

**Juzoor for Health and Social
Development (JUZOOR)**

**Financial Statements
And
Independent Auditor's Report
For the Year Ended December 31,
2015**

Juzoor for Health And Social Development (JUZOOR)

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Independent Auditor's Report

To the Board of Directors of Juzoor for Health and Social Development (JUZOOR) Al Bireh - Palestine

We have audited the accompanying financial statements of Juzoor for Health and Social Development (JUZOOR) (Not for Profit Organization), which comprise of the statement of financial position as of December 31, 2015, the statement of activities and changes in net assets and statement of cash flows (together the "financial statements") for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities, 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 JUZOOR 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 JUZOOR 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 present fairly in all material respects the financial position of Juzoor for Health and Social Development (JUZOOR) as of December 31, 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities.



Deloitte & Touche (M.E.)

Ramallah

May 25, 2016

Juzoor for Health and Social Development (JUZOOR)

Statement - A

Statement of Financial Position

As of December 31, 2015

		2015	2014
Assets	Note	USD	USD
Current Assets			
Cash on Hand and at Banks	5	64,261	8,532
Grants Receivable	6	141,725	98,386
Advances to Employees	7	-	17,400
Prepaid Expenses		3,497	26,191
Total Current Assets		209,483	150,509
Non Current Assets			
Property and Equipment - Net	8	103,155	127,495
Land	9	87,500	87,500
Total Non Current Assets		190,655	214,995
Total Assets		400,138	365,504
Liabilities and Net Assets			
Liabilities			
Accounts Payable and Accruals	10	157,155	43,870
Reserve for Severance Pay	11	52,522	225,126
Total Liabilities		209,677	268,996
Net Assets			
Unrestricted (Deficit)		(201,140)	(184,008)
Temporary Restricted		200,946	65,521
Investment in Land, Property and Equipment		190,655	214,995
Total Net Assets		190,461	96,508
Total Liabilities and Net Assets		400,138	365,504

The Accompanying Notes Form an Integral Part of These Financial Statements

Juzoor for Health and Social Development (JUZOOR)

Statement - B

Statement of Activities and Changes in Net Assets**For the Year Ended December 31, 2015**

		Unrestricted	Temporarily Restricted	2015	2014
	Note	USD	USD	USD	USD
Grants and Revenues:					
Restricted Contributions	12	-	1,137,717	1,137,717	1,654,881
Unrestricted Contributions		6,561	-	6,561	25,336
Service Contracts		8,131	-	8,131	19,155
Other Revenues	13	84,651	-	84,651	59,223
Total Grants and Revenues		99,343	1,137,717	1,237,060	1,758,595
Net Assets Released From Restrictions	12	1,002,292	(1,002,292)	-	-
Total Grants and Revenues		1,101,635	135,425	1,237,060	1,758,595
Expenses:					
Program Expenses:					
Policy and Advocacy Unit		9,009	-	9,009	308,567
Continuous Professional Education Unit		489,724	-	489,724	496,508
Community Development Unit		582,464	-	582,464	1,022,100
Total Project Expenses		1,081,197	-	1,081,197	1,827,175
General and Administrative Expenses		22,787	-	22,787	221,514
Total Expenses		1,103,984	-	1,103,984	2,048,689
(Deficit) excess of grants and revenues over expenses		(2,349)	135,425	133,076	(290,094)
(Loss) on Currency Fluctuation		(14,783)	-	(14,783)	(9,869)
Depreciation Expense		(24,340)	-	(24,340)	(26,203)
(Decrease) in net assets during the year		(41,472)	135,425	93,953	(326,166)
Net Assets at Beginning of Year		(184,008)	65,521	(118,487)	184,066
Inter Fund Transfer		24,340	-	24,340	23,613
Net Assets at Year End		(201,140)	200,946	(194)	(118,487)

The Accompanying Notes Form an Integral Part of These Financial Statements

Juzoor for Health and Social Development (JUZOOR)
Statement of Cash Flows
For the Year Ended December 31, 2015

