

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

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

National Center for Community Rehabilitation

Gaza – Palestine

Financial statements and Independent Auditor's Report

For the Year Ended December 31, 2013

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Independent Auditor's Report

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, 2013, 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, 2013, 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.



United Accountants
Gaza,
Jan 17, 2014

Basma Society For Culture and Arts
Gaza – Palestine

Statement of Financial Position
For the Year Ended December 31, 2013

	Note	December 31,	
		2012	2013
Assets		NIS	NIS
Current assets			
Cash and cash equivalents	1	91,904.76	53,479.23
Jawwal In hand		528.00	528.00
Advances staff		1,576.00	3,600.00
Others	2	0.00	6,992.32
Total current assets		94,008.76	64,599.55
Fixed assets - net	3A	156,618.14	144,500.21
Total Assets		250,626.90	209,099.76
Liabilities and net assets			
Liabilities			
Note payable		5,989.50	630.00
Acquired Exp.	4	65,418.16	88,265.26
Account payable		0.00	6,309.96
Total liabilities		71,407.66	95,205.22
Accumulated surplus		152,885.22	179,219.25
Surplus of the current year	B	26,334.02	(65,324.71)
Overall surplus		179,219.24	113,894.54
Total liabilities & Overall surplus & Paid-in capital		250,626.90	209,099.76

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, 2013

	Note	December 31	
		2012	2013
		NIS	NIS
Membership fees		260.00	700.00
Cash donation received		1,583.40	0.00
Grants and projects	5	635,067.29	729,01,628
“Cash collections” revenue		106,904.52	246,773.43
Other revenue		15,555.48	10,875.45
Total donations received		759,370.69	887,077.89
Expenses			
Grants and projects expenses	6	562,668.55	641,073.92
General and administrative expenses	7	145,078.12	275,787.71
Depreciation	3C	25,289.99	34,738.00
Loss on sale of assets		0.00	803.58
Total expenses		733,036.66	952,402.60
Surplus of the current year	B	26,334.03	(65,324.71)

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, 2013

	December 31	
	2012	2013
	NIS	NIS
Cash flows (applications) from operating activities		
Change in assets for the year	26,334.02	(65,324.71)
Adjustments:		
Depreciation of fixed assets	25,289.99	34,738.00
Decrease (increase) Debit balances	(1,576.00)	(9,016.32)
Increase (decrease) credit balances	45,128.66	23,797.56
Net cash flows from operating activities	95,176.67	(15,805.47)
Cash flows from investing activities		
Scrapping of fixed assets	(27,799.07)	(22,620.06)
Additions to fixed assets	(27,799.07)	(22,620.06)
Net cash flows from investing activities		
Net change in cash and cash equivalents for the year	67,377.60	(38,425.53)
Cash and cash equivalents at beginning of year	24,527.16	91,904.76
Cash and cash equivalents at the end of the year	91,904.76	53,479.23

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, 2013

	Net assets	surplus	Total
	NIS	NIS	NIS
Balance December 31, 2011	240,048.11		
Change i net assets for the year		(87,162.89)	152,885.22
Balance 31 - December 2012	152,885.22	26,334.02	179,219.24
Change i net assets for the year			
Balance 31 - December 2013	179,219.24	(65,324.71)	113,894.54

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
Notes to the Financial Statements
For the Year Ended December 31, 2013



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.

Basma Society For Culture and Arts

Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2013

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:

	<u>%</u>
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

Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2013



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

	December 31	
	2012	2013
	NIS	NIS
Cash on hand (NIS)	560.00	19.00
Bank of Cairo Amman \$ 00	8,986.12	6,676.98
Bank of Cairo Amman \$ 01	2,473.52	25,791.15
Bank of Cairo Amman \$ 02	7,354.87	242.13
Bank of Cairo Amman Nis 00	7,627.56	13,181.21
Bank of Cairo Amman Nis 01	62,325.69	4,698.36
Bank of Cairo Amman \$ 03	2,577.00	(19.00)
Bank of Cairo Amman Nis3	--	452.23
Bank of Cairo Amman Nis4	--	2,430.81
Bank of Cairo Amman Nis5	--	6.36
	91,904.76	53,479.23

4. Cash and Cash equivalents (Note No. 2)

	December 31	
	2012	2013
	NIS	NIS
Accrued rent expenses	0.00	5,922.32
Accrued licensing car expenses	0.00	1,070.00
	0.00	6,992.32

