

**ALROWWAD CULTURAL AND ARTS SOCIETY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND INDEPENDENT AUDITORS' REPORT**

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

**Report on the financial statements**

We have audited the accompanying financial statements of **ALROWWAD Cultural and Arts Society** which comprise of the statement of the financial position as of December 31, 2017, the statement of activities and changes in net assets for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibility**


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion on the financial statements**

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, 2017 and the results of its activities and changes in net assets for the year then ended in accordance with note (2) appeared in the notes to financial statements.

  
**Shadi Qara'**  
**Certified Public Accountant**  
**Integrity, Auditing and Financial Consultancy**



**Ramallah**  
**January 31, 2018**

**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2017**  
 (All amounts in New Israeli Shekel)

	Note	December 31, 2017	December 31, 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	(3)	1,093,017	316,185
Due from Employees and others		38,322	40,142
Inventory		11,891	13,407
<b>Total current assets</b>		<b>1,143,230</b>	<b>369,734</b>
<b>Non-current assets</b>			
Fixed assets, net	(4)	4,511,382	3,937,611
<b>Total non-current assets</b>		<b>4,511,382</b>	<b>3,937,611</b>
<b>Total assets</b>		<b>5,654,612</b>	<b>4,307,345</b>
 <b>NET ASSETS AND LIABILITIES</b>			
<b>Current liabilities</b>			
Other current liabilities	(5)	318,429	183,118
<b>Total current liabilities</b>		<b>318,429</b>	<b>183,118</b>
<b>Non-current liabilities</b>			
Provision for end-of-service indemnity		186,426	166,449
<b>Total non-current liabilities</b>		<b>186,426</b>	<b>166,499</b>
<b>Net assets</b>			
Unrestricted net assets		638,375	20,167
Unrestricted net assets used for fixed assets		4,511,382	3,937,611
<b>Total net assets</b>		<b>5,149,757</b>	<b>3,957,778</b>
<b>Total net assets and liabilities</b>		<b>5,654,612</b>	<b>4,307,345</b>

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

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 Chairman of the BOD

\_\_\_\_\_  
 Treasurer



**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the year ended December 31, 2017**  
**(All amounts in New Israeli Shekel)**

	Note	December 31, 2017	December 31, 2016
<b>Revenues</b>			
Donations	(6)	2,577,617	1,882,970
Activity income	(7)	75,716	103,579
Membership fees		920	940
In kind Contribution		-	30,300
<b>Total revenues</b>		<b>2,654,253</b>	<b>2,017,789</b>
<b>Expenses</b>			
Projects and Administration expenses	(8)	1,137,516	1,167,480
Depreciation expenses	(4)	279,472	260,278
Loss from currency variances		52,286	9,982
<b>Total expenses</b>		<b>1,469,274</b>	<b>1,437,740</b>
<b>Changes in unrestricted net assets for the year</b>		<b>1,184,979</b>	<b>580,049</b>
<b>Prior years adjustments</b>		<b>7,000</b>	<b>-</b>
<b>Unrestricted net assets at beginning of the year</b>		<b>3,957,778</b>	<b>3,377,729</b>
<b>Unrestricted net assets at end of the year</b>		<b>5,149,757</b>	<b>3,957,778</b>

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

**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2017**  
**(All amounts in New Israeli Shekel)**

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>Cash flows from operating activities</b>		
Changes in unrestricted net assets for the year	1,184,979	580,049
Prior period adjustment	7,000	-
<b>Adjustments:</b>		
Depreciation	279,472	260,278
<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	1,820	(3,870)
(Increase) in Advance payments to purchase equipment	-	80,000
Decrease (increase) in inventory	1,516	7,375
Increase (decrease) in Payables and accruals	135,311	79,244
Increase in reserve for severance pay	19,977	33,034
<b>Net cash (used in)/provided by operating activities</b>	<u><b>1,630,075</b></u>	<u><b>1,036,110</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<u>(853,243)</u>	<u>(1,443,507)</u>
<b>Net cash used in investing activities</b>	<u><b>(853,243)</b></u>	<u><b>(1,443,507)</b></u>
(Decrease) increase in cash and cash equivalents	776,832	(407,397)
Cash and cash equivalents, beginning of the year	<u>316,185</u>	<u>723,582</u>
<b>Cash and cash equivalents, end of the year</b>	<u><b>1,093,017</b></u>	<u><b>316,185</b></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 behavior, 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 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 until 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	<u>December 31, 2017</u>	<u>December 31, 2016</u>
USD	3.467	3.845
EURO	4.150	4.044

