PALESTINE CHILDREN'S RELIEF FUND

AUDIT
OF
FINANCIAL STATEMENTS

Year ended
December 31, 2018

BERKMAN, JORGENSEN, MASTERS & STAFMAN, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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BERKMAN, JORGENSEN, MASTERS & STAFMAN, LLC

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REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS
PALESTINE CHILDREN'S RELIEF FUND
KENT, OHIO

We have audited the accompanying financial statements of Palestine Children's Relief Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 did not audit the financial statements for the activities conducted in the Middle East, which statements reflect total assets of $919,384 as of December 31, 2018, and total revenues of $2,755,951 for the year then ended. These statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Middle East activities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the entity's 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

REPORT OF INDEPENDENT AUDITORS (continued)

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Palestine Children's Relief Fund as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed on page 8 of the financial statements, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BERKMAN, JORGENSEN, MASTERS & STAFMAN, LLC

Berkman, Jorgensen, Masters & Stafman LLC

Warren, Ohio
November 15, 2019

Palestine Children's Relief Fund

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS	
Cash and cash equivalents	$ 13,432,321
Pledges receivable	75,089
Other receivables	128,894
Prepaid expenses	33,390
Advance to employee	16,475
Board-designated endowment investments	5,795,927
Other investments	332,093
Property and equipment, net	697,361
TOTAL ASSETS	$ 20,511,550
LIABILITIES AND NET ASSETS	
Accrued expenses and other liabilities	$ 987,282
Post-employment benefits payable	233,813
TOTAL LIABILITIES	1,221,095
NET ASSETS	
Without donor restrictions	11,154,526
With donor restrictions	8,135,929
TOTAL NET ASSETS	19,290,455
TOTAL LIABILITIES AND NET ASSETS	$ 20,511,550

The accompanying notes are an integral part of these financial statements.

Palestine Children's Relief Fund

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Support			
Direct public support	$ 2,655,558	$ 2,645,619	$ 5,301,177
Direct public support - special events	86,399	1,946,529	2,032,928
Special events revenue	796	256,018	256,814
Total Support	2,742,753	4,848,166	7,590,919
Revenue			
Other revenues	33,243	-	33,243
Interest income	28,550	-	28,550
Net investment income (loss)	(324,684)	-	(324,684)
Total Revenue	(262,891)	-	(262,891)
Net assets released from restrictions	4,102,567	(4,102,567)	-
TOTAL SUPPORT AND REVENUE	6,582,429	745,599	7,328,028
EXPENSES			
Program services	5,310,347	-	5,310,347
Management and general	391,806	-	391,806
Fundraising	386,589	-	386,589
Subtotal	6,088,742	-	6,088,742
Cost of direct benefits to donors	748	240,643	241,391
TOTAL EXPENSES	6,089,490	240,643	6,330,133
CHANGE IN NET ASSETS	492,939	504,956	997,895
NET ASSETS AT BEGINNING OF YEAR	10,661,587	7,630,973	18,292,560
NET ASSETS AT END OF YEAR	$ 11,154,526	$ 8,135,929	$ 19,290,455

The accompanying notes are an integral part of these financial statements.

Palestine Children's Relief Fund

STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets		$ 997,895
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	$ 49,533	
Unrealized loss on investments	464,548	
Changes in operating assets and liabilities:		
Pledges receivable	(75,089)	
Other receivables	(128,894)	
Deposits	15,774	
Prepaid expenses	147,469	
Advance to employee	(10,876)	
Accrued expenses	134,787	
Credit card payable	18,743	
Other liabilities	(1,116)	
Severance payable	62,396	
Total adjustments		677,275
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		1,675,170
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Board-designated endowment investments	(127,947)	
Purchase of other investments	(12,738)	
Purchase of fixed assets	(55,082)	
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(195,767)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,479,403
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		11,952,918
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 13,432,321

The accompanying notes are an integral part of these financial statements.

