

Justice Center for Legal Aid

Private Society

Amman – The Hashemite Kingdom of Jordan

Financial Statements and Independent Auditor's Report

For the year ended December 31, 2021

Justice Center for Legal Aid
Private Society
Amman – The Hashemite Kingdom of Jordan

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Independent Auditor's Report
Justice Center for Legal Aid
Private Society
Amman – The Hashemite kingdom of Jordan

Opinion

We have audited the financial statements of **Justice Center for Legal Aid** (Private Society), which comprise the statement of financial position as at December 31, 2021, the statement of Income and expenditures and change in retained surplus, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note (2).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and its amendments. 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 the Society in accordance with the International Ethics Standards Board for accountant's Code of Ethics for Professional Accountants in addition to the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 the financial statements in accordance with basis described in note (2), 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 the Society'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 the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

Report on Other Legal and Regulatory Requirements

Justice Center for Legal Aid (Private Society) maintains proper accounting records. The audited financial statements and the disclosures in the financial statement are consistent with these records for the year 2021, we recommend the general assembly to approve them.

PKF – Jordan

Khattab & Co.



Mohammed Khattab
(License No.730)



Amman – The Hashemite Kingdom of Jordan
April 25, 2022

Justice Center for Legal Aid
Private Society
Amman – The Hashemite Kingdom of Jordan

Statement of Financial Position As of December 31, 2021

Exhibit – A

	<u>Notes</u>	<u>2021</u> JD	<u>2020</u> JD
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	5	43,703	126,240
Other debit balances	6	9,774	2,845
Total Current Assets		<u>53,477</u>	<u>129,085</u>
Non-Current Assets			
Property, plant and equipment	7	41,823	47,871
Intangible assets	8	2	2
Total non - current assets		<u>41,825</u>	<u>47,873</u>
Total Assets		<u>95,302</u>	<u>176,958</u>
<u>Liabilities and Retained Surplus</u>			
Current Liabilities			
Other credit balances	9	19,417	22,449
Total Liabilities		<u>19,417</u>	<u>22,449</u>
Retained Surplus			
Retained surplus		<u>75,885</u>	<u>154,509</u>
Total Liabilities and Retained Surplus		<u>95,302</u>	<u>176,958</u>

The financial statements were approved on April 25, 2022 by the authorized signatory, Ms. Hadeel Abdel Aziz.

Authorized Signatory

The Accompanying Notes From 1 to 19 Constitute An Integral Part of These Financial Statements

Justice Center for Legal Aid
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Statement of Income and Expenditures and Change in retained surplus for the year Ended
December 31, 2021

Exhibit – B

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		JD	JD
Grants Income	10	951,817	856,580
Operating grants expenses	11	(825,583)	(882,056)
Operating surplus (Deficit)		126,234	(25,476)
Other Income	13	25,832	49,338
Depreciation expense	7	(17,890)	(17,391)
Amortization expense	8	-	(19,454)
Administrative expenses	12	(223,444)	(224,503)
Gains from sale of assets		-	4,450
Deficit for the year before transfer of properties from Projects to property and equipment		(89,268)	(233,036)
The transfer of properties from Projects to property and equipment	7,11	10,644	13,101
Deficit for the year		(78,624)	(219,935)
Retained surplus at the beginning of the year		154,509	374,444
Retained surplus at the end of the year		75,885	154,509

The financial statements were approved on April 25, 2022 by the authorized signatory, Ms. Hadeel Abdel Aziz.

