المجموعة المتحدة للمحاسبة والتدقيق
United Group For Accounting & Auditing

Basma Society For Culture and Arts

GAZA – PALESTINE

FINANCIAL STATEMENTS AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2018

United Group
For Accounting & Auditing
المجموعة المتحدة للمحاسبة والتدقيق

Basma Society For Culture and Arts
Gaza – Palestine

Financial statements and Independent Auditor's Report
For the Year Ended December 31, 2018

Table of Contents

Title	Page
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

Independent Auditor's Report

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

United group

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, 2018, 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, 2018, 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, 2019

United group

M. Kh.

Basma Society For Culture and Arts
Gaza – Palestine

United group

Statement of Financial Position
For the Year Ended December 31, 2018

	Note	December 31, 2018	2017
		NIS	NIS
Assets			
Current assets			
Cash and cash equivalents	1	37,549.60	33,699.03
Jawwal In hand		528.00	528.00
Total current assets		**38,077.60**	**34,227.03**
Fixed assets - net	2A	51,105.28	55,349.95
Total Assets		**89,182.88**	**89,576.98**
Liabilities and Overall surplus			
Liabilities			
Note payable		376.00	4,320.00
Acquired Exp.	9	24,918.00	22,298.00
Total liabilities		**25,294.00**	**26,618.00**
		62,958.15	
Accumulated surplus		995.06	38,827.46
Surplus of the current year	B	(64.33)	0.76
Overall surplus		**63,888.88**	24,130.76
Total liabilities & Overall surplus		**89,182.88**	**62,958.98**

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors

بسمة للثقافة والفنون
Basma

Financial Manager

Basma Society For Culture and Arts
Gaza – Palestine

United group

Statement of Activities
For the Year Ended December 31, 2018

	Note	December 31	
		2018	2017
		NIS	NIS
Membership fees		430.00	420.00
Cash donation received		32,375.00	91,579.00
Grants and projects	5	548,048.38	226,959.80
"Cash collections" revenue		52,182.60	7,112.00
Revenue from sale of fixed assets		12,625.00	0.00
Other revenue		1,748.50	6,409.30
Total donations received		**647,409.48**	**332,480.10**
Expenses			
Depreciation		15,752.57	25,518.80
Grants and projects expenses	6	572,942.62	195,084.27
General and administrative expenses	7	34,067.56	30,786.99
Currency change	3C	(5,069.94)	1,725.64
Salaries		29,745.00	54,529.00
Assets donation		0.00	704.64
Total expenses		**647,473.81**	**308,349.34**
Surplus of the current year	B	**(64.33)**	**24,130.76**

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors

Financial Manager

بسمة للثقافة والفنون
Basma for Culture & Arts

Basma Society For Culture and Arts
Gaza – Palestine

United group

Statement of Cash flows
For the Year Ended December 31, 2018

	December 31	
	2018	2017
	NIS	NIS
Cash flows (applications) from operating activities		
Change in Overall surplus for the year	(64.33)	24,130.76
Adjustments:		
Depreciation of fixed assets	15,752.57	25,518.80
Adjusted	995.06	0.00
Decrease (increase) Debit balances	0.00	0.76
Increase (decrease) credit balances	(1,324.00)	(29,393.55)
Net cash flows from operating activities	**15,359.30**	**20,256.77**
Cash flows from investing activities		
Additions to fixed assets	(11,507.90)	(4,300.00)
Scrapping of fixed assets	0.00	704.64
Net cash flows from investing activities	**(11,507.90)**	**(3,595.36)**
Net change in cash and cash equivalents for the year	3,850.57	16,661.41
Cash and cash equivalents at beginning of year	33,699.03	17,037.62
Cash and cash equivalents at the end of the year	**37,549.60**	**33,699.03**

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors

بسمة للثقافة والفنون
Basma for Culture & Arts

Financial Manager

United group

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.

United group

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.

United group

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

	December 31	
	2018	2017
	NIS	NIS
Cash on hand (NIS)	0.00	0.00
Bank of Cairo Amman $ 00	6,788.87	600.92
Bank of Cairo Amman $ 01	393.86	28.74
Bank of Cairo Amman $ 02	27,638.18	(66.63)
Bank of Cairo Amman $ 03	924.96	0.00
Bank of Cairo Amman Nis 00	1,808.58	2,839.84
Bank of Cairo Amman Nis 01	0.00	0.00
Bank of Cairo Amman Nis3	(1.86)	30,234.20
Bank of Cairo Amman Nis5	(1.86)	18.48
Bank of Cairo Amman Nis6	0.00	0.00
Bank of Cairo Amman (Saving)	0.70	0.81
Bank of Cairo Amman EUR	(1.83)	42.67
	37,549.60	**33,699.03**