Palestine Children's Relief Fund

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Program Services	Management And General	Fundraising	Total
FUNCTIONAL EXPENSES				
Program costs	$ 2,667,105	$ -	$ -	$ 2,667,105
Salaries and benefits	1,221,079	266,161	140,072	1,627,312
Fundraising	-	-	135,041	135,041
Beverage and hospitality	106,509	167	5,274	111,950
Accommodations	149,595	2,699	3,728	156,022
Airfare	355,357	8,930	14,485	378,772
Transportation	154,342	9,252	1,292	164,886
Consultant fees	175,478	10,569	-	186,047
Occupancy	36,458	6,000	-	42,458
Telephone	27,085	9,605	1,661	38,351
Printing	22,931	280	66,751	89,962
Professional fees	105,636	21,743	-	127,379
Office expenses	59,029	12,549	5,221	76,799
Travel	17,195	2,255	1,023	20,473
Contributions	117,651	3,500	-	121,151
Insurance	4,152	6,251	-	10,403
Advertising	1,886	243	8,744	10,873
Depreciation	49,533	-	-	49,533
Other expenses	39,326	31,602	3,297	74,225
Total expenses	$ 5,310,347	$ 391,806	$ 386,589	$ 6,088,742

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

The Palestine Children's Relief Fund was incorporated on December 16, 1991, under the laws of the State of California as a not-for-profit corporation. The Organization is a nonpolitical, nonprofit relief organization made up of volunteers active in helping injured and sick children from the Middle East. The Organization is predominantly funded by individual donors, including international donors. The Organization sends children from the Middle East to the United States for free medical care that is not available to them in their homeland. The Organization also organizes and sponsors teams of volunteer surgeons to go to the Middle East to treat children locally, provides long-term training for doctors and nurses, and sends shipments of medical equipment and supplies to the Middle East to provide support for local organizations.

Basis of Presentation

In 2012, the Palestine Branch of the Palestine Children's Relief Fund merged into the Organization. The Palestine Branch prepares their financial statements in accordance with International Financial Reporting Standards (IFRS), which is consistent with local standards. In the course of preparing the financial statements for the entity as a whole, management incorporated the amounts and disclosures reflected in the financial statements of the Palestine Branch, with appropriate modifications to certain amounts and disclosures where management identified inconsistencies between accounting principles generally accepted in the United States of America and accounting principles applicable to IFRS.

The Organization's financial presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which requires the Organization to report information regarding its assets, liabilities, and net assets and support, revenue, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions – consists of amounts that are available for use in carrying out the day-to-day activities of the Organization and are not subject to donor-imposed stipulations.

Net assets with donor restrictions – consists of amounts subject to donor-imposed stipulations such as use for a specified future period or use for a specified purpose.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (i.e., U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting

The Organization uses the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give, using a present value discount technique. The Organization closely monitors outstanding accounts receivable and charges off to expense any balances that are deemed to be uncollectible. At December 31, 2018, the Organization considered all remaining pledges receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts. Bad debt expense for the year ended December 31, 2018 was zero.

Translation of Foreign Currencies

The accompanying financial statements are measured and presented in United States Dollars (USD). Transactions denominated in foreign currencies during the year were translated according to prevailing rates at the time the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into USD by applying the exchange rate prevailing at the reporting date. Exchange gains or losses arising from the above transactions are reflected in the statement of activities and changes in net assets.

Change in Accounting Principle

Effective January 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets, now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment returns net of external and direct expenses; and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Organization's net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Organization's net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Organization did not have any permanently restricted net assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

> Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
>
> Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable or corroborated by observable market data for substantially the full term of the asset or liability.
>
> Level 3 inputs are significant unobservable inputs for the asset or liability, reflecting management's judgment about the assumptions that market participants would use in pricing the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Property and Equipment and Related Depreciation Policies

Property and equipment are stated at cost, if purchased, or fair value, if contributed. Depreciation is computed using the straight-line method. The estimated useful lives used in computing depreciation expense are as follows:

Description	Life
Equipment	5-10 Years
Office furniture	10 Years
Vehicles	6-7 Years
Buildings	20-40 Years

Maintenance and repairs are charged to expense as incurred and the Organization capitalizes major fixed asset purchases with an expected useful life of more than one year.

