

**Economic and Social Development Center
of Palestine**

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

December 31, 2013

Economic and Social Development Center of Palestine

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Economic and Social Development Center of Palestine Ramallah

We have audited the accompanying financial statements of **Economic and Social Development Center of Palestine (Not for Profit Organization)**, which comprise of the statement of financial position as at December 31, 2013, the statement of activities, statement of change 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 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 Organization'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 Organization'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 **Economic and Social Development Center of Palestine** 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 as applicable.



Deloitte & Touche (M.E.)

Ramallah

April 24, 2014

Economic and Social Development Center of Palestine
Statement of Financial Position
As of 31 December 2013

		<u>31 December 2013</u>	<u>31 December 2012</u>
	<u>Note</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Assets			
Current Assets			
Cash on Hand and at Banks	3	575,024	591,207
Grants Receivable	5	122,048	108,292
Loans and advances	6	144,018	145,789
Other receivables	7	4,557	6,384
Investments	8	36,828	36,828
Total Current Assets		882,475	888,500
Bank Deposits Restricted for Specific Purposes	4	60,087	17,003
Furniture and Equipment, Net	9	70,583	88,770
Total Assets		1,013,145	994,273
Liabilities and Net Assets			
Liabilities :			
Payables and Accruals	10	36,221	11,018
Deferred Grants	11	32,547	-
Due to loan revolving fund	12	248,944	263,758
Reserves for Severance Pay	13	105,878	90,619
Total liabilities		423,590	365,395
Net Assets :			
General Fund		147,331	139,873
Temporarily Restricted	14	371,641	400,235
Investment in Furniture and Equipment		70,583	88,770
Total Net Assets (Statement-C)		589,555	628,878
Total Liabilities and Net Assets		1,013,145	994,273

See Notes to Financial Statements

Economic and Social Development Center of Palestine

Statement of Activities

Year Ended 31 December 2013

	Note	Temporarily		Total	
		Unrestricted	Restricted	2013	2012
		U.S. \$	U.S. \$	U.S. \$	U.S. \$
Grants and Revenues:					
Restricted grants	14	-	2,091,944	2,091,944	2,471,483
Unrestricted grants and service contracts	15	116,452	-	116,452	131,786
Local community contributions	16	17,073	-	17,073	30,346
Interest income and other revenues	17	31,212	-	31,212	46,741
Total		164,737	2,091,944	2,256,681	2,680,356
Cost of Service Contracts		(87,038)	-	(87,038)	(61,354)
Net Assets Released From Restrictions	14	2,120,538	(2,120,538)	-	
		2,198,237	(28,594)	2,169,643	2,619,002
Expenses:					
Program Expenses:					
Institutional Development & Capacity Building		902,660	-	902,660	743,555
Emergency & Food Security		1,217,754	-	1,217,754	1,538,171
Total program expenses		2,120,414	-	2,120,414	2,281,726
Operating and Administrative expenses		81,739	-	81,739	96,279
Total program and Operating and administrative expenses	18	2,202,153	-	2,202,153	2,378,005
Depreciation	9	30,163	-	30,163	29,011
Loss on currency fluctuations		(4,111)	-	(4,111)	2,219
Total Expenses		2,228,205	-	2,228,205	2,409,235
Increase in net assets during the year (Statement-C)		(29,968)	(28,594)	(58,562)	209,767

See Notes to Financial Statements

Economic and Social Development Center of Palestine
Statement of Changes in Net Assets
Year Ended 31 December 2013