Authorized Signatory

The Accompanying Notes From 1 to 19 Constitute An Integral Part of These Financial Statements

Justice Center for Legal Aid
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Statement of Cash Flows For the Year Ended December 31, 2021

Exhibit – C

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		JD	JD
<u>Operating Activities</u>			
(Deficit) Surplus for the year		(78,624)	(219,935)
Adjustments:			
Depreciation expense	7	17,890	17,391
Amortization expense	8	-	19,454
Gains from sale of assets		-	(4,450)
Changes in Working Capital			
Other debit balances		(6,929)	6,620
Other credit balances		(3,032)	3,856
Net Cash Flows (used in) from Operating Activities		<u>(70,695)</u>	<u>(177,064)</u>
<u>Investing activities</u>			
Purchase of property and equipment	7	(11,842)	(15,600)
Proceeds from sale of property and equipment		-	4,451
Net Cash Flows used in Investing Activities		<u>(11,842)</u>	<u>(11,149)</u>
Change in cash and cash equivalents during the year		(82,537)	(188,213)
Cash and cash equivalents at the beginning of the year		126,240	314,453
Cash and Cash Equivalents at the end of the year	5	<u>43,703</u>	<u>126,240</u>

The Accompanying Notes From 1 to 19 Constitute An Integral Part of These Financial Statements

Justice Center for Legal Aid
Private Society
Amman - The Hashemite Kingdom of Jordan

Notes To The Financial Statements

1 General

Justice Center Society for Legal Aid was established as a non-profit entity under the name of Diyala Hilal Othman Al-Khamra and partners on 21st July 2008 and registered as non for profit Partnership at the Companies General Controller at the Ministry of Industry and Trade under the number (218) and national No. (2008201100001). On July 23, 2008 the trade name was registered (Justice Center for Legal Aid) under the number (144019) in the record of trade names. With the entry into force of the Society's Law No. (51) For the year 2008, the non-profit Society became a private Society registered under the provisions of this Act and its amendments.

On May 3, 2013 the Society completed straightens conditions procedures under the provisions of the Society's Law No. (51) of the year 2008, and its amendments under the national number (200097278), the same establishment number mentioned above, the Society was included under the Jurisdiction of the Ministry of Justice according to its objectives, also the society name has been modified to become "Justice Center for Legal Aid Society"

As a result of the straighten conditions the Society General Assembly decided to close the capital of the Society and to recognize the paid part of the capital as a donation to the Society.

The main objectives of the society are as follows:

- Empowerment of the poor and vulnerable people of citizens and residents in Jordan, expats, refugees, and the like to access to their rights according to the law.
- Facilitate the access of the poor and vulnerable people of citizens and residents in Jordan, expats, refugees, and the like to legal assistance through lawyers, in accordance with the laws in force.
- Study and implementation of projects related to the reinforcement of the principle of access to justice and the right to sue.
- Study and implementation of projects related to reinforcement of the sovereignty of law.
- Spread the awareness of various Jordanian legislation, bilateral, regional and international agreements.
- Deepening the democratic culture and global culture of human rights and promote transparency, justice and tolerance.
- Promote the concepts of economic, social and cultural rights and the governance of good.
- Preparation of studies and research related to the objectives of the Society and in accordance with the provisions of the laws in force.

Society Branches:

The Society performs its work through the rented headquarter branch, in addition to the Nineteen branches called legal clinics are not considered branches of the Society, which is hosted by the institutions of civil society partners. The society headquarter includes the society management in addition to the legal clinics which provide services to the public.

The financial statements were approved on April 25, 2022 by the authorized signatory, Ms. Hadeel Abdel Aziz. And it's subject to general assembly approval.

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Notes To The Financial Statements

2 Basis of preparation of financial statement

(a) Statement of Compliance:

The Society follows the modified accrual basis in recording accounting transactions. Whereby grant revenues are recognized when they are received and spent on items of operational and administrative expenses included in grant budgets, and expenses are recognized when they are due, accordingly had preparation the financial statements for management purposes, Ministry of social development and Income and sale tax department only.

(b) Basis of Measurement:

The financial statements have been prepared on the historical cost basis except for the financial assets and financial liabilities that are measured at amortized cost

(c) Functional and Presentation Currency:

The financial statements are shown in Jordanian Dinar, which represent the Society's functional and presentation currency

(d) Use of Judgments and Estimates:

In preparing these financial statements requires the management to make judgments, estimates and assumptions that affect the application of the society's accounting policies and the reported amounts of assets, liabilities, revenue and expenses. And the actual results may differ from these estimates.

