

Human Rights and Democracy Media Center
SHAMS
Non Profit Association
Ramallah – Palestine

Independent Auditors Report
and Financial Statements
for the year ended December 31, 2017

International Auditing Office
Certified Public Accountants

Human Rights and Democracy Media Center
"SHAMS"
Non Profit Association
Ramallah - Palestine

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Independent Auditors Report

**To: Human Rights and Democracy Media Center (SHAMS)
Non Profit Association
Ramallah – Palestine**

We have audited the financial statements of **Human Rights and Democracy Media Center**, Non Profit Association, which comprise the statement of financial position as of December 31, 2017 and the statement of activities and cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory notes.

Managements responsibility for 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 ; except as explained in the following paragraph, we conducted our audit in accordance with international Standards on Auditing . Those standards require that we comply with ethical financial statements are free from material misstatement.

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

Auditor opinion;

In our opinion , the financial statements give a true and fair view of financial position of the **Human Rights and Democracy Media Center** , Non Profit Association, as at December 31,2017 and of its financial performance and its cash flows for the year then ended, in conformity with International financial Reporting Standards.

International Auditing Office

CPA/ Rohi . M .Kanan

License No. 105/1998

CPA /ACPA /ASCA/ PACPA

Ramallah – March¹⁰th, 2018

Human Rights and Democracy Media Center
"SHAMS"

Non Profit Association
Ramallah – Palestine

EXHIBIT (A)

Statement of Financial Position as of Dec. 31 , 2017

<u>Assets</u>	<u>Note</u>	<u>2 0 1 7</u>	<u>2 0 1 6</u>
		<u>USD</u>	<u>USD</u>
<u>Current assets</u>			
Cash & cash equivalents	3	123,712	37,330
Pledges receivable	4	23,897	101,994
Other accounts receivable		—	51
Total current assets		147,609	139,375
<u>Fixed Assets</u>			
At cost		37,539	37,539
Accumulated depreciation		(36,977)	(36,472)
Net Book Value	5	562	1,067
Total assets		148,171	140,442
<u>Liabilities & net assets</u>			
<u>Current liabilities</u>			
Accrued expenses & other payable		454	—
Total current liabilities		454	—
<u>Long term liabilities</u>			
End of service indemnity		20,560	18,860
Total long term liabilities		20,560	18,860
Total liabilities		21,014	18,860
<u>Net assets</u>			
Unrestricted net assets—exhibit (C)		(25,040)	(37,724)
Temporarily restricted net assets—exhibit (C)		152,197	159,306
Total net assets		127,157	121,582
Total liabilities & net assets		148,171	140,442

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center
"SHAMS"

" Non Profit Association"

Ramallah - Palestine

EXHIBIT (B)

Statement of Activities for the year ended Dec. 31st, 2017

	<u>2017</u>			<u>2016</u>
	<u>USD</u>			<u>USD</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Total</u>
<u>Revenues</u>				
Revenue realized-Note (6)	—	198,753	198,753	224,761
Other revenues	5,000	—	5,000	750
Currency differences	13,385	—	13,385	—
Total	18,385	198,753	217,138	225,511
Converter from restricted revenues	202,994	(202,994)	—	—
Total Revenues	221,379	(4,241)	217,138	225,511
<u>Expenditures :</u>				
Project expenses-Note (7)	202,994	—	202,994	265,743
Administrative expenses-Note (8)	8,064	—	8,064	1,836
Depreciation -Note (5)	505	—	505	3,911
Currency differences	—	—	—	3,574
Total expenditures	211,563	—	211,563	275,064
Adjustments to agreements- Note (6)	2,868	(2,868)	—	—
Change in net assets during of year –exhibit (C)	12,684	(7,109)	5,575	(49,553)

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center

"SHAMS"

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Ramallah - Palestine

EXHIBIT (C)

