

**CENTER FOR DEFENSE OF LIBERTIES AND CIVIL
RIGHTS**

Financial Statements
As of December 31, 2021
Together with Independent Auditors' Report

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Independent Auditors' Report

The Board of Directors
Center for Defense of Liberties and Civil Rights
Ramallah

Opinion

We have audited the accompanying financial statements of the **Center for Defense of Liberties and Civil Rights (Hurriyat)** which comprise the statement of financial position as at December 31, 2021, the statement of activities and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hurriyat as of December 31, 2021, the results of its activities 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 (ISA). 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 Hurriyat in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

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 International Financial Reporting Standards (IFRS), 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 Hurryyat'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 Hurryyat or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Hurryyat's financial reporting process.

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 ISA 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, we exercise professional judgment 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Hurryyat's 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 Hurryyat'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 Hurryyat 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.

Mazars
(Permit No. 203/2012)



Musa Abu Dieh
(Permit No. 223/1994)

Ramallah, Palestine
September 27, 2022

Center for Defense of Liberties and Civil Rights
Statement of Financial Position
As at December 31, 2021
(Currency: USD)

	Note	2021	2020
<i>Assets</i>			
Current Assets			
Cash on hand and at bank	3	2,402	33,099
Contributions receivable	4	243,066	230,683
Other current assets	5	2,676	14,126
Total Current Assets		248,145	277,908
Fixed assets, net	6	7,248	6,829
Total Assets		255,393	284,737
 <i>Liabilities and Net Assets</i>			
Current Liabilities			
Accrued expenses and other current liabilities	7	26,511	7,560
Total Current Liabilities		26,511	7,560
Provision for severance pay	8	39,838	42,117
Total Liabilities		66,349	49,677
Net Assets			
Unrestricted		(43,506)	(72,900)
Restricted	9	232,551	307,960
Total Net Assets		189,044	235,060
Total Liabilities and Net Assets		255,393	284,737

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Statement of Activities
For the Year Ended December 31, 2021
(Currency: USD)

	Note	2021			2020
		Unrestricted	Restricted	Total	
Revenues					
Donors' contributions	10	-	225,848	225,848	261,552
Other revenues	11	45,194	-	45,194	23,217
Net assets released from restriction	9	301,257	(301,257)	-	-
Currency differentials gain	14	17,494	-	17,494	-
Total Revenues		363,946	(75,409)	288,536	284,769
Expenses					
Program expenses	12	292,921	-	292,921	220,673
General and administrative expenses	13	39,718	-	39,718	34,176
Depreciation	6	1,913	-	1,913	2,510
Currency differentials loss	14	-	-	-	16,781
Total Expenses		334,552	-	334,552	274,140
Change in net assets		29,394	(75,409)	(46,016)	10,629
Net assets, beginning of year		(72,900)	307,960	235,060	224,431
Net assets, end of year		(43,506)	232,551	189,044	235,060

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Cash Flows Statement
For the Year Ended December 31, 2021
(Currency: USD)

	2021	2020
Cash Flow from Operating Activities		
Change in net assets	(46,016)	10,629
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	1,913	2,510
(Decrease) increase in provision for severance pay	(2,279)	6,820
(Increase) in contributions receivable	(12,383)	(69,859)
Decrease (increase) in other current assets	11,450	(2,973)
Increase (decrease) in accrued expenses and other current liabilities	18,951	(1,860)
Net cash flow (used in) operating activities	(28,365)	(54,733)
Cash Flow from Investing Activities		
Purchase of fixed assets	(2,332)	(2,713)
Net cash flow (used in) investing activities	(2,332)	(2,713)
Net (decrease) in cash on hand and at bank	(30,697)	(57,446)
Cash on hand and at bank, beginning of year	33,099	90,545
Cash on hand and at bank, end of year	2,402	33,099

The accompanying notes form an integral part of these financial statements

Center for Defense of Liberties and Civil Rights
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Currency: USD)

1. Hurryyat and Its Activities

The Center for Defense of Liberties and Civil Rights “Hurryyat” is a Palestinian non-governmental and independent organization that contributes to the protection of Palestinian civil and political rights. Hurryyat was established in Jerusalem in 1992 and registered in 2003 with the Palestinian Ministry of Interior under registration number RA-2276-LS.

