

**CENTER OF ARAB WOMEN FOR TRAINING AND
RESEARCH "CAWTAR"**

Audit report

**Financial Statements as at December 31st, 2017
(Translation of the French original dated June, 2018)**

CONTENTS

	<u>Page</u>
AUDIT REPORT	3
FINANCIAL STATEMENTS	6

Center of Arab Women For Training And Research (CAWTAR)

AUDITOR'S REPORT

Financial statements as at December 31st, 2017

Ladies and gentlemen,

I. Report on the Audit of Financial States

1. Qualified Opinion

In compliance with the assignment entrusted to us we present below our report on the financial statements of CAWTAR « Center of Arab Women For Training And Research » which comprise the balance sheet as at December 31st, 2017, the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements present positive equities of TND 3 030 479, including a net income of TND 416 316.

In our opinion, except the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of CAWTAR « Center of Arab Women For Training And Research » as at December 31st, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Tunisian GAAP performance and its cash flows for the year then ended in accordance with Tunisian GAAP.

2. Basis for qualified opinion

Our audit concerned CAWTAR funds managed by CAWTAR except those transferred to UNOPS (audited by UNOPS), which amounts to TND 375 206, allocated to expenses incurred during fiscal year 2017 including:

- Center staff recruited directly by UNOPS payroll.
- Other expenses incurred directly by UNOPS on behalf of the center
- The commission allocated to UNOPS.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CAWTAR in accordance with the ethical requirements that are relevant to our audit of the financial statements in Tunisia, 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.

3. Emphasis of Matter

We draw attention to Note 2 to the financial statements which describe that the Tunisian government has donated CAWTAR a piece of land N° A29-2 covering a surface of 3 138.33 square meters located in Tunisia "Centre Urbain Nord", under condition to build its headquarters there. The transfer of property is supported by an agreement concluded between CAWTAR and the relevant Tunisian Authorities. This land was recorded in the balance sheet for Tunisian symbolic Dinar in conformity with transfer agreement. This agreement stipulated also that property transfer should be cancelled in case such condition is not observed.

The market value of the land was estimated to TND 1 883 000 according to architect expert report dated November 30st, 2007. Our opinion is not qualified in respect of this matter.

4. 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 Tunisian GAAPs 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 CAWTAR'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 CAWTAR or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization financial reporting process.

5. 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 Company'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 CAWTAR's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CAWTAR 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.
- 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.

II. Report on Other Legal and Regulatory Requirements

We have also carried out the specific procedures prescribed by law and professional standards.

1. Effectiveness of the system of internal control

We carried out periodic audits of the effectiveness of the internal control system supporting the establishment of the Financial Statements. In this regard, we recall that the responsibility for the design and implementation of an internal control system as well as the periodic monitoring of its effectiveness and efficiency lies with the Management.

On the basis of our audit, we have not identified any significant deficiencies in the internal control support of the establishment of the Financial Statements.

AMC ERNST & YOUNG

Tunis JUNE 15TH, 2018

Mohamed CHERIF



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FINANCIAL STATEMENTS

BALANCE SHEET			
(In Tunisian Dinars)			
		Balance as at December 31st	
Assets	Notes	2017	2016
Non-current assets			
Fixed assets			
Intangible fixed assets		1 109 296	1 096 242
Less : amortization		(745 869)	(478 667)
Net intangible fixed assets	1	363 427	617 574
Tangible fixed assets		2 779 673	2 761 138
Less : amortization		(2 077 547)	(1 962 965)
Less : depreciation		(19 724)	(19 724)
Net tangible fixed assets	2	682 402	778 448
Total Fixed assets		1 045 829	1 396 023
Total non-current assets		1 045 829	1 396 023
Current assets			
Other current assets	3	1 081 305	1 150 106
-Provisions on other current assets		(3 562)	(5 630)
Net value		1 077 744	1 144 476
Other current financial assets		16 441	10 743
Cash and short-term deposits	4	3 607 745	2 740 276
Total current assets		4 701 930	3 895 495
Total assets		5 747 759	5 291 518

BALANCE SHEET			
(In Tunisian Dinars)			
		Balance as at December 31st	
Equity and liabilities	Notes	2017	2016
Equity			
Endowment		111 163	111 163
Other capital contribution		1 559 054	1 268 283
Retained earnings		943 946	1 291 176
Total equity before net profit		2 614 164	2 670 623
Profit for the year		416 316	290 771
Total equity	5	3 030 479	2 961 393
Liabilities			
Current liabilities			
Trade payables	6	137 761	50 938
Other current liabilities	7	2 579 519	2 279 186
Total current liabilities		2 717 279	2 330 125
Total liabilities		2 717 279	2 330 125
Total equity and liabilities		5 747 759	5 291 518