Statement of change in net assets for the year ended Dec. 31, 2017

	2017		
	USD		
	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>restricted</u> <u>Net Assets</u>	<u>Total</u>
<u>December 31, 2017</u>			
Net assets in 1/1/2017	(37,724)	159,306	121,582
Excess (shortage) of revenues over (under)-Note(B)	12,684	(7,109)	5,575
Net assets at 31/12/2017	(25,040)	152,197	127,157
	2016		
	USD		
	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>restricted</u> <u>Net Assets</u>	<u>Total</u>
<u>December 31, 2016</u>			
Net assets in 1/1/2016	(29,153)	200,288	171,135
Excess (shortage) of revenues over (under)Note – (B)	(8,571)	(40,982)	(49,553)
Net assets at 31/12/2016	(37,724)	159,306	121,582

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center
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Statement of Cash flows for the year ended Dec. 31st, 2017

EXHIBIT (D)

	<u>2017</u> USD	<u>2016</u> USD
<u>Cash flow from operating activities :</u>		
Change in net assets – exhibit “B”	5,575	(49,553)
<u>Adjustment to reconcile change in net assets to cash flow from operating activities</u>		
<u>Items don't require cash flows :</u>		
Depreciations	505	3,911
End of service provision	1,700	1,500
<u>Change in current assets & current liabilities</u>		
Pledges receivable	78,097	(72,973)
Other accounts receivable	51	(51)
Accrued expenses & other payable	454	(480)
Net cash flow (used in) from operating activities	86,382	(117,646)
Net change for cash & cash equivalents	86,382	(117,646)
Cash & cash equivalents - beginning of year	37,330	154,976
Cash & cash equivalents at ending for the year	123,712	37,330

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center "SHAMS"
" Non Profit Association"
Ramallah – Palestine
Notes of the Financial Statements

1. Registered Association's & Objectives:

The Human Rights and Democracy Media Center (SHAMS) is an independent Palestinian non-governmental, nonprofit organization established in 2004 in Ramallah by a group of academics, teachers and human rights activists. SHAMS work on promoting equity among all human beings regardless to age, gender, race, religion or political affiliation, and focuses on the notion of connection between civil, political, economic, social and cultural rights and we are convinced that such a notion is essential in shaping debate on democracy and human rights.

2. Significant accounting policies :

a. Basis of preparation:

The financial statements have been prepared under the historical cost convention. Revenues and expenses were recognized when incurred based on the accrual basis of account.

Net assets of SHAMS and changes therein are classified as follows:

- **Unrestricted net assets** – Net assets used by SHAMS is not subject to donor-imposed restrictions.
- **Temporarily restricted net assets** – Net assets which used by SHAMS is limited by donor-imposed stipulations, which could be removed either by passage of time or can be fulfilled and released by actions of SHAMS pursuant to those donor-imposed- stipulations.
- **Receivables** – represents amounts due from funding organizations for expenses incurred through during the year.

b. Revenues recognition:

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses reported as decrease in unrestricted net assets. Gains and losses on disposition of fixed assets are reported as increase or decrease in unrestricted net assets unless they use is restricted by donors. When donor restrictions expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions.

c. Cash and Cash Equivalent

In preparing of cash flow statement, cash in hand, cash in banks and short time deposit, are treated as cash and cash equivalent.

d. Foreign currencies translations:

Transactions denominated in currencies other than U.S.D (\$), occurring during the year, are translated to U.S.D (\$) using the exchange rate at the date of the transaction. Monetary assets and liabilities, which are denominated in foreign currencies are each translated into U.S.D (\$) using the rate of exchange at the balance sheet date. Gains or losses arising from exchange differences are reflected in consolidated income statement.

e. Fixed assets:

Fixed assets are recorded at cost. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets at the following estimated annual rates:15%.

f. Income tax:

Human Rights and Democracy Media Center (SHAMS), is a non-profit organization and it is exempted from income tax.

g. Provision for end-of service indemnity:

Provision for end-of service indemnity is calculated to cover contractual and legal commitments of the employee's services in accordance with the labor law in Palestine.