	Net Assets				
	General Deficit	Temporarily Restricted	Investment in Furniture, Equipment		Total
			U.S. \$	U.S. \$	
<u>Year Ended 31 December 2013:</u>					
Balances at Beginning of Year	139,873	400,235	88,770	628,878	
Change in Net Assets During the Year (Statement-B)	(29,968)	(28,594)	-	(58,562)	
Support from ACTED to Cover prior years expenses	19,239	-	-	19,239	
Transfer to Investment in Furniture, Equipment and Library Resources, net	18,187	-	(18,187)	-	
Net Assets at End of Year (Statement-A)	147,331	371,641	70,583	589,555	
<u>Year Ended 31 December 2012:</u>					
Balances at Beginning of Year	115,025	236,947	105,370	457,342	
Prior Year Adjustment	(22,617)	-	-	(22,617)	
Change in Net Assets During the Year (Statement-B)	30,865	178,902	-	209,767	
Transfer to Loan Revolving Fund	-	(15,614)	-	(15,614)	
Transfer to Investment in Furniture, Equipment and Library Resources, net	16,600	-	(16,600)	-	
Net Assets at End of Year (Statement-A)	139,873	400,235	88,770	628,878	

See accompanying notes to financial statements

Economic and Social Development Center of Palestine
Statement of Cash Flows
Year Ended 31 December 2013

	2013	2012
	U.S. \$	U.S. \$
Cash flows from operating activities:		
Grants received from contributors	2,105,700	2,638,109
Interest Income and Other Revenues	164,737	46,741
Cash paid to employees and suppliers	(2,231,560)	(2,410,222)
Net cash used in operating activities	38,877	274,628
Cash flows from investing activities:		
Procurement of fixed assets	(11,976)	(42,373)
Gain from Sale of Office Furniture and Equipment	-	29,962
	(11,976)	(12,411)
Increase (Decrease) in Cash and Deposits with Banks During the Year	26,901	262,217
Cash on hand and deposits with banks at beginning of year	608,210	345,993
Cash on Hand and Deposits with Banks at End of Year	635,111	608,210
Adjustments to Reconcile Change in Net Assets to Net Cash used in Operating Activities:		
Change in net assets	(39,323)	171,536
Depreciation	30,163	29,011
Investment loss in New Farm Company	-	-
Provision for employees' indemnities	15,259	32,903
Decrease (Increase) in grants receivable	(13,756)	34,840
Decrease (Increase) in accounts receivable and other assets	3,598	(45,059)
Increase (decrease) in payables and accruals	42,936	51,397
Net cash provided by operating activities	38,877	274,628

See Notes to Financial Statements

Economic and Social Development Center of Palestine

Notes to Financial Statements 31 December 2013

1. Organization:

Economic and Social Development Center of Palestine (ESDC), (Not For Profit Organization) is a legal independent Palestinian NGO, established at the beginning of 2003, under registration number RA/2267/B. ESDC's aims to be among the most effective and efficient NGOs that contribute to building a democratic self-reliant Palestinian civil society, and to improving livelihoods of Palestinian local communities.

ESDC objectives are to effect positive change in the socio-economic and humanistic attributes of the Palestinian society in all sectors including youth and women through encouraging and supporting productive, self-reliant and rewarding cooperative projects. Its message is to gear self-help community based groups, including cooperatives, to become self-reliant. The ESDC believes in the values of solidarity, equality, self-responsibility, democracy and social justice.

ESDC staff continuously assesses and update rural communities' needs and try to fulfill them through coping with the strategies of different donor organizations. The core funds of ESDC, however, are derived from the long-term partnership program with the Swedish Cooperative Centre (SCC), primarily through the funding of the Swedish International Development Agency (Sida).

The ESDC's projects and activities are centered around two integrated and interrelated programs:

The Cross-sectoral capacity building, democratization and institutional development program.

The Sector Specific Technical and Economic Development Program; which aims at strengthening the technical knowledge and skills of targeted cooperatives leaders and self help groups while empowering them economically. The programs are carried out by the targeted groups throughout the Palestinian rural communities.

ESDC is registered with all concerned ministries of the Palestinian Authority.

2. Summary of Significant Accounting Policies:

The financial statements of ESDC have been prepared on the accrual basis of accounting using the historical cost convention, relevant International Financial Reporting Standard and the United States of America Statements on Financial Accounting Standards No. 117 as applicable.

In the current year, ESDC 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 ESDC.

2. Summary of Significant Accounting Policies: (Continued)

The significant accounting policies followed are described below:

ESDC 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 ESDC is not subject to donor-imposed restrictions.

