

ARAB AGRONOMISTS ASSOCIATION

Ramallah – Palestine

**Independent auditor's report and financial statements
for the year ended December 31, 2024**

PAA

**Palestinian Auditing & Accounting Co.
Certified Accountants & Consultants**

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Independent Auditor's Report

محاسبون قانونيون ومستشارون

Gentlemen /General Assembly for ARAB AGRONOMISTS ASSOCIATION

Ramallah - Palestine

Opinion

We have audited the financial statements of **ARAB AGRONOMISTS ASSOCIATION**, which comprise the statement of financial position as at December 31, 2024, the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ARAB AGRONOMISTS ASSOCIATION** as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 association in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled out the ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the board of directors for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting's standards, 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 ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The board of directors is responsible for overseeing 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 as will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with is as, we exercise professional judgment and maintain professional skepticism throughout the audit, we also:

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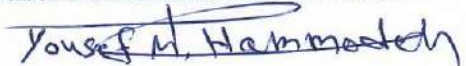
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 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 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 the board of directors 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.

Aug 7, 2025.

Ramallah- Palestine

Yousef Mohammad Hammodeh



License NO. 103/98



ARAB AGRONOMISTS ASSOCIATION

Statement of Financial Position

Exhibit A

As at December 31, 2024

"All amounts in USD"

	Note	2024	2023
Assets			
Non Current assets			
Financial assets at fair value through comprehensive income	(3)	28,336	28,336
Property and equipment, net	(4)	-	-
Total non current assets		28,336	28,336
Current assets			
Due from donors	(5)	79,109	-
Accounts Receivable		6,002	7,406
Cash and cash equivalents	(6)	38,589	34,432
Total Current assets		123,700	41,838
Total assets		152,036	70,174
Net Assets & Liabilities			
Net assets – Note (B)		22,681	32,333
Total Net Assets		22,681	32,333
Non-current liabilities			
Provision for employees benefits	(7)	25,822	24,361
Total non current liabilities		25,822	24,361
Current liabilities			
Temporarily restricted contributions	(8)	91,732	-
Accounts payable and other current liabilities	(9)	11,801	13,480
Total current liabilities		103,533	13,480
Total liabilities		129,355	37,841
Total liabilities and net assets		152,036	70,174

"The accompanying notes constitute an integral part of this statement"



ARAB AGRONOMISTS ASSOCIATION

Statement of activities and changes in net assets Exhibit B For the year ended December 31, 2024 "All amounts in USD"

	Note	2024	2023
<u>Revenues</u>			
Temporarily restricted contributions released from restriction	(8)	79,808	202,581
Membership fees		268	339
Other revenues	(10)	8,938	56,584
Total revenues		89,014	259,504
<u>Expenses</u>			
Projects expenses	(11)	(64,688)	(233,897)
General and administrative expenses	(12)	(31,229)	(11,495)
Depreciation expense	(4)	-	(723)
Currency exchange differences		(1,123)	1,002
Total expenses		(97,040)	(245,113)
Change in net assets during the year –Note (C)		(8,026)	14,391
Net assets beginning of the year		32,333	17,942
Prior year adjustments		(1,626)	-
Net assets ending of the year -Exhibit A		22,681	32,333

"The accompanying notes constitute an integral part of this statement"



ARAB AGRONOMISTS ASSOCIATION

Statement of Cash Flows Exhibit C For the year ended December 31, 2024 "All amounts in "USD"