Hurryyat’s main objectives include:

- Activate the social involvement and participation in protecting the Palestinian civil and political rights.
- Organize systematic activities directly targeted for the advocacy of Palestinian prisoners’ conditions.
- Contribute towards the efforts aiming at influencing the decision-making process in ways that protect human, social and political rights.

2. Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on a going concern basis using the historical cost convention and presented in USD.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies.

2.2 IFRS and Related Amendments

Issued Accounting Pronouncements Which Became Effective in 2021 and 2020

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 7, *Financial Instruments and Disclosures*, IFRS 9, *Financial Instruments*, and IAS 39, *Financial Instruments: Recognition and Measurement*, to provide reliefs applying to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments were effective for annual periods beginning on or after January 1, 2020.

In August 2020, the IASB issued further amendments to provide a practical expedient from discontinuing hedging relationships and the related hedge accounting treatment as a result of the interest rate benchmark reform as well as additional disclosures. The disclosures are to provide additional information on the effect of the reform on the financial instruments and risk management strategy. These amendments apply retrospectively and are effective for annual periods beginning on or after January 1, 2021 with earlier application permitted; however, companies are not required to restate prior periods. These amendments had no impact on the accompanying financial statements.

Amendment to IFRS 16, COVID-19-Related Rent Concessions beyond June 30, 2021

In March 2021, the IASB extended, by one year, the May 2020 amendment that permits lessees, as a practical expedient, not to assess whether particular rent concessions that reduce lease payments occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The amendment is effective for annual periods beginning on or after April 1, 2021, with earlier application permitted. The amendment did not have an impact on the accompanying financial statements.

Issued But Not Yet Effective Accounting Pronouncements

PICTI has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Deferral of Effective Date

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:

- Specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the entity has a right to defer settlement of a liability by at least twelve months;
- Provide that management's expectations are not a relevant consideration as to whether the entity will exercise its rights to defer settlement of a liability; and
- Clarify when a liability is considered settled.

On July 15, 2020, the IASB issued a deferral of the effective date for the new guidance by one year to annual periods beginning on or after January 1, 2023 and is to be applied retrospectively. Hurryyat has not yet determined the impact of these amendments on the accompanying financial statements.

Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to specify that the cost of fulfilling a contract comprises the costs

that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The new guidance will be effective for annual periods beginning on or after January 1, 2022 and is to be applied to contracts that have unfulfilled obligations as at the beginning of that period. Hurryyat expects the impact of these amendments on the accompanying financial statements to not be material.

Amendments to IFRS 3: Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to a previous version of the IASB's *Conceptual Framework* (1989) with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, *Levies*, if incurred separately. The amendments also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The new guidance is effective for annual periods beginning on or after January 1, 2022 and must be applied prospectively. Hurryyat has not yet determined the impact of these amendments on the accompanying financial statements.

Amendments to IAS 8: Definition of Accounting Estimate

In February 2021, the IASB issued amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify the measurement techniques and inputs used to develop accounting estimates. The new guidance will be effective for annual periods beginning on or after January 1, 2023, with earlier application permitted, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2, *Making Materiality Judgments*, to provide guidance in the application of materiality judgments to accounting policy disclosures. These amendments also replaced the requirement for disclosures around 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

The amendment is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted as long as this fact is disclosed. Hurryyat expects the impact of these amendments on the accompanying financial statements to not be material.

2.3 Estimates and Assumptions

The preparation of the financial statements involves 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. As these estimates are used, actual results may differ from estimates and may require an adjustment to the carrying amounts of future assets or liabilities.