5. Fixed Assets – Net (Note No. 3)

	Cost	Last Accumulated depreciation	Depreciation 2013	Accumulated depreciation	Net value
Furniture and Decor	27,633.38	5,088.53	2,826.46	7,914.99	19,718.39
Cars	110,457.00	41,434.46	16,568.55	58,003.01	52,453.99
Office equipment's	9,041.20	2,008.54	904.12	2,912.66	6,128.54
Theater equipment's	9,303.28	2,269.69	930.328	3,200.02	6,103.26
Electric equipment's	105,879.53	32,274.96	13,508.54	45,783.50	60,096.03
	262,314.39	83,076.18	34,738.00	117,814.18	144,500.21

Basma Society For Culture and Arts
Gaza – Palestine

Notes to the Financial Statements
As of December 31, 2013

6. Accounts payables (Note No. 4)

	December 31	
	2012	2013
	NIS	NIS
Accrued salary expenses	52,885.20	64,210.00
Accrued Indemnity expenses	0.00	18,442.00
Accrued audit expenses	1,128.00	1,233.00
Accrued tax expenses	1,100.35	2,472.26
Accrued other expenses	10,304.61	1,908.00
	65,418.16	88,265.26

7. Grants and projects (Note No. 5)

	December 31	
	2012	2013
	NIS	NIS
Diakonia	46,278.64	35,108.48
CRS	254,834.31	190,734.33
War children	333,954.34	291,210.00
National assembly OCHA	---	75,779.79
US Consulate	---	35,896.41
	635,067.29	628,729.01



Basma Society For Culture and Arts
Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2013

8	Grants and projects expenses (Note (No. 6)	Total	Diakortia/NAD		U.S. consulate	Ocha	Volunteers for Change		Diakortia/NAD 2012	Youth Empowerment Project		emergency War children	War children	Total
			2013	2013			2013	2013		2013	2013			
	salary	283,957.84	29,593.00	11,832.00	0.00	55,650.00	0.00	59,353.68	7,800.00	205,900.00	370,128.68			
	Trainers	113,064.01	0.00	0.00	52,204.10	0.00	0.00	0.00	16,350.00	20,000.00	88,554.10			
	Hospitality	43,703.70	260.00	0.00	3,959.93	4,005.00	1,813.00	0.00	3,803.50	18,327.50	32,168.93			
	Stationary	30,463.57	2,996.00	0.00	6,780.22	1,344.00	370.00	8,172.00	7,760.00	10,401.00	37,823.22			
	transportation	22,724.43	1,429.00	0.00	10,722.00	1,343.00	0.00	6,568.04	3,385.00	15,178.00	38,625.04			
	End of service benefits	22,214.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,450.00	2,450.00			
	Gifts for child	9,230.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	Rent	10,125.00	0.00	0.00	5,920.54	3,204.00	0.00	3,873.20	0.00	11,160.00	24,157.74			
	Communication	13,817.14	500.00	100.00	0.00	100.00	0.00	2,802.72	900.00	3,868.00	8,270.72			
	Service, water, Electric.	1,554.00	0.00	0.00	0.00	240.00	0.00	95.00	0.00	2,761.00	3,096.00			
	Hall rent	10,963.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
	Decors	577.50	0.00	0.00	0.00	0.00	0.00	2,225.46	0.00	630.00	2,855.46			
	Valanters	0.00	0.00	0.00	0.00	0.00	0.00	26,360.40	0.00	0.00	26,360.40			
	System development	0.00	0.00	0.00	0.00	0.00	0.00	5,657.83	0.00	0.00	5,657.83			
	Banks intrest	274.00	87.11	22.62	0.00	19.12	0.00	0.00	0.00	433.95	562.80			
	Auditing fees	0.00	363.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	363.00			
		562,668.55	35,228.11	11,954.62	79,586.79	65,903.12	2,183.00	115,108.33	39,998.50	291,109.45	641,073.92			

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



Basma Society For Culture and Arts
Gaza – Palestine

Notes to the Financial Statements
As of December 31, 2013

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

	December 31	
	2012	2013
	NIS	NIS
Salaries	94,143.01	204,977.77
Rent	9,540.95	6,975.88
Tax	5,424.83	4,396.76
Audit fees	1,885.20	1,790.00
Car insurance	1,758.00	4,099.00
Car maintenance	2,640.83	6,940.02
End of service benefits	---	31,136.20
Communication	1,149.81	1,750.00
Stationary	1,516.00	730.00
Service , water . electric . fees	1,423.17	600.00
Material donation	7,412.22	---
Transportation	1,260.04	---
Other expenses	430.00	147.00
Currency differences	13,279.96	7723.98
Bank commissions	2,441.02	1,389.47
Hospitality	753.08	993.84
	20.00	2,137.00
	145,078.12	275,787.71

10. Court cases

There are no material cases that the Centre was involved in as of December 31, 2013.

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.

