

***Near East Council of Churches
Committee for Refugees Work -
Gaza Area***

Financial Statements for the year ended
December 31, 2020

And Independent Auditor's Report

Near East Council of Churches Committee for Refugees Work – Gaza Area

Financial statements for the year ended 31 December 2020

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Independent Auditor's Report to the Chairman and Members of Near East Council of Churches Committee for Refugees Work - Gaza Area

Opinion

In our opinion, the accompanying financial statements of the Near East Council of Churches Committee for Refugees Work – Gaza Area (hereinafter the “Entity” or “NECC”) for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the accounting policies described in Note (2) to the financial statements.

What we have audited

The NECC's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of activities and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the NECC in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw your attention to Note (2) to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to NECC and its partners in complying with the accounting policies described in Note (2) to the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for NECC and its partners and should not be distributed to or used by parties other than NECC or its partners. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the accounting policies described in Note (2) to the financial statements, 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.



Independent Auditor's Report to the Chairman and Members of Near East Council of Churches Committee for Refugees Work - Gaza Area (continued)

Management's responsibility and those charged with governance for the financial statements (continued)

In preparing the financial statements, management is responsible for assessing NECC'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 NECC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the NECC'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 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 ISAs, 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 the NECC'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 the NECC'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 the NECC to cease to continue as a going concern.

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.


PricewaterhouseCoopers Palestine
June 15, 2021
Ramallah, Palestine

Near East Council of Churches Committee for Refugees Work – Gaza Area
Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF FINANCIAL POSITION
As of 31 December

	Note	2020	2019
ASSETS			
Non-Current Assets			
Property and equipment	(5)	260,994	260,390
Loans receivable	(7)	225,620	305,601
		486,614	565,991
Current assets			
Contributions receivable	(6)	24,630	67,565
Long term loans receivable matures during next year	(7)	119,983	117,858
Account receivable and other current assets	(8)	21,775	80,222
Cash and bank balances	(9)	3,248,388	2,881,455
		3,414,776	3,147,100
Total assets		3,901,390	3,713,091
NET ASSETS AND LIABILITIES			
Net Assets			
Net assets without restrictions		(26,696)	15,238
Internally restricted net assets:			
Loans fund		740,179	740,179
Emergency fund		756,494	756,494
BOD fund		476,951	476,951
		1,973,624	1,973,624
Total net assets		1,946,928	1,988,862
LIABILITIES			
Non-Current Liability			
Provision for employees' indemnity	(10)	1,429,135	1,427,025
		1,429,135	1,427,025
Current liabilities			
Accounts payable and other accruals	(11)	112,567	112,564
Deferred contributions related to operations	(12)	412,760	184,640
		525,327	297,204
Total liabilities		1,954,462	1,724,229
Total net assets and liabilities		3,901,390	3,713,091

- The notes on pages from 6 to 22 are an integral part of these financial statements.
- The financial statements on pages 3 to 22 were authorized for issue by the Gaza area committee on May 30, 2021 and were signed on its behalf.

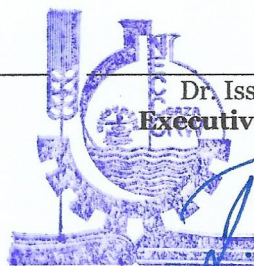
Dr. Maher Ayyad
Area Committee
Chairperson



Mr. Samir Saba
Treasurer



Dr. Issa Tarazi
Executive Director




Near East Council of Churches Committee for Refugees Work – Gaza Area
Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
for the year ended 31 December

	Note	2020	2019
<u>Net assets without donor restrictions</u>			
Contributions and other income			
Unrestricted contributions	(13)	55,140	36,728
Local activities income	(14)	155,134	155,696
Deferred contributions related to operations recognized as revenues	(12)	1,576,957	1,858,282
Total contributions and other income		1,787,231	2,050,706
Expenses			
Projects expenses	(15)	(1,056,130)	(923,515)
Programs expenses	(16)	(568,659)	(1,160,908)
General and administrative expenses	(17)	(127,973)	(189,735)
Depreciation expense	(5)	(46,349)	(29,265)
loss from foreign currency translation		(30,054)	(19,212)
Total expenses		(1,829,165)	(2,322,635)
Net changes for the year		(41,934)	(271,929)
Balance, beginning of the year		15,238	287,167
Balance, end of the year		(26,696)	15,238

- The notes on pages from 6 to 22 are an integral part of these financial statements.

