

Women's Studies Center

Financial Statements and Independent Auditor's Report

December 31, 2013

Women's Studies Center

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Women's Studies Center (WSC)

We have audited the accompanying financial statements of **Women's Studies Center (WSC) Not for Profit**, which comprise of the statement of financial position as at December 31, 2013, the statement of activities, changes in net assets and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 117 applicable to not for profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements 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 Center's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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 statements give a true and fair view of the financial position of **Women's Studies Center** as of December 31, 2013, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 117 applicable to not for profit organizations.

A handwritten signature in blue ink that reads "Peter Husanny". The signature is written in a cursive style with a long horizontal stroke at the end.

Deloitte & Touche (M.E.)

**Ramallah-Palestine
April 4, 2014**

Women's Studies Center
Statement of Financial Position
As of December 31, 2013

	Note	December 31,	
		2013	2012
		U.S. \$	U.S. \$
Assets			
Current Assets			
Cash on Hand and at Banks	3.a	296,413	208,858
Grants Receivable	4	20,794	77,041
Other Assets	5	5,452	10,922
Total Current Assets		322,659	296,821
Bank Deposits Restricted for Staff Benefits	3.b	205,279	181,827
Property and Equipment	6	16,281	25,159
Total Assets		544,219	503,807
Liabilities and Net Assets			
Liabilities :			
Accounts Payables and Accruals	7	91,179	91,228
Deferred Grants and Activity Income	8	-	119,280
Reserves for Severance Pay and Provident Fund	9	230,297	182,917
Total liabilities		321,476	393,425
Net Assets :			
Unrestricted		68,407	68,406
Temporarily Restricted	10	138,055	16,817
Investment in Property and Equipment		16,281	25,159
Total Net Assets (Statement-C)		222,743	110,382
Total Liabilities and Net Assets		544,219	503,807

See Notes to Financial Statements

Women's Studies Center
Statement of Activities
Year Ended December 31, 2013

	Note	Unrestricted	Temporarily	Total	
		U.S. \$	Restricted U.S. \$	2013 U.S. \$	2012 U.S. \$
Grants and Revenues:					
Restricted Grants	10	-	616,070	616,070	602,766
Counseling Fees and Other Income	11	120,205	-	120,205	47,916
Total		120,205	616,070	736,275	650,682
Net Assets Released From Restrictions	10	494,832	(494,832)	-	-
		615,037	121,238	736,275	650,682
Expenses:					
Program Expenses:					
Women Empowerment and Development		141,078	-	141,078	175,105
Violence Against Women and Children		206,213	-	206,213	244,664
Developing and promoting a culture of Equality		85,856	-	85,856	109,198
Institutional Development of the WSC		15,659	-	15,659	11,789
Total Program Expenses (Statement-E)		448,806	-	448,806	540,756
Administrative Expenses (Statement-E)		166,230	-	166,230	235,422
Depreciation		8,878	-	8,878	9,600
Total Expenses		623,914	-	623,914	785,778
 Increase (Decrease) in Net Assets for the Year (Statement-C)		(8,877)	121,238	112,361	(135,096)

See Notes to Financial Statements

Women's Studies Center
Statement of Changes in Net Assets
Year Ended December 31, 2013

	Net Assets			
	Unrestricted	Temporarily Restricted	Investment in Property and Equipment	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
<u>Year Ended December 31, 2013:</u>				
Balances at Beginning of Year	68,406	16,817	25,159	110,382
Increase (Decrease) in Net Assets for the Year (Statement-B)	(8,877)	121,238	-	112,361
Transfer to Investment in Property and Equipment, net of Depreciation	8,878	-	(8,878)	-
Net Assets at End of Year (Statement-A)	68,407	138,055	16,281	222,743
 <u>Year Ended December 31, 2012:</u>				
Balances at Beginning of Year	52,766	171,690	21,022	245,478
Increase (Decrease) in Net Assets for the Year (Statement-B)	19,777	(154,873)	-	(135,096)
Transfer to Investment in Property and Equipment, net of Depreciation	(4,137)	-	4,137	-
Net Assets at End of Year (Statement-A)	68,406	16,817	25,159	110,382