	2024	2023
<u>Cash flows from Operating activities</u>		
Change in net assets during the year –Note (B)	(8,026)	14,391
<u>Adjustments</u>		
Depreciation	-	723
Pension Fund	2,340	2,340
Provision for employees' end of service benefits	2,411	7,178
Prior years adjustments	(1,626)	-
<u>Changes in working capital:</u>		
Accounts receivable	1,404	(5,531)
Due from donors	(79,109)	98,660
Temporarily restricted contributions	91,732	(202,581)
Accounts payable and other current liabilities	(1,679)	(11,366)
Paid of pension fund	(3,290)	(1,000)
Paid of end of service benefits	-	(5,000)
Net cash provided from (used in) operating activities	4,157	(102,186)
Increase (Decrease) in cash and cash equivalents during the year	4,157	(102,186)
Cash and cash equivalents, beginning of the year	34,432	136,618
Cash and cash equivalents, end of the year- Note (6)	38,589	34,432

"The accompanying notes constitute an integral part of this statement"



ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

Note (1): General:

The Arab Agronomists Association (Association) is a non-governmental, non-for-profit Palestinian organization, registered at the ministry of interior in Ramallah as of June 5, 2007 under registration number RA-22503-A, according to the Law of Charitable Societies and Civil Organizations No. (1) of 2000.

The Arab Agronomists Association (AAA or the Association) activities comprise four main programs including new graduate agronomists, training, agricultural extension, higher studies and research in sustainable rural development and regional cooperation.

The Financial statements as of December 31, 2024 were approved by the General Assembly on July 8, 2025.

Note (2): Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared on a historical cost basis.

The financial statements have been presented in United State Dollar (USD which represents the functional currency of the AAA.

The accounting policies used to prepare the comparative financial statements agree with the accounting policies used to prepare the financial statements for the previous year.

Estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, financial assets and liabilities and disclosure of contingent liabilities at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the assets or liability affected in future periods.

The following details the most important basis and estimates included in the financial statements:

Useful lives of property and equipment

The association's management reassesses the useful lives of tangible assets and adjusts them, if necessary, at the end of each fiscal year.

Expenses allocation

Expenses are allocated among program activities and administrative expenses based on the best estimates of the association's management. Management believes that the estimates and assumptions used are reasonable.

Summary of Significant accounting policies

Donation revenues

Revenue transferred from donors and other revenues if any are recognized when received.

Unconditional pledges that are temporarily restricted by donor for specific purpose or time are recognized when such purpose or time is satisfied.

Grant income from unconditional donor pledges is recognized at its fair value as follows:

- Restricted grants that are intended to implement a specific purpose or are linked to the passage of time are recognized as "temporarily restricted grants as liabilities and are recognized as revenue in parallel with bearing the operating and capital expenses (property and equipment) for which the grant was restricted from the donor.
- Unrestricted grants (where donors do not impose restrictions for a specific purpose or time) are recognized when a pledge is obtained from the donor.

ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

Expenses recognition

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

Cash & cash equivalent

Cash and cash equivalents: include cash available on hand, current accounts in the banks and short-term deposits mature within three months or less after deducting restricted cash and credit bank accounts if any.

Current versus non-current classification

AAA presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset is current when it is:

Expected to be realized or intended to be sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realized within twelve months after the reporting period.

Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading.

It is due to be settled within twelve months after the reporting period

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

all other liabilities classifies as non-current.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/ or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities and change in net assets as incurred.

Depreciation is calculated on a st raight-line basis over the estimated useful lives of the assets as follows:

<u>useful lives</u>	<u>(years)</u>
Computer Hardware	5
Equipment and Tools	5

Any item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and change in net assets when the asset is derecognized.

The property and equipment residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

Financial assets held fair value through comprehensive income

AAA, on initial recognition, classifies the equity instruments at fair value through other comprehensive income. This rating is done on a tool-by-tool basis and cannot be undone. AAA cannot classify an equity instrument held for trading as financial assets at fair value through other comprehensive income.

Equity instruments are initially measured through comprehensive income at fair value plus acquisition charges. Subsequently, these assets are measured at fair value and the gains or losses resulting from the change in fair value through other comprehensive income items are recorded in the fair value reserve account. Upon disposal of these assets, profits or losses previously recorded in the fair value reserve account are not reclassified to the statement of activities and change in net assets but are directly credited to the retained earnings account.

