

Basma Society For Culture and Arts
GAZA – PALESTINE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Basma Society For Culture and Arts

Gaza – Palestine

Financial statements and Independent Auditor's Report

For the Year Ended December 31, 2017

Table of Contents

Title	<u>Page</u>
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash flows	7
Notes to Financial Statements	8-14

Messrs Friends of Basma Society For Culture and Arts
Gaza – Palestine

Report on the financial statements

We have audited the accompanying financial statements of Basma Society For Culture and Arts– Gaza, which comprise of statement of financial position as of December 31, 2017, statement of activities, statement of changes in net assets, and statement of cash flows 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 and the United States of America Statements on Financial Accounting Standards applicable to not for profit organizations. 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.

Auditor's 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 from 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 auditor's 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 Association'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 Association'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

In our opinion, the financial statements give a true and fair view of the financial position of **Basma Society For Culture and Arts- Gaza**, as of December 31, 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards on Financial Accounting Standards applicable to not for profit organizations.

United Group

Gaza,

Jan 20, 2018



United group

Statement of Financial Position
For the Year Ended December 31, 2017

	Note	December 31,	
		2016	2017
		NIS	NIS
Assets			
Current assets			
Cash and cash equivalents	1	17,037.62	33,699.03
Jawal In hand		528.00	528.00
Total current assets		17,565.62	34,227.03
Fixed assets – net	2A	77,273.39	55,349.95
Total Assets		94,839.01	89,576.98
Liabilities and Overall surplus			
Liabilities			
Note payable		192.75	4,320.00
Acquired Exp.	9	55,818.80	22,298.00
Total liabilities		56,011.55	26,618.00
Accumulated surplus		94,427.29	38,827.46
Surplus of the current year	B	(55,599.83)	0.76
Overall surplus		38,827.46	24,130.76
Total liabilities & Overall surplus		94,839.01	62,958.98

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors




Financial Manager



Statement of Activities

For the Year Ended December 31, 2017

	Note	December 31	
		2016	2017
		NIS	NIS
Membership fees		490.00	420.00
Cash donation received		0.00	91,579.00
Grants and projects	5	293,002.75	226,959.80
"Cash collections" revenue		29,237.38	7,112.00
Revenue from sale of fixed assets		(102.99)	0.00
Other revenue		32,284.00	6,409.30
Total donations received		354,911.14	332,480.10
Expenses			
Grants and projects expenses	6	24,880.48	25,518.80
General and administrative expenses	7	262,880.41	195,084.27
Depreciation	3C	114,671.63	32,512.63
Salaries		0.00	54,529.00
Assets donation		8,078.45	704.64
Total expenses		410,510.97	308,349.34
Surplus of the current year	B	(55,599.83)	24,130.76

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors




Financial Manager



Statement of Cash flows

For the Year Ended December 31, 2017

	December 31	
	2016	2017
	NIS	NIS
Cash flows (applications) from operating activities		
Change in Overall surplus for the year	(55,599.83)	24,130.76
Adjustments:		
Depreciation of fixed assets	24,880.48	25,518.80
Decrease (increase) Debit balances	0.00	0.76
Increase (decrease) credit balances	19,648.05	(29,393.55)
Net cash flows from operating activities	<u>(11,071.30)</u>	<u>20,256.77</u>
Cash flows from investing activities		
Additions to fixed assets	(27,257.00)	(4,300.00)
Scrapping of fixed assets	9,851.50	704.64
Net cash flows from investing activities	<u>(17,405.50)</u>	<u>(3,595.36)</u>
Net change in cash and cash equivalents for the year	(28,476.80)	16,661.41
Cash and cash equivalents at beginning of year	45,514.42	17,037.62
Cash and cash equivalents at the end of the year	<u>17,037.62</u>	<u>33,699.03</u>

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors




Financial Manager



1. Legal form and activity

Basma Society for Culture and Arts (BSCA) is a Palestinian Non-Governmental and non for profit organization working in the field of culture and arts. The BSCA was established in Gaza on September 1994 with the aim of contributing to the development of Palestinian community through creative cultural and Artistic programs.

Objectives:

- Establishing a cultural and artistic movement in Palestinian society
- Highlighting the social problems facing society
- Promoting a culture of dialogue and tolerance through cultural and artistic activities to contribute to building Palestinian civil society
- Developing the organizational capacity, and reinforcing fundraising activities to ensure the sustainability of our work.