Statement - C

	2015	2014
	USD	USD
Operating Activities:		
Grants received from contributors	1,094,378	1,846,188
Service contracts and other revenues	92,782	78,378
Cash paid to employees and suppliers	<u>(1,131,431)</u>	<u>(2,054,266)</u>
Cash Flows Generated from (Used in) Operating Activities	<u>55,729</u>	<u>(129,700)</u>
Investing Activities:		
Procurement of property and equipment	<u>-</u>	<u>(2,590)</u>
Cash flows (Used in) Investing Activities	<u>-</u>	<u>(2,590)</u>
Increase (Decrease) in cash	55,729	(132,290)
Cash on hand and deposits with banks at Beginning of Year	<u>8,532</u>	<u>140,822</u>
Cash on hand and deposits with banks at End of Year	<u>64,261</u>	<u>8,532</u>
Adjustments		
Change in net assets	93,953	(326,166)
Provision for staff benefits, net of indemnities paid	(172,604)	10,166
Depreciation	24,340	26,203
(Increase) Decrease in grants receivable	(43,339)	165,971
(Decrease) in suppliers and employees advances	17,400	18,480
Decrease in prepaid expenses	22,694	9,950
Increase (Decrease) in payables and accruals	<u>113,285</u>	<u>(34,304)</u>
Net Cash Generated from (Used in) operating activities	<u>55,729</u>	<u>(129,700)</u>

The Accompanying Notes Form an Integral Part of These Financial Statements

Juzoor for Health and Social Development (JUZOOR)**Statement of Functional Expenses
For the Year Ended December 31, 2015****Statement - D
(1/2)**

						Total	
	Policy and Advocacy Unit	Continuous Professional Education Unit	Community Development Unit	Total Program Expenses	General and Administrative	2015	2014
Salaries and related expenses	-	234,484	266,965	501,449	-	501,449	872,170
Repair and maintenance	-	3,527	11,580	15,107	150	15,257	9,833
Occupancy cost	-	4,827	30,694	35,521	12,854	48,375	60,441
Meeting , workshops and conferences	-	119,885	54,189	174,074	-	174,074	409,371
Training costs	6,414	67,270	60,119	133,803	20	133,823	163,079
Professional and consultancy fees	-	15,950	50,288	66,238	-	66,238	121,002
Printing, stationery, documentation and supplies	-	2,245	6,925	9,170	224	9,394	139,607
Media and advertising	-	-	2,805	2,805	-	2,805	3,254
Communication and internet	-	5,148	6,492	11,640	-	11,640	19,614
Transportation and international travel	2,595	8,942	12,861	24,398	2,223	26,621	121,075
Hospitality	-	-	4,819	4,819	993	5,812	18,916
Insurance	-	1,719	6,030	7,749	2,609	10,358	10,318
Schools support costs	-	-	64,966	64,966	-	64,966	16,164
Interest and bank charges	-	-	-	-	1,243	1,243	1,787
Other expenses	-	25,727	3,731	29,458	2,471	31,929	82,060
Grand Total	9,009	489,724	582,464	1,081,197	22,787	1,103,984	2,048,691

The Accompanying Notes Form an Integral Part of These Financial Statements

Juzoor for Health and Social Development (JUZOOR)
Statement of Functional Expenses
For the Year Ended December 31, 2014

Statement - D
(2/2)

	Policy and Advocacy Unit	Continuous Professional Education Unit	Community Development Unit	Total Program Expenses	General and Administrative	Total	
						2014	2013
Salaries and related expenses	70,273	221,039	436,297	727,609	144,561	872,170	781,773
Repair and maintenance	-	-	7,706	7,706	2,127	9,833	9,654
Occupancy cost	-	8,931	28,274	37,205	23,235	60,440	42,765
Meeting , workshops and conferences	88,349	134,097	180,324	402,770	6,602	409,372	375,269
Training costs	5,993	62,918	87,277	156,188	6,891	163,079	149,698
Professional and consultancy fees	37,996	34,968	36,227	109,191	11,810	121,001	113,030
Printing, stationery, documentation and supplies	67,143	1,010	71,045	139,198	408	139,606	105,643
Media and advertising	-	-	3,254	3,254	-	3,254	-
Communication and internet	2,917	4,705	11,040	18,662	952	19,614	19,257
Transportation and international travel	26,372	11,389	81,861	119,622	1,453	121,075	137,782
Hospitality	9	6,118	10,852	16,979	1,937	18,916	49,283
Insurance	-	-	3,831	3,831	6,487	10,318	14,734
Schools support costs	-	700	15,464	16,164	-	16,164	132,593
Interest and bank charges	-	-	490	490	1,297	1,787	1,604
Other expenses	9,515	10,633	48,158	68,306	13,754	82,060	79,988
Grand Total	308,567	496,508	1,022,100	1,827,175	221,514	2,048,689	2,013,073