Basma Society For Culture and Arts
Gaza – Palestine

Notes to the Financial Statements
As of December 31, 2018

United group

4. Fixed Assets – Net (Note No. 2)

	Total	Computers	Office tools	Equipment's	Furniture	Cars
Cost	NIS	NIS	NIS	NIS	NIS	
January 1, 2018	228,396.17	49,857.02	10,343.90	64,418.87	37,476.38	66,300.00
Additions 2018	11,507.90	3,711.00	1,350.00	3,968.20	0	2,478.70
Reclassification	0	0	0	0	0	0
December 31, 2018	239,904.07	53,568.02	11,693.90	68,387.07	37,476.38	68,778.70
Accumulated depreciation	173,046.22	39,929.39	5,414.89	40,751.52	20,650.42	66,300.00
January 1, 2018	15,752.57	2,710.51	1,169.02	8,182.30	3,540.39	150.35
Additions 2018	0	0	0	0	0	0
December 31, 2018	188,798.79	42,639.90	6,583.91	48,933.82	24,190.81	66,450.35
Net Book Value	51,105.28	10,928.12	5,109.99	19,453.25	13,285.57	2,328.35
2017	55,349.95	9,927.63	4,929.01	23,667.35	16,825.96	0

United group

5. Accounts payables (Note No. 3)

	December 31	
	2018	2017
	NIS	NIS
Accrued End of service benefits Indemnity expenses	20,411.00	17,750.00
Accrued electricity expenses	0.00	1,130.00
Accrued audit expenses	1,665.00	1,214.50
Accrued building services	0.00	173.50
Accrued other expenses	2,842.00	2,030.00
	24,918.00	**22,298.00**

6. Grants and projects (Note No. 4)

	December 31	
	2018	2017
	NIS	NIS
Diakonia	27,758.62	27,521.11
CRS	80,115.06	153,693.74
Quttan	57,780.00	0.00
The Palestinian Central Elections Commission	0.00	10,851.46
IREX	0.00	34,893.49
Tamer Institute Donation	382,394.70	**0.00**
	548,048.38	**226,959.80**

Basma Society For Culture and Arts

Gaza – Palestine

Notes to the Financial Statements

As of December 31,2018

United group

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.	Support Productions and Practices of Contemporary Art in the Gaza Strip	Supporting the production of theatrical work of one of the texts of the late Syrian writer Saad Allah and Venus "and the presentation of fifteen offers of work"	Total
Decors	2017	Schmidt Family Foundation	IREX	Diakonia/NAD	Qattan Foundation, and Center for Culture and Development	القطان	2018
	2017	2018	2018	2018	2017	2018	2018
salary	48,202.50	15,900.00	72,914.20	6,384.00	6,384.00	16,393.00	111,591.20
Trainers+actors+assistant	110,766.17	67,125.00	92,042.00	14,646.40	14,646.40	31,047.55	204,860.95
Hospitality	2,157.00	1,800.61	68,999.57	0.00	0.00	0.00	70,800.18
Stationary & prenting	2,165.80	0.00	55,985.07	720.00	720.00	1,613.67	58,318.74
transportation & fuels	10,721.00	5,915.00	13,731.49	2,007.80	2,007.80	3,372.21	25,026.50
Others	0.00	0.00	2,057.77	366.00	366.00	0.00	2,423.77
Rent & Hall rent	6,335.00	0.00	51,243.00	1,071.00	1,071.00	5,876.00	58,190.00
Communication	2,601.00	1,855.42	3,641.10	0.00	0.00	300.00	5,796.52
Service, water. Electric.	2,000.00	0.00	689.70	0.00	0.00	0.00	689.70
Decors	9,064.20	2,500.00	6,097.17	694.00	694.00	2,856.00	12,147.17
maintenance	0.00	0.00	14,586.90	1,263.00	1,263.00	0.00	15,849.90
Banks fees	210.10	0.00	410.39	188.82	188.82	243.78	842.99
Auditing fees	0.00	0.00	0.00	370.00	370.00	0.00	370.00
Insurance license	0.00	2,849.00	0.00	694.00	694.00	0.00	3,543.00
Filming	2,535.00	0.00	1,770.00	0.00	0.00	722.00	2,492.00
Return a check	-173.50	0.00	0.00	0.00	0.00	0.00	0.00
Deduction from Building Services	-1,500.00	0.00	0.00	0.00	0.00	0.00	0.00
	262,880.41	**97,945.03**	**384,168.36**	**28,405.02**	**28,405.02**	**62,424.21**	**572,942.62**

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

United group

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

	December 31	
	2018	2017
	NIS	NIS
Salaries	20,870.00	1,628.00
Rent	5,565.00	8,880.00
Tax	0.00	0.00
Audit fees	1,295.00	1,214.50
Car insurance	1,075.00	2,965.00
maintenance	1,946.00	855.00
End of service benefits	**0.00**	11,405.00
Communication	140.00	701.00
Stationary	0.00	248.00
Service , water . electric .	1,044.00	496.00
fees	188.50	173.50
Adv.	300.00	0.00
Transportation	0.00	111.00
Other expenses	535.00	1,083.00
Bank commissions	808.67	749.99
Hospitality	0.39	27.00
Web Design	300.00	250.00
	34,067.56	**30,786.99**

10. Court cases

There are no material cases that the Centre was involved in as of December 31, 2018.

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.