3. Cash and cash at banks:

	<u>2017</u>	<u>Currency</u>	<u>2016</u>	<u>Currency</u>
	<u>USD</u>	<u>Equivalent</u>	<u>USD</u>	<u>Equivalent</u>
Petty cash – USD	42		42	
Arab Bank #185121/511 – USD	—		2	
Arab Bank #185121/510 – USD	—		2	
Arab Bank #185121/570 – NIS	120	417	131	503
Arab Bank #185121/513 – USD	14		38	
Arab Bank #185121/515 – USD	—		—	
Arab Bank #185121/518 – USD	638		705	
Arab Bank #185121/516 – USD	1,143		1,167	
Arab Bank #185121/520 – USD	—		18	
Arab Bank #185121/523 – USD	102		126	
Arab Bank #185121/530 – EUR	87	72	98	93
Bank of Palestinian #224926 / 001 - USD	20,216		20,060	
Bank of Palestinian #224926 / 003 - USD	2,255		2,176	
Bank of Palestinian #224926 / 000 - USD	(6,053)		(11,008)	
Bank of Palestinian #224926 / 000 - NIS	50,727	176,530	14,609	56,099
Bank of Palestinian #224926 / 000 - JOD	296	210	315	223
Bank of Palestinian #224926 / 001 - EUR	(7,099)	5,892	5,529	5,251
Bank of Palestinian #224926 / 002 - EUR	142	118	551	523
Bank of Palestinian #224926 / 002 - USD	2,198		2,769	
Bank of Palestinian #224926 / 005 - NIS	58,884	204,918	—	
Total	<u>123,712</u>		<u>37,330</u>	

4. Pledges Receivable:

	<u>2017</u>				<u>2016</u>		
	<u>Grants</u>	<u>New</u>	<u>Adjustments</u>	<u>Currency</u>	<u>Received</u>	<u>Pledges</u>	<u>Pledges</u>
	<u>Amount</u>	<u>Agreements</u>	<u>To</u>	<u>difference</u>	<u>USD</u>	<u>Receivable</u>	<u>Receivable</u>
	<u>USD</u>	<u>USD</u>	<u>agreements</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
NED	17220	30000	—	—	(39700)	7520	17220
UNDP	—	35000	—	—	(35000)	—	—
EED	14658	—	—	(530)	(14128)	—	14658
Geneva centre	53150	38087	—	—	(91237)	—	53150
FNF	16966	29427	—	—	(36939)	9454	16966
French consulate	—	52409	—	—	(52409)	—	—
CEC	—	13830	—	—	(6907)	6923	—
Total	<u>101994</u>	<u>198753</u>	<u>—</u>	<u>—</u>	<u>(276320)</u>	<u>23897</u>	<u>101994</u>

5. Fixed Assets US\$:

<u>Cost</u>	<u>At January 1, 2017</u>	<u>Additions / Disposals</u>	<u>At December 31, 2017</u>
Furniture	2,157	—	2,157
Office equipment	29,400	—	29,400
Computers	5,982	—	5,982
Total	37,539	—	37,539
<u>Depreciation</u>			
Furniture	(1,270)	(324)	(1,594)
Office equipment	(29,400)	—	(29,400)
Computers	(5,802)	(181)	(5,983)
Total	(36,472)	(505)	(36,977)
Net Book Value	1,067		(562)

6. Temporarily restricted net assets :

	2017				2016	
	<u>Grants Amount</u>	<u>New Agreements</u>	<u>Released grants</u>	<u>Adjustments to agreements</u>	<u>Unexpended grants</u>	<u>Unexpended grants</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
NED	24809	300000	32913	—	21896	24809
Italian Office	14131	—	—	—	14131	14131
UNDP	26905	35000	34836	2557	—	26905
Australian	2557	—	—	—	—	2557
Amman	4557	—	—	4557	—	4557
Spain	4139	—	—	—	4139	4139
EED	20616	—	16822	—	3794	20616
Geneva Centre	21268	38087	62259	—	(5,904)	21268
FNF	9612	29427	25717	—	13322	9612
French consulate	30712	52409	9371	—	73750	30712
CEC	—	13830	18076	(4246)	—	—
Total	159306	198753	202994	2868	152197	159306

