

**ALROWWAD CULTURAL AND ARTS SOCIETY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
AND INDEPENDENT AUDITORS' REPORT**

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**Independent Auditors' Report  
To the Board of Directors of  
ALROWWAD Cultural and Arts Society**

**Opinion**

We have audited the Financial Statements of **ALROWWAD Cultural and Arts Society**, which comprise the statement of financial position as of December 31, 2022, statement of activities, statement of changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **ALROWWAD Cultural and Arts Society** as of December 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**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 Statement section of our report. We are independent of **ALROWWAD Cultural and Arts Society** in accordance with the ethical requirements that are relevant to our audit of the financial statement in areas under the jurisdiction of the local Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 **ALROWWAD Cultural and Arts Society** 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 **ALROWWAD Cultural and Arts Society** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **ALROWWAD's** financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

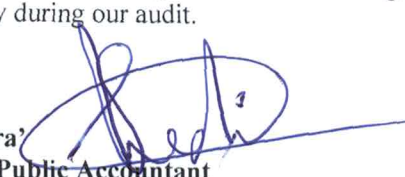
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also,

1. 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
2. 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 internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 **ALROWWAD'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 disclosure 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 **ALROWWAD's** to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated 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.

  
Shadi Qara'  
Certified Public Accountant  
Integrity, Auditing and Financial Consulting



Ramallah  
June 24, 2023

**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2022**  
 (All amounts in New Israeli Shekel)

	Note	December 31, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents			
Due from Employees and others	(3)	7,893	233,663
Prepaid expenses for suppliers		10,400	18,778
Inventory		43,815	51,013
<b>Total current assets</b>		<u>78,958</u>	<u>320,304</u>
<b>Non-current assets</b>			
Fixed assets, net	(4)	5,617,223	5,781,163
<b>Total non-current assets</b>		<u>5,617,223</u>	<u>5,781,163</u>
<b>Total assets</b>		<u>5,696,181</u>	<u>6,101,467</u>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other current liabilities	(5)	122,795	98,846
<b>Total current liabilities</b>		<u>122,795</u>	<u>98,846</u>
<b>Non-current liabilities</b>			
Provision for end-of-service indemnity	(6)	243,010	140,228
<b>Total non-current liabilities</b>		<u>243,010</u>	<u>140,228</u>
<b>Net assets</b>			
Unrestricted net assets		(286,847)	81,230
Unrestricted net assets used for fixed assets		5,617,223	5,781,163
<b>Total net assets</b>		<u>5,330,376</u>	<u>5,862,393</u>
<b>Total net assets and liabilities</b>		<u>5,696,181</u>	<u>6,101,467</u>

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

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 Chairman of the BOD

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 Treasurer

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the year ended December 31, 2022

(All amounts in New Israeli Shekel)

	Note	December 31, 2022	December 31, 2021
<b>Revenues</b>			
Donations	(7)	1,076,891	1,666,287
Activity income	(8)	165,880	47,929
Membership fees		920	920
<b>Total revenues</b>		<b>1,243,691</b>	<b>1,715,136</b>
<b>Expenses</b>			
Projects and Administration expenses	(9)	1,422,770	1,338,964
Depreciation expenses	(4)	343,520	344,674
Loss from currency variances		9,418	50,841
<b>Total expenses</b>		<b>1,775,708</b>	<b>1,734,479</b>
<b>Changes in unrestricted net assets for the year</b>			
Prior years adjustments		(532,017)	(19,343)
Unrestricted net assets at beginning of the year		5,862,393	5,881,736
Unrestricted net assets at end of the year		<b>5,330,376</b>	<b>5,862,393</b>

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

**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2022**  
 (All amounts in New Israeli Shekel)

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>Cash flows from operating activities</b>		
Changes in unrestricted net assets for the year	(532,017)	(19,343)
Prior period adjustment		
<b>Adjustments:</b>		
Depreciation	343,520	344,674
<b>Adjustments to reconcile changes in net assets to net</b>		
<b>Cash provided by / (used in) operating activities:</b>		
Decrease (increase) in Due from Employees and others	8,378	(10,758)
Decrease (increase) Prepaid expenses	7,199	(45,867)
Increase (decrease) in Payables and accruals	23,949	(55,153)
Increase in reserve for severance pay	102,782	(403)
<b>Net cash (used in)/provided by operating activities</b>	<u>(46,189)</u>	<u>213,150</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(179,581)	(310,390)
<b>Net cash used in investing activities</b>	<u>(179,581)</u>	<u>(310,390)</u>
(Decrease) increase in cash and cash equivalents	(225,770)	(97,240)
Cash and cash equivalents, beginning of the year	233,663	330,903
<b>Cash and cash equivalents, end of the year</b>	<u>7,893</u>	<u>233,663</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**(All amounts in New Israeli Shekel)**

**NOTE (1) GENERAL INFORMATION**

ALROWWAD (Pioneers for Life) Cultural and Arts Society (ACTs) was established under law Number 1 of Charitable Societies and Non-governmental Associations, 2000, by the Ministry of Interior of the Palestinian National Authority under the License Number BL-360-CU. ALROWWAD, initiator of “Beautiful Resistance,” is an independent, dynamic, community-based not-for-profit organization which strives to empower children and women by targeting behaviour, knowledge, concepts and practices through creative means.