Near East Council of Churches Committee for Refugees Work – Gaza Area
Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

STATEMENT OF CASH FLOWS
for the year ended 31 December

	Note	2020	2019
Cash flows from operating activities			
Changes in net assets without donor restrictions for the year		(41,934)	(271,929)
Adjustments:			
Depreciation expense	(5)	46,349	29,265
Provision for employees' indemnity	(10)	206,536	212,253
		210,951	(30,411)
Changes in working capital:			
Accounts receivable and other current assets		58,447	(67,302)
Contributions receivable		42,935	34,834
Loans receivable		77,856	(37,058)
Deferred revenues related to operations		228,120	(65,444)
Accounts payable and other accruals		3	-
Net cash flows provided by (used in) operating activities before payments for employees' indemnity		618,312	(165,381)
Payments of employees' indemnity		(204,426)	(110,731)
Net cash flows provided by (used in) operating activities		413,886	(276,112)
Cash flows from investing activity			
Purchases of property and equipment	(5)	(46,953)	-
Net changes in cash and cash equivalents		366,933	(276,112)
Cash and cash equivalents, beginning of the year	(9)	2,881,455	3,157,567
Cash and cash equivalents, end of the year	(9)	3,248,388	2,881,455

- The notes on pages from 6 to 22 are an integral part of these financial statements.

Near East Council of Churches Committee for Refugees Work – Gaza Area Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

1. GENERAL

Near East Council of Churches Committee for Refugees Work -Department of Service to Palestinian Refugees (Entity or NECC) was established in 1952 as a humanitarian program to assist Palestinians in the Gaza Strip to live with dignity and independence. Since then, NECC has been providing health, education, training, social assistance services with a vision for long-term empowerment. The Gaza Area Committee is part of the Department of Service to the Palestine Refugees (DSPR) which operates also in the West Bank, Lebanon, Jordan, and Galilee. The NECC was registered in Gaza with the Ministry of Interior in the year 2001 as a branch of Foreign International not-for- profit organization under registration number (7143) in accordance with Community Organization law No. (1) of the year 2000.

NECC's Strategic Objective:

- Beneficiaries can live healthy lives;
- Refugees and vulnerable communities can sustain themselves economically;
- Embracing communities that are empowered to care for the needs and promote the rights of its members;
- Emergency relief is provided timely and sufficiently in accordance with Sphere standards; and
- DSPR is financially sustainable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Near East Council of Churches Committee for Refugees Work accounting policies illustrated from note (2.2 to 2.15).

2.2 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the NECC operates which is the US Dollar (USD). The financial statements are presented in USD, which is the NECC's functional and presentation currency.

b) Transactions and balances

Transactions denominated in currencies other than USD are accounted for according to the exchange rate prevailing at the date of the transfer (transfer from USD bank account to foreign currency bank account). The same rate is used to record the payments until the whole amount is spent. Monetary assets and liabilities, which are denominated in foreign currencies are translated into USD using the rate of exchange at the statement of financial position date. Gains or losses arising from exchange differences are reflected in the statement of activities and changes in net assets.

2.3 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of activities and changes in net assets during the financial period in which they are incurred. Depreciation on other assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Near East Council of Churches Committee for Refugees Work – Gaza Area Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

2.3 Property and equipment *(continued)*

<u>Asset category</u>	<u>Estimated useful life</u>
Furniture and Fittings	10
Office Equipment	5
Medical Equipment	5
Training Equipment	4
Vehicles	4
Other Fixed Assets	5

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of activities and changes in net assets.

2.4 Inventory

Year end inventories of medicine and medical supplies are not included in the financial statements since medicine, medical supplies are not held for resale, and they are distributed for fixed little nominal fees despite the value of the medicine.

2.5 Loans Receivable

Loans receivable are stated at the amount of outstanding principal reduced by an allowance for loan losses. Loans are issued interest free and are usually repayable over two to three years period. The allowance on outstanding loans receivable is determined on management estimation and prior experience.

Loans receivable with the related allowance for doubtful accounts are written off in case the procedures taken for collecting the loans are ineffective. Any excess in the provision is taken to the statement of activities and changes in net assets while the collected receivables from previous loans that have been already written off are included within the statement of activities and changes in net assets.

2.6 Contribution receivable

Contributions receivable are stated at the original amount of the conditional pledge less amounts received and any uncollectible pledges. They are generally due from settlements in one year or less and therefore are all classified as current, if not they are classified as non-current.

2.7 Account receivable and other current assets

Account receivable and other current assets mostly represent accounts receivable, employee's receivable and prepayments which are amounts due from customers and related parties for services performed in the ordinary course of business. They are generally due for settlement in one year or less and therefore are all classified as current. If not, they are classified as non-current assets.

Doubtful debts expenses are included in the statement of activities and changes in net assets whenever there is evidence that such receivables will not be recovered.

2.8 Cash and bank balances

Cash and bank balances include cash at banks, cash on hand and short-term deposits with a maturity up to three months or less.