See Notes to Financial Statements

Women's Studies Center
Statement of Cash Flows
Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Cash flows from Operating Activities:		
Restricted Grants	553,037	533,025
Counseling Fees and Other Income	120,205	47,916
Cash paid to Employees and suppliers	(585,687)	(647,356)
Net Cash Provided by (Used in) Operating Activities	<u>87,555</u>	<u>(66,415)</u>
Cash Flows from Investing Activities:		
Procurement of Property and Equipment	-	(13,737)
(Decrease) Increase in Cash During the Year	<u>87,555</u>	<u>(80,152)</u>
Cash on Hand and Deposits with Banks at Beginning of Year	208,858	289,010
Cash on Hand and Deposits with Banks at End of Year	<u>296,413</u>	<u>208,858</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in Net Assets	112,361	(135,096)
Increase in Reserves for Severance Pay and Provident Fund	47,380	49,892
Depreciation	8,878	9,600
(Increase) Decrease in Grants Receivable	56,247	(69,741)
(Increase) Decrease in Other Assets	5,470	(6,994)
(Increase) in Bank's Deposits Restricted for Staff Benefits	(23,452)	(50,505)
Increase (Decrease) in Payables and Accruals	(49)	17,149
(Decrease) Increase in Deferred Grants and Activity Income	(119,280)	119,280
Net Cash (Used in) Provided by Operating Activities	<u>87,555</u>	<u>(66,415)</u>

See Notes to Financial Statements

Women's Studies Center
Statement of Functional Expenses
Year Ended December 31, 2013

							<u>Total</u>	
	Women Empowerment and Development	Violence Against Women and Children	Developing and Promoting a Culture of Equality	Institutional Development of WSC	Total Program	Administrative	2013	2012
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries, Coordination and Related Benefits	45,046	113,334	47,287	-	205,667	106,345	312,012	409,814
International Travel and Transportation	20,155	10,760	1,008	3,785	35,708	5,111	40,819	40,792
Rent	600	2,200	-	-	2,800	24,534	27,334	25,791
Office Utilities	6,415	1,209	6	-	7,630	13,603	21,233	19,083
Communication Expenses	5,205	3,885	2,047	-	11,137	3,395	14,532	15,989
Hospitality	24,719	18,958	273	26	43,976	1,353	45,329	68,293
Professional and Legal Fees	-	2,300	-	-	2,300	9,819	12,119	11,901
Bank Charges and Currency Translation Loss	15	108	8	15	146	380	526	1,727
Direct Activities Costs	27,482	26,532	32,672	5,101	91,787	1,566	93,353	121,532
Other cost Services	11,441	26,927	2,555	6,732	47,655	124	47,779	61,256
Total expenses- (Statement-B)	141,078	206,213	85,856	15,659	448,806	166,230	615,036	776,178
Property and Equipment Additions	-	-	-	-	-	-	-	13,737
Total expense and Property and Equipment additions	141,078	206,213	85,856	15,659	448,806	166,230	615,036	789,915

See Notes to Financial Statements

Women's Studies Center
Statement of Functional Expenses
Year Ended December 31, 2012

							<u>Total</u>	
	Women Empowerment and Development	Violence Against Women and Children	Developing and Promoting a Culture of Equality	Institutional Development of WSC	Total Program	Administrative	2012	2011
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries, Coordination and Related Benefits	46,934	133,893	49,111	-	229,938	179,876	409,814	294,026
International Travel and Transportation	16,850	17,560	1,107	1,390	36,907	3,885	40,792	24,356
Rent	600	2,900	-	-	3,500	22,291	25,791	24,300
Office Utilities	5,009	3,474	-	-	8,483	10,600	19,083	20,989
Communication Expenses	5,820	4,455	2,475	-	12,750	3,239	15,989	14,313
Hospitality	23,598	24,785	17,662	89	66,134	2,159	68,293	58,911
Professional and Legal Fees	71	1,300	-	-	1,371	10,530	11,901	15,076
Bank Charges and Currency Translation Loss	12	227	-	-	239	1,488	1,727	1,595
Direct Activities Costs	59,134	26,871	33,381	1,110	120,496	1,036	121,532	172,162
Other cost Services	17,077	29,199	5,462	9,200	60,938	318	61,256	83,349
Total expenses- (Statement-B)	175,105	244,664	109,198	11,789	540,756	235,422	776,178	709,077
Property and Equipment Additions	1,000	1,109	1,883	-	3,992	9,745	13,737	5,158
Total expense and Property and Equipment additions	176,105	245,773	111,081	11,789	544,748	245,167	789,915	714,235

