

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

FOR THE YEAR ENDED  
DECEMBER 31, 2012



Basma Society For Culture and Arts

Gaza – Palestine

Financial statements and Independent Auditor's Report

For the Year Ended December 31, 2012

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## Independent Auditor's Report

**Messrs 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, 2012, 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.

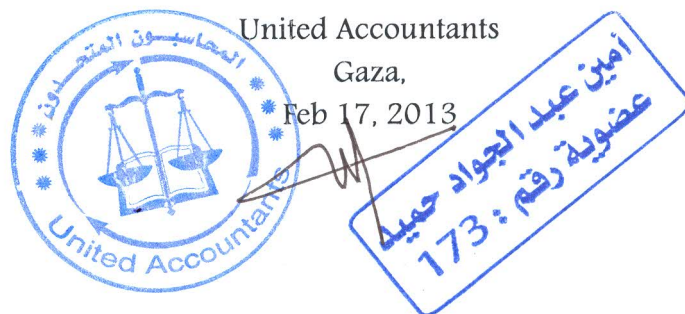
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements,

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, 2012, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards applicable to not for profit organizations.



Basma Society For Culture and Arts

Gaza – Palestine

Statement of Financial Position

For the Year Ended December 31, 2012

	Note	December 31,	
		2011	2012
<b>Assets</b>		<b>NIS</b>	<b>NIS</b>
<b>Current assets</b>			
Cash and cash equivalents	1	24,527.16	91,904.76
Jawwal In hand		528.00	528.00
Advances staff		0.00	1,576.00
<b>Total current assets</b>		<b>25,055.16</b>	<b>94,008.76</b>
Fixed assets - net	2	154,109.06	156,618.14
<b>Total Assets</b>		<b>179,164.22</b>	<b>250,626.90</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Note payable		0.00	5,989.50
Accounts payables	3	26,279.00	65,418.16
<b>Total liabilities</b>		<b>26,279.00</b>	<b>71,407.66</b>
Accumulated surplus		240,048.11	152,885.22
Surplus of the current year		(87,162.89)	26,334.02
<b>Overall surplus</b>		<b>152,885.22</b>	<b>179,219.24</b>
<b>Total liabilities &amp; Overall surplus &amp; Paid-in capital</b>		<b>179,164.22</b>	<b>250,626.90</b>

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors




Financial Manager





Basma Society For Culture and Arts

Gaza – Palestine

Statement of Activities

For the Year Ended December 31, 2012

	Note	December 31	
		2011	2012
		NIS	NIS
Membership fees		280.00	260.00
Cash donation received		0.00	1,583.40
Grants and projects	4	518,789.02	635,067.29
"Cash collections" revenue		81,068.22	106,904.52
Other revenue		2,100.00	15,555.48
<b>Total donations received</b>		<b>602,237.24</b>	<b>759,370.69</b>
<b>Expenses</b>			
General and administrative expenses	5	664,650.43	145,078.12
Grants and projects expenses	6	---	562,668.55
Depreciation expenses	2	24,749.70	25,289.99
<b>Total expenses</b>		<b>689,400.13</b>	<b>733,036.66</b>
<b>Surplus of the current year</b>		<b>(87,162.89)</b>	<b>26,334.03</b>

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors



Financial Manager




Basma Society For Culture and Arts

Gaza – Palestine

Statement of Cash flows

For the Year Ended December 31, 2012

	December 31	
	2011	2012
	NIS	NIS
Cash flows (applications) from operating activities		
Change in assets for the year	(87,162.89)	26,334.02
Adjustments:		
Depreciation of fixed assets	24,749.70	25,289.99
Decrease ( increase ) Debit balances	76.00	(1,576.00)
Increase ( decrease ) credit balances	21,173.90	45,128.66
Net cash flows from operating activities	<u>(41,163.29)</u>	<u>95,176.67</u>
Cash flows from investing activities		
Scrapping of fixed assets	<u>(7,540.02)</u>	<u>(27,799.07)</u>
Additions to fixed assets	<u>(7,540.02)</u>	<u>(27,799.07)</u>
Net cash flows from investing activities		
Net change in cash and cash equivalents for the year	(48,703.28)	67,377.60
Cash and cash equivalents at beginning of year	<u>73,230.44</u>	<u>24,527.16</u>
Cash and cash equivalents at the end of the year	<u>24,527.16</u>	<u>91,904.76</u>

The accompanying notes form an integral part of these financial statements

Chairman of Board of Directors



Financial Manager



Basma Society For Culture and Arts

Gaza – Palestine

Statement of Changes in Net Assets

For the Year Ended December 31, 2012

	Net assets	surplus	Total
	NIS	NIS	NIS
Balance December 31, 2010	129,426.83		
Change i net assets for the year		110,621.28	240,048.11
<b>Balance 31 – December 2011</b>	<b>240,048.11</b>		
Change i net assets for the year		(87,162.89)	152,885.22
<b>Balance 31 – December 2012</b>	<b>152,885.22</b>	<b>26,334.02</b>	<b>179,219.24</b>

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:**

1. Establishing a cultural and artistic movement in Palestinian society
2. Highlighting the social problems facing society
3. Promoting a culture of dialogue and tolerance through cultural and artistic activities to contribute to building Palestinian civil society
4. 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, 2012

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*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.



