

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2019

GENERATIONS FOR PEACE COMMISSION

FINANCIAL STATEMENTS

31 DECEMBER 2019

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF CASH FLOWS	6
STATEMENT OF CHANGES IN NET ASSETS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 18



**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF GENERATIONS FOR PEACE COMMISSION
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the accompanying financial statements of the Commission for the year ended December 31, 2019 are prepared, in all material respects, in accordance with the accounting policies described in note (2) to the financial statements.

What we have audited

The Commission's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of activities for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of a matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note (2) to the financial statements, which describes the basis of accounting. The financial statements are prepared only for the Commission management and directors. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the use of the Commission management and directors and should not be distributed to or used by parties. Our opinion is not modified in respect of this matter.



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 the accounting policies described in note (2) to the financial statements, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Commission'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 Commission'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 Commission'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 the Commission 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

The Commission maintains proper accounting records which are consistent, in all material aspects, with the accompanying financial statements. We recommend the General Assembly to approve them.

For and on behalf of PricewaterhouseCoopers "Jordan" L.L.C.


Omar Kalanzi
License No. (1015)

Amman – Jordan
15 June 2020



**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019**

	<u>Notes</u>	<u>2019</u> JD	<u>2018</u> JD
ASSETS			
NON-CURRENT ASSET			
Property and equipment	3	<u>791,455</u>	<u>865,445</u>
CURRENT ASSETS			
Grant receivables and other debit balances	4	158,964	151,170
Cash on hand and at banks	5	<u>1,012,492</u>	<u>1,311,655</u>
		<u>1,171,456</u>	<u>1,462,825</u>
TOTAL ASSETS		<u>1,962,911</u>	<u>2,328,270</u>
NET ASSETS AND LIABILITIES			
Net assets		<u>891,159</u>	<u>1,250,361</u>
LIABILITIES			
CURRENT LIABILITIES			
Payables and other credit balances	6	376,764	398,627
Unearned revenues	7	<u>694,988</u>	<u>679,282</u>
		<u>1,071,752</u>	<u>1,077,909</u>
TOTAL NET ASSETS AND LIABILITIES		<u>1,962,911</u>	<u>2,328,270</u>

The attached notes from 1 to 16 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Notes</u>	<u>2019</u> JD	<u>2018</u> JD
Revenues			
Grants Revenue	8	4,559,535	3,004,050
Revenue from events		53,586	80,300
Other income	9	16,030	2,742
		<u>4,629,151</u>	<u>3,087,092</u>
Expenditures			
Mission direct expenses	10	(4,469,694)	(3,590,385)
Mission indirect expenses	11	(516,433)	(430,203)
Other expenses	12	(2,226)	(6,375)
		<u>(4,988,353)</u>	<u>(4,026,963)</u>
Deficit for the year		<u>(359,202)</u>	<u>(939,871)</u>

The attached notes from 1 to 16 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Net assets</u>
	JD
2019	
Balance at 1 January 2019	1,250,361
Deficit for the year	<u>(359,202)</u>
Balance at 31 December 2019	<u>891,159</u>
2018	
Balance at 1 January 2018	2,190,232
Deficit for the year	<u>(939,871)</u>
Balance at 31 December 2018	<u>1,250,361</u>

The attached notes from 1 to 16 are an integral part of these financial statements

**GENERATIONS FOR PEACE COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>2019</u> JD	<u>2018</u> JD
Operating activities		
Deficit for the year	(359,202)	(939,871)
Adjustments to		
Depreciation	127,020	123,454
Provision for doubtful debt	38,882	-
(Gain) loss on sale of property and equipment	(394)	485
Changes in net working capital		
Grant receivables and other debit balances	(46,678)	90,140
Payables and other credit balances	(21,863)	59,175
Unearned revenues	15,706	679,282
Net cash flows (used in) from operating activities	<u>(246,529)</u>	<u>12,665</u>
Investing Activities		
Purchases of property and equipment	(57,364)	(203,916)
Proceeds from sale of property and equipment	4,730	1,269
Net cash flows used in investing activities	<u>(52,634)</u>	<u>(202,647)</u>
Net change in cash and cash equivalents	(299,163)	(189,982)
Cash and cash equivalents at 1 January	<u>1,311,655</u>	<u>1,501,637</u>
Cash and cash equivalents at 31 December	<u>1,012,492</u>	<u>1,311,655</u>

The attached notes from 1 to 16 are an integral part of these financial statements

(1) GENERAL INFORMATION

Generations for Peace Commission was established on 28 June 2010 as a charitable organization. In 2008 and before its establishment, the Commission was operating as a project under the supervision of the Jordan Olympic Committee.