What do we do?

Basma Society for Culture and Arts provides interactive cultural, educational, recreational and psychosocial support, as well as other creative programs and activities through theatrical performances for children and youth, video presentations, Puppets Theater, as well as I/Big deal, Parents deal, animation, and drama training cycles for children. In addition to other creative programs. These activities are directed to all of Gaza's areas and groups, with special focus on people in the most marginalized areas of the Gaza Strip, by combining education with entertainment to encourage participants to actively express their viewpoints and share experience.

2. Summary of significant accounting policies

- Basis for preparing the financial statements

Financial statements are prepared in accordance with the accounting policies set out below:

Revenue and expenses

Revenue is recognized when received rather than when due.

Expenses are under a comprehensive value-added tax period in which that obligation arises.

Notes to the Financial Statements

As of December 31, 2017

Summary of significant accounting policies (continued)

➤ Property

The property shown at its historical cost inclusive of Value Added Tax 'VAT' and then less accumulated depreciation. The depreciation is calculated according to straight line method on the actual length of service expected of the property as follows:

	%
Furniture and Decor	10
Communication equipment's	10
Computers	20
Cars	10
Cameras	10
Photocopier	20
Theater equipment's	20
Electric equipment's	10

When the recoverable amount reach less than the net book value of any property, it is being reduced the value of such property to the recoverable amount and impairment loss is disclosed in the statement of activities.

➤ Cash and Cash Equivalents

Cash and cash equivalent is comprised of cash on hand and at banks maturing within three months net of balances due to banks maturing within three months.

➤ Foreign Currencies

The books of accounts are maintained in New Israeli shekel. Transactions in foreign currencies are translated to New Israeli shekel equivalent at the rate of exchange prevailing on the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to New Israeli shekel equivalent at the exchange rates prevailing on the date of the statement of the financial position. Exchange gains and losses, including foreign currency revaluation gains and losses are included in the statement of activities.

Notes to the Financial Statements
As of December 31, 2017

3. Cash and Cash equivalents (Note No. 1)

	December 31	
	2016	2017
	NIS	NIS
Cash on hand (NIS)	0.00	0.00
Bank of Cairo Amman \$ 00	1,532.50	600.92
Bank of Cairo Amman \$ 01	-14.18	28.74
Bank of Cairo Amman \$ 02	13,216.22	(66.63)
Bank of Cairo Amman \$ 03	0.00	0.00
Bank of Cairo Amman Nis 00	735.06	2,839.84
Bank of Cairo Amman Nis 01	0.00	0.00
Bank of Cairo Amman Nis3	-15.43	30,234.20
Bank of Cairo Amman Nis5	1,080.65	18.48
Bank of Cairo Amman Nis6	0.00	0.00
Bank of Cairo Amman (Saving)	487.81	0.81
Bank of Cairo Amman EUR	14.99	42.67
	17,037.62	33,699.03

Basma Society For Culture and Arts

Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2017

4. Fixed Assets – Net (Note No. 2)

	Total	Computers	Office tools	Theater tools	Equipment's	Furniture	Cars
Cost	NIS	NIS	NIS	NIS	NIS		NIS
January 1, 2017	225,854.17	49,857.02	0.00	7,443.90	64,776.87	37,476.38	66,300.00
Additions 2017	4,300.00	0.00	0.00	2,900.00	1,400.00	0.00	0.00
Reclassification	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Scrapping 2017	1,758.00	0.00	0.00	0.00	1,758.00	0.00	0.00
December 31, 2017	228,396.17	49,857.02	0.00	10,343.90	64,418.87	37,476.38	66,300.00
Accumulated depreciation							
January 1, 2017	148,580.78	33,054.59	0.00	4,471.08	34,275.08	17,110.03	59,670.00
Additions 2017	25,518.80	6,874.80	0.00	943.81	7,529.80	3,540.39	6,630.00
Reclassification	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Scrapping 2017	0.00	0.00	0.00	0.00	1,053.36	0.00	0.00
December 31, 2017	173,046.22	39,929.39	0.00	5,414.89	40,751.52	20,650.42	66,300.00
Net Book Value	55,349.95	9,927.63	0.00	4,929.01	23,667.35	16,825.96	0.00
2016	77,273.39	16,802.43	0.00	2,972.82	30,501.79	20,366.35	6,630.00