Temporarily restricted net assets whose use by ESDC is limited by donor-imposed and restriction that either expire by passage of time or can be fulfilled and released by actions of ESDC pursuant to those donor-imposed stipulations.

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 ESDC's management. Estimates used in the preparation of the financial statements are the useful lives of fixed assets and all other provisions.

Contributions and grants, revenues from private grants and contract agreements are recognized as it is earned through expenditures in accordance with the agreements. Any funding received in advance of expenditures is recorded as deferred contribution in the statement of financial position.

Donated equipment, books and other supplies are reported as non-operating income and are valued at their fair values on the date of receipt.

Contributions Receivable represents amounts due from funding organizations for expenditures incurred prior to receiving related funds.

Deferred Grants represents contributions received from donors to be used in the forthcoming years and are recognized as revenues through expenses in accordance with the agreements.

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

Loan Receivables :

Loans receivable are stated at their outstanding balances as of the date of the financial statements.

Investments:

Investment is stated at cost. Dividends from investment are recorded when received.

2. Summary of Significant Accounting Policies: (Continued)

Furniture and Equipment and Depreciation:

Furniture 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 ranging from 7% to 20%.

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

The useful lives of fixed assets items, 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. Fixed assets items are disposed off when there is no expected future benefit from the use of that asset.

Liabilities toward Staff benefits

Severance pay: The policy of ESDC 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.

Functional Expenses

The Center 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 to related function. Other expenses that are common to several functions are allocated between functions based on the best estimates and judgment of management.

Foreign Currency Transactions:

The books of accounts of ESDC 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 amount received or paid in U.S Dollar.

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, which were as follows:

	December 31,	
	2013	2012
	U.S \$	U.S \$
Israeli Shekel	0.2874	0.2684
EURO	1.3768	1.3225

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

3. Cash on Hand and at Banks:

Composition:

	December 31,	
	2013	2012
Cash on Hand	862	804
Deposits with banks in Shekel (overdrawn)	14,390	(915)
Deposits with banks in US Dollar	568,004	622,216
Deposits with banks in EURO (Overdraft)	(8,232)	(30,898)
	<u>575,024</u>	<u>591,207</u>

4. Bank Deposits Restricted for Specific Purposes:

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

	December 31, 2013		
	Amount of Deposit	Amount of Obligation	Excess (Deficit)
Staff Benefits	60,087	105,878	(45,791)
	<u>60,087</u>	<u>105,878</u>	<u>(45,791)</u>
	December 31, 2012		
	Amount of Deposit	Amount of Obligation	Excess (Deficit)
Staff Benefits	17,003	90,619	(73,616)
	<u>17,003</u>	<u>90,619</u>	<u>(73,616)</u>

5. Grants Receivable:

Composition of this account is as follows:

	December 31,	
	2013	2012
CARE –TATWEER	--	2,560
DCI- ACTED	30,814	43,224
Oxfam Olive Oil EU PTIA 98	29,638	35,403
OCHA	--	27,105
Convention ACF	4,163	--
ACF	1,320	--
HERF-Jayous	2,285	--
CRDP	53,828	--
	<u>122,048</u>	<u>108,292</u>

6. Loans and Advances:

Composition of this account is as follows:

	December 31,	
	2013	2012
Beginning Balance	145,789	76,353
<i>Loan Receivables issued:</i>		
SCC fund	46,400	30,000
Oxfam fund	38,260	75,500
	<u>84,660</u>	<u>105,500</u>
<i>Loan collected :</i>		
SCC fund	(21,329)	(21,064)
Oxfam fund	(65,102)	(15,000)
	<u>(86,431)</u>	<u>(36,064)</u>
	<u>144,018</u>	<u>145,789</u>

7. Other Receivables:

Composition of this account is as follows:

	December 31,	
	2013	2012
Advances to Employees	3,738	1,459
Advances to Suppliers	819	4,925
	<u>4,557</u>	<u>6,384</u>

8. Investment in New farm Company :

This item represents investment in the "New Farm Company for Marketing and Agro-processing" (private shareholding), in the amount of \$ 48,728 USD for 36,700 Shares at 1 JD par value. The amount paid is 100% of the value of the shares. Through 31 December 2011, the share of ESDC in the accumulated loss of the company was USD 11,900 which was reduced from the investment.