2.9 Provision for employee' indemnity

Benefits payable to the employees of the Entity at the end of their service are provided for in accordance with the NECC bylaw (14% of the basic salary employee contribution and another 14% employer contribution). The NECC did not account for the end of service according to the guidelines set by the applicable Labor Law which is based on one-month salary for each year of service because the employer contribution is greater than the one-month salary for each year in service and such issue is stated in the employment contracts. An actuarial valuation is not performed on the provision for employees' indemnity.

2.10 Accounts payable and other accruals

Near East Council of Churches Committee for Refugees Work – Gaza Area Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

Accounts payable and other accruals are obligations to pay for goods or services that have acquired in the ordinary course of business from suppliers, whether billed by the suppliers or not.

2.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 Net assets

Net assets of the Entity and changes therein are classified and reported as follows:

- Net assets without donor restrictions: Net assets whose use by the Entity is not subject to donor-imposed restrictions.
- Internally restricted net assets: Internally restricted net assets represent resources currently available for purpose designated by the Entity Board.

2.13 Revenue recognition / Deferred contributions related to operations

Contributions are recognised where there is reasonable assurance that the contributions will be received, and all attached conditions are complied with. When the contribution relates to an expense item, it is recognised as income over the period necessary to match the contribution on a systematic basis to the costs that it is intended to compensate. To the extent that the contribution is not matched to expenses in the year, it is recognised as deferred contribution.

Unrestricted donations are those pledges where donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Other revenues and local activities income are recognized when received.

2.14 Expense recognition

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

2.15 Income tax

The Entity is a not for profit organization; accordingly, it is not subject to income tax.

3. RISK MANAGEMENT

The Entity manages various risks through a strategy that addresses those risks and the procedures to mitigate them by applying reporting system aiming to review and adopt appropriate risk mitigating procedures. In addition, the different units at the Entity are responsible for identifying risks associated with their operations and to apply and monitor appropriate control procedures. The overall responsibility of managing and monitoring risks rests with the local management.

Risk measurement and reporting systems

Managing risks is established by monitoring limits for each type of risk. The limits reflect the Entity's strategy and market condition. The information is gathered from each unit and analysed to identify expected risk. Information is presented and analysed to the local management.

The Entity is exposed to financial risks such as market, credit and liquidity risks. Following is a summary of the Entity's risks and the mitigating procedures applied.

Near East Council of Churches Committee for Refugees Work – Gaza Area Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises currency risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exchange rates for other currencies as of the financial statements dates for USD are as follows:

	2020	2019
New Israeli Shekel (NIS)	0.3100	0.2890
EURO	1.2288	1.1000
British Pound	1.3628	1.3157

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. The Entity's maximum exposure to credit risk is the carrying value of contributions receivable. The Entity limits its credit risk through obtaining funds from several reputable donors.

With respect to credit risk arising from other financial assets of the Entity including cash and cash equivalent and other current assets, exposure to credit risk arises from the default of the counterparty. The maximum exposure is equal to the carrying amount of these financial assets. The Entity seeks to limit its credit risk with respect to banks by only dealing with reputable and leading banks.

Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its commitments associated with financial liabilities as they fall due. To mitigate this risk, management diversifies financing resources, manages assets and liabilities, and keeps enough cash and cash equivalent. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds from cash and cash equivalents are available to meet any commitments as they arise.

The table below summarizes the maturity profile of the Entity's financial instruments based on contractual undiscounted payments; the Entity monitors the maturity dates of these instruments in order to ensure that the Entity is liquid.

	6 to 12 months	Total
31 December 2020		
Accounts payable and other accruals	112,567	112,567
31 December 2019		
Accounts payable and other accruals	112,564	112,564

Operational risk

Dependency on donor funding: The Entity is dependent upon donors to fund its activities. Due to that nature, it has an operational risk if donor funding decreases or stops.

Near East Council of Churches Committee for Refugees Work – Gaza Area Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

4. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The major estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the management assessment;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and
- Changes in the market in relation to the asset.

Provision for impairment of accounts receivable

Allowance for doubtful accounts is calculated based on management approved policy. The Entity policy is to assess outstanding receivables based on management experience gained from previous losses, the present economic situation and its effects on holders, and the limit of commitment of individuals to the terms of the loan. The allowance is determined based on the management estimations.