INCOME STATEMENT			
(In Tunisian Dinars)			
		Period of twelve months ended as at December 31st	
	Notes	2017	2016
Operating income			
Revenues		72 528	90 853
Other operating income		4 184 993	4 304 410
Total operating income	8.1	4 257 522	4 395 263
Operating expenses			
Purchases		126 476	84 911
Staff costs		871 408	904 786
Depreciations and provision		379 714	311 964
Other operating expenses		2 703 898	2 954 782
Total operating expenses	8.2	4 081 496	4 256 442
Operating profit		176 025	138 821
Net financial costs	8.3	240 294	152 249
Other ordinary gains		-	18
Other ordinary losses		(3)	(317)
Profit before tax		416 316	290 771
Income tax expenses		-	-
Profit for the year after tax	8	416 316	290 771

CASH FLOW STATEMENT
(In Tunisian Dinars)

	Period of twelve months ended as at December 31st	
	2017	2016
<u>Cash – flow from operating activities</u>		
Profit for the year	416 316	290 771
Adjustments for :		
Deprecation and provisions	379 714	311 964
Investment grant in profit		
Net foreign exchange difference on currency treasury	(240 294)	(152 249)
Working capital changes :		
Other current assets	68 801	(592 375)
Investments and other financial assets	(5 698)	(2 371)
Supplier and other debts	86 823	(1 377)
Other current liabilities	300 332	96 906
Cash – flow from operating activities	1 005 995	(48 731)
<u>Cash – flow from investing activities</u>		
Purchase of tangible and intangible assets	(31 589)	(101 503)
Disposal of tangible and intangible assets		
Sale of long term investments		
Cash – flow from investing activities	(31 589)	(101 503)
<u>Cash – flow from financing activities</u>		
Proceeds from donors	(347 230)	(194 627)
Cash – flow from financing activities	(347 230)	(194 627)
Net foreign exchange difference on currency treasury	240 294	152 249
Cash-flow variation	867 469	(192 613)
Cash on the beginning of the year	2 740 276	2 932 889
Cash on the end of the year	3 607 745	2 740 276

NOTES TO FINANCIAL STATEMENTS

I CENTER PRESENTATION

The Center of Arab Women for Training and Research (CAWTAR) was established in 1993 in Tunisia as an Independent Regional Institution promoting gender equality in the Arab World through Research, Training, Networking and Advocacy.

Its financial statements presented below, covering the period from January 1st, 2017 to December 31st, 2017.

II ACCOUNTING POLICIES

Financial statements as at December 31st, 2017 were prepared in conformity with these major accounting principles and fundamental concepts:

The expenses are recorded at settlement date and grants at their collection date.

At the end of the year and as part of the closing work, there shall be a matching of costs and grants for the exercise of their commitment.

a) Fixed assets**1- Booking :**

Fixed assets are booked for their historical cost at the entry date.

The Tunisian government has donated CAWTAR a piece of land N° A29-2 covering a surface of 3 138.33 square meters located in Tunisia "Centre Urbain Nord", under condition to build its headquarters there. The transfer of property is supported by an agreement concluded between CAWTAR and the relevant Tunisian Authorities. This land was recorded in the balance sheet for Tunisian symbolic Dinar in conformity with transfer agreement. This agreement stipulated also that property transfer should be cancelled in case such condition is not observed.

The market value of the land was estimated to TND 1 883 000 according to architect expert report dated November 30st, 2007.

2- Depreciation :

Fixed assets are depreciated using the straight-line method according to the length from the start-up date on the basis of the following rates:

Wording	Rate
Software	33,33%
Documentary films	33,33%
Buildings	5%
Rolling equipment	20%
Office equipment	10%
Hardware	37,50%
Tooling and equipment	10%
Accommodations	10%
Documentary funds	20%

Items whose value is less than TND 200 are amortized in the first year of their acquisition.

b) Bank accounts

Grants awarded to Center functioning or projects for which he is responsible, are paid in bank accounts denominated in U.S. Dollar or Tunisian Dinar. It is worth noting that some donors require keeping a separate bank account for the projects they fund, including the World Bank.

Transactions denominated in US Dollar or in Euros made in 2017, are converted to Tunisian dinar using monthly average rates.

The cash balances at December 31st, 2017, are translated using Central Bank of Tunisia (BCT) rates at the closing date as presented below:

1 USD=2,4839 TND

1 EUR=2,9478 TND

Grants

Grants related to assets are presented in equity and are reported annually to income statement using assets depreciations rates.

Operating grants are reported to income statement. However, when expenditures exceed the grants received they are recognized as accrued income if collection is certain. Similarly, grants received and intended to cover future expenses are recognized as "deferred revenue".