The Commission has a foreign operational branch in the state of Maryland – USA which was established on 30 November 2012 as a non-profit charitable peacebuilding organization.

The Commission's objectives are:

1. To follow the finest traditions of Jordan's Royal Family and strive incessantly for the highest standards of planning, coordination, support, delivery and research of programmes, whether harnessing the power of sport or otherwise, that lead or contribute to sustainable peace for future Generations.
2. To design, coordinate, support and conduct research on programmes for enhancing the awareness of the public concerning the effects and causes of conflicts and conflict resolution methodologies and sustaining peace.
3. To support communities facing conflicts to care and empowering a positive and creative environment.

The registered address of the Commission is P.O. Box 963772 Amman 11196 Hashemite Kingdom of Jordan.

The financial statements were approved by management on 15 June 2020.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Commission's, accounting policies mentioned below and the historical cost basis.

The financial statements are presented in Jordanian Dinars which is the functional currency of the Commission.

The financial statements include combined information on the results of the Head Office in Amman - Jordan and the branch in Maryland - USA.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Jordanian Dinar, which is the Commission's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of activities.

2.3 Property and equipment

Property and equipment are stated at cost of purchase or the fair value at the donation date if it was donated. Depreciation is computed on a straight – line basis over its expected useful life using the following percentages:

	<u>%</u>
Office equipment	12
Furniture and fixtures	9
Electrical devices	20
Computers	20
Decorations and leasehold improvements*	5
Vehicles	20

*Or lease term, whichever is less

2.4 Grant receivables

Grant receivables are amounts due from donors. Grant receivables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets. An estimate for doubtful debts is made when collection of the full amount is no longer probable. receivables are written off when there is no possibility of collection.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks with original maturities of three months or less.

2.6 Payables

Payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.7 Revenue recognition

(a) Restricted Grants

Grants received are recognized only when there is reasonable assurance that the commission will comply with any conditions attached to the grants and that the grants will be received.

(b) Unrestricted Grants

Unrestricted grants include all resources available for the general purposes of the commission as stated in the bylaws of the commission.

2.8 Employee benefits

For defined contribution plans, the Commission pays contributions to pension insurance plans administered by the Social Security Corporation and on a mandatory basis. The Commission has no further payment obligations once the contributions have been paid. The contributions are recognised as social security expense when they are due.

2.9 Financial instruments by category

	<u>2019</u>	<u>2018</u>
	JD	JD
Assets as per the statement of financial position		
Financial assets at amortized cost		
Receivables and other debit balances (Excluding prepayments, promotional materials and advances to contractors)	43,060	48,944
Cash on hand and at banks	<u>1,012,492</u>	<u>1,311,655</u>
	<u>1,055,552</u>	<u>1,360,599</u>
Liabilities as per the statement of financial position		
Financial liabilities at amortised cost		
Payables and other credit balances	<u>376,764</u>	<u>398,627</u>

(3) FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Commission's activities expose it to a variety of financial risks: market risk (foreign currency), credit risk and liquidity risk. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

(a) Market risk

Foreign exchange risk

The Commission has no major exposure to significant foreign exchange risk as the Commission's transactions are primarily denominated in Jordanian Dinar, US Dollar and Euro. There has been no change in the rate of the foreign exchange between the US Dollar and the Jordanian Dinar during the year.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to donors, including outstanding grants' receivables and committed transactions. Deposits are made with banks that have acceptable credit rating.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through donors and sponsors.

The table below summarizes the maturities of the Commission's undiscounted financial liabilities at 31 December 2019, based on contractual payment dates and current market interest rates.

	Less than <u>1 year</u> JD
At 31 December 2019	
Payables and other credit balances	<u>376,764</u>
At 31 December 2018	
Payables and other credit balances	<u>398,627</u>

3.2 Fair value estimation

Financial assets include cash, grants receivable and other current assets. Financial liabilities include deferred cheques, accruals and other current liabilities.

The fair values of financial instruments are not materially different from their carrying value.