United group

Notes to the Financial Statements
As of December 31, 2017

5. Accounts payables (Note No. 3)

	December 31	
	2016	2017
	NIS	NIS
Accrued Communication expenses	256.00	0.00
Accrued End of service benefits Indemnity expenses	13,451.00	17,750.00
Accrued salary expenses	37,050.00	0.00
Accrued electricity expenses	54.00	1,130.00
Accrued audit expenses	1,457.12	1,214.50
Accrued tax expenses	832.68	0.00
Accrued building services	1,500.00	173.50
Accrued other expenses	1,218.00	2,030.00
	55,818.80	22,298.00

6. Grants and projects (Note No. 4)

	December 31	
	2016	2017
	NIS	NIS
Diakonia	30,715.59	27,521.11
CRS	129,114.84	153,693.74
War child 2016	26,321.95	0.00
Quttan	10,736.56	0.00
The Palestinian Central Elections Commission	50,885.30	10,851.46
US Consulate	35,815.00	34,893.49
WC/HPF	9,413.51	0.00
Tamer Institute Donation	0.00	0.00
	293,002.75	226,959.80

Basma Society For Culture and Arts

Gaza – Palestine

Notes to the Financial Statements

As of December 31,2016

Grants and projects expenses (Note (No.5	Total	Psycho-Social Services for Conflict Affected Children	Arts and theatre as a means in promoting mutual understanding among people	Institutionalize and Promote Inclusion of Persons with Disabilities in Cultural and Artistic Activities in Gaza Strip.	Total
Decors	2015	Schmidt Family Foundation	Public Diplomacy Office of the American Consulate General in Jerusalem	Diakonia/NAD	2017
	2016	2017	2017	2017	2017
salary	83,497.50	28,562.50	12,575.00	7,065.00	48,202.50
Trainers+actors+assistant	116,046.18	73,448.50	22,302.17	15,015.50	110,766.17
Hospitality	13,131.58	1,496.00	661.00	0.00	2,157.00
Stationary & prenting	4,169.00	350.00	1,222.50	593.30	2,165.80
transportation & fuels	16,879.00	8,408.00	1,593.00	720.00	10,721.00
Others	4,230.00	0.00	0.00	0.00	0.00
Rent & Hall rent,	10,801.51	1,800.00	3,115.00	1,420.00	6,335.00
Communication	3,614.60	1,995.00	606.00	0.00	2,601.00
Service, water, Electric.	294.00	2,000.00	0.00	0.00	2,000.00
Decors	4,297.00	4,798.00	3,205.60	1,060.60	9,064.20
maintenance	920.00	0.00	0.00	0.00	0.00
Banks fees	445.54	118.54	46.35	45.21	210.10
Auditing fees	385.50	0.00	0.00	0.00	0.00
Insurance license	0.00	0.00	0.00	0.00	0.00
Filming	4,169.00	0.00	1,825.00	710.00	2,535.00
Return a check	0.00	0.00	-173.50	0.00	-173.50
Deduction from Building Services	0.00	-1,500.00	0.00	0.00	-1,500.00
	262,880.41	122,976.54	47,151.62	26,629.61	195,084.27

Note : Purchases assets within the project expenditure has been included directly in fixed assets in the financial repo

United group

Basma Society For Culture and Arts
Gaza – Palestine

Notes to the Financial Statements
As of December 31, 2017

9. General and administrative expense(Note No. 6)

	December 31	
	2016	2017
	NIS	NIS
Salaries	76,035.00	1,628.00
Rent	9,392.59	8,880.00
Tax	2,038.68	0.00
Audit fees	1,344.87	1,214.50
Car insurance	1,770.00	2,965.00
maintenance	2,489.06	855.00
End of service benefits	13,451.00	11,405.00
Communication	691.40	701.00
Stationary	80.00	248.00
Service , water . electric .	1,837.00	496.00
fees	188.00	173.50
Virus Program	1,344.00	0.00
Transportation	160.00	111.00
Other expenses	1,222.00	1,083.00
Currency change	941.96	1,725.64
Bank commissions	1,494.07	749.99
Hospitality	0.00	27.00
Web Design	192.00	250.00
	114,671.63	32,512.63

10. Court cases

There are no material cases that the Centre was involved in as of December 31, 2017.

11. Prior Year Financial Statements

Certain figures of the financial statements for the prior year were adjusted and reclassified to conform with the current year presentation.