The Accompanying Notes Form an Integral Part of These Financial Statements

Juzoor for Health and Social Development (JUZOOR)

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Amounts are presented in U.S Dollar)

1. The Foundation:

Juzoor is a Palestinian Professional foundation based in Jerusalem is devoted to action in reform and asset mobilization in the health and social sectors. The mission of Juzoor is working towards healthy Communities. Juzoor is registered with the Palestinian Ministry of Interior under registration number QR-1243.

The main objectives of Juzoor are as follows:

- To build the institutional capacity of health and social organizations through the development of human resources and to promote and support sustainable systems. As well as enhance networking and partnership among these organizations.
- To provide a platform for discussions and dialogue and enable a conducive environment for policy formulation and developmental interventions in the health and social sectors that support the deprived and marginalized communities.
- To promote an interdisciplinary, cross-sectorial approach in the health and social sector to improve the health status and well-being of the individual, family and community.
- To raise public awareness and encourage communities' participation regarding health and socio-economic issues that affects their overall well-being.
- To promote and develop regional and international cooperation to provide a facilitating environment for policy dialogue, participatory planning information and technology transfer among local and international organizations.

2. New and Amended Standards (IFRSs) and Interpretations:

In the current year, JUZOOR 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, 2015. The application of the new standards and interpretations has no effect on the financial position or the results of operations of JUZOOR.

3. Significant Accounting Policies:

Statement of compliance

The financial statements have been prepared in accordance with relevant International Financial Reporting Standards (IFRS) and the United States Statement on Financial Accounting Standards applicable to not for profit organizations.

3. Summary of Significant Accounting Policies (Continued):

Basis of preparation

The financial statements have been prepared on the accrual basis of accounting and in conformity with International Financial Reporting Standards and the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, presentation of financial statements – Not for Profit Entities

3.1 Summary of significant accounting policies are as follows:

- The accounting policies adopted are consistent with those applied in the previous financial year.
- JUZOOR 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 JUZOOR is not subject to donor-imposed restrictions.
 - **Temporarily restricted net assets** whose use by JUZOOR is limited by donor-imposed and restrictions that either expire by passage of time or can be fulfilled and released by actions of JUZOOR pursuant to those donor-imposed stipulations.
 - **Investment in Land, Property and Equipment** represents funds invested in property and equipment and land from unrestricted net assets.

Contributions and grants:

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

Contributions Receivable:

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

Cash and cash equivalents:

Consists of cash on hand and deposits with banks with maturity dates of 90 days or less.

Property and Equipment:

Property and Equipment are stated in the attached financial statements based on historical cost and net of accumulated depreciation. Depreciation rates are as set below:

<u>Component</u>	<u>Estimated Service Life</u>
Office equipment	4-20 years
Office Furniture	7-17 years
Vehicle	7 years

Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

3. Significant Accounting Policies: (Continued)

Property and Equipment (Continued):

When the expected recoverable amount is less than the net book value, the property, plant and equipment 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 property, plant and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being as a change in estimate. Property, plant and equipment are disposed of when there is no expected future benefit from the use of that asset.

Severance pay:

The policy of JUZOOR 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.

Impairment of tangible assets:

At the end of each reporting period, Juzoor reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, JUZOOR estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Foreign Currency Transactions:

The books of accounts of JUZOOR 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.