Key estimates and assumptions used in the preparation of the financial statements are as follows:

- **Collectability of Contributions Receivable-** A periodic review is performed on the carrying balance of contributions receivable to assess its collectability. Provisions are established whenever events or changes in circumstances indicate that the carrying value of these receivables may not be collectable. Established provisions, if any, are reflected in the statement of activities and changes in net assets.
- **Employees End of Service Benefits Provision;** Provision for employees end of service benefits is maintained and calculated in accordance with Palestinian Labor Law.

2.4 Summary of Significant Accounting Policies

The significant accounting policies follow:

- **General**

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as unrestricted and restricted. Unrestricted net assets are those whose use by Hurryyat is not subject to donor-imposed stipulations. Restricted net assets are those whose use by Hurryyat has been limited by donors for specific time period or purpose.

- **Donors' Contributions**

Unconditional promises to give cash and other assets to Hurryyat are recorded at the fair market value at the date promises to give are made. Conditional promises to give and indications of intention to give are recorded at the fair market value at the date contribution is received. Unconditional promises to give are promises that depend only on passage of time and certain performance requested by the promising donors. Restricted contributions are recorded as restricted revenues. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

- **Membership Fees**

Membership fees are recorded by Hurryyat when received, in accordance with the cash basis of accounting.

- **Expenses**

Expenses are recorded by Hurryyat when incurred in accordance with the accrual basis of accounting.

- Provision for Severance Pay

Hurryyat provides for the severance pay of its employees in conformity with local labor law (law number 7 of the year 2000).

- Fixed Assets

Fixed assets are recorded at cost and depreciated over their estimated useful lives using the straight-line method, at the following annual rates:

	<u>%</u>
Computers	20
Office equipment	20
Office furniture	10
Telecommunication equipment	20

- Foreign Currencies

Hurryyat's basic functional currency is the United States Dollar (USD). Transactions which are expressed or denominated in other currencies were translated to USD using exchange rates in effect at the time of each transaction. Assets and liabilities which are denominated in other currencies are translated to USD using exchange rates prevailing at the date of the statement of financial position. Gains and losses arising from translation are reflected in the statement of activities.

Foreign currency exchange rates against USD at December 31, 2021 and 2020 were as follows:

	<u>One USD</u>	
	<u>2021</u>	<u>2020</u>
New Israeli Shekel (ILS)	3.11	3.21
Jordanian Dinar (JD)	0.71	0.71
EUR	1.13	1.23

3. Cash on Hand and at Bank

Cash on hand and at bank comprises:

	<u>2021</u>	<u>2020</u>
Cash on hand in USD	2,315	-
Cash on hand in ILS	873	1
Cash on hand in EUR	-	649
Cash at bank in JD	1,359	26,042
Cash at bank in USD	*(3,778)	18,797
Cash at bank in EUR	934	*(15,898)
Cash at bank in ILS	699	3,508
	<u>2,402</u>	<u>33,099</u>

* This balance includes outstanding cheques.

4. Contributions Receivable

Contributions receivable comprises:

	2021				Balance, End of year
	Balance, Beginning of year	Additions	Received during the Year	Currency variance / Adjustments	
Torture is a humiliation of dignity – Ref. # ENI/2018/395-152 - European Union (EU ENI/2018/395-152)	34,033	-	(35,934)	1,901	-
Urgent Program to Support the Palestinian People – Phase 16 - Providing health care and treatment for sick prisoners in Israeli Jails - Grant # 16 NGO/21 -Arab Fund for Economic and Social Development - (Arab Fund 16 NGO/21)	289	-	-	(289)	-
Urgent Program to Support the Palestinian People – Phase 18 - Providing health care and treatment for sick prisoners in Israeli Jails - Grant # 18 NGO/33 -Arab Fund for Economic and Social Development - (Arab Fund 18 NGO/33)	196,361	-	(48,599)	-	147,762
SAWASYA II - Promoting the Rule of Law in Palestine (2018-2023) United Nations Development Programme (UNDP) Project # 102754. - The right to movement is a fundamental right 2021 (UNDP SAWASYA II)	-	123,159	(60,000)	-	63,159
Enhancing the understanding of Discrimination based violence among funded by Rosa Luxemburg Stiftung(Rosa Luxemburg)	-	12,131	(10,861)	-	1,271
Participation in local council elections is a social necessity and an entrance to the general elections funded by Central Elections Commission (CEC)	-	15,375	(7,615)	(737)	7,023
Torture is a Humiliation of Dignity funded by European Endowment for Democracy (European Endowment for Democracy)	-	75,182	(54,862)	3,530	23,851
	230,683	225,848	(217,871)	4,405	243,066