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

Details-

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Balances in NIS	590,205	123,030
Balances in USD	334,246	60,838
Balances in Euro	168,566	132,317
	<u><b>1,093,017</b></u>	<u><b>316,185</b></u>

**NOTE (4) – FIXED ASSETS, NET**

Details-

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 31/12/2017</u>
Land	201,260		-	201,260
Building	1,234,837		-	1,234,837
Furniture & Equipment	800,528	43,610	-	844,138
Computers	176,575	21,874	-	198,449
Books	173,500		-	173,500
Museum	145,740		-	145,740
Musical and sports tools	65,487	4,970	-	70,457
Vehicles	75,000		-	75,000
	<u><b>2,872,927</b></u>	<u><b>70,454</b></u>	<u><b>-</b></u>	<u><b>2,943,381</b></u>
<b>Accumulated depreciation</b>				
Land	-	-	-	-
Building	73,456	24,697	-	98,153
Furniture & Equipment	326,479	161,847	-	488,326
Computers	128,922	37,901	-	166,823
Books	52,050	17,350	-	69,400
Museum	21,167	7,287	-	28,454
Musical and sports tools	49,499	19,140	-	68,639
Vehicles	33,750	11,250	-	45,000
	<u><b>685,323</b></u>	<u><b>279,472</b></u>	<u><b>-</b></u>	<u><b>964,795</b></u>
<b>Construction in progress</b>	<u><b>1,750,007</b></u>	<u><b>782,789</b></u>		<u><b>2,532,796</b></u>
<b>Net Book Value</b>	<u><b>3,937,611</b></u>			<u><b>4,511,382</b></u>

**ALROWWAD Cultural and Arts Society**  
 Financial statements for the year ended December 31, 2017

**NOTE (5) OTHER CURRENT LIABILITIES**

Details-

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Accrued expenses	10,400	11,535
Post-dated checks	227,615	171,583
Due to Suppliers	61,641	
Other credit balances	18,773	
	<b><u>318,429</u></b>	<b><u>183,118</u></b>

**NOTE (6) GRANTS AND DONATION**

Details-

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
ALROWWAD Friends – Norway ***	403,654	419,737
ALROWWAD Friends – USA ***	1,252,809	755,834
ALROWWAD Friends – France ***	132,505	175,653
ALROWWAD Friends – Australia ***	4,200	-
Stars Foundation	202,704	-
Action Solidarite Tiers Monde	206,195	220,719
EducAaid	44,522	49,597
Peace Development Fund -Freedom summer	25,060	26,950
Musawa, Israel – European Union Grant	-	142,822
Trustees of the Amos Trust	160,627	45,866
UNRWA	36,923	45,792
Erasmus+, through University of Chester Parkgate	34,046	-
United Palestinian Appeal	14,320	-
Others	60,052	-
	<b><u>2,577,617</u></b>	<b><u>1,882,970</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 (7) ACTIVITY INCOME**

Details-

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Donation from visitors	40,317	19,067
Gift Shop sales	7,583	22,078
Training courses	3,650	3,650
Other activity income	17,006	45,584
Income for scholarships	7,160	13,200
	<b><u>75,716</u></b>	<b><u>103,579</u></b>

**ALROWWAD Cultural and Arts Society**  
Financial statements for the year ended December 31, 2017

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**NOTE (8) PROJECTS' EXPENSES**

Details-

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Salaries and Related Expenses	517,752	506,781
Provision for end of service indemnity	29,225	51,042
Communications	13,030	18,536
Stationery	13,151	12,806
Training	-	2,950
Rent	4,550	12,538
Utilities	39,263	29,539
Professional Fees	10,400	11,535
Transportation and Travel	222,211	247,111
Maintenance	11,811	5,595
Activities expenses	205,661	211,625
Hospitality	25,026	23,139
Donations	12,061	5,612
Bank charges	2,626	1,342
Insurance	13,417	4,769
Others	17,332	22,560
	<b><u>1,137,516</u></b>	<b><u>1,167,480</u></b>