3. Significant Accounting Policies (Continued):

Foreign Currency Transactions (Continued):

Financial Statements in U.S Dollar:

- Transactions and balances, which are originally expressed in U.S Dollar, are presented at the actual U.S Dollar received or paid.
- Balances of assets and liabilities which are expressed in currencies other than U.S Dollar are translated to U.S Dollar equivalent using the exchange rate prevailing at the date of the financial statements.
- Exchange differences arising from the translation of assets and liabilities is charged to the statement of activities.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty:

In the application of the JUZOOR's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying JUZOOR's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

5. Cash on Hand and at Banks:

	December 31,	
	2015	2014
Cash on Hand	784	114
Deposits with banks in US Dollar	17,277	124,682
Deposits with banks in NIS (overdrawn)	12,225	(181,801)
Deposits with banks in EURO	29,357	64,982
Deposits with banks in Jordanian Dinar	4,618	555
	64,261	8,532

6. Grants Receivable:

	December 31,	
	2015	2014
Save the Children – SRHR	33,000	14,525
Save the Children – Child Protection Module 3	-	7,844
Save Youth Future Society	-	4,231
Rand Corporation	-	-
Augusta Victoria Hospital	1,548	-
Euro Med	-	2,949
Intrahealth International	11,907	30,498
Consulate General of the United States of America	-	3,354
Psychiatric patients friends association	-	4,415
UNRWA	-	16,000
Consulate General of Italy	2,194	14,570
Oxfam Novib	58,137	-
Save Youth Future Society	2,146	-
World Health Organization	7,896	-
Ministry Of Health - ALSO	8,000	-
PCRF	8,444	-
Royal College	8,453	-
	141,725	98,386

7. Advances to Employees:

	December 31,	
	2015	2014
Advances to Employees	-	17,400
	-	17,400

8. Property and Equipment

	<u>Furniture</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
<u>Year Ended 31 December 2015:</u>				
<u>Cost:</u>				
Beginning 2015	77,711	115,359	80,252	273,322
Additions	-	-	-	-
Ending 2015	<u>77,711</u>	<u>115,359</u>	<u>80,252</u>	<u>273,322</u>
<u>Accumulated Depreciation:</u>				
Beginning 2015	32,955	96,212	16,660	145,827
Additions	4,797	7,505	12,038	24,340
Ending 2015	<u>37,752</u>	<u>103,717</u>	<u>28,698</u>	<u>170,167</u>
Net Book Value	<u>39,959</u>	<u>11,642</u>	<u>51,554</u>	<u>103,155</u>
<u>Year Ended 31 December 2014:</u>				
Beginning 2014	75,663	114,817	80,252	270,732
Additions	2,048	542	-	2,590
Ending 2014	<u>77,711</u>	<u>115,359</u>	<u>80,252</u>	<u>273,322</u>
<u>Accumulated Depreciation:</u>				
Beginning 2014	28,163	86,839	4,622	119,624
Additions	4,792	9,373	12,038	26,203
Ending 2014	<u>32,955</u>	<u>96,212</u>	<u>16,660</u>	<u>145,827</u>
Net Book Value	<u>44,756</u>	<u>19,147</u>	<u>63,592</u>	<u>127,495</u>

9. Land:

During 2009, Juzoor acquired one fourth of a piece of land in partnership with another three local NGOs; these NGOs intend to construct a building for their use.

The share of Juzoor from the total cost amounted to U.S Dollar 87,500 which was entirely settled in 2009 and was financed from the Unrestricted Funds.

10. Accounts Payable and Accruals:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Accounts payables	2,355	7,596
Accrued expenses	17,540	8,700
Accrued vacations	8,423	9,920
Due to employees	110,064	-
Accrued Taxes	18,773	17,654
	<u>157,155</u>	<u>43,870</u>

11. Reserve for Severance Pay:

	December 31,	
	2015	2014
Balance at beginning of year	255,126	214,960
Provision for the year	26,923	102,330
Payments during the year	(229,527)	(92,164)
	52,522	225,126

12. Net Assets Released From Restrictions:

The movement in the temporary restricted contributions during the year ended December 31, 2015 was as follows:

	Unexpended Grants as of 01- 01-2015	Grants Received During the Year	Grants Receivable	Restricted Grants for 2015	Available Grants 2015	Releases Expenses	Funds Released in 2015	Unexpended Grants as of 31-12-2015
Oxfam Novib - Netherland - GBV	-	86,057	█	86,057	86,057	86,057	86,057	-
Oxfam Novib - Netherland - WBI	-	153,817	158 █	153,975	153,975	153,975	153,975	-
Oxfam Novib - Netherland - Consortium	23,021	66,942	57,979 █	124,921	147,942	147,942	147,942	-
Save the Children-SRHR-2015	-	81,000	33,000 █	114,000	114,000	114,000	114,000	-
Save Youth Future Society	-	-	2,146 █	2,146	2,146	2,146	2,146	-
UNDP - GEF	5,340	18,837	- █	18,837	24,177	24,177	24,177	-
Augusta Victoria Hospital	-	2,677	1,548 █	4,225	4,225	4,225	4,225	-
Euro Med - Explore Youth initiatives in Palestine	-	1,607	-	1,607	1,607	203	203	1,404
International Bank for Reconstruction and Development - MENA Health Policy Forum	-	10,100	-	10,100	10,100	3,040	3,040	7,060
Arab Fund for Economic and Social Development - 9/NGO/14	37,160	229,123	- █	229,123	266,283	109,752	109,752	156,531
Open Society Foundation	-	99,000	- █	99,000	99,000	99,000	99,000	-
Intrahealth International	-	93,546	11,907 █	105,453	105,453	105,453	105,453	-
PALCH - Palestine's Children	-	5,288	- █	5,288	5,288	5,288	5,288	-
UNRWA - Camp assesment	-	9,000	- █	9,000	9,000	8,049	8,049	951
Consulate General of Italy- POSIT 1	-	26,089	2,194 █	28,283	28,283	28,283	28,283	-
Consulate General of Italy- POSIT 2	-	25,604	- █	25,604	25,604	23,418	23,418	2,186
Consulate General of Italy- GBV	-	10,549	- █	10,549	10,549	8,442	8,442	2,107
World Health Organization	-	13,497	7,896 █	21,393	21,393	21,393	21,393	-
Austrian represantative office- Ramallah	-	10,839	- █	10,839	10,839	10,524	10,524	315
Consulate general of France	-	32,333	- █	32,333	32,333	1,941	1,941	30,392
UNFPA	-	20,087	- █	20,087	20,087	20,087	20,087	-
Ministry Of Health - ALSO	-	-	8,000 █	8,000	8,000	8,000	8,000	-
PCRF	-	-	8,444 █	8,444	8,444	8,444	8,444	-
Royal College	-	-	8,453 █	8,453	8,453	8,453	8,453	-
	65,521	995,992	141,725	1,137,717	1,203,238	1,002,292	1,002,292	200,946

13. Other Revenues:

	<u>2015</u>	<u>2014</u>
Travel reimbursements	4,775	9,195
Revenues from hall rent	3,310	16,524
Tender Fees Revenues	-	819
Revenues from courses	76,266	32,685
Others	300	-
	<u>84,651</u>	<u>59,223</u>

14. Risk 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 2016 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:**

JUZOOR 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 JUZOOR management based on prior experience and the current economic environment.
- **Interest Rate Risk:**

JUZOOR 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 JUZOOR usually monitors the fluctuation in interest rates in every individual currency in order to maximize the benefits from placements.
- **Liquidity Risk:**

Liquidity risk is represented by the inability of JUZOOR to provide the necessary funding to meet its obligations in due dates. In order to prevent this type of risk, JUZOOR management is to diversify sources of funding and management of assets and liabilities. This policy concentrates on analyzing the maturities of the assets and liabilities to achieve congruence monitor liquidity risk and control gaps. It is also concerned with maintaining adequate cash in coordination with the donating parties to meet obligations and withdrawals.

14. Risk Management (Continued):

- **Foreign Currency Risk:**
Currency risk arises from the possibility that changes in the exchange rates may affect negatively the value of the financial assets and liabilities in case JUZOOR 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.