Dividend returns from investing in equity instruments from investee companies are recorded when the right to receive them arises in the statement of activities and change in net assets, unless these returns are considered as a refund of part of the investment value.

Debt instruments can be classified as financial assets at fair value through comprehensive income if the following two conditions are met:

The debt instrument is held within a business model whose objective is to hold the asset to obtain contractual cash flows and to sell it .

The contractual terms of the instrument give on specified dates the right to benefit from cash flows that represent payments from the asset and a return on the outstanding balance.

Income tax

AAA is a not-for-profit organization; accordingly, it is not subject to income tax.

Provisions

Provisions are recognized when AAA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

End of service compensation provision

The end-of-service compensation for employees is allocated in accordance with the Labor Law in force in Palestine and the special internal system of the employees of the association.

provision for employee benefits

The management of the association uses certain estimates to determine the amount of employee benefits provision. The association's management believes that these estimates and assumptions reasonable.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

Foreign currencies

Transactions that are expressed or denominated in other currencies were translated to USD according to the monthly market exchange rates. Net currency differences from currency fluctuation are recorded in the statement of activities and change in net assets.

Note (3): Financial assets at fair value through comprehensive income

A. This item consists of the following:

	2024	2023
Reef Company for Agricultural Investment and Marketing - B	18,336	18,336
Reef for Microfinance Company - C	10,000	10,000
Total	28,336	28,336

ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

- B. This item represents AAA's investment in the shares of Al Reef for Investment and Agricultural Marketing Company, an unlisted private shareholding at a cost of U.S.\$ 18,336. The association owns 1.6% of the company's capital.
- C. This item represents AAA's investment in the unlisted shares of the Reef Microfinance Services Company, at a cost of U.S. \$10,000. The association owns 0.59% of the company's capital. These unquoted shares are shown at cost. AAA's management believes that the fair value of these assets is not materially different from their book value.

Note (4): Property and equipment net:

This item consists of the following:

	Computer	Equipment & tools	Total
Cost ,beginning balance 2024	3,545	2,628	6,173
Cost, Ending balance 2024	3,545	2,628	6,173
Depreciation			
Beginning balance 2024	3,545	2,628	6,173
Additions	-	-	-
Ending balance 2024	3,545	2,628	6,173
Net book value			
Net book value 2024	-	-	-
Net book value 2023	-	-	-

Note (5): Temporarily restricted contributions

This item consists of the following:

		2024	
	Balance beginning of the year	Addition	Cash received
FAO Association	-	77,610	(22,501)
Seeds ILC	-	24,000	-
Total	-	101,610	(22,501)
			End balance
			55,109
			24,000
			79,109

Note (6): Cash and cash equivalents

This item consists of the following:

	2024	2023
Current accounts at banks	38,589	34,432
Total	38,589	34,432

Note (7): Provision for employee benefits:

This item consists of the following:

	Beginning Balance	Addition	paid	End balance
2024				
End of service benefit	22,868	2,411	-	25,279
Provision of provident fund	1,493	2,340	(3,290)	543
Total	24,361	4,751	(3,290)	25,822
2023				
End of service benefit	20,690	7,178	(5,000)	22,868
Provision of provident fund	153	2,340	(1,000)	1,493
Total	20,843	9,518	(6,000)	24,361

The provision for end-of-service benefits is calculated in accordance with the Palestinian Labor Law and the association's internal policy on the basis of one month's salary for each year of service.

A provision for savings benefits for the association's employees is formed on the basic salary. The monthly contribution from the association and the employees is 10% and 5% of the basic salary, respectively.