See Notes to Financial Statements

Women's Studies Center
Notes to Financial Statements
Year Ended December 31, 2013
(Amounts are presented in U.S Dollar)

1. Organization:

Women's Studies Center (WSC), (**Not For Profit Organization**) established in 1989 and is a secular, dependent, feminist non-governmental organization. It is active in protecting and advocating for human rights and women's' rights; in enhancing the equality between the two sexes; and in supporting women's rights as an integral part of human rights

The center is registered with the Palestinian Ministry of Interior.

2. Summary of Significant Accounting Policies:

2.1 The financial statements of WSC have been prepared on the accrual basis of accounting using the historical cost convention, relevant International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 117 applicable to not for profit.

In the current year, WSC 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, 2013. The application of the new standards and interpretations has no effect on the financial position or the results of operations of WSC.

2.2 Significant accounting policies followed are described below:

The accounting policies adopted are consistent with those policies applied in the previous year.

WSC maintains its accounts in accordance with the principles of fund accounting under which the resources for various purposes are classified into three classes of net assets as described below:

- ***Unrestricted net assets*** represent net assets whose use by WSC is not subject to donor-imposed restrictions.
- ***Temporarily restricted net assets*** whose use by WSC is limited by donor-imposed and restriction that either expire by passage of time or can be fulfilled and released by actions of WSC pursuant to those donor-imposed stipulations.
- ***Investment in Property and Equipment:*** represents resources invested in property and equipment.

2. Summary of Significant Accounting Policies: (Continued)

Contributions and Grants:

Revenues from private grants are recognized as it is earned through expenditures in accordance with the agreements. Any funding received in advance of expenditures is disclosed under deferred grants in the statement of financial position.

Contributions Receivable:

Represents amounts due from funding organizations for expenditures incurred prior to receiving related funds.

Deferred Grants:

Represents received from donors during the current year and are disclosed under deferred grant and are recognized as revenue in subsequent years.

Cash and cash equivalents include cash on hand and deposits with banks with maturity dates of 90 days or less.

Property and Equipment:

Property and Equipment are stated in the attached financial statements based on historical cost and net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets as the following:

- Furniture 7%
- Equipment 15% - 20%
- Computers 33%

Liabilities toward Staff Benefits

- **Severance pay:** The policy of WSC is to provide for staff severance pay by accruing for one-month compensation for each year of service using the last salary paid during the year.
- **Provident Fund:** WSC had defined provident fund scheme that covers all employees. Contributions into the scheme by the employees and WSC are 5% of basic salaries.

2. Summary of Significant Accounting Policies: (Continued)

Foreign Currency Transactions:

The books of accounts of WSC are maintained in U.S Dollar. Transactions, which are denominated in currencies other than U.S Dollar are converted into U.S Dollar equivalent at the spot exchange rate prevailing on the date of each transaction.

Financial Statements in U.S Dollar

- Transactions and balances, which are originally expressed in U.S Dollar, are presented at the actual U.S Dollar received or paid.
- Balances of assets and liabilities which are expressed in currencies other than U.S Dollar are translated to U.S Dollar equivalent using the exchange rate prevailing at the date of the financial statements. The rates of exchange against U.S. Dollar as of December 31, 2013 and 2012 were as follows:

	<u>U.S. Dollar</u> <u>2013</u>	<u>U.S. Dollar</u> <u>2012</u>
New Israeli Shekel	0.2881	0.2678
Euro	1.3777	1.3181

- Exchange differences arising from the translation of assets and liabilities is charged to the statement of activities.

