

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

Independent Auditors Report
and Financial Statements
for the year ended December 31, 2016

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, 2016 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 31,2016 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 – October 17th, 2017

Human Rights and Democracy Media Center
"SHAMS"

Non Profit Association
Ramallah – Palestine

EXHIBIT (A)

Statement of Financial Position as of Dec. 31 , 2016

<u>Assets</u>	<u>Note</u>	<u>2 0 1 6</u>	<u>2 0 1 5</u>
		<u>USD</u>	<u>USD</u>
<u>Current assets</u>			
Cash & cash equivalents	3	37,330	154,976
Pledges receivable	4	101,994	29,021
Other accounts receivable		51	—
Total current assets		139,375	183,997
<u>Fixed Assets</u>			
At cost		37,539	37,539
Accumulated depreciation		(36,472)	(32,561)
Net Book Value	5	1,067	4,978
Total assets		140,442	188,975
<u>Liabilities & net assets</u>			
<u>Current liabilities</u>			
Accrued expenses & other payable		—	480
Total current liabilities		—	480
<u>Long term liabilities</u>			
End of service indemnity		18,860	17,360
Total long term liabilities		18,860	17,360
Total liabilities		18,860	17,840
<u>Net assets</u>			
Unrestricted net assets—exhibit (C)		(37,724)	(29,153)
Temporarily restricted net assets—exhibit (C)		159,306	200,288
Total net assets		121,582	171,135
Total liabilities & net assets		140,442	188,975

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, 2016

	2016			2015
	USD			USD
	Unrestricted	Temporarily restricted	Total	Total
Revenues				
Revenue realized-Note (6)	—	224,761	224,761	234,403
Other revenues	750	—	750	17,981
Total	750	224,761	225,511	252,384
Converter from restricted revenues	265,743	(265,743)	—	—
Total Revenues	266,493	(40,982)	225,511	252,384
Expenditures :				
Project expenses-Note (7)	265,743	—	265,743	120,689
Administrative expenses-Note (8)	1,836	—	1,836	8,018
Depreciation -Note (5)	3,911	—	3,911	5,431
Currency differences	3,574	—	3,574	1,280
Total expenditures	275,064	—	275,064	(135,418)
Adjustments to agreements- Note (6)	—	—	—	—
Change in net assets during of year – exhibit (C)	(8,571)	(40,982)	(49,553)	116,966

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center
"SHAMS"
" Non Profit Association"
Ramallah - Palestine
Statement of change in net assets for the year ended Dec. 31, 2016

EXHIBIT (C)

	<u>2016</u>		
	<u>USD</u>		
	<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
	<u>2015</u>		
	<u>USD</u>		
	<u>Unrestricted</u> <u>Net Assets</u>	<u>Temporarily</u> <u>restricted</u> <u>Net Assets</u>	<u>Total</u>
<u>December 31, 2015</u>			
Net assets in 1/1/2015	(23,865)	78,034	54,169
Excess (shortage) of revenues over (under)Note – (B)	(5,288)	122,254	116,966
Net assets at 31/12/2015	(29,153)	200,288	171,135

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

Human Rights and Democracy Media Center
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Ramallah – Palestine
Statement of Cash flows for the year ended Dec. 31st, 2016

EXHIBIT (D)

	<u>2016</u> USD	<u>2015</u> USD
<u>Cash flow from operating activities :</u>		
Change in net assets – exhibit “B”	(49,553)	116,966
<u>Adjustment to reconcile change in net assets to cash flow from operating activities</u>		
<u>Items don't require cash flows :</u>		
Depreciations	3,911	5,431
End of service provision	1,500	1,500
<u>Change in current assets & current liabilities</u>		
Pledges receivable	(72,973)	8,135
Other accounts receivable	(51)	—
Accrued expenses & other payable	(480)	(5,780)
Net cash flow (used in) from operating activities	<u>(117,646)</u>	<u>126,252</u>
Net change for cash & cash equivalents	(117,646)	126,252
Cash & cash equivalents - beginning of year	154,976	28,724
Cash & cash equivalents at ending for the year	<u>37,330</u>	<u>154,976</u>

Attached notes constitute an integral part of this statement

Chairman

Treasurer

Member

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>2016</u>	<u>Currency</u>	<u>2015</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		26	
Arab Bank #185121/510 – USD	2		496	
Arab Bank #185121/570 – NIS	131	503	152	596
Arab Bank #185121/513 – USD	38		62	
Arab Bank #185121/515 – USD	—		(454)	
Arab Bank #185121/518 – USD	705		728	
Arab Bank #185121/516 – USD	1,167		1,192	
Arab Bank #185121/520 – USD	18		42	
Arab Bank #185121/523 – USD	126		150	
Arab Bank #185121/530 – EUR	98	93	127	115
Bank of Palestinian #224926 / 001 - USD	20,060		16,515	
Bank of Palestinian #224926 / 003 - USD	2,176		(1,230)	
Bank of Palestinian #224926 / 000 - USD	(11,008)		31,768	
Bank of Palestinian #224926 / 000 - NIS	14,609	56,099	791	3,094
Bank of Palestinian #224926 / 000 - JOD	315	223	331	235
Bank of Palestinian #224926 / 001 - EUR	5,529	5,251	109,082	95,560
Bank of Palestinian #224926 / 002 - EUR	551	523	(4,844)	(4,399)
Bank of Palestinian #224926 / 002 - USD	2,769		—	
Total	<u>37,330</u>		<u>154,976</u>	

4. Pledges Receivable:

	<u>2016</u>					<u>2015</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	4600	29700	—	—	(17080)	17220	4600
UNDP	24421	39886	—	(12)	(64295)	—	24421
EED	—	36733	—	—	(22075)	14658	—
Geneva centre	—	53150	—	—	—	53150	—
FNF	—	34580	—	—	(17614)	16966	—
French consulate	—	30712	—	—	(30712)	—	—
Total	<u>29021</u>	<u>224761</u>	<u>—</u>	<u>(12)</u>	<u>(151776)</u>	<u>101994</u>	<u>29021</u>

5. Fixed Assets US\$:

<u>Cost</u>	<u>At January 1, 2016</u>	<u>Additions / Disposals</u>	<u>At December 31, 2016</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	(946)	(324)	(1,270)
Office equipment	(26,671)	(2,729)	(29,400)
Computers	(4,944)	(858)	(5,802)
Total	(32,561)	(3,911)	(36,472)
Net Book Value	4,978		1,067

6. Temporarily restricted net assets :

	2016				2015	
	<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	21499	29700	(26390)	—	24809	21499
Italian Office	14131	—	—	—	14131	14131
UNDP	53240	39886	(66221)	—	26905	53240
Australian	2557	—	—	—	2557	2557
Amman	4557	—	—	—	4557	4557
Spain	104304	—	(100165)	—	4139	104304
EED	—	36733	(16117)	—	20616	—
Geneva Centre	—	53150	(31882)	—	21268	—
FNF	—	34580	(24968)	—	9612	—
French consulate	—	30712	—	—	30712	—
Total	200288	224761	(265743)	—	159306	200288

7. project expenditures

8. Administrative expenses:

	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
End of services indemnity	1500	2,400
Transportation	—	360
Stationary	—	100
Communications	—	686
Maintenance	—	198
Bank charges	336	821
Translation	—	1,650
Volunteer works	—	400
coordinator	—	700
Inter Net	—	150
Facilities	—	100
Lecturer fees	—	200
Training fees	—	60
Water	—	20
heating	—	17
Newspapers	—	156
Total	<u>1,836</u>	<u>8,018</u>

9. General :

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