The cost of property retired or disposed of is removed from the accounts together with related accumulated depreciation, and any resulting gain or loss is reflected in income.

Long-Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are measured on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value less costs to sell. Long-lived assets were measured for impairment, and no adjustments were deemed necessary as of December 31, 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization's revenue recognition follows the requirements of the FASB ASC. As such, contributions are recognized as revenue when they are received or unconditionally pledged. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Fundraising Events

Revenues generated by fundraising events held by the Organization are recorded as direct public support without donor restrictions or with donor restrictions, depending on the existence of and/or nature of any donor-imposed stipulations.

Federal Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for federal income tax on unrelated business income. There was no unrelated business income for the year ended December 31, 2018. There is, therefore, no provision for income taxes in these financial statements. The Organization recognized no interest or penalties in the statement of activities. Annually, the Organization files Form 990, *Return of Organization Exempt From Income Tax*, with the Internal Revenue Service. The Organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The returns are open for examination by the Internal Revenue Service for three years after filing, thus returns for 2015 through 2018 remain open.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with an initial maturity of three months or less to be cash equivalents.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash, while liabilities are presented according to the nearness of their maturity and resulting use of cash.

Donated Services and Goods

The Organization provides free medical services to children from the Middle East. The Organization organizes and sponsors teams of volunteer surgeons throughout the world to perform operations on the children in their country and in the Middle East. The Organization utilizes medical supplies and equipment provided by medical professionals. The Organization has no ownership in these supplies or equipment. The Organization also has the use of donated facilities and personnel at the hospitals performing the medical services to the children they serve. Management believes that it is not practicable to determine the fair value of these services and accordingly, no amount has been recognized as revenues and expenses in the accompanying financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising costs are generally expensed as incurred. For the year ended December 31, 2018, advertising expense was $10,873.

Functional Allocation of Expenses

The cost of providing various programs and services have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited.

Investments and Income Recognition

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

BOARD DESIGNATED ENDOWMENT INVESTMENTS

Board designated endowment investments are measured at fair market value. Board designated endowment investments consisted of the following at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Cash and money markets	$ 896,987	$ -	$ -	$ 896,987
Equities	1,218,015	-	-	1,218,015
Equity mutual funds	1,694,284	-	-	1,694,284
Fixed income mutual funds	1,354,116	-	-	1,354,116
Variable rate annuities	-	632,525	-	632,525
Total	$5,163,402	$ 632,525	$ -	$5,795,927

Board designated endowment investment income and related expenses for the year ended December 31, 2018 were as follows:

Interest	$ 3,537
Dividends	171,334
Realized losses	(9,136)
Unrealized losses	(440,690)
Investment expenses	(38,609)
Total	$(313,564)

The Organization uses the methods discussed in the note on page 9 to determine the fair value of its board designated endowment investments. There were no changes in valuation techniques during the year.

BOARD DESIGNATED ENDOWMENT INVESTMENTS (continued)

The Organization's endowment includes amounts designated by the Board of Directors to function as an endowment. The investment objective of the endowment is to preserve principle while providing a modest rate of return. The amounts in and composition of endowment net assets at December 31, 2018 are as follows:

Endowment net assets, beginning of year	$6,108,670
Contributions	821
Investment return:	
Dividends and interest	174,871
Realized losses	(9,136)
Unrealized losses	(440,690)
Investment expenses	(38,609)
Net investment loss	(313,564)
Endowment net assets, end of year	$5,795,927

OTHER INVESTMENTS

Other investments are measured at fair market value. Other investments consisted of the following at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 134,354	$ -	$ 134,354
Mutual funds	197,739	-	-	197,739
Total	$ 197,739	$ 134,354	$ -	$ 332,093

Other investment income and related expenses for the year ended December 31, 2018, were as follows:

Interest	$ 134
Dividends	12,604
Unrealized losses	(23,858)
Total	$(11,120)

The Organization uses the methods discussed in the note on page 9 to determine the fair value of its other investments. There were no changes in the valuation techniques during the year.

PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2018:

Buildings	$705,409
Vehicles	73,649
Equipment	108,951
Office furniture	59,059
Subtotal	947,068
Less: Accumulated depreciation	249,707
Property and equipment, net	$697,361

Property and equipment additions during 2018 amounted to $55,082. Property and equipment retirements and disposals during 2018 amounted to zero. Depreciation charged to expense in 2018 amounted to $49,533.

CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

The Organization maintains cash balances at several financial institutions, some of which are located outside the United States of America. At times, the account balances may exceed the $250,000 coverage limits provided by the Federal Deposit Insurance Corporation (FDIC) or the comparable amounts of coverage limits provided by other insurance. At December 31, 2018, the Organization had $12,751,700 in excess of federally insured or other insured limits. The Organization has not experienced any losses from such accounts, and management believes the Organization is not exposed to significant credit risk related to these bank deposit accounts.

The Organization maintains investments at various investment companies in excess of insured limits. Investments are secured by the Securities Investor Protection Corporation (SIPC) up to $500,000. SIPC covers theft or destruction of securities, but does not cover market losses. Investment companies generally carry additional insurance to cover account balances exceeding SIPC limits; however, annuities/insurance and managed futures are not covered by either the initial or additional insurance. At December 31, 2018, the Organization had $5,295,927 in excess of insured limits at investment accounts.

RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and amounts related in the statement of financial position.

The Organization carries out its activities in the Middle East. The political and economic destabilization in the area increases the risk of carrying out activities and could adversely affect the Organization's performance.

COMPENSATED ABSENCES

An accrual for compensated absences has not been made in these financial statements because the Organization requires its employees to take vacation leave on a current basis and does not provide for carryovers to future periods. The amount of any other accrual for compensated absences is not considered material at December 31, 2018.

NET ASSETS WITHOUT DONOR RESTRICTIONS

As indicated on the statement of financial position, the Organization had $11,154,526 of total net assets without donor restrictions at December 31, 2018. This total is comprised of $5,795,927 of board designated endowment assets and $5,358,599 of net assets that are neither board designated nor subject to donor-imposed stipulations.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

During the year ended December 31, 2018, the Organization paid $-0- interest and $-0- income taxes. Also, the Organization did not engage in any noncash financing transactions.

NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions are restricted for the following purposes:

Gaza Cancer Department	$3,967,695
Gaza Tutoring	98,772
Gaza Relief	89,358
Syrian Relief	141,890
Healing Hearts	48,717
Monthly Sponsorship	350,405
One Time Sponsorship	545,934
Orphan Sponsorship	806,617
West Bank ICU	1,845,065
Sponsorship	184,839
Patient Affairs	5,487
Palestine Branch - Humanitarian	51,150
Total net assets with donor restrictions	$8,135,929

LIQUIDITY AND AVAILABILITY

At December 31, 2018, the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

Cash and cash equivalents	$13,432,321
Total receivables	203,983
Investments	6,128,020
Total financial assets	19,764,324
Less amounts unavailable within one year due to:	
Donor-imposed restrictions	(8,135,929)
Board-designated endowment fund	(5,795,927)
Financial assets available to management for general expenditures within one year	$ 5,832,468

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization has Board-designated net assets without donor restriction that, while the Organization does not intend to spend these for purposes other than those intended, the amounts could be made available for current operations, if necessary.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

COMMITMENTS

In February 2016, the Organization entered into a contract for a face amount of $2,372,479 to construct the Dr. Musa and Suhaila Nasir Pediatric Cancer Department in Gaza. At December 31, 2018, $1,853,265 has been paid on this contract. During 2018, the Organization and the primary construction contractor agreed to certain modifications to the original contract, increasing the face amount to $3,180,411. In February 2019, construction on the cancer center was completed, and the Palestinian Ministry of Health assumed control of the facility.

POST-EMPLOYMENT BENEFITS PAYABLE

Benefits are payable to the employees of the Palestine Branch at the end of their services provided in accordance with the guidelines set by the local labor laws, by accruing one month's compensation for each year of service based on the last salary paid. An accrual for severance pay in the amount of $233,813 is included in these financial statements at December 31, 2018.

SUBSEQUENT EVENTS

Management is required to evaluate events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 15, 2019, which is the date the financial statements were available to be issued.