Near East Council of Churches Committee for Refugees Work – Gaza Area

Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

5. PROPERTY AND EQUIPMENT

Details:

	Furniture and fittings	Office equipment	Medical equipment	Training equipment	Vehicles	Other fixed assets	Total
Cost							
At 1 January 2019	82,834	293,613	262,789	217,634	277,160	148,237	1,282,267
Additions during the year	-	-	-	-	-	-	-
At 31 December 2019	82,834	293,613	262,789	217,634	277,160	148,237	1,282,267
Accumulated depreciation							
At 1 January 2019	78,553	184,051	262,789	167,205	277,160	22,854	992,612
Change for the year	536	11,444	-	13,509	-	3,776	29,265
At 31 December 2019	79,089	195,495	262,789	180,714	277,160	26,630	1,021,877
Net Book Value as of 31 December 2019	3,745	98,118	-	36,920	-	121,607	260,390
Cost							
At 1 January 2020	82,834	293,613	262,789	217,634	277,160	148,237	1,282,267
Additions during the year	2,500	1,660	-	42,793	-	-	46,953
At 31 December 2020	85,334	295,273	262,789	260,427	277,160	148,237	1,329,220
Accumulated depreciation							
At 1 January 2020	79,089	195,495	262,789	180,714	277,160	26,630	1,021,877
Change for the year	836	21,035	-	20,619	-	3,859	46,349
At 31 December 2020	79,925	216,530	262,789	201,333	277,160	30,489	1,068,226
Net Book Value as of 31 December 2020	5,409	78,743	-	59,094	-	117,748	260,994

Near East Council of Churches Committee for Refugees Work – Gaza Area
Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

6. CONTRIBUTIONS RECEIVABLE

Details:

	2020	2019
United Nations Children’s Fund – UNICEF	21,844	35,048
Bread for the World	-	6,291
DanChurchAid/NorwegianChurchAid - DCA/NCA	-	26,226
Pontifical Mission	2,786	-
	24,630	67,565

7. LOANS RECEIVABLE

Details:

	2020	2019
Educational loans	315,360	393,874
Loans to employees	30,243	29,585
	345,603	423,459

Loans are provided to employees and students are interest free loans, and the Movement on the loans were as follows:

	Educational loans	Loans to employee	Total
Balance at 1 January 2019	351,398	35,003	386,401
New loans	84,250	34,303	118,553
Repayments	(41,774)	(39,721)	(81,495)
Balance at 31 December 2019	393,874	29,585	423,459
Deduct: amount classified as short term loans	(88,273)	(29,585)	(117,858)
	305,601	-	305,601
Balance at 1 January 2020	393,874	29,585	423,459
New loans	45,771	38,850	84,621
Repayments	(124,285)	(38,192)	(162,477)
Balance at 31 December 2020	315,360	30,243	345,603
Deduct: amount classified as short term loans	(89,740)	(30,243)	(119,983)
	225,620	-	225,620

8. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Details:

	2020	2019
Prepaid rent	19,282	47,735
Due from central office	2,493	32,487
	21,775	80,222

Near East Council of Churches Committee for Refugees Work – Gaza Area
 Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

9. CASH AND BANK BALANCES

Details:

	2020	2019
Cash at banks	650,511	477,122
Short term deposit	1,227,877	375,639
Cash at banks – restricted to employee indemnity	1,370,000	2,028,694
	3,248,388	2,881,455

10. PROVISION FOR EMPLOYEES' INDEMNITY

Details:

	2020	2019
As at 1 January	1,427,025	1,325,503
Employees' Contribution during the year	106,660	106,417
NECC Contribution during the year	99,876	105,836
Paid during the year	(204,426)	(110,731)
As at 31 December	1,429,135	1,427,025

11. ACCOUNTS PAYABLE AND OTHER ACCRUALS

Details:

	2020	2019
Due to employees	112,567	112,564
	112,567	112,564

Near East Council of Churches Committee for Refugees Work – Gaza Area

Financial statements for the year ended 31 December 2020

(All amounts expressed in US Dollar unless otherwise stated)

Notes to the financial statements

12. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

As of 31 December 2020:

Donor	Beginning balance 1 January 2020	Restricted contributions received	Released from restriction and recognized as revenues	Fixed assets	Transfers (from) to contribution receivable	Write- off	Currency variance	Ending balance 31 December 2020
Porticus	94,451	-	(43,243)	(45,293)	-	-	-	5,915
United Church of Canada	34,162	-	(34,162)	-	-	-	-	-
Secours Catholique Caritas France	21,728	143,568	(160,111)	-	-	-	-	5,185
Terre des hommes - TDH	10,178	23,083	(33,261)	-	-	-	-	-
ACT for Peace	7,510	243,385	(173,738)	-	-	-	-	77,157
ACT - Emergency Appeal PSE	6,400	33,960	(40,595)	-	-	235	-	-
DanChurchAid/NorwegianChurchAid - DCA/NCA - TVET Program	6,021	91,550	(97,571)	-	-	-	-	-
Mennonite Central Committee – MCC	4,190	15,165	(17,570)	-	-	-	-	1,785
The Amos Trust	-	43,899	(43,899)	-	-	-	-	-
General Board of Global Ministry	-	24,688	(24,688)	-	-	-	-	-
ACT Appeal - COVID-19 Appeal	-	20,000	(6,667)	-	-	-	-	13,333
United Palestinian Appeal - UPA	-	50,000	(50,000)	-	-	-	-	-
Pontifical Mission	-	45,000	(45,000)	-	-	-	-	-
Bread for the World - PSE - 2018-02520	-	259,169	(259,169)	-	-	-	-	-
Church of Sweden	-	65,543	(35,869)	-	-	-	-	29,674
Other donotrs	-	1,043	(1,043)	-	-	-	-	-
Save the Children International	-	279,336	(36,102)	-	-	-	-	243,234
Pontifical Mission – providing	-	-	(2,786)	-	2,786	-	-	-
Pontifical Mission – PSP	-	29,600	(29,338)	-	-	-	-	262
Pontifical Mission - Iron medication	-	5,000	(5,000)	-	-	-	-	-
Pontifical Mission - employment	-	1,500	(1,500)	-	-	-	-	-
Church of Scotland	-	22,969	(22,969)	-	-	-	-	-
CCP Japan	-	123,476	(90,384)	(1,660)	-	-	-	31,432
Embrace the Middle East	-	119,860	(115,077)	-	-	-	-	4,783
Bftw (Prject No. N-PSE-2015-0233)	-	6,521	-	-	(6,291)	-	(230)	-
United Church of Christ	-	26,000	(26,000)	-	-	-	-	-
DanChurchAid/NorwegianChurchAid - DCA/NCA -	-	47,940	(23,343)	-	(26,226)	1,629	-	-
United nations Children’s Fund - UNICEF	-	124,123	(110,919)	-	(13,204)	-	-	-
Total	184,640	1,846,378	(1,530,004)	(46,953)	(42,935)	1,864	(230)	412,760

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Notes to the financial statements

12. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS (CONTINUED)

As of 31 December 2019:

Donor	Beginning balance 1 January 2019	Restricted contributions received	Released from restriction and recognized as revenues	Fixed assets	Transfers (from) to contribution receivable	Write- off	Currency variance	Ending balance 31 December 2019
Porticus	-	109,750	(15,299)	-	-	-	-	94,451
United Church of Canada	-	34,162	-	-	-	-	-	34,162
Secours Catholique Caritas France	33,679	449,899	(461,850)	-	-	-	-	21,728
Terre des hommes – TDH	1,025	51,760	(42,607)	-	-	-	-	10,178
ACT for Peace	30,573	225,987	(249,050)	-	-	-	-	7,510
ACT - Emergency Appeal PSE	-	6,400	-	-	-	-	-	6,400
DanChurchAid/NorwegianChurchAid - DCA/NCA - TVET Program	-	89,720	(83,699)	-	-	-	-	6,021
Mennonite Central Committee – MCC	17,730	20,000	(33,540)	-	-	-	-	4,190
The Amos Trust	-	24,581	(24,581)	-	-	-	-	-
Christian World Service – NZ	-	2,219	(2,219)	-	-	-	-	-
Others	-	535	(535)	-	-	-	-	-
United Palestinian Appeal - UPA	-	50,000	(50,000)	-	-	-	-	-
Pontifical Mission	-	45,000	(45,000)	-	-	-	-	-
Bread for the World - PSE - 2018-02520	86,032	289,257	(375,289)	-	-	-	-	-
Act Church of Sweden	-	10,510	(10,510)	-	-	-	-	-
United Palestinian Appeal - UPA - 2018 budget	-	12,000	-	-	(12,000)	-	-	-
Porticus - 2	-	9,673	-	-	(9,673)	-	-	-
DanChurchAid/NorwegianChurchAid - DCA/NCA - (1010306-47)	-	3,970	-	-	(3,970)	-	-	-
Pontifical Mission - Psychosocial support	-	19,200	-	-	(19,200)	-	-	-
Pontifical Mission - Park rehabilitate	11,700	12,742	(24,442)	-	-	-	-	-
Church of Scotland	-	12,358	(12,358)	-	-	-	-	-
ACT - Emergency Appeal PSE	38,318	-	(38,318)	-	-	-	-	-
Embrace the Middle East - ANC	-	59,308	(61,892)	-	-	-	2,584	-
Bread for the World - PSE - 2009-0013	-	47,346	-	-	(55,235)	-	7,889	-
Embrace the Middle East - Well baby clinic	-	97,879	(102,158)	-	-	-	4,279	-
DanChurchAid/NorwegianChurchAid - DCA/NCA -	31,027	47,817	(105,070)	-	26,226	-	-	-
United nations Children's Fund - UNICEF	-	84,817	(119,865)	-	35,048	-	-	-
Total	250,084	1,816,890	(1,858,282)	-	(38,804)	-	14,752	184,640