9. Furniture, Equipment, Net:

Composition of this account is as follows:

	<u>Furniture</u>	<u>Equipment</u>	<u>Cars</u>	<u>Total</u>
<u>Year Ended December 31,</u>				
<u>2013:</u>				
Cost:				
Beginning 2013	40,503	101,152	46,480	188,135
Additions	124	11,852	--	11,976
Disposals	--	--	--	--
Ending 2013	40,627	113,004	46,480	200,111
Accumulated Depreciation:				
Beginning 2013	17,348	45,776	36,241	99,365
Additions	1,964	21,189	7,010	30,163
Disposals	--	--	--	--
Ending 2013	19,312	66,965	43,251	129,528
Net Book Value	21,315	46,039	3,229	70,583
<u>Year Ended December 31,</u>				
<u>2012:</u>				
Cost:				
Beginning 2012	40,503	58,779	87,685	186,967
Additions	--	42,373	--	42,373
Disposals	--	--	(41,205)	(41,205)
Ending 2012	40,503	101,152	46,480	188,135
Accumulated Depreciation:				
Beginning 2012	17,348	25,461	38,787	81,596
Additions	--	20,315	8,696	29,011
Disposals	--	--	(11,242)	(11,242)
Ending 2012	17,348	45,776	36,241	99,365
Net Book Value	23,155	55,376	10,239	88,770

10. Payables and Accruals:

Composition:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Due to service Providers and employees	9,364	5,294
Accounts Payables – Community Contribution	21,969	836
Professional Fees	4,888	4,888
	36,221	11,018

11. Deferred Grants:**Composition:**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
FAO	32,547	--
	<u>32,547</u>	<u>--</u>

12. Due to Loan Revolving Fund:**Composition:**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Beginning Balance	263,758	200,798
Transferred (to) from Donors	(15,614)	62,960
Revolving Fund Fees Revenue	800	--
	<u>248,944</u>	<u>263,758</u>

13. Reserves for Severance Pay:**Composition:**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
<i>Beginning Balance</i>	90,619	57,716
Provision charged for the year	48,288	42,634
Payments	(33,029)	(9,731)
	<u>105,878</u>	<u>90,619</u>

14. Temporarily Restricted:

Details of expenses by operational unit for the years ended December 31, 2013 is as follows:

	Releases										
	Unexpended Grants		Grants		Grants in 2013	Available Grants	Grants Refunded	Fixed Assets	Program and Administrative Expenses		Unexpended Grants December 31, 2013
	January 1, 2013	Received	Receivable for the year	Received					U.S. \$	U.S. \$	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	
SCC- Capacity Building	308	295,970	-	295,970	296,278	-	2,062	294,097	296,159	119	
Oxfam - PATIA 82-EDP	179,731	66,886	-	66,886	246,617	(123,593)	-	108,593	108,593	14,431	
Oxfam Olive Oil EU PTIA 98	-	93,792	29,638	123,430	123,430	-	863	122,567	123,430	-	
Oxfam - Tallas viva PTIA 91	107	-	-	-	107	-	-	107	107	-	
Australian Agency for International Development	21,292	-	-	-	21,292	-	-	21,292	21,292	-	
Oxfam- Olive Oil SDC PTIA-95	28,025	200,000	-	200,000	228,025	-	320	200,835	201,155	26,870	
SCC-ESDC-ARJI-CAP 2012	43,276	36,842	-	36,842	80,118	-	-	80,118	80,118	-	
SCC-ESDC-ARJI-CAP 2013	-	343,482	-	343,482	343,482	-	-	283,622	283,622	59,860	
SCC-ESDC-CRDP	-	55,000	53,829	108,829	108,829	-	2,320	106,509	108,829	-	
SCC HRF Hableh & Azoun Atmeh K	-	69,300	-	69,300	69,300	-	-	69,214	69,214	86	
Viva Palestina Malaysia	-	45,000	-	45,000	45,000	-	-	45,000	45,000	-	
NRO-UAWC	-	202,587	-	202,587	202,587	-	-	22,014	22,014	180,573	
SCC HRF Jayous Nabi Elias Qalqil & Tulkarm J	-	205,575	2,285	207,860	207,860	-	-	207,860	207,860	-	
DEEP	-	88,601	-	88,601	88,601	-	-	28,825	28,825	59,776	
Ministry of Agriculture - IFAD 4	2,858	72,192	-	72,192	75,050	-	-	75,050	75,050	-	
PTIB05-Oxfam Projects Direct	70,777	16,540	-	16,540	87,317	-	-	79,823	79,823	7,494	
Care-Protection of livelihoods and Food Assistance	53,861	41,629	-	41,629	95,490	(19,018)	-	76,472	76,472	-	
Care International - Tatweer Project 2012 - 2013	-	149,120	-	149,120	149,120	-	630	148,490	149,120	-	
Care International - Tatweer Project 2013-2014	-	113,737	-	113,737	113,737	-	4,500	96,684	101,184	12,553	
Ministry of Agriculture - Participating Natural Res	-	9,879	-	9,879	9,879	-	-	-	-	9,879	
GIZ	-	15,093	-	15,093	15,093	-	-	15,093	15,093	-	
ACF convivue	-	19,134	4,163	23,297	23,297	-	-	23,297	23,297	-	
ACF JBAB /2013/002	-	2,961	1,320	4,281	4,281	-	-	4,281	4,281	-	
Total	400,235	2,143,320	91,235	2,234,555	2,634,790	(142,611)	10,695	2,109,843	2,120,538	371,641	

15. Unrestricted Grants and Service Contracts

Composition:

	<u>2013</u>	<u>2012</u>
PCAP	32,965	26,930
FAO coops	--	24,368
FAO Training	--	15,195
FAO-ENPI-2011/268-270-Sanour-Qabatia-Jaba'	5,400	--
FAO-Gaza-2012- Ref: 10/0612/203/CAN	30,000	50,000
FAO-Gaza-2012- Ref: 10/0612/203II/CAN	16,781	--
FAO-Gaza-2012- Ref: 10/0612/205/CAN	18,000	--
FAO-ENPI-2011/268-270-Sanour-Qabatia-Jaba'	--	3,600
YMCA	13,306	--
NICCOD	--	6,794
Others	--	4,899
	<u>116,452</u>	<u>131,786</u>

16. Local Community Contributions

Composition:

	<u>2013</u>	<u>2012</u>
SIBCC	9,381	16,735
SCC-ESDC-ARIJ-CAP	628	7,643
CRDP	7,064	--
Australian Agency	--	400
ALD – UNDP	--	5,568
	<u>17,073</u>	<u>30,346</u>

17. Interest Income and Other Revenues

Composition:

	<u>2013</u>	<u>2012</u>
Revolving Fund Fees Revenue	--	1,120
Membership Fees Revenue	271	533
Tender Fees Revenue	4,711	1,381
Other Revenue	13,645	19,583
Training Revenue, Car Usage Revenue	12,585	12,432
Gain from Assets Sales	--	11,692
	<u>31,212</u>	<u>46,741</u>

18. Expenses:

Details of expenses by operational unit for the years ended December 31, 2013 is as follows:

	Institutional Development & Capacity Building		Emergency & Food Security		Total Program		Management and Administrative Expenses		Total 2013	
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
December 31, 2013:										
Salaries, Wages and Related Costs	303,431	234,304			537,735	35,099			572,834	
Contribution in center salaries	76,713	5,229			81,942	-			81,942	
Professional Expenses	44,006	13,420			57,426	5,439			62,865	
Rent and Occupancy	2,215	11,230			13,445	6,268			19,713	
Travel Expenses	22,432	10,877			33,309	7,411			40,720	
Vehicle Rental	2,000	7,850			9,850	-			9,850	
Cleaning Expenses	298	-			298	905			1,203	
Hospitality	25,065	5,506			30,571	2,799			33,370	
Advertisement	6,190	1,493			7,683	5,540			13,223	
Maintenance	365	4,244			4,609	979			5,588	
Postal, Telephone and Fax	8,680	6,203			14,883	3,608			18,491	
Office Supplies	3,381	5,007			8,388	2,539			10,927	
Printings	33,276	2,425			35,701	1,002			36,703	
Subscription	5,936	170			6,106	227			6,333	
Accommodation	7,632	-			7,632	1,300			8,932	
Utilities	450	2,880			3,330	1,946			5,276	
Vehicles Cost	19,920	8,776			28,696	4,216			32,912	
Translation	1,658	208			1,866	28			1,894	
Bank Charges	12	327			339	818			1,157	
Halls Rental Expenses	2,582	2,495			5,077	-			5,077	
Sign Boards	54	522			576	78			654	
Trainer Fees Expense	18,431	2,565			20,996	-			20,996	
Provision of vegetable basket (PVB)	309,120	891,652			1,200,772	1,200			1,201,972	
Animal sheds	5,370	220			5,590	-			5,590	
Other Program Expenses	1,127	-			1,127	69			1,196	
Other Costs	2,316	151			2,467	268			2,735	
Total Expenditure	902,660	1,217,754			2,120,414	81,739			2,202,153	

17. Expenses (Continued):

Details of expenses by operational unit for the years ended December 31, 2012 is as follows:

	Institutional Development And Capacity Building:		Emergency & Food Security		Total Program		Management and Administrative Expenses		Total 2012	
	U.S. \$		U.S. \$		U.S. \$		U.S. \$		U.S. \$	
December 31, 2012:										
Salaries, Wages and Related Costs	267,944		203,198		471,142		67,294		538,436	
Contribution in center salaries	58,941		17,837		76,778		-		76,778	
Professional Expenses	140,271		13,580		153,851		2,838		156,689	
Rent and Occupancy	16,140		10,825		26,965		2,163		29,128	
Travel Expenses	25,094		3,897		28,991		3,160		32,151	
Vehicle Rental	-		11,640		11,640		110		11,750	
Cleaning Expenses	51		406		457		1,226		1,683	
Hospitality	28,059		3,042		31,101		892		31,993	
Advertisement	9,195		1,325		10,520		819		11,339	
Maintenance	5,750		3,138		8,888		176		9,064	
Postal, Telephone and Fax	8,133		6,650		14,783		369		15,152	
Office Supplies	7,478		1,450		8,928		150		9,078	
Printings	12,837		375		13,212		56		13,268	
Subscription	448		299		747		295		1,042	
Accommodation	8,323		-		8,323		8,884		17,207	
Utilities	2,301		1,328		3,629		815		4,444	
Vehicles Cost	14,661		12,496		27,157		774		27,931	
Translation	2,450		-		2,450		13		2,463	
Bank Charges	68		16		84		425		509	
Halls Rental Expenses	3,207		1,303		4,510		644		5,154	
Cisterns	-		22,987		22,987		-		22,987	
Provision of vegetable basket (PVB)										
Building retaining walls	5,481		11,981		17,462		-		17,462	
Trainer Fees Expense	13,789		656		14,445		-		14,445	
Animal sheds	-									
green house repair	-		6,458		6,458		-		6,458	
Rehabilitation of Damaged Field	-		175,786		175,786		-		175,786	
Input Materials Expenses	103,214		1,027,212		1,130,426		340		1,130,766	
Other Program Expenses	9,317		31		9,348		3,097		12,445	
Other Costs	403		255		658		1,739		2,397	
Total Expenditure	743,555		1,538,171		2,281,726		96,279		2,378,005	

19. Financial instruments, fair values and risks management:

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.

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.

Credit Risk:

ESDC 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 ESDC management based on prior experience and the current economic environment.

Interest Rate Risk

ESDC 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 ESDC 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 negatively affect the value of the financial assets and liabilities in case ESDC 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.