

ALROWWAD CULTURAL AND ARTS SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
AND INDEPENDENT AUDITORS' REPORT**

- TABLE OF CONTENTS -

	<u>PAGE</u>
Independent auditors' report	2
Statement of financial position	3
Statement of activities changes in net assets	4
Notes to the financial statements	5

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 for Cultural and Arts Society** which comprise of the statement of the financial position as of December 31, 2015, 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, 2015 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

Ramallah
May 9, 2016

STATEMENT OF FINANCIAL POSITION
As of December 31, 2015
 (All amounts in New Israeli Shekel)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	(3)	723,582	811,984
Due from Employees		36,272	25,351
Advance payments to purchase equipment		80,000	-
Inventory		20,782	15,073
Total current assets		860,636	852,408
Non-current assets			
Fixed assets, net	(4)	2,754,382	2,264,628
Total non-current assets		2,754,382	2,264,628
Total assets		3,615,018	3,117,036
 NET ASSETS AND LIABILITIES			
Current liabilities			
Accounts Payable		-	3,000
Other current liabilities	(5)	103,874	49,672
Total current liabilities		103,874	52,672
Non-current liabilities			
Provision for end-of-service indemnity		133,415	44,924
Total non-current liabilities		133,415	44,924
Net assets			
Unrestricted net assets		623,347	754,812
Unrestricted net assets used for fixed assets		2,754,382	2,264,628
Total net assets		3,377,729	3,019,440
Total net assets and liabilities		3,615,018	3,117,036

- 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, 2015
 (All amounts in New Israeli Shekel)

	Note	December 31, 2015	December 31, 2014
Revenues			
Donations	(6)	1,475,068	1,392,756
Activity income	(7)	133,713	337,118
Membership fees		940	940
In kind Contribution		-	36,000
Gain from currency variances		5,671	-
Total revenues		1,615,392	1,756,874
Expenses			
Projects and Administration expenses	(8)	1,169,487	1,163,929
Depreciation expenses	(4)	233,616	200,429
Loss on sale fixed assets		37,500	-
Loss from currency variances		-	1,728
Total expenses		1,440,603	1,366,086
Changes in unrestricted net assets for the year		174,789	399,788
Prior years adjustments		5,000	178,500
Unrestricted net assets at beginning of the year		3,197,940	2,619,652
Unrestricted net assets at end of the year		3,377,729	3,197,940

- 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) for 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.

ALROWWAD Cultural and Arts Society

Financial statements for the year ended December 31, 2015

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, 2015	December 31, 2014
USD	3.902	3.889
EURO	4.242	4.725

NOTE (3) CASH AND CASH EQUIVALENTS

Details-

	December 31, 2015	December 31, 2014
Balances in NIS	600,522	284,151
Balances in USD	19,105	419,658
Balances in Euro	103,955	111,575
	723,582	815,384

NOTE (4) – FIXED ASSETS, NET

Details-

	Balance 1/1/2015	Additions	Disposals	Balance 31/12/2015
Land	201,260			201,260
Building	1,219,001			1,219,001
Furniture & Equipment	500,329	11,049		511,378
Computers	171,850			171,850
Books	173,500			173,500
Museum	145,740			145,740
Musical and sports tools	53,377			53,377
Vehicles	210,000		135,000	75,000
	2,675,057	11,049	135,000	2,551,106
Accumulated depreciation				
Land	-			-
Building	24,380	24,380		48,760
Furniture & Equipment	89,249	90,936		180,185
Computers	47,005	47,005		94,010
Books	17,350	17,350		34,700
Museum	6,940	6,940		13,880
Musical and sports tools	15,505	15,505		31,010
Vehicles	31,500	31,500	40,500	22,500
	231,929	233,616	40,500	425,045
Construction in progress				628,321
Net Book Value	2,754,382			2,443,128

ALROWWAD Cultural and Arts Society

Financial statements for the year ended December 31, 2015

NOTE (5) OTHER CURRENT LIABILITIES

Details-

	December 31, 2015	December 31, 2014
Accrued expenses	11,700	14,400
Postdated checks	92,174	35,272
	<u>103,874</u>	<u>49,672</u>

NOTE (6) GRANTS AND DONATION

Details-

	December 31, 2015	December 31, 2014
ALROWWAD Friends – Norway ***	402,104	314,058
ALROWWAD Friends – USA ***	639,417	611,565
ALROWWAD Friends – France ***	166,590	23,966
Action Solidarite Tiers Monde	211,142	313,827
EducAaid	29,400	-
Freedom summer	26,415	-
Musawa, Israel – European Union Grant	-	81,593
Don Foundation – AMBER	-	47,747
	<u>1,475,068</u>	<u>1,392,756</u>

*** These associations (ALROWWAD Friends) are considered sister associations for ALROWWAD Center for Culture and Arts 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. Audit confirmations were sent to all sister associations and responses from most 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-

	December 31, 2015	December 31, 2014
Donation from visitors	65,732	98,479
Gift Shop sales	30,520	67,197
Training courses	2,865	13,041
Other activity income	34,596	158,401
	<u>133,713</u>	<u>337,118</u>

ALROWWAD Cultural and Arts SocietyFinancial statements for the year ended December 31, 2015

NOTE (8) PROJECTS' EXPENSES

Details-

	December 31, 2015	December 31, 2014
Salaries and Related Expenses	523,859	500,100
Provision for end of service indemnity	88,491	44,924
Communications	20,070	16,548
Stationery	47,730	9,403
Training	5,682	19,750
Rent	21,624	19,800
Utilities	36,350	35,519
Professional Fees	42,352	16,700
Transportation and Travel	129,086	126,514
Maintenance	20,426	93,139
Activities expenses	163,755	195,788
Hospitality	18,597	35,952
Donations	3,490	6,053
Bank charges	958	990
Insurance	6,845	15,861
Others	40,172	26,888
	<u>1,169,487</u>	<u>1,163,929</u>