(4) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Provision for doubtful debt

The Commission establishes a provision for impairment of grant receivables in accordance with the accounting policy stated in (Note 2.4). The recoverable amount of the grant receivables is compared to the carrying amount of the receivables to determine the amount of impairment.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(5) PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Electrical devices	Computers	Decorations and leasehold improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2019							
Cost							
At 1 January 2019	32,706	246,535	284,167	217,047	692,098	82,150	1,554,703
Additions	7,549	14,975	-	28,219	6,621	-	57,364
Disposals	-	(4,800)	-	(8,555)	-	-	(13,355)
At 31 December 2019	40,255	256,711	284,167	236,711	698,719	82,150	1,598,713
Accumulated depreciation							
At 1 January 2019	16,840	122,667	209,665	116,737	184,953	38,396	689,258
Depreciation charge	5,382	34,793	20,416	32,136	10,140	24,153	127,020
Related to disposals	-	(4,088)	-	(4,931)	-	-	(9,019)
At 31 December 2019	22,221	153,372	230,082	143,943	195,092	62,548	807,258
Net book value							
At 31 December 2019	18,034	103,339	54,085	92,768	503,627	19,602	791,455

* The cost of fully depreciated assets in 2019 was equal to JD 339,506 (2018: JD 333,174)

* Depreciation charge is allocated between mission direct expenses and mission indirect expenses respectively at JD 113,810 and JD 13,210 (2018: 103,701 JD and 19,753 JD)

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

	Office equipment	Furniture and fixtures	Electrical devices	Computers	Decorations and leasehold improvements	Vehicles	Total
	JD	JD	JD	JD	JD	JD	JD
2018							
Cost							
At 1 January 2018	18,481	233,346	243,137	185,952	624,638	48,350	1,353,904
Additions	14,225	13,189	41,030	34,212	67,460	33,800	203,916
Disposals	-	-	-	(3,117)	-	-	(3,117)
At 31 December 2018	32,706	246,535	284,167	217,047	692,098	82,150	1,554,703
Accumulated depreciation							
At 1 January 2018	11,986	99,333	191,843	87,497	151,171	25,337	567,167
Depreciation charge Related to disposals	4,854	23,334	17,822	30,603	33,782	13,059	123,454
At 31 December 2018	16,840	122,667	209,665	116,737	184,953	38,396	689,258
Net book value							
At 31 December 2018	15,866	123,868	74,502	100,310	507,145	43,754	865,445

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(6) GRANT RECEIVABLES AND OTHER DEBIT BALANCES

	<u>2019</u> JD	<u>2018</u> JD
Grant receivables	72,283	39,072
Provision for doubtful debt	<u>(38,882)</u>	<u>-</u>
	33,401	39,072
Advances to contractors	101,862	51,983
Prepaid expenses	14,042	17,986
Refundable deposits	5,745	4,352
Staff receivables	3,914	5,520
Promotional materials	-	32,257
	<u>158,964</u>	<u>151,170</u>

Movement on the provision for doubtful debts is as follows:

	<u>2019</u> JD	<u>2018</u> JD
Balance at 1 January	-	-
provided during the year	38,882	-
Balance at 31 December	<u>38,882</u>	<u>-</u>

* Details of gross exposure of grants receivables are:

	<u>2019</u> JD	<u>2018</u> JD
Neither past due nor impaired	33,401	39,072
Past due not impaired	-	-
Impaired	<u>38,882</u>	<u>-</u>
	<u>72,283</u>	<u>39,072</u>

As per the credit policy of the Commission, donors are extended a credit period up to 30 days in the normal course of business. Receivables that are less than twelve months past due are not considered impaired. As of 31 December 2019, there were no receivables past due.

The fair value of grant receivables approximates their carrying value as at 31 December 2019 and 2018 respectively.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable.

The Commission does not hold any collateral as a security against grant receivables.

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(7) CASH ON HAND AND AT BANKS

	<u>2019</u> JD	<u>2018</u> JD
Cash on hand	950	1,315
Cash at banks	<u>1,011,542</u>	<u>1,310,340</u>
	<u>1,012,492</u>	<u>1,311,655</u>

Below is the classification of cash on hand and at banks based on restricted and unrestricted funds:

	<u>2019</u> JD	<u>2018</u> JD
Restricted fund	694,988	1,229,149
Unrestricted fund	<u>317,504</u>	<u>82,506</u>
	<u>1,012,492</u>	<u>1,311,655</u>

(8) PAYABLES AND OTHER CREDIT BALANCES

	<u>2019</u> JD	<u>2018</u> JD
Accrued expenses	319,405	264,274
Payables	55,252	72,188
Other payables	<u>2,107</u>	<u>62,165</u>
	<u>376,764</u>	<u>398,627</u>

(9) UNEARNED REVENUES

Unearned revenues are donations received by the Commission from donors but not yet spent. It is classified as unearned for controlling purposes for all donors' accounts. All of these funds are restricted.