III NOTES TO THE FINANCIAL STATEMENTS**Note 1 Intangible fixed assets:**

Intangible fixed assets amount to TND 363 427 as at December 31st, 2017 against TND 617 574 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
License	90 499	87 624	2 875
Software	118 586	115 708	2 878
Films	202 694	202 694	-
Plateform CRM	684 496	684 496	-
Intangible assets in progress	13 021	5 720	7 301
Gross Value	1 109 296	1 096 242	13 054
Depreciation	(745 869)	(478 667)	(267 202)
Net value	363 427	617 574	(254 147)

Note 2 Tangible fixed assets:

Tangible fixed assets amount to TND 682 402 as at December 31st, 2017 against TND 778 448 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
Lands (*)	1	1	-
Buildings	1 395 822	1 395 822	-
Material of transport	166 893	166 893	-
Accommodations	507 172	504 141	3 031
Office furniture	158 746	158 746	-
Office equipment	84 414	83 568	846
Audiovisual equipment	49 671	49 671	-
Computer hardware	361 642	346 984	14 658
Documentary funds	27 034	27 034	-
Material of general services	8 552	8 552	-
Advances paid on tangible assets	19 724	19 724	-
Gross Value	2 779 673	2 761 138	18 535
Depreciation	(2 077 547)	(1 962 965)	(114 582)
Provisions	(19 724)	(19 724)	-
Net value	682 402	778 448	(96 046)

(*)The Tunisian government has donated CAWTAR a piece of land N° A29-2 covering a surface of 3 138.33 square meters located in Tunisia "Centre Urbain Nord", under condition to build its headquarters there.

The transfer of property is supported by an agreement concluded between CAWTAR and the relevant Tunisian Authorities. This land was recorded in the balance sheet for Tunisian symbolic Dinar in conformity with transfer agreement. This agreement stipulated also that property transfer shall be cancelled in case such condition is not observed.

The market value of the land was estimated to TND 1 883 000 according to architect expert report dated November 30st, 2007.

CHANGES IN TANGIBLE AND INTANGIBLE ASSETS SCHEDULE AS AT December 31st, 2017

Wording	Gross value					Depreciation		Net value as at 12/31/2017
	As at 12/31/2016	2017 Addition	Disposals 2017	Solde au 12/31/2017	As at 12/31/2016	2017 Amortization	As 12/31/2017	
Intangible assets								
License	87 624	2 875	-	90 499	85 455	2 737	88 192	2 307
Software	115 708	2 879	-	118 587	85 961	15 397	101 358	17 229
Films	202 694	-	-	202 694	172 775	20 925	193 700	8 994
Platform CRM	684 496	-	-	684 496	134 475	228 142	362 617	321 879
Intangible assets in progress	5 720	7 301	-	13 021	-	-	-	13 021
Total intangible assets	1 096 242	13 055	-	1 109 296	478 667	267 201	745 869	363 427
Tangible assets								
Lands (*)	1	-	-	1	-	-	-	1
Buildings	1 395 822	-	-	1 395 822	759 715	69 791	829 506	566 316
Material of transport	166 893	-	-	166 893	144 341	6 792	151 133	15 760
Accommodations	504 141	3 030	-	507 171	452 104	8 775	460 879	46 292
Office furniture	158 746	-	-	158 746	151 481	1 640	153 121	5 625
Office equipment	83 568	847	-	84 415	83 568	124	83 692	723
Audiovisual equipment	49 671	-	-	49 671	38 448	2 299	40 747	8 924
Computer hardware	346 984	14 658	-	361 642	306 503	22 980	329 483	32 159
Documentary funds	27 034	-	-	27 034	19 697	1 916	21 613	5 421
Material of general services	8 552	-	-	8 552	7 110	265	7 375	1 177
Advances paid on tangible assets	19 724	-	-	19 724	19 724	-	19 724	-
Total tangible assets	2 761 138	18 535	-	2 779 673	1 982 689	114 582	2 097 271	682 402
Total assets	3 857 379	31 590	-	3 888 969	2 461 357	381 783	2 843 140	1 045 829

Note 3 Other current assets

Other current assets amount to TND 1 077 744 as at December 31st, 2017 against TND 1 144 476 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
Accrued expenses	463 070	413 309	49 761
Accrued revenues (*)	368 980	503 624	(134 644)
Pending account	74 517	70 167	4 350
Suppliers advance	142 581	163 006	(20 425)
UNOPS Tunisia	32 157	-	32 157
Gross value	1 081 305	1 150 106	(68 801)
-Provisions on other current assets	(3 562)	(5 630)	2 068
Net value	1 077 744	1 144 476	(66 732)