Estimates and assumptions applied are continually reviewed. And changes in accounting estimates are recognized in the year in which the estimates are changed and future years affected by that change.

The following is a summary of the significant matters in which uncertain estimates and judgments that are used in applying the accounting policies which materially affect the amounts in the financial statements:

• **Estimates:**

The following are the estimates that have significant risk to the financial statements:

- Impairment of the financial instruments: Inputs and measurement of the expected credit loss and what it includes of future objectives.
- The management reviews its estimates about the fair value of financial assets.
- The management continually reviews the cases brought against the society based on a legal study prepared by the society's legal advisor, which indicates the potential risks that the society may bear in the future as a result of these cases.
- The management assesses the recoverable value of other financial assets to determine whether there is any impairment in their value.
- Provision is made against expected credit losses on financial assets based on principles and assumptions approved by the society's management to estimate the provision to be calculated in accordance with the requirements of the International Financial Reporting Standard.
- Management estimates the income tax expense in accordance with the applicable laws and instructions.

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Notes To The Financial Statements

• **Measurement of Fair Value:**

The fair value represents the amount that may be collected from the sale of an asset or a payment to transfer a liability in an orderly transaction between market participants at the measurement date. And the fair value measurement is based on the assumption that the transaction to sell the asset or liability transfer takes place in the main market of the asset or liability or the most beneficial market for the assets or liabilities.

The fair value of an asset or liability is measured using assumptions that market participants will use when pricing the asset or liability, assuming that market participants are acting in their economic interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant who uses the asset in its highest and best use is taken into account.

For assets traded in an active market, the fair value is determined using quoted market bid prices.

The fair value of interest-bearing items is calculated based on discounted cash flows, using interest rates for items with similar terms and risk characteristics.

For unlisted assets, fair value is determined by reference to the market value of a similar asset or on the basis of the expected discounted cash flows.

The management believes that its estimates and assumptions are reasonable and sufficient.

3 Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements for the year ended 31 December 2021 are consistent with those used in the preparation of the financial statements for the year ended 31 December 2020, except for the adoption of the following new standards effective as of 1 January 2021:

3.1. New Standards, Amendment to Standards and Interpretations:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021.

3.1.1. Amendments to IFRS 7 and IFRS 9 interest rate benchmark reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

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Notes To The Financial Statements

3.1.2. Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the International Accounting Standards Board ("IASB") published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

3.2. Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted them in preparing these financial Statements.

3.2.1. Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

3.2.2. Amendments to IFRS 3, IAS 16, IAS 37

- IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

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3.2.3. Amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

3.2.4. Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Management does not expect that there will be a material impact from adopting the above standards upon implementation.

4 Summary of Significant Accounting Policies

a) Financial Instruments

Financial assets at amortized cost

- The objective of the society's management is to hold the financial assets in order to collect contractual cash flows, which are represented by payments of principal and interest on outstanding debt balance.
- The assets are recognized upon purchase at cost plus acquisition expenses, where premiums / discounts are amortized using the effective interest method, recorded on or to the interest account, and any provisions resulted from impairment leads to the inability to recover the asset or part of it. Such impairment is recorded in the statement of comprehensive income.
- The impairment amount in the value of these assets represents the difference between the value recorded at the books and the present value of the expected discounted cash flows at the original effective interest rate.
- It is not allowed to reclassify any financial assets from / to this item except in the cases specified in the International Financial Reporting Standards. In the event that any of these assets are sold before their maturity date, the result of the sale shall be recorded in the comprehensive income statement in a separate item and disclosed in accordance with the requirements of the International Financial Reporting Standards.

Accounts receivable

They are financial assets with fixed or determinable payments that are not traded in an active market. Such assets are initially recognized at fair value plus any directly related transaction costs. Subsequent to initial recognition, accounts receivables are measured at amortized cost less any impairment losses. Accounts receivable comprise of commercial accounts receivables and others.