(10) GRANTS REVENUE

	<u>Notes</u>	<u>2019</u> JD	<u>2018</u> JD
Restricted funds	10/a	3,173,072	1,778,320
Unrestricted funds	10/b	<u>1,386,463</u>	<u>1,225,730</u>
		<u>4,559,535</u>	<u>3,004,050</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(a) Breakdown of restricted funds are as follows:

	<u>2019</u>	<u>2018</u>
	JD	JD
UNICEF	2,075,315	1,128,903
EU	538,175	262,260
Fund-UN WOMEN	169,496	30,105
Olympic Refuge Foundation ORF	167,742	-
UNDP	93,951	-
US Department of State	37,895	234,028
Laureus Sport for Good Foundation	36,551	-
USAID	31,278	29,275
Olympic Council of Asia	15,374	35,495
GIZ Programme	-	30,605
Robert Bosch Stiftung	-	10,090
UNFPA	-	17,559
Others	7,295	-
	<u>3,173,072</u>	<u>1,778,320</u>

(b) Breakdown of unrestricted funds are as follows:

	<u>2019</u>	<u>2018</u>
	JD	JD
Jordan Olympic Committee	1,000,000	1,000,000
Samsung Electronics Levant Co, LTD	213,000	127,800
Irish Aid	39,520	-
Jordanian donors in UAE	38,244	69,377
MBC FZ LLC	7,100	-
International Olympic Committee	4,932	9,332
Online Donations	1,313	1,551
US Department of State	-	12,317
EU	-	5,353
Others	82,354	-
	<u>1,386,463</u>	<u>1,225,730</u>

(11) OTHER INCOME

	<u>2019</u>	<u>2018</u>
	JD	JD
Gain on foreign currency exchange	8,870	-
Interest income	6,766	2,742
Gain on sale of property and equipment	394	-
	<u>16,030</u>	<u>2,742</u>

**GENERATIONS FOR PEACE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019**

(12) MISSION DIRECT EXPENSES

	<u>2019</u> JD	<u>2018</u> JD
Programme expenses supported by restricted funds	2,422,047	1,830,924
Programme expenses supported by unrestricted funds	32,539	23,350
Research	135,832	137,006
Advanced training expenses	68,502	61,183
Salaries and staff benefits	1,681,987	1,323,647
Administrative media and communication	128,787	214,275
	<u>4,469,694</u>	<u>3,590,385</u>

89.6% of salaries and staff benefits are allocated to mission direct costs expenses as of 31 December 2019 (89.3%: 2018).

(13) MISSION INDIRECT EXPENSES

	<u>2019</u> JD	<u>2018</u> JD
Salaries and staff benefits	262,345	243,618
Fundraising expenses	68,258	100,111
doubtful debt expense	38,882	-
Write-off of promotional materials	32,257	-
Generations For Peace Inc. Fundraising	30,192	23,651
Maintenance	16,719	5,439
Depreciation	13,210	19,753
Hospitality	10,200	1,320
Audit Fees	6,577	584
Communication	6,192	7,794
Electricity charges	6,092	2,079
Insurance	5,304	8,409
Bank Charges	4,857	570
Security fees	3,889	2,424
Telecommunication	3,617	3,207
Business Travel	2,572	476
Water Charges	1,905	361
Sanitation and cleaning	1,896	762
Generations For Peace Inc. Legal registration	649	1,000
Stationery	494	1,485
Customs and license fees	326	7,125
Translation Fees	-	35
	<u>516,433</u>	<u>430,203</u>

(14) OTHER EXPENSES

	<u>2019</u> JD	<u>2018</u> JD
Loss on foreign currency exchange transactions	2,226	5,890
Loss on sale of property and equipment	-	485
	<u>2,226</u>	<u>6,375</u>

(15) CONTINGENT LIABILITIES

The Commission appears as a defendant in lawsuits within the Jordanian court of law amounting to JD 9,000 as at 31 December 2019. The provision balance booked against this legal case amounted to JD 7,000. Management of the Commission and their legal advisor believes that no extra liabilities will arise from this legal case.

(16) POST BALANCE SHEET EVENTS

The Commission considers the COVID-19 pandemic to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it is practicable to provide a quantitative estimate of the potential impact of this outbreak on the Commission. In the absence of any certainty yet about the financial impact on donors, the Commission has prepared several different financial scenarios, and with these scenarios, the Commission is taking a "plan for the worst" approach, and is now taking measures to ensure continuity in the worst case scenario in which the Commission's total annual funding for 2020 may be reduced by approximately 31%. These measures include:

- Cutting costs on travel and events and adapting many activities to low-cost online delivery alternatives
- Suspending programmes dependent on the Commission's unrestricted funding
- Avoiding redundancies and retaining human capital, but reducing human resources costs by:
 - decreasing social security contributions within limits set by Defence Orders
 - suspending bonuses
 - reducing new recruitment
 - reducing salaries
- Maintaining investment in fundraising