5. Other Current Assets

Other current assets comprise:

	<u>2021</u>	<u>2020</u>
Advance payment to beneficiaries	2,401	13,852
Prepaid Expenses	-	274
	<u>2,401</u>	<u>14,126</u>

6. Fixed Assets, Net

Components of fixed assets costs and related accumulated depreciation as of December 31, 2021 and movement thereon during the year follow:

	<u>Balance, Beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, End of year</u>
Costs				
Computers	11,531	818	-	12,349
Office equipment	4,829	965	-	5,794
Office furniture	6,040	550	-	6,590
Telecommunication equipment	3,673	-	-	3,673
	<u>26,073</u>	<u>2,332</u>	-	<u>28,405</u>
Accumulated Depreciation				
Computers	8,127	1,226	-	9,353
Office equipment	3,496	335	-	3,831
Office furniture	4,186	281	-	4,467
Telecommunication equipment	3,435	72	-	3,507
	<u>19,244</u>	<u>1,913</u>	-	<u>21,157</u>
Net Book Value	<u>6,829</u>			<u>7,248</u>

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities comprise:

	<u>2021</u>	<u>2020</u>
Accrued payroll tax	14,142	5,945
Other	10,977	223
Accrued professional fees	1,392	1,392
	<u>26,511</u>	<u>7,560</u>

8. Provision for Severance Pay

The movement on the provision for severance pay during 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	<u>42,117</u>	<u>35,297</u>
Additions during the year	10,015	6,820
Payments during the year	12,294	-
Balance, end of year	<u>39,838</u>	<u>42,117</u>

9. Restricted Net Assets

Restricted net assets as of December 31, 2021 and movement thereon during the year follow:

	Balance, Beginning of year	Additions	Released from restriction			Balance, End of year
			Program expenses	Adjustments	Total	
UNDP SAWASYA II	2,745	123,159	(47,967)	(2,745)	(50,712)	75,192
EU ENI/2018/395-152	56,566	-	(63,517)	6,951	(56,566)	-
Arab Fund 16 NGO/21	12,798	-	-	(12,798)	(12,798)	-
Arab Fund 18 NGO/33	235,851	-	(103,271)	-	(103,271)	132,580
Rosa Luxemburg	-	12,131	(12,388)	256	(12,132)	-
Central Elections Commission (CEC)	-	15,375	(13,596)	-	(13,596)	1,780
European Endowment for Democracy	-	75,182	(52,184)	-	(52,184)	22,999
	307,960	225,848	(292,921)	(8,336)	(301,257)	232,551

10. Donors' Contributions

Donors' contributions comprise:

	2021			2020
	Unrestricted	Restricted	Total	
Arab Fund 18 NGO/33	-	-	-	261,552
Rosa Luxemburg	-	12,131	12,131	-
Central Elections Commission (CEC)	-	15,375	15,375	-
European Endowment for Democracy	-	75,182	75,182	-
UNDP SAWASYA II	-	123,159	123,159	-
	-	225,848	225,848	261,552

11. Other Revenues

Other revenues represent:

	2021	2020
Donations from individuals and organizations	45,194	23,057
Membership fees	-	160
	45,194	23,217

12. Program Expenses

Program expenses comprise:

	2021						Total 2021	Total 2020
	Arab 18 Fund NGO/33	CEC	EED	Rosa Luxemburg	UNDP	EU		
Salaries and related benefits	25,200	2,699	42,476	5,143	17,610	29,842	122,970	106,876
Prisoners' canteens and assistance expenses	2,719	-	-	-	-	-	2,719	6,677
Donations	-	-	-	-	3,000	-	3,000	3,000
Travel and transportation	-	154	-	-	-	-	154	5,206
Maintenance, hospitality and cleaning	2,421	722	867	99	158	11,556	15,823	9,354
Office and hall rent	-	387	1,950	-	4,550	1,845	8,732	10,179
Consulting, audit and professional fees	49,200	4,740	1,696	6,720	20,700	18,642	101,697	61,537
Printing, stationery and supplies	1,499	46	731	83	34	-	2,394	3,696
Utilities and administrative expenses	2,565	125	464	-	-	19	3,174	2,601
Postal, telephone and website expenses	11,900	-	698	180	1,356	-	14,135	10,160
Media, advertising and translation	-	588	-	-	-	-	588	-
Subscription, fees and bank charges	253	-	779	-	-	86	1,118	1,031
Insurance expenses	-	45	-	-	-	-	45	-
Radio and film production	400	3,362	-	133	500	-	4,395	-
Other expenses	7,113	728	2,522	30	59	1,527	11,979	356
	103,271	13,596	52,184	12,388	47,967	63,517	292,921	220,673

13. General and Administrative Expenses

General and administrative expenses comprise:

	<u>2021</u>	<u>2020</u>
Salaries and related benefits	27,360	28,480
Insurance and miscellaneous expenses	1,881	2,314
Travel and transportation	1,604	1,372
Subscription, fees and bank charges	466	622
Maintenance, hospitality and cleaning	394	12
Printing, stationery and supplies	348	50
Postal, telephone and website expenses	1,971	184
Utilities and administrative expenses	43	-
Severance pay expense	2,719	-
Consultant, legal and Audit Fees	2,390	1,142
Other	542	-
	<u>39,718</u>	<u>34,176</u>

14. Currency Differentials

Currency differentials have resulted from the revaluation of Hurryyat monetary assets and liabilities in foreign currencies to USD using the exchange rates prevailing at the date of the statement of financial position. The fluctuations in the exchange rates against USD resulted in a gain of USD 17,494 and a loss USD 16,781 as of December 31, 2021 and 2020 respectively.

15. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and balances at banks and contributions receivable. Financial liabilities consist of accounts payable and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

16. Risks Management

a. Credit Risk

Credit risk is the risk that counterparty will not settle its obligations in accordance with the agreed terms. Hurryyat's credit risk is primarily attributable to its liquid funds especially on the time deposits with banks and other receivables. Deposits are placed with reputable financial institutions.

b. Currency Risk

Currency risk arises from the possibility that changes in exchange rates may affect negatively the value of financial assets and liabilities in case Hurryyat does not hedge its currency exposure by means of hedging instruments.

c. Operational Risk

The cost of 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.

In addition to the above, Hurryyat is affected by the following risks:

- Country Risk is the risk that a counterparty is unable to meet its contractual obligations as a result of adverse economic conditions or actions taken by the government in the relevant country.
- Political Risk is the risk that existing political situations make it difficult for Hurryyat to function.

In Palestine, because of the present circumstances, country risk and political risk are very high. The management of Hurryyat believes that the political and economic conditions prevailing in the area will not materially affect its operations.

17. Pandemic Uncertainty

On March 10, 2020, the World Health Organization declared the 2019 Novel Coronavirus (Covid-19) outbreak to be a pandemic. Actions were taken around the world to help mitigate the spread including restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. Covid-19 has adversely affected and may continue to adversely affect economic activity globally, nationally, and locally. While it is unknown how long these conditions will last and what the complete financial effect will be to Hurryyat.

The extent and duration of these impacts remain uncertain and dependent on future developments that cannot be accurately predicted at the present time. The management of Hurryyat has adopted an emergency plan, and mechanisms have been put in place to continue its works as needed. Note that future developments may have an impact on future financial results, cash flows and the financial position of Hurryyat.