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Notes To The Financial Statements

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Society in the management of its short-term commitments

Non-derivative financial liabilities

The debt instruments issued and their attachments are initially recognized on the date that they are originated. All other financial liabilities are initially recognized on the trade date, which is the date that the Society becomes a party to the contractual rules of the instrument. The Society derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Society classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially recognized at fair value less any directly related transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method .

Other financial liabilities include other credit balances.

Impairment on financial assets

Financial instruments

The society recognizes expected credit losses on:

- Financial assets measured at amortized cost;
- Finance lease accounts.
- Contractual guarantees.

Impairment losses are not accounted for on equity assets.

The Society measures losses provisions at an amount equal to the expected credit loss throughout the life of the account.

Expected Credit Loss (ECL) on the life of financial instruments is the portion of the expected credit loss that results from possible lagging on financial instruments over the life of the financial instrument.

Expected credit losses are the weighted estimate of credit losses which are measured as follows:

- Financial assets whose credit value does not decrease at the date of the financial statements.
- -Financial assets whose value decreased on the date of the financial statements.
- Contracts of guarantee.

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Notes To The Financial Statements

Presentation of the provision for the Expected Credit Losses (ECL) in the statement of financial position

The provision for the Expected Credit Losses (ECL) is presented in the statement of financial position as follows:

- Subtracted from the total book value of the financial assets at amortized cost.
- Receivables obligations and financial guarantee contracts: In general, they are recognized as a provision.

With regard to debt securities that are measured at fair value through the statement of comprehensive income, no provision is recognized in the statement of financial position because the book value of these assets is measured at fair value, in any case, the loss provision is disclosed and recognized in the fair value reserve.

Non-financial assets:

The listed value of the non-financial assets of the society is reviewed at the end of each financial year to determine whether there is an indication of impairment, and if there is an indication of impairment, the recoverable amount of those assets is estimated.

If the listed value of the assets exceeds the recoverable amount of those assets, an impairment loss is recorded for those assets.

The recoverable amount is the fair value of the asset - minus the costs of selling - or the value of its use, whichever is greater.

All impairment losses are recognized in the statement of profit or loss.

Property and Equipment

Property, plant and equipment are initially recognized at cost less accumulated depreciation.

Depreciation is calculated (except lands) on a straight line basis method over the estimated useful lives of the assets as follows:

	<u>Depreciation rate</u>
	%
Furniture and fixtures	15
Computers	20
Vehicles	20

The carrying values of property and equipment are reviewed periodically for impairment when events or changes in circumstances indicate that the assets are recorded at values exceeding their recoverable amounts, consequently, the assets are written down to their recoverable amounts, and impairment is recognized in the statement of Income and Expenditures and Change in retained surplus.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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Notes To The Financial Statements

Intangible assets

Intangible assets acquired through the merger are recorded at their fair value at the date of acquisition, but intangible assets acquired in other ways are recorded at cost.

Intangible assets are classified based upon their estimated useful lives for a limited or unlimited duration. The intangible assets which have a limited useful life are amortized within it. Amortization charge is recorded in the statement of Income and Expenditures and Change in retained surplus. Following are the annual average amortization in accordance with the estimated useful life of each asset:

	<u>Useful lives in year</u>
	%
Lawyer software	20
Computer software	20

As for any intangible asset with an indefinite useful life, they are reviewed for impairment on the date of the financial statements and any impairment shall be recorded in the statement of Income and Expenditures.

Any indications of impairment on intangible assets at the date of the financial statements are reviewed, as well as the useful life of those assets and any adjustments made to subsequent periods.

Income tax

- Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other consolidated statement of profit or loss and other comprehensive income.
- Current tax is the expected income tax payable for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized using the financial position method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities an assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
- A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized
- Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the related tax benefit will be realized.
- Amended Income Tax Law No. 38 of 2018 was issued at the end of 2018 and is to be applied to start January 1, 2019. The amended law resulted in changing a number of corporate income tax rates in addition to subjecting companies to the national contribution rate in accordance with the law. The national contribution rates are determined in the amended law on the basis of the sector.