Near East Council of Churches Committee for Refugees Work – Gaza Area
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Notes to the financial statements

13. UNRESTRICTED CONTRIBUTIONS

Details:

	2020	2019
In-kind donation – American Near East Refugee Aid - ANERA	30,437	26,925
In-kind donation – The United nations Children’s Fund - UNICEF	12,615	4,076
In-kind donation – Ministry of Health	4,716	1,309
In-kind donation – GIZ & CCP	3,740	-
In-kind donation – Others	3,632	4,418
	55,140	36,728

14. LOCAL ACTIVITIES INCOME

Details:

	2020	2019
Income from tuition fees	70,257	48,752
Medicine sales income	28,184	47,305
Clinics income	18,789	33,238
Interest income	12,274	2,626
Laboratory income	12,243	17,585
Other income	11,561	1,789
VTC applications' income	1,826	3,311
Educational loans income	-	1,090
	155,134	155,696

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Notes to the financial statements

15. PROJECTS EXPENSES

Following are the projects' expenses per donor for the year ended December 31, 2020:

	UNICEF	Porticus	Act alliance ACT Appeal PSE 191	Act alliance COVID-19 Appeal	DanChurchAid (DCA) TVET Program	Mennonite Central Committee - MCC	DanChurchAid (DCA) - Norwegian Church Aid (NCA)	Pontifical Mission \ maternity care	Pontifical Mission \ Iron	Pontifical Mission \ Employment	Total
Salaries and related benefits	73,313	25,258	19,757	6,667	57,654	14,878	18,516	-	-	1,500	217,543
Medicine and medical supplies	13,067	-	12,284	-	-	-	514	2,786	5,000	-	33,651
Graduates field training	-	-	-	-	-	-	-	-	-	-	-
Micro projects	-	-	-	-	-	-	-	-	-	-	-
Education and training	1,841	-	-	-	-	2,400	-	-	-	-	4,241
Rehabilitation	-	8,783	-	-	-	-	-	-	-	-	8,783
Materials and supplies	-	-	2,949	-	16,364	-	-	-	-	-	19,313
Travel	18,323	-	-	-	4,478	-	1,991	-	-	-	24,792
Mentoring and evaluation	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	3,300	-	2,872	-	409	-	-	-	6,581
Psychological support	-	-	-	-	-	-	-	-	-	-	-
Fuel	2,168	6,684	2,305	-	3,342	-	1,267	-	-	-	15,766
Communications	838	2,518	-	-	-	-	-	-	-	-	3,356
Utilities	-	-	-	-	-	-	391	-	-	-	391
Devices and office supplies	-	-	-	-	-	-	-	-	-	-	-
Students' educational fees	-	-	-	-	-	-	-	-	-	-	-
Media, stationery and publicity	811	-	-	-	-	292	255	-	-	-	1,358
Maintenance	-	-	-	-	850	-	-	-	-	-	850
Others	558	-	-	-	5,990	-	-	-	-	-	6,548
Sub-total	110,919	43,243	40,595	6,667	91,550	17,570	23,343	2,786	5,000	1,500	343,173

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15. PROJECTS EXPENSES (CONTINUED)

Following are the projects' expenses per donor for the year ended December 31, 2020 (continued):

	Pontifical Mission \ PSP	UPA	TERE DES HOMMES T D H	Secours Catholique Caritas France	EME	Act for Peace	Save the Children	CCP Japan	Church of Sweden	Total
Sub- total from previous page										343,173
Salaries and related benefits	24,036	-	18,257	36,137	66,963	134,002	33,360	64,466	24,946	402,167
Medicine and medical supplies	-	50,000	-	-	35,955	7,960	581	20,630	-	115,126
Graduates field training	-	-	-	99,371	-	-	-	-	-	99,371
Micro projects	-	-	-	6,656	-	-	-	-	-	6,656
Education and training	744	-	3,667	1,401	-	-	-	1,071	-	6,883
Materials and supplies	645	-	-	-	-	-	-	-	-	645
Travel	-	-	-	1,425	2,381	5,744	-	-	-	9,550
Mentoring and evaluation	-	-	-	10,450	-	4,400	-	-	-	14,850
Rent	-	-	-	-	-	2,867	-	-	-	2,867
Psychological support	-	-	7,840	-	-	-	-	-	-	7,840
Fuel	3,500	-	2,806	450	1,440	7,821	1,656	2,730	-	20,403
Communications	-	-	393	1,142	-	5,160	-	1,100	-	7,795
Utilities	-	-	-	750	600	3,239	-	-	-	4,589
Media, stationery and publicity	413	-	298	2,229	-	587	505	387	-	4,419
Maintenance	-	-	-	-	1,198	1,958	-	-	-	3,156
Others	-	-	-	100	6,540	-	-	-	-	6,640
Sub-total	29,338	50,000	33,261	160,111	115,077	173,738	36,102	90,384	24,946	712,957
Grand total										1,056,130