Basma Society For Culture and Arts  
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Notes to the Financial Statements  
As of December 31, 2012

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

	December 31	
	2011	2012
	NIS	NIS
Cash on hand (NIS)	509.00	560.00
Bank of Cairo Amman \$ 00	--	8,986.12
Bank of Cairo Amman \$ 01	--	2,473.52
Bank of Cairo Amman \$ 02	--	7,354.87
Bank of Cairo Amman Nis 00	2,667.50	7,627.56
Bank of Cairo Amman Nis 01	--	62,325.69
Bank of Cairo Amman \$ 03	--	2,577.00
Bank of Cairo Amman \$	21,350.66	--
	<u>24,527.16</u>	<u>91,904.76</u>

4. Fixed Assets – Net ( Note No. 2 )

	Cost	Last Accumulated depreciation	Depreciation of year	Accumulated depreciation	Net value
	NIS	NIS	NIS	NIS	NIS
Furniture and Decor	30,833.38	4,073.76	2,323.75	6,397.51	24,435.87
Communication equipment's	6,004.90	2,519.50	885.18	3,404.68	2,600.22
Computers	28,057.88	6,070.11	3,625.21	9,695.32	18,362.56
Cars	110,457.00	30,388.76	11,045.70	41,434.46	69,022.54
Cameras	12,014.20	1,065.02	1,113.49	2,178.51	9,835.69
Photocopier	7,443.10	5,417.57	1,488.62	6,906.19	536.91
Theater equipment's	12,293.28	1,738.83	1,158.32	2,897.15	9,396.13
Electric equipment's	33,858.20	7,780.26	3,649.72	11,429.98	22,428.22
	<u>240,961.94</u>	<u>59,053.81</u>	<u>25,289.99</u>	<u>84,343.80</u>	<u>156,618.14</u>



Basma Society For Culture and Arts

Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2012

5. Accounts payables ( Note No. 3 )

	December 31	
	2011	2012
	NIS	NIS
Accrued salary expenses	21,375.00	52,885.20
Accrued communication expenses	592.00	394.00
Accrued audit expenses	750.00	1,128.00
Accrued tax expenses	1,273.00	1,100.35
Accrued other expenses	2,289.00	9,910.61
	<b>26,279.00</b>	<b>65,418.16</b>

6. Grants and projects ( Note No. 4 )

	December 31	
	2011	2012
	NIS	NIS
Diakonia	---	46,278.64
CRS	18,171.22	254,834.31
War children	279,906.50	333,954.34
World bank	102,649.30	---
ARD	65,472.00	---
US Consulate	52,590.00	---
	<b>518,789.02</b>	<b>635,067.29</b>





Basma Society For Culture and Arts  
Gaza – Palestine

Notes to the Financial Statements  
As of December 31, 2012

7. General and administrative expense( Note No. 5 )

	December 31	
	2011	2012
	NIS	NIS
Salaries	531,607.07	94,143.01
Rent	21,490.60	9,540.95
Tax	5,186.89	5,424.83
Audit fees	1,024.00	1,885.20
Car insurance	1,758.00	1,758.00
Car maintenance	13,431.88	2,200.00
End of service benefits	---	---
Communication	7,396.00	1,149.81
Stationary	16,023.99	1,516.00
Equipment's maintenance	750.00	440.83
Service , water . electric .	3,782.50	1,423.17
Courses fees	---	7,216.22
Membership fees	529.50	196.00
Material donation	---	1,260.04
Other expenses	20,752.79	13,279.96
Currency differences	14,363.18	2,441.02
Bank commissions	1,023.68	753.08
Hospitality	12,514.52	20.00
Transportation	13,015.83	430.00
	<b>664,650.43</b>	<b>145,078.12</b>





8. Grants and projects expenses ( Note No.6)

	Emergency project	War children	CRS	Diakonia	Total
	NIS	NIS	NIS	NIS	NIS
salary	3,900.00	104,125.00	156,371.84	19,561.00	283,957.84
Trainers	13,650.00	85,760.00	13,654.01	---	113,064.01
Hospitality	705.00	13,893.00	25,244.00	3,861.70	43,703.70
Stationary	2,055.00	12,813.00	11,349.42	4,246.15	30,463.57
transportation	743.00	13,741.00	6,197.43	2,043.00	22,724.43
End of service benefits	---	11,248.00	10,966.20	---	22,214.20
Gifts for child	---	9,230.00	---	---	9,230.00
Rent	---	7,875.00	2,250.00	---	10,125.00
Communication	---	3,273.00	10,244.14	300.00	13,817.14
Service, water. Electric.	---	1,372.00	182.00	---	1,554.00
Hall rent	---	---	8,331.16	2,632.00	10,963.16
Decors	---	---	---	577.50	577.50
Bank commissions	---	274.00	---	---	274.00
	<b>21,053.00</b>	<b>263,604.00</b>	<b>244,790.20</b>	<b>33,221.35</b>	<b>562,668.55</b>

9. Court cases

There are no material cases that the Centre was involved in as of December 31, 2012.

10. 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.