Estimates and assumptions:

The financial statements include certain estimates and assumptions made by management relating to reporting of assets, liabilities, at the date of the financial statements, and the reporting of revenues, expenses, gains, and losses during the year. Actual results may differ from those estimates adopted by WSC's management. Estimates used in the preparation of the financial statements are the useful lives of property, plant and equipment and all other provisions.

3. Cash on Hand and at Banks:

- a. Cash on hand and deposits with banks available for operation classified by currency are as follows:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash on Hand	1,517	2,455
Deposits with banks in Shekel	38,609	41,936
Deposits with banks in U.S Dollar (overdrawn)	253,652	(34,907)
Deposits with banks in Jordan Dinar	921	436
Deposits with banks in EURO	1,714	198,938
	<u>296,413</u>	<u>208,858</u>

3. Cash on Hand and at Banks (Continued) :

b. Bank Deposits Restricted for Staff Benefits:

Compositions of restricted deposits with banks and related staff benefits obligations are as follows:

	December 31, 2013			
	Amount of Deposit	Amount of Obligation	Deficit	
			Amount	Percentage
Severance Pay	185,329	185,329	-	-
Provident Fund	19,950	44,968	(25,018)	(56%)
	205,279	230,297	(25,018)	(56%)

	December 31, 2012			
	Amount of Deposit	Amount of Obligation	Deficit	
			Amount	Percentage
Severance Pay	159,610	159,610	-	-
Provident Fund	22,217	23,307	(1,090)	(5%)
	181,827	182,917	(1,090)	(5%)

4. Grants Receivable:

Composition of this account is as follows:

	December 31,	
	2013	2012
NGO Development Center (NDC)	15,200	14,500
Protestant Agency for Diakonia and Development (BftW)	-	14,893
Christlicher Friedensdienst (CFD)	-	15,000
EuroMed	-	148
Cordaid	-	32,500
British Council	437	-
European Feminist Initiative (IFE)	5,157	-
	20,794	77,041

5. Other Assets:

Composition of this account is as follows:

	December 31,	
	2013	2012
Due from Employees	2,064	7,299
Prepaid Expenses	3,388	3,623
	5,452	10,922

6. Property and Equipment:

Composition:

	<u>Furniture</u>	<u>Computers and Equipment</u>	<u>Total</u>
<u>Year Ended December 31, 2013:</u>			
<u>Cost:</u>			
Beginning 2013	36,316	169,238	205,554
Additions	-	-	-
Disposals	-	-	-
Ending 2013	36,316	169,238	205,554
<u>Accumulated Depreciation:</u>			
Beginning 2013	29,123	151,272	180,395
Additions	1,080 0	7,798 0	8,878
Disposals	-	-	-
Ending 2013	30,203	159,070	189,273
Book Value	6,113	10,168	16,281
<u>Year Ended December 31, 2012:</u>			
<u>Cost:</u>			
Beginning 2012	40,139	163,994	204,133
Additions	2,823	10,914	13,737
Disposals	(6,646)	(5,670)	(12,316)
Ending 2012	36,316	169,238	205,554
<u>Accumulated Depreciation:</u>			
Beginning 2012	34,841	148,270	183,111
Additions	928	8,672	9,600
Disposals	(6,646)	(5,670)	(12,316)
Ending 2012	29,123	151,272	180,395
Book Value	7,193	17,966	25,159

7. Accounts Payables and Accruals:

Composition:

	December 31,	
	2013	2012
Audit Fees	8,410	8,301
Postdated Checks	52,091	27,679
Income tax Withheld	439	24,944
Accrued Vacations	28,987	28,987
Other Accrued Expenses	1,252	1,317
	91,179	91,228

8. Deferred Grants and Activity Income:

Composition:

	December 31,	
	2013	2012
Grant from Protestant Agency for Diakonia and Development (BftW))	-	71,280
Activity Income	-	48,000
	-	119,280

9. Reserves for Severance Pay and Provident Fund:

a. Composition:

	December 31,	
	2013	2012
Provident Fund	44,968	23,307
Severance Pay	185,329	159,610
	230,297	182,917

b. Details of activities in these reserves are as follows:

	December 31, 2013		December 31, 2012	
	Provident Fund	Severance Pay	Provident Fund	Severance Pay
<i>Beginning Balance</i>	23,307	159,610	-	133,025
Provision charged During the year	24,704	29,271	24,457	42,352
	48,011	188,881	24,457	175,377
Payments	(3,043)	(3,552)	(1,150)	(15,767)
<i>Ending Balance</i>	44,968	185,329	23,307	159,610

10. Temporarily Restricted Net Assets :

Movements in temporarily restricted grants during the year ended December 31, 2013 are as follows:

	Unexpended Grants as of January 1, 2013	Grants Received	Grants Receivable	Grants in 2013	Available Grants for 2013	Released Grants in 2013	Unexpended Grants as of 31-12-2013
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Bread for the World	-	211,168	-	211,168	211,168	152,058	59,110
Kvinna Till Kvinna	138	97,500	-	97,500	97,638	97,638	-
Oxfam Novib	-	111,780	-	111,780	111,780	35,490	76,290
Christlicher Friedensdienst (CFD)	-	35,000	-	35,000	35,000	35,000	-
European Feminist Initiative (IFE)	6,897	20,133	5,157	25,290	32,187	32,187	-
Healing the Divides	-	6,130	-	6,130	6,130	6,130	-
British Council	6,160	9,934	437	10,371	16,531	16,531	-
NGO Development Center (NDC)	-	60,800	15,200	76,000	76,000	76,000	-
The Womanity Foundation	-	5,219	-	5,219	5,219	5,219	-
Heinrich Boell Stiftung	-	7,202	-	7,202	7,202	7,202	-
Others	3,622	30,410	-	30,410	34,032	31,377	2,655
Total	16,817	595,276	20,794	616,070	632,887	494,832	138,055

11. Counseling Fees and Other Income:

Composition:

	<u>2013</u>	<u>2012</u>
Training and Research Fees	82,476	17,408
Scholarship for Students	22,292	26,062
Hall Rent	2,130	744
Membership Fees	220	1,242
Others – Local and Private	13,087	2,460
	<u>120,205</u>	<u>47,916</u>

12. Budget Utilization:

Details of budget utilization for the year ended December 31, 2013 are as follows:

	<u>Actual</u> <u>Expenses</u> <u>USD</u>	<u>Year 2013</u> <u>Budget</u> <u>USD</u>	<u>(Over) Under</u> <u>Budget</u> <u>USD</u>	<u>Percentage</u> <u>%</u>
Technical Salaries	171,907	182,166	10,259	6%
Administrative/ Support Staff	110,834	127,559	16,725	13%
Employees End of Service	29,271	-	(29,271)	-
Investment and Equipment Cost	-	5,054	5,054	100%
Action Costs	242,601	263,874	21,273	8%
Other Cost Services	<u>60,423</u>	<u>61,885</u>	<u>1,462</u>	<u>2%</u>
Grand Total	<u>615,036</u>	<u>640,538</u>	<u>25,502</u>	<u>4%</u>

13. Financial instruments, fair values and risks management:

- **Fair Values of Financial Assets and Liabilities:**

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

- **Operational Risk**

The costs of the programs, administrative as well as fixed assets procurement are significantly financed by donors through donations. The management believes that the funding level in the year 2014 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 economical conditions prevailing in the area will not materially affect its operations.

- **Credit Risk:**

WSC credit risk is primarily attributable to its liquid funds and receivables. The credit risk on liquid funds is limited because they are placed with reputable financial institutions, the Receivables are stated in the statement of financial position net of allowances for doubtful debts, if any, which is estimated by WSC management based on prior experience and the current economic environment.

- **Interest Rate Risk**

WSC interest rate risk arises from the possibility that changes in market interest rates may affect the value of its interest bearing assets. The management of WSC usually monitors the fluctuation in interest rates in every individual currency in order to maximize the benefits from placements.

- **Currency Risk:**

Currency risk arises from the possibility that changes in the exchange rates may affect negatively the value of the financial assets and liabilities in case WSC does not hedge its currency exposure by means of hedging instruments. The management usually distributes its liquid assets over its functional currencies to minimize any possible loss from currency rates fluctuation.