7. project expenditures(USD) :-

	Items	UNDP 5	FNF	DCAF	UNDP	EED	French Consulate	CEC	NED 5	NED 6	TOTAL 2017	TOTAL 2016
4001	Lecturer										—	475.00
4002	Hall	293.00	1890.28								2183.28	4402.18
4004	Stationery		370.84								370.84	1332.42
4009	Lodging								3740.00	1870.00	5610.00	—
4010	Transportation	627.00	574.16					380.87	279.00	578.00	2439.03	7509.92
4023	Meals and refreshments		2076.41	18111.97			1695.65	540.00	2880.00	2140.00	27444.03	22442.30
4024	Communications	1367.00	1227.82	1035.29	819.00			376.22	584.00	772.36	6181.69	5744.70
4027	Posters										—	2648.42
4040	Training fee			2470.13				882.50	1140.00	684.00	5176.63	5097.22
4041	Lodging			16948.91				3324.00			20272.91	14466.59
4042	Lunch & Dinner										—	8726.13
4043	Participant transportation			1718.66		4521.28	2262.15	696.00	600.00	500.00	10298.09	4415.09
4044	Banners					957.45		395.00			1352.45	1070.00
4045	Advertisement in newspapers			89.51		54.26		128.80			272.57	405.62
4047	leaflet										—	2000.00
4051	Distribution										—	1156.00
4053	Printing		2301.78								2301.78	—
4057	T. shirt										—	4582.86
4058	caps										—	900.00

4059	Refreshment							1924.00			1924.00	4765.89
4061	Audit fees			633.76			716.88				1350.64	—
4063	Dinner							856.00			856.00	—
4064	Speakers								285.00	665.00	950.00	2401.00
4402	Stationary	450.00		1014.07			501.27	290.00			2255.34	2089.44
4404	Water	171.00									171.00	350.00
4405	Communications			363.17							363.17	—
4406	Bank charges				8.00				24.00		32.00	128.40
4407	Newspaper			76.73							76.73	100.00
4408	Rent				2000.00	6058.51				2400.00	10458.51	12141.28
4409	Cleaning expenses										—	979.86
4421	heating				100.00						100.00	905.11
4498	insurance										—	882.00
4912	Facilitator	435.00	1664.21		240.00		818.42	155.60			3313.23	2774.45
4915	Radio episodes	7500.00	5370.84	6445.02	2000.00	3191.49		4180.00			28687.35	40779.24
4916	Radio Drama	3000.00		5370.84	6000.00						14370.84	16502.79
4917	traditional concert						179.03				179.03	—
4918	Film					1063.83					1063.83	20811.60
4920	subscriptions			478.52							478.52	858.00
4921	Printing										—	525.00
4922	Translation		1300.00	1749.36							3049.36	—
4925	Volunteering						741.69				741.69	—

4926	Maintenance				176.32		409.21		1118.50	197.50	1901.53	2050.50
4931	Project Coordinator	3000.00	2327.37	8753.22	5600.00	444.44	2046.04	2322.00	2600.00	5200.00	32293.07	48988.96
4932	Accountant								1400.00		1400.00	4000.00
4934	Media coordinator	1050.00									1050.00	4100
4943	Prizes		2446.03								2046.03	—
4945	Drawing materials		2831.46								2831.46	—
4950	communication officer										—	1000.00
4951	internet										—	1150.00
4983	Researcher		1736.57					1625.00			3361.57	7650.63
4984	Inter Net										—	301.06
4985	Petition										—	1878.76
4986	Administrative assistance									3256.00	3256.00	255.75
4450	Currency variance					530.17					530.17	—
	Total	17893.00	25717.77	65259.16	16943.32	16821.43	9370.34	18075.99	14650.50	18262.86	202994.37	265743.17

8. Administrative expenses:

	<u>2017</u>	<u>2016</u>
	<u>USD</u>	<u>USD</u>
End of services indemnity	2,554	1500
Stationary	22	—
Bank charges	277	336
Income tax deduction	4,600	—
Newspapers	611	—
Total	<u>8,064</u>	<u>1,836</u>

9. General :

- Figures have been rounded phenomenon in the financial statements and accompanying notes to the nearest integer.