15. PROJECTS EXPENSES (CONTINUED)

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Following are the projects' expenses per donor for the year ended December 31, 2019:

	UNICEF	Porticus	ACT Appeal PSE 181	DanChurchAid (DCA) TVET Program	Mennonite Central Committee - MCC	DanChurchAid (DCA) - Norwegian Church Aid (NCA)	Pontifical Mission \\ Park Rehabilitation	TERE DES HOMMES T D H	Secours Catholique Caritas France	Total
Salaries and related benefits	75,232	1,323	17,892	58,380	14,804	31,580	-	23,868	70,348	293,427
Medicine and medical supplies	4,076	-	8,156	-	-	58,529	-	-	-	70,761
Graduates field training	-	-	-	-	-	-	-	-	192,658	192,658
Micro projects	-	-	-	-	-	-	-	-	135,635	135,635
Education and training	3,468	112	-	-	2,497	-	-	-	40,774	46,851
Rehabilitation	-	8,603	-	-	-	-	24,442	-	-	33,045
Materials and supplies	-	-	-	14,173	12,930	735	-	-	-	27,838
Travel	28,645	-	-	4,095	-	3,882	-	3,947	2,430	42,999
Mentoring and evaluation	-	-	-	-	-	-	-	-	12,000	12,000
Rent	-	-	-	3,253	2,500	1,849	-	-	-	7,602
Psychological support	-	-	-	-	-	-	-	8,628	-	8,628
Fuel	6,071	400	-	3,060	-	2,219	-	3,502	1,950	17,202
Communications	1,944	-	-	-	-	-	-	822	2,393	5,159
Utilities	-	250	-	-	-	709	-	1,413	1,950	4,322
Devices and office supplies	-	3,852	-	-	-	-	-	-	-	3,852
Students' educational fees	-	-	9,000	-	-	-	-	-	-	9,000
Media, stationery and publicity	-	-	-	-	297	4,392	-	-	1,605	6,294
Maintenance	-	-	-	738	512	-	-	-	-	1,250
Others	429	759	3,270	-	-	-	-	427	107	4,992
Total	119,865	15,299	38,318	83,699	33,540	103,895	24,442	42,607	461,850	923,515

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Notes to the financial statements

16. PROGRAMS EXPENSES

Following are the programs' expenses per donor for the year ended December 31, 2020:

	Heath					Vocational training					Total
	FHSC-Shija'ia	FHSC-Darraaj	Mobile Dental Clinic	FHSC-South	Psychosocial and Training	VTC-Gaza	VTC-Qararah	Dress making	Secretarial and language	Community dev.	
Salaries and related benefits	80,318	46,649	26,474	9,332	40,731	121,599	26,283	8,012	14,771	-	374,169
Communications	932	897	-	549	-	642	540	47	22	116	3,745
Utilities	359	953	-	597	-	1,715	344	252	311	-	4,531
Fuel	207	359	-	294	240	500	183	20	205	-	2,008
Medicine and medical	5,292	1,985	-	1,330	-	-	-	-	-	-	8,607
Vehicles expenses	677	533	291	550	-	408	327	-	-	-	2,786
Rent	5,000	6,000	1,000	1,500	1,667	-	-	1,500	10,000	-	26,667
Community -self help	-	-	-	-	-	-	-	-	-	17,093	17,093
Maintenance and repairs	1,126	870	-	1,600	-	1,490	623	301	56	188	6,254
Insurance	1,743	1,748	-	1,689	-	3,441	2,404	784	809	398	13,016
In kind	15,255	15,255	15,255	-	-	-	-	-	-	-	45,765
Stationery	564	516	-	263	-	279	173	67	351	73	2,286
Travel	959	847	-	638	-	3,282	802	534	485	-	7,547
Materials and supplies	413	264	-	165	-	7,353	146	50	50	15	8,456
Audit	3,200	3,200	-	1,500	-	3,200	1,500	1,000	1,000	-	14,600
Professional expenses	70	70	410	70	-	70	70	70	70	-	900
Others	3,011	3,003	43	3,000	2,000	2,206	2,000	2,000	2,035	466	19,764
Hospitality	2,198	2,774	318	1,148	35	1,916	903	663	268	242	10,465
Total	121,324	85,923	43,791	24,225	44,673	148,101	36,298	15,300	30,433	18,591	568,659