ARAB AGRONOMISTS ASSOCIATION**Notes to the financial statements****For the year ended December 31, 2024****"All amounts in "USD"****Note (8): Temporarily restricted contributions**

This item consists of the following:

	2024			
	Balance beginning	Addition	Releas from restriction	End balance
FAO Association	-	77,610	(9,878)	67,732
Seeds ILC	-	24,000	-	24,000
Total	-	101,610	(9,878)	91,732

Note (9): Accounts payable and other current liabilities

This item consists of the following:

	2024	2023
Accrual rent	-	1,975
Agricultural Development Association	8,813	8,813
Suppliers	625	625
Insurance payable	1,753	1,608
Other	610	459
Total	11,801	13,480

Note (10): Other revenues

This item consists of the following:

	2024	2023
Unrestricted grants	-	54,201
Community Contributions	8,454	3,167
Other	484	(784)
Total	8,938	56,584

RAB AGRONOMISTS ASSOCIATION
Notes to the financial statements
for the year ended December 31, 2024
All amounts in “USD”

Note (11): Projects expenses:
 This item consists of the following:

	2024						
	FAO	Amit Palestine	Wadi Fokin	CCFD	AFPS	France Committe Palestine Chateaubriant	Total
Salaries & Salaries	6,884	-	-	4,379	-	-	11,263
Employees provision	261	-	-	-	-	-	261
Agricultural supplies	-	18,372	811	-	14,422	3,496	37,101
Hospitality	148	-	-	2,729	-	-	2,877
Fuel and transportation	564	-	-	557	482	-	1,603
Stationery & publications	59	-	2,754	451	309	-	3,573
Rehabilitation of lands	-	-	1,679	-	-	1,693	3,372
Subscriptions & insurances	16	-	-	-	-	-	16
Rent	1,946	-	-	2,291	-	-	4,237
Agricultural Supervision and maintenance	-	-	-	117	-	-	117
Water	-	-	-	-	268	-	268
Total	9,878	18,372	5,244	10,524	15,481	5,189	64,688

ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

Note (12): General & administrative expenses:

This item consists of the following:

	2024	2023
Salaries & wages	17,674	6,437
End of service compensation and savings	3,710	786
Hospitality	207	134
Bonuses	-	500
Rents	4,042	-
Subscriptions, Stationery & Media	-	53
Professional fees	1,250	-
Travel & transportation	773	412
Postage & Internet	936	732
Bank charges	221	553
Cleanings & maintenance	511	219
Water & electricity	1,449	215
Tax expenses	83	-
Insurances & subscriptions	129	785
Other	198	669
Translation	46	-
Total	31,229	11,495

Note (13): Concentration of risks in the geographical area:

The association carries out most of its activities in Palestine. The instability of the political and economic situation in the region increases the risk of the association's activities and may negatively affect its performance.

Note (14): Risk Management:

The main risks that affect the operations of the association are credit risk, liquidity risk and foreign currency risk. The management of the association reviews and approves the policies for managing these risks, which are summarized as follows:

Liquidity risk

The association limits liquidity risk by maintaining sufficient cash and funds from a number of donors to pay its obligations and finance its operational activities.

Credit risk

Credit risk is the risk that may result from the default or inability of the other party to the financial instrument to fulfill its obligations towards the association, which leads to losses. The credit risks that the association is exposed to result from its operational operations mainly from receivables due from donors, as shown in note (5). The association limits credit risk by obtaining financing from multiple and reliable sources. With regard to credit risks arising from financial assets which includes cash and cash equivalents and other financial assets, the association's exposure to credit risk results from the inability of the other party to meet obligations that are equal to the book value of these financial assets.

ARAB AGRONOMISTS ASSOCIATION

Notes to the financial statements

For the year ended December 31, 2024

"All amounts in "USD"

Foreign currency risk

It is the risk of exposure to exchange rates against the different currencies of the Israeli shekel and the euro against the US dollar. The association works to hedge against fluctuation in exchange rates during the year, as this resulted in a currency difference loss of \$1,123 for the year 2024 and a gain \$1,002 for the year 2023.

Note (15): Comparative figures:

The comparative figures have been reclassified to conform to the current year.