Benefits	40,578	282	-	3,693	44,553	38,607
Overall Management	181,944	282	-	3,693	185,919	153,492
Rent	24,451	-	-	1,049	25,500	25,500
Hospitality	1,264	-	-	-	1,264	1,090
Stationery and Supplies	5,866	-	-	448	6,314	5,060
Utilities	19,220	-	-	1,158	20,378	17,186
Transportation	5,235	-	-	-	5,235	3,735
Communication	5,881	-	-	537	6,418	6,363
Annual Board Meetings	308	-	-	-	308	-
Bank Charges	927	-	-	137	1,064	1,036
Advertising	696	-	-	58	754	289
Other admin cost	63,848	-	-	3,387	67,235	60,259
Total	1,248,226	5,360	8,511	125,954	1,388,051	1,223,834

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For the Year Ended December 31, 2021

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17. Prior Period Adjustments

During the year, the below adjustments were performed at the comparative year ended December 31, 2020 detailed as follows:

	Balance as of January 1, 2020 (Before adjustments)	Prior year adjustments	Change in the net assets during the year 2020	Balance December 31, 2020 (after adjustments)
Unrestricted Net Assets	359,588	(10,187)	(64,543)	284,858
Investment in Property and equipment	-	10,187	21,109	31,296
Board of directors designated fund	263,191	-	113,104	376,295
Temporarily Restricted Fund – Liabilities	734,582	(734,582)	-	-
Temporarily Restricted Fund – Net Assets	-	734,582	879,404	1,613,986
	1,357,361	-	949,074	2,306,435

18. Related Parties Transactions

Related parties represent members of the board of directors and key management personnel of MIFTAH. Pricing policies and terms of these transactions are approved by MIFTAH's management.

Transactions with related parties included in the statement of activities and changes in net assets are as follows:

	2021 USD	2020 USD
Key management personnel compensation:		
Short-term benefits	48,788	39,913
Termination benefits	7,353	3,150

19. Financial Instruments

(a) Fair Values of Financial Assets and Liabilities

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of contributions receivable, cash on hand and balances with banks and some other current assets. Financial liabilities consist of some accounts payable, accruals and temporarily restricted contributions. The fair values of financial instruments are not materially different from their carrying values.

Annex: Schedule of SDC Project Expenditures

19. Financial Instruments (Continued)

(b) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. MIFTAH is exposed to credit risk from its operating activities primarily on contributions receivable.

MIFTAH limits its credit risk through obtaining funds from several reputable donors.

(c) Foreign Currency Risk

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

(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 2022 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

Majority of MIFTAH's revenue and support for the years ended December 31, 2021 and 2020 was derived from grants received from donor agencies. MIFTAH 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 on MIFTAH's ability to finance ongoing operations in the coming years.

(f) Liquidity Risk

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

Most of MIFTAH's financial liabilities are due within a period of three months.

(g) Interest Rate Risk

Interest rate risk results mainly from changes in interest rates on financial assets subject to changing interest rate. MIFTAH's financial assets are subject to fixed interest rate and therefore, there is no change of interest rate risk exposure on such assets.

Annex: Schedule of SDC Project Expenditures

20. Contingent liabilities

Due to a work dispute based on a contractual disagreement, there is a lawsuit against MIFTAH in the Palestinian courts which amounted to USD 131,864 as of December 31, 2021. MIFTAH's management, Board of Directors and legal counsel believes that this case has no legal merit or standing. The legal counsel is handling the case completely and believes that there will be no financial commitments against this litigation, except for what has been provided in the financial statements.

21. COVID 19 Pandemic

The global outbreak of novel coronavirus (COVID 19) during early 2021 is caused disruptions in normal lives and businesses in many ways. The spread of the virus in Palestine led to many closures in the markets and movement restrictions because of the preventive measures taken by the government to limit the spread.

MIFTAH's management took into consideration the exceptional circumstances that could have material impact on MIFTAH's activities and the risks of exposure to the organization. As a result, the management concluded that the main effects on MIFTAH's revenue and liquidity could arise from the following:

- Ability to recover the grants from donors.
- Ability to sign new agreements with donors.
- Ability to implement projects funded by donors.

The management comes to an end that there is no significant impact at MIFTAH operation and liquidity as of the date of the accompanying financial statements.