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16. PROGRAMS EXPENSES (CONTINUED)

Following are the programs' expenses per donor for the year ended December 31, 2019:

	Heath					Vocational training						Total
	FHSC-Shija'ia	FHSC-Darraaj	Mobile Dental Clinic	FHSC-South	Psychosocial and Training	VTC-Gaza	VTC-Qararah	Dress making	Secretarial and language	Community dev.	Advocacy	
Salaries and related benefits	157,193	136,446	26,551	73,769	61,498	134,991	35,259	14,005	27,348	-	-	667,060
Trainees incentives	4,221	3,305	-	4,515	-	-	-	-	-	-	-	12,041
Communications	1,592	1,384	-	1,381	-	1,320	461	9	36	-	-	6,183
Utilities	1,727	1,826	-	1,438	-	2,608	493	420	407	-	-	8,919
Fuel	518	1,691	-	398	-	492	592	147	587	-	-	4,425
Medicine and medical supplies	91,908	72,735	-	69,961	-	-	-	-	-	-	-	234,604
Vehicles expenses	3,646	3,538	184	3,702	-	2,371	490	60	81	-	270	14,342
Rent	6,500	1,500	1,000	5,380	1,200	-	249	647	10,000	-	-	26,476
Community -self help	-	-	-	-	-	-	-	-	-	18,831	-	18,831
Maintenance and repairs	1,924	1,206	-	961	133	2,135	887	450	333	804	-	8,833
Insurance	1,751	1,751	-	1,658	-	3,329	2,286	724	752	-	-	12,251
In kind	10,884	10,884	10,884	-	-	-	-	-	-	-	-	32,652
Stationery	523	547	-	224	368	320	509	101	314	-	-	2,906
Travel	3,480	3,953	-	2,064	68	4,966	804	915	967	-	1,840	19,057
Materials and supplies	2,457	2,842	-	1,849	29	12,904	1,112	297	348	-	-	21,838
Education and training	1,354	1,352	-	1,351	-	-	-	-	-	-	-	4,057
Audit	1,800	2,000	-	1,200	-	2,000	1,000	500	500	-	-	9,000
Professional expenses	5,694	5,694	-	5,584	246	-	-	-	-	-	-	17,218
Strategic plan development	1,500	1,000	-	1,000	-	-	-	-	-	-	-	3,500
Others	5,180	5,180	-	5,180	3,298	5,151	3,000	1,000	1,000	-	-	28,989
Hospitality	832	587	-	399	2,936	907	449	-	-	-	1,616	7,726
Total	304,684	259,421	38,619	182,014	69,776	173,494	47,591	19,275	42,673	19,635	3,726	1,160,908

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17. GENERAL AND ADMINISTRATIVE EXPENSES

Details:

	2020	2019
Salaries and related benefits	86,546	104,810
Communications	770	7,194
Utilities	149	1,891
Fuel	236	5,711
Vehicles expenses	725	1,663
Rent	12,000	12,000
Maintenance and repairs	3,634	7,050
Insurance	2,476	2,240
Stationery	1,554	1,655
Travel	1,662	13,679
Materials and supplies	285	2,125
Audit	5,000	12,000
Professional expenses	8,073	8,645
Others	982	2,580
Hospitality	2,846	4,736
Bank Charges	1,035	1,756
	127,973	189,735

18. RELATED PARTIES TRANSACTIONS AND BALANCES

This item represents transactions and balances with related parties, i.e., Directors, directors (management) and organizations over which they exercise control.

a) Transactions with related parties are as follows:

	2020	2019
Salaries and related benefits	135,172	125,844

b) Balances with related parties are as follows:

	2020	2019
Provision for end employees' indemnity	186,902	188,175
Due from DSPR – Jerusalem	2,493	32,487

19. LITIGATIONS AGAINST THE ENTITY

There is an outstanding litigation against the entity. Management believes (as supported by the entity legal consultant) that the amounts expected to be paid in return for this litigation and the results that may have had, would not materially affect the financial position of the entity and the results of its operations.

20. RISKS ASSOCIATED WITH THE CORONAVIRUS OUTBREAK

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. Management has taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on NECC and results has been minimal. Management will continue to follow the various government policies and advice and, in parallel, will do utmost to continue our operations in the best and safest way possible without jeopardizing the health of NECC people.

For the non-financial assets, NECC has assessed the impact of the recent novel coronavirus (COVID-19) outbreak. Capital expenditure is expected to be broadly stable versus 2020. Up to the date of this report, the outbreak has not had a material impact on the performance of NECC. However, NECC will continue to monitor the situation closely, including the potential impacts on performance. NECC is not facing issues with collections from Donors. Also, it is worth mentioning that NECC performance and cash flows have not materially changed from last year.