

ALROWWAD CULTURAL AND ARTS SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
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, 2021, 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, 2021, 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 represents 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
August 10, 2022

STATEMENT OF FINANCIAL POSITION
As of December 31, 2021
 (All amounts in New Israeli Shekel)

	Note	December 31, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	(3)	233,663	330,903
Due from Employees and others		18,778	8,020
Prepaid expenses for suppliers		51,013	5,146
Inventory		16,850	16,850
Total current assets		320,304	360,919
Non-current assets			
Fixed assets, net	(4)	5,781,163	5,815,447
Total non-current assets		5,781,163	5,815,447
Total assets		6,101,467	6,176,366
NET ASSETS AND LIABILITIES			
Current liabilities			
Other current liabilities	(5)	98,846	153,999
Total current liabilities		98,846	153,999
Non-current liabilities			
Provision for end-of-service indemnity	(6)	140,228	140,631
Total non-current liabilities		140,228	140,631
Net assets			
Unrestricted net assets		81,230	66,289
Unrestricted net assets used for fixed assets		5,781,163	5,815,447
Total net assets		5,862,393	5,881,736
Total net assets and liabilities		6,101,467	6,176,366

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

 Chairman of the BOD

 Treasurer

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2021
 (All amounts in New Israeli Shekel)

	Note	December 31, 2021	December 31, 2020
Revenues			
Donations	(7)	1,666,287	1,918,007
Activity income	(8)	47,929	36,600
Membership fees		920	920
Sales of fixed assets		-	38,100
Total revenues		1,715,136	1,993,627
Expenses			
Projects and Administration expenses	(9)	1,338,964	1,338,819
Depreciation expenses	(4)	344,674	317,925
Loss from currency variances		50,841	7,466
Total expenses		1,734,479	1,664,210
Changes in unrestricted net assets for the year			
Prior years adjustments		(19,343)	329,417
Unrestricted net assets at beginning of the year		5,881,736	5,552,319
Unrestricted net assets at end of the year		5,862,393	5,881,736

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

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
 (All amounts in New Israeli Shekel)

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Cash flows from operating activities		
Changes in unrestricted net assets for the year	(19,343)	329,417
Prior period adjustment		-
Adjustments:		
Depreciation	344,674	317,925
Adjustments to reconcile changes in net assets to net		
Cash provided by / (used in) operating activities:		
Decrease (increase) in Due from Employees and others	(10,758)	(6,920)
Decrease (increase) Prepaid expenses	(45,867)	(5,146)
Increase (decrease) in Payables and accruals	(55,153)	(74,115)
Increase in reserve for severance pay	(403)	(4,412)
Net cash (used in)/provided by operating activities	<u>213,150</u>	<u>556,749</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(310,390)	(378,242)
Net cash used in investing activities	<u>(310,390)</u>	<u>(378,242)</u>
(Decrease) increase in cash and cash equivalents	(97,240)	178,507
Cash and cash equivalents, beginning of the year	330,903	152,396
Cash and cash equivalents, end of the year	<u>233,663</u>	<u>330,903</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:

	%
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 were 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, 2021	December 31, 2020
USD	3.11	3.2
EURO	3.52	3.94

NOTE (3) CASH AND CASH EQUIVALENTS

Details-

	December 31, 2021	December 31, 2020
Cash on hands	6,349	18
Balances in NIS	108,725	239,830
Balances in USD	114,140	73,800
Balances in Euro	4,449	16,255
Checks under collection	-	1,000
	233,663	330,903

NOTE (4) – FIXED ASSETS, NET

Details-

	Balance 1/1/2021	Additions	Disposals	Balance 31/12/2021
Land	201,260	-	-	201,260
Building	1,369,549	-	-	1,369,549
Furniture & Equipment	1,241,205	123,423	-	
Computers	281,808	18,700	-	300,508
Books	173,500	-	-	173,500
Museum	145,740	-	-	145,740
Musical and sports tools	72,863	5,416	-	78,279
Vehicles	130,000	-	-	130,000
	3,615,925	147,539	-	3,763,4645
Accumulated depreciation				
Land	-	-	-	
Building	379,511	142,483	-	521,994
Furniture & Equipment	907,939	130,755	-	1,038,694
Computers	238,334	22,372	-	260,706
Books	117,199	17,350	-	134,549
Museum	63,640	11,728	-	75,368
Musical and sports tools	72,347	486	-	72,833
Vehicles	7,479	19,500	-	26,979
	1,786,449	344,674	-	2,131,123
Construction in progress	3,985,971	162,850	-	4,148,821
Net Book Value	5,815,447			5,781,162

NOTE (5) OTHER CURRENT LIABILITIES

Details-

	December 31, 2021	December 31, 2020
Accrued expenses	9,330	9,600
Post-dated checks	36,042	48,510
Payroll income tax	15,290	11,975
Other credit balances	38,184	83,914
	<u>98,846</u>	<u>153,999</u>

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

Details-

	December 31, 2021	December 31, 2020
Balance –beginning of the year	205,631	145,043
Provision for the year	2,597	60,588
Payments during the year	(3,000)	-
Balance	<u>205,228</u>	<u>205,631</u>
Less: Advances from the Compensation	(65,000)	(65,000)
Balance – End of the year	<u>140,228</u>	<u>140,631</u>

NOTE (7) GRANTS AND DONATION
 Details-

	December 31, 2021	December 31, 2020
ALROWWAD Friends – Norway ***	-	180,053
ALROWWAD Friends – USA ***	639,561	366,700
ALROWWAD Friends – France ***	40,200	53,094
ALROWWAD Friends – Britain ***	61,538	624,608
ALROWWAD Friends - Switzerland	-	17,510
Albertville Jourdain	103,364	275,306
Action Solidarite Tiers Monde	216,309	188,964
Trustees of the Amos Trust	114,013	25,800
University of Chester Park Gate	-	20,806
La Maison International	39,450	18,120
M Pascal Chevalier	137,393	-
Secours Populaire Francais	39,300	-
Rogaland Fylkeskommune	100,325	-
Teacher creativity center	6,600	-
Viva Palestina Malaysia	16,350	-
United Nations Association	3,393	-
UNION OF CIVIL SOCIETY ORGANIZATION	-	23,820
United Palestinian Appeal	80,940	36,435
German House for Development – German	3,600	-
Naogaon Municipality	-	34,333
Equity Guild House	8,692	-
Others	55,260	52,458
	<u>1,666,287</u>	<u>1,918,007</u>

*** 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-

	December 31, 2021	December 31, 2020
Donation from visitors	1,500	9,400
Gift Shop sales	330	-
Training courses	41,905	6,000
Other activity income	4,194	-
Income for scholarships	-	21,200
	<u>47,929</u>	<u>36,600</u>

NOTE (9) PROJECTS' EXPENSES

Details-

	December 31, 2021	December 31, 2020
Salaries and Related Expenses	675,205	651,682
Provision for end of service indemnity	2,597	68,588
Communications	7,526	17,841
Stationery and publicity	28,884	31,138
Rent	-	7,170
Utilities	81,941	47,734
Professional Fees	9,710	16,200
Transportation and Travel	48,489	29,166
Maintenance	95,626	97,883
Activities expenses	291,211	285,687
Hospitality	15,263	14,045
Scholarships	41,800	50,471
Donations	3,200	1,000
Bank charges	1,495	1,303
Insurance	11,208	15,928
Advertising expense	2,400	-
IT Supplies	14,709	-
Subscriptions	350	-
Others	7,350	2,983
	<u>1,338,964</u>	<u>1,338,819</u>