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Notes To The Financial Statements

Income Recognition

Grants Income is recognized when receiving from the donors and being paid for the operating and administrative expenses which is listed within the grants budgets.

Deferred grants Income

Deferred grants Income are recognized as deferred income in the statement of financial position and will be recognized in the statement of Income and Expenditures. On a systematic basis over the useful life of the related asset.

Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably.

Foreign Currencies

Transactions in foreign currencies is registered during the year in Jordanian dinars, the exchange rates prevailing at the date of the transaction is also Monetary assets and liabilities denominated in foreign currency exchange rates prevailing on the financial position statement's date. Gains and losses resulting from foreign currency exchange in the statement of revenue and expenditures is registered.

Subsequent events

Post-year-end events that provide additional information about the Society's position at the financial position date (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

5 Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
	JD	JD
Current accounts at banks - USD	2,338	100,534
Current accounts at banks - JOD	41,365	25,706
Total	<u>43,703</u>	<u>126,240</u>

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Notes To The Financial Statements

6 Other Debit Balances

	2021 JD	2020 JD
Prepaid expenses	7,516	1,465
Employee's Receivables	1,443	-
Bank deposit guarantees (Note No.17)	500	500
Prepaid visa Card	239	-
Almanaseer fuel card	76	245
Advanced to suppliers	-	635
Total	9,774	2,845

7 Property and Equipment

	Furniture and fixtures JD	Computers JD	Vehicles JD	Total JD
2021				
<u>Cost</u>				
Balance as of January 1, 2021	52,093	120,359	12,500	184,952
Additions during the year (*)	993	10,849	-	11,842
Balance as of December 31, 2021	53,086	131,208	12,500	196,794
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2021	39,452	96,379	1,250	137,081
Depreciation during the year	4,512	10,878	2,500	17,890
Balance as of December 31, 2021	43,964	107,257	3,750	154,971
Net	9,122	23,951	8,750	41,823
2020				
<u>Cost</u>				
Balance as of January 1, 2020	52,093	117,459	26,196	195,748
Additions during the year (*)	-	3,100	12,500	15,600
Disposals during the year	-	(200)	(26,196)	(26,396)
Balance as of December 31, 2020	52,093	120,359	12,500	184,952
<u>Accumulated Depreciation</u>				
Balance as of January 1, 2020	33,851	86,039	26,195	146,085
Depreciation during the year	5,601	10,540	1,250	17,391
Disposals during the year	-	(200)	(26,195)	(26,395)
Balance as of December 31, 2020	39,452	96,379	1,250	137,081
Net	12,641	23,980	11,250	47,871

(*) The additions during the year include the amounts financed through grants revenue which amounts to JD 10,644 (Note No. 11) under the item of projects' properties.

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Notes To The Financial Statements

8 Intangible assets

	Lawyer software JD	Computer software JD	Total JD
2021			
<u>Cost</u>			
Balance as of January 1, 2021	97,138	850	97,988
Balance as of December 31, 2021	97,138	850	97,988
<u>Accumulated Amortization</u>			
Balance as of January 1, 2021	97,137	849	97,986
Balance as of December 31, 2021	97,137	849	97,986
<u>Net</u>	1	1	2
2020			
<u>Cost</u>			
Balance as of January 1, 2020	97,138	850	97,988
Balance as of December 31, 2020	97,138	850	97,988
<u>Accumulated Amortization</u>			
Balance as of January 1, 2020	77,710	822	78,532
Amortization during the year	19,427	27	19,454
Balance as of December 31, 2020	97,137	849	97,986
<u>Net</u>	1	1	2