**Vision:**

A Palestinian Society free of violence and respectful of human rights and values, in which women, youth and children are empowered on an educational and artistic level in a spirit of social entrepreneurship and innovation through self-expression and a shared respect of human values and rights.

**Mission:**

ACTs is an independent, not-for-profit, non-governmental organization, distinguished by its philosophy of “Beautiful Resistance,” working in the spirit of social entrepreneurship, to deepen the notion of belonging, volunteering, creativity and self-expression for children, youth and women, regardless of origin or religion. Beautiful Resistance against the ugliness of occupation and violence.

**Mandate – Target groups:**

ACTs targets the Palestinian community while focusing on women, youth and children in the local community of Aida Camp and the Bethlehem district. Additionally, ACTs targets the international community at large to fracture stereotypes and project a more honest depiction of the Palestinian people and culture. The ALROWWAD organization strives to have the full capacity to mobilize human, technical and financial resources to achieve dynamic and effective change in the long term.

**Developmental Objectives:**

- Empower local community capacities, with a focus on children, youth and women through creative means to achieve and enhance constructive and peaceful ways of self-confidence and self-expression, openness and a sense of belonging through exposure to technology and awareness campaigns.
- Challenge media stereotypes about Palestinians using performing and visual arts, Media, international artistic tours, and local and international “Friends of ALROWWAD” support groups.
- Build the institutional and human capacity of ALROWWAD.



**NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared according to International Financial Reporting Standards based on the historical cost convention and presented in New Israeli Shekel (NIS). Currently, international financial reporting standards do not include any specific requirements regarding not-for-profit organizations in connection with the accounting policies or the presentation of the financial statements.

The financial statements for 2013 were prepared in USD, starting 2014, Management of ALROWWAD decided to translate the opening balances to NIS using an exchange rate of 3.47 NIS / USD and start using NIS as the main currency starting 1 January 2014.

Following is a summary of the significant accounting policies:

**a) Cash and cash equivalents:**

Cash and cash equivalents includes cash at banks, cash on hand and short term deposits with a maturity of three months or less.

**b) Fixed Assets - net:**

Property, plant and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual rates:

	<u>%</u>
Land	-
Building	2%
Vehicles	15%
Furniture & Equipment	10-20%
Computers	33%

The cost of the fixed assets as of 1 January 2014 was adapted as per the 2013 financial statements and depreciation was calculated starting 1 January 2014. The cost of these assets was registered based on the management estimates during 2013.

**c) Revenues and expenses recognition:**

The financial statements have been prepared in accordance with the modified accrual basis of accounting. Revenues recognized when received from the donor, and expenditures are recognized when incurred.

**d) Provision for end of service indemnity:**

Benefits payable to the employees at the end of their services which are provided for in accordance with the guidelines set by the local labour laws, by accruing one month compensation for each year of service based on the last salary paid. Severance pay till end of 2013 was paid to the majority of the staff and the balance recorded in the statement of Financial Position represents the severance from the beginning of 2014 till the date of financial statements.

**e) Translation of foreign currencies:**

The accompanying financial statements are denominated in NIS. Transaction in other currencies is accounted for at the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into NIS by applying the exchange rates prevailing at the reporting date. Exchange gains or losses arising from the transactions are reflected in the statement of activities and changes in net assets. The exchange rates against NIS as of December 31 were as follows:

Currency	December 31, 2022	December 31, 2021
USD	3.519	3.11
EURO	3.753	3.52

**NOTE (3) CASH AND CASH EQUIVALENTS**

Details-

	December 31, 2022	December 31, 2021
Cash on hands	3,059	6,349
Balances in NIS	4,834	108,725
Balances in USD	-	114,140
Balances in Euro	-	4,449
	<u>7,893</u>	<u>233,663</u>