(*) Accrued revenues

Accrued revenues amount to TND 368 980 and are related to grants not yet collected on 2017 projects and are detailed as follows:

Wording	12/31/2017
AGFUND	27 012
IDLO	95 509
CIPE	34 339
SAHWA	12 184
Contribution ATB- Price Lysitrata	3 000
IEMED	5 497
HANDS	9 727
IPPF	35 637
UNWOMEN 1325	80 408
US EMBASSY	64 152
ACIM	1 514
Total	368 980

Note 4 Cash and short-term deposit:

Cash and short-term deposits amount to TND 3 607 745 as at December 31st, 2017 against TND 2 740 276 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
Bank	3 603 720	2 734 451	869 269
Cash in hand	4 025	5 825	(1 800)
Total	3 607 745	2 740 276	867 469

Note 5 Equity:

Shareholder's equity amount to TND 3 030 479 as at December 31st, 2017 against TND 2 961 393 as at December 31st, 2016 and are detailed as follows:

Wording	Notes	12/31/2017	12/31/2016	Variation
Endowment	5-1	111 163	111 163	-
Other capital contribution	5-2	943 946	1 291 176	(347 230)
Retained earnings		1 559 054	1 268 283	290 771
Net profit		416 316	290 771	125 545
Total		3 030 479	2 961 393	69 086

5-1 Endowment

Endowment amount to TND 111 163 as at December 31st, 2017 and is related to equipment's and funds from project phase I.

5-2 Other capital contribution

Other capital contribution amount to TND 943 946 as at December 31st, 2017 against TND 1 291 176 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
Tunisian government Grant	1	1	-
POOLING Grant	420 115	414 209	5 906
UNFPA Grant	2 572	2 572	-
IPPF Grant	15 569	15 569	-
AGFUND Grant	1 613 973	1 613 973	-
PNUD-ICTDAR Grant	99 086	99 086	-
World Bank	41 694	41 694	-
Other donors	1 312 276	1 293 893	18 383
Investment grant in profit	(2 567 060)	(2 195 542)	(371 518)
Intangible assets in progress	5 720	5 720	-
Total	943 946	1 291 176	(347 229)

Note 6 Trade payables

Trade payables amount to TND 137 761 as at December 31st, 2017 against TND 50 938 as at December 31st, 2016.

Note 7 Other current liabilities

Other current liabilities amount to TND 2 579 519 as at December 31st, 2017 against TND 2 279 186 as at December 31st, 2016 and are detailed as follows:

Wording	12/31/2017	12/31/2016	Variation
Deferred revenues (*)	2 443 558	2 141 765	301 793
Staff	57 397	62 867	(5 470)
Other creditors	36 103	18 965	17 138
Tax liabilities	32 526	36 067	(3 541)
Accrued expenses	9 936	18 711	(8 775)
UNOPS Tunisia	-	812	(812)
Total	2 579 519	2 279 186	300 333

(*) Deferred revenues

Deferred revenues amount to TND 2 443 557 as at December 31st, 2017 and are detailed as follows:

Wording	12/31/2017
OVERHEAD+POOL	182 029
OSI	618 028
AGFUND - projects	439 946
S.I.D.A	730 689
Others	27 612
ABEDA	161 496
AFAO	51 721
AECID	128 239
ISDB	103 797
Total	2 443 558

Note 8 Profit of the year

FY 2017 net income amounts to TND 416 316 and is detailed as follows:

Wording	2017	2 016	Variation
Operating income	4 257 522	4 395 263	(137 741)
Operating expenses	4 081 496	4 256 442	(174 946)
	176 025	138 821	37 205
Net financial costs	240 294	152 249	88 044
Other ordinary gains	-	18	(18)
Other ordinary losses	(3)	(317)	314
Total	416 316	290 771	125 545

8-1 Operating income

Operating income amount to TND 4 257 522 on 2017 against TND 4 395 263 on 2016 and are detailed as follows:

Wording	2017	2 016	Variation
Operating grant	4 184 993	4 304 410	(119 417)
Rental Revenues	72 528	78 971	(6 443)
Training ANGED	-	11 700	(11 700)
Books sales and photocopies	-	182	(182)
Total	4 257 522	4 395 263	(137 741)

8-2 Operating expenses

Operating expenses amount to TND 4 083 565 on 2017 against TND 4 256 442 on 2016 and are detailed as follows:

Wording	2017	2 016	Variation
Purchases	126 476	84 911	41 565
Staff costs	871 408	904 786	(33 378)
Depreciation and amortization	379 714	311 964	67 750
Other operating expenses	2 703 898	2 954 782	(250 884)
Total	4 081 496	4 256 442	(174 946)

8-3 Net financial costs

Net financial costs amount to (TND 240 294) and are related to exchange gain on accounts and operations conversion.