9 Other Credit Balances

	2021 JD	2020 JD
Accrued expenses	14,892	2,900
Other payables	3,655	-
Consultancies' payables	870	3,070
Post-dated checks	-	16,479
Total	19,417	22,449

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10 Grants Income

	<u>2021</u>	<u>2020</u>
	JD	JD
Open Society Foundation - (OSF)	619,500	230,125
United Nations Democracy Fund - UNDEF	113,997	41,763
Danish Refugee Council - SDC	71,842	124,548
Norwegian Refugee Council - SEM	36,607	15,689
Norwegian Refugee Council 5-ECHO	29,200	116,800
Canadian CFLI – 2021 – Amman - 0003	27,134	-
French Embassy	17,197	-
Norwegian Refugee Council - DFID III	11,452	46,000
Norwegian Refugee Council - NMFA	10,000	10,000
Netherlands Embassy	9,075	-
OXFAM- LAP	5,813	181,455
Norwegian Refugee Council - ECHO IIII	-	55,200
Norwegian Refugee Council - ARC III	-	35,000
Total	<u>951,817</u>	<u>856,580</u>

11 Operating Grants Expenses

	<u>2021</u>	<u>2020</u>
	JD	JD
Salaries and benefits	222,469	222,753
Society's contribution in social security	30,413	20,901
Attorney's fees	321,303	391,543
Professional fees	76,415	23,992
Legal fees	62,177	71,259
Legal awareness and capacity building	25,699	30,088
Transportation	18,658	22,170
Communications	14,672	12,119
Properties in projects	10,644	13,101
Society's contribution in health insurance	9,237	-
Internet subscriptions	7,718	14,344
Meetings and training	6,743	15,793
Rents (*)	5,814	16,204
Office supplies	4,776	12,371
Stationery and printing	4,467	3,246
Audit fee	2,832	-
Water and electricity	555	9,966
Translation	760	1,200
Fuel	231	1,006
Total	<u>825,583</u>	<u>882,056</u>

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12 Administrative Expenses

	<u>2021</u>	<u>2020</u>
	JD	JD
Salaries and benefits	137,835	153,021
Society's contribution in social security	19,700	13,564
Professional consulting fee	21,758	-
Rents (*)	8,500	8,687
Office supplies	5,769	5,202
Maintenance	5,328	2,924
Internet and website subscriptions	4,325	1,677
Communications	4,255	8,958
Audit fees	2,900	2,900
Stationery and printing	2,838	380
Society's contribution in health insurance	1,892	-
Transportation	1,727	909
Professional fees	1,450	16,629
Governmental fees	1,410	-
Bank commissions	1,356	1,048
Water and Electricity	1,293	2,025
Fuel	801	3,364
Miscellaneous	307	3,215
Total	223,444	224,503

(*) The Society's management has studied the impact of applying the IFRS 16 (leases) in terms of recognition, measurement, presentation and disclosure of rents, and the management has concluded that there is no impact on the society's financial statements as on December 31, 2021 if this standard is applied.

13 Other Revenues

	<u>2021</u>	<u>2020</u>
	JD	JD
United Nation Office for Crime and Drugs – (UNODC)	14,706	-
Ruwwad institution	7,000	8,520
Training revenues	1,250	-
Local donations	858	30,160
Cases contributions	382	4,346
Membership	300	-
Save the Children	-	5,872
GIZ DRC	-	440
Other	1,336	-
Total	25,832	49,338

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14 Litigations

According to the lawyer's letter:

- There is a case raised by the Society against others with the value of JOD 10,000 and the case is still pending before the competent courts.
- A case is registered against the Society; the subject is practicing the legal profession without a license, in which the Society takes the status of the defendant.

15 Contingent liabilities

There are contingent liabilities on the Society represented by a bank guarantee of JOD 500, and a cash insurance of the same value.