**NOTE (4) – FIXED ASSETS, NET**

Details-

	Balance 1/1/2022	Additions	Disposals	Balance 31/12/2022
Land	201,260	-	-	201,260
Building	1,369,549	-	-	1,369,549
Furniture & Equipment		69,131	-	1,433,759
Computers	300,508	-	-	300,508
Books	173,500	-	-	173,500
Museum	145,740	-	-	145,740
Musical and sports tools	78,279	-	-	78,279
Vehicles	130,000	-	-	130,000
	<u>3,763,465</u>	<u>69,131</u>	<u>-</u>	<u>3,832,595</u>
<b>Accumulated depreciation</b>				
Land		-	-	
Building	521,994	146,410	-	668,404
Furniture & Equipment	1,038,694	121,859	-	1,160,553
Computers	260,706	21,225	-	281,931
Books	134,549	17,350	-	151,899
Museum	75,368	11,729	-	87,097
Musical and sports tools	72,833	5,447	-	78,280
Vehicles	26,979	19,500	-	46,479
	<u>2,131,123</u>	<u>343,520</u>	<u>-</u>	<u>2,474,643</u>
<b>Construction in progress</b>	<u>4,148,821</u>	<u>110,450</u>	<u>-</u>	<u>4,259,271</u>
<b>Net Book Value</b>	<u>5,781,162</u>			<u>5,617,223</u>

**NOTE (5) OTHER CURRENT LIABILITIES**

Details-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accrued expenses	21,114	9,330
Payroll income tax	12,872	15,290
Account payables - suppliers	16,60	38,184
Outstanding checks	-	36,042
Accrued salaries	60,749	-
Other credit balances	12,000	-
	<b><u>122,795</u></b>	<b><u>98,846</u></b>

**NOTE (6) PROVISION FOR END-OF-SERVICE INDIMNITY**

Details-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Balance –beginning of the year	205,228	205,631
Provision for the year	39,782	2,597
Payments during the year	(2,000)	(3,000)
<b>Balance</b>	<b><u>243,010</u></b>	<b><u>205,228</u></b>
Less: Advances from the Compensation	-	(65,000)
<b>Balance – End of the year</b>	<b><u>243,010</u></b>	<b><u>140,228</u></b>

**NOTE (7) GRANTS AND DONATION**

Details-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
ALROWWAD Friends – USA ***	542,181	639,561
Albertville Jourdain	105,252	103,364
Action Solidarite Tiers Monde	177,408	216,309
Trustees of the Amos Trust	112,400	114,013
La Maison International	11,616	39,450
United Palestinian Appeal	46,650	80,940
Yafa Foundation	37,432	-
VENNEFORENINGEN ALROWWAD	5,366	-
A F P S NIMES AL ROWWAD	23,740	-
M Pascal Chevalier	-	137,393
Secours Populaire Francais	-	39,300
Rogaland Fylkeskommune	-	100,325
Teacher creativity center	-	6,600
ALROWWAD Friends – France ***	-	40,200
ALROWWAD Friends – Britain ***	-	61,538
Viva Palestina Malaysia	-	16,350
United Nations Association	-	3,393
German House for Development – German	-	3,600
Equity Guild House	-	8,692
Others	-	55,260
	<b><u>1,076,891</u></b>	<b><u>1,666,287</u></b>

\*\*\* These associations (ALROWWAD Friends) are considered sister associations and individuals for ALROWWAD Culture and Arts Society where they are supporting the Center's Projects and administrative expenses. According to the ALROWWAD Management, no formal agreements were signed between the Society and its sister associations or individual friends. Audit confirmations were sent to all sister associations and responses from some of these associations were received. Revenues have been recorded based on the amounts transferred to the Society's bank account.

**NOTE (8) ACTIVITY INCOME**

Details-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Donation from visitors	103,793	1,500
Training courses	23,587	41,905
Gift Shop sales	14,000	330
Other activity income	24,500	4,194
	<b><u>165,880</u></b>	<b><u>47,929</u></b>

**NOTE (9) PROJECTS' EXPENSES**

Details-

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Salaries and Related Expenses	724,754	675,205
Provision for end of service indemnity	41,782	2,597
Communications	7,464	7,526
Stationery and publicity	25,653	28,884
Rent	6,800	-
Utilities	87,090	81,941
Professional Fees	10,557	9,710
Transportation and Travel	43,528	48,489
Maintenance	49,050	95,626
Activities expenses	291,038	291,211
Hospitality	20,596	15,263
Purchase of materials	14,595	-
Workshops	32,335	-
Scholarships	-	41,800
Donations	-	3,200
Bank charges	1,536	1,495
Insurance	7,198	11,208
Advertising expense	26,709	2,400
IT Supplies	16,438	14,709
Subscriptions	500	350
Others	15,147	7,350
	<b><u>1,422,770</u></b>	<b><u>1,338,964</u></b>