16 Tax status

Income Tax

- The Society is committed to submitting income declarations until the year 2020 according to the regulations.
- The Society is committed to income tax deduction related to its users, and on services provided by resident suppliers, in addition to delivering it to the Income and Sales Tax Department according to the regulations based on the income tax law number (34) for the year 2014 and its adjustments and issued instructions.
- The Society is audited by the Income and Sales Tax Department until the year 2020 and tax declarations were approved without adjustment.
- The surplus achieved by the Society is exempted from income tax, as it is a non-profit charitable Society.

Sales Tax

The Society is not registered within the sales tax network as its revenue is sales tax exempt, and the Society does not operate in any activity that is subject to tax.

17 Financial risks management

The society is exposed to the following risks as a result of its use of financial instruments.

- Credit risk.
- Liquidity risk.
- Market risk.

This note presents information about the society's exposure to each of the above risks, the society's objectives, policies and methods of measuring and managing risks.

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General framework for risks management

The entire responsibility for setting up and monitoring risk management rests with the society's management.

The society's risk management policies are designed to identify and analyze the risks that the society faces, and to set appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded.

The policies and risk management systems are reviewed periodically to reflect the changes happening in the market and the activities of the Society.

The Society management aims through its set trainings, standards and procedures to improve a developing and organized control environment in which each employee understands his assigned role and responsibilities.

Credit risk

Credit risk is the risk of financial loss to the society if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Society's trade receivables and other receivables and cash at banks cheques under collection, due from related parties and other debit balances.

The carrying amount of financial assets represents the maximum value that can be exposed to credit risk assets as at the date of the financial statements are as follows:

	<u>2021</u>	<u>2020</u>
	JD	JD
Cash and cash equivalents	43,703	126,240
Other debit balances	9,774	2,845
Total	<u>53,477</u>	<u>129,085</u>

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

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The Society is keen to have enough cash to cover the expected operating expenses, including covering financial obligations but without any potential impact of harsh and unpredictable conditions such as natural disasters. In addition, the Society maintains a source of credit from the banks it usually deals with to face any sudden financial needs.

The following are the contractual maturities of the financial liabilities:

Non-derivative financial liabilities

	<u>Book value</u>	<u>Contracted</u> <u>cash flow</u>	<u>Less than</u> <u>one year</u>
	JOD	JOD	JOD
2021			
Other credit balances	19,417	(19,417)	(19,417)
2020			
Other credit balances	22,449	(22,449)	(22,449)

Market risk

Market risk is the risk that arises from changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which affect the society's profits or the value of the society's financial instruments.

The objective of market risk management is to control the extent of the society's exposure to market risks within acceptable limits, in addition to maximizing the return.

Risks of currency fluctuation

Most of the society's assets and operations are in the Jordanian Dinar, and the transactions with the overseas are carried out in the Jordanian Dinar, and the Jordanian Dinar exchange rate is linked to the USD. Therefore, the society is not materially exposed to exchange rate fluctuations.

Interest rate risk

The society does not have any financial assets or liabilities bearing interest rates as at the date of these financial statements.

Fair value sensitivity analysis of fixed interest rate financial instruments:

The society does not treat any fixed-interest financial assets and liabilities at the fair value through profits and losses, nor does the society treat derivatives as hedging instruments using the fair value model. Therefore, the change in interest rates as at the date of the financial statements will not affect profits and losses.

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18 Fair value structuring

Financial instruments treated at fair value using the valuation method define the different levels as follows:

Level 1: Listed (unadjusted) prices in an active market for a financial instrument.

Level 2: Valuation methods based on inputs that can be determined either directly as prices or indirectly by linking them with prices. This category includes instruments evaluated based on the prices declared in an active market for similar instruments, or by using valuation methods that have important inputs that can be determined directly or indirectly through Market Information.

Level 3: Valuation methods using inputs that do not depend on available market information.

There are no transfers between Level 1 and Level 2 during the year 2021.

19 Comparative figures

Some figures of the financial statements for the year 2020 have been reclassified to match the financial statements figures for the year 2021 and this reclassification does not result in any impact on the society's revenues and expenditures or the changes in retained surplus for the year 2020.