

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

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

Basma Society For Culture and Arts
Gaza – Palestine

Financial statements and Independent Auditor's Report
For the Year Ended December 31, 2014



Table of Contents

Title	Page
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Activities	6
Statement of Changes in Net Assets	7
Notes to Financial Statements	8-14



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, 2014, 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, 2014, 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, 2014



	Note	December 31,	
		2013	2014
Assets		NIS	NIS
Current assets			
Cash and cash equivalents	1	53,479.23	32,649.06
Jawwal In hand		528.00	528
Advances staff		3,600.00	2,515.50
Others	2	6,992.32	0.00
Total current assets		64,599.55	35,692.56
Fixed assets – net	3A	144,500.21	1,12,166.66
Total Assets		209,099.76	147,859.22
Liabilities and net assets			
Liabilities			
Note payable		630.00	8,420.00
Acquired Exp.	4	88,265.26	17,650.50
Account payable		6,309.96	0.00
Total liabilities		95,205.22	26,070.50
Accumulated surplus		179,219.25	113,894.54
Surplus of the current year	B	(65,324.71)	7,894.18
Overall surplus		113,894.54	121,788.72
Total liabilities & Overall surplus & Paid-in capital		209,099.76	147,859.22

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, 2014



	Note	December 31	
		2013	2014
		NIS	NIS
Membership fees		700.00	510.00
Cash donation received		0.00	4,140.00
Grants and projects	5	729,016.28	851,931.33
“Cash collections” revenue		246,773.43	264,758.00
Kind Donation		0.00	3,150.00
Revenue from sale of fixed assets		0.00	1,261.01
Other revenue		10,875.45	4,776.45
Total donations received		887,077.89	1,130,526.79
Expenses			
Grants and projects expenses	6	641,073.92	28,267.34
General and administrative expenses	7	275,787.71	862,812.72
Depreciation	3C	34,738.00	231,073.33
Loss on sale of assets		803.58	479.22
Total expenses		952,402.60	1,122,632.61
Surplus of the current year	B	(65,324.71)	7,894.18

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, 2014



	December 31	
	2013	2014
	NIS	NIS
Cash flows (applications) from operating activities		
Change in assets for the year	26,334.02	7,894.18
Adjustments:		
Depreciation of fixed assets	25,289.99	28,267.34
Decrease (increase) Debit balances	(1,576.00)	8,076.82
Increase (decrease) credit balances	45,128.66	(69,134.72)
Net cash flows from operating activities	<u>95,176.67</u>	<u>(24,896.38)</u>
Cash flows from investing activities		
Scrapping of fixed assets	0.00	18,468.21
Additions to fixed assets	(27,799.07)	(14,402.00)
Net cash flows from investing activities	<u>(27,799.07)</u>	<u>4,066.21</u>
Net change in cash and cash equivalents for the year	(38,425.53)	(20,830.17)
Cash and cash equivalents at beginning of year	91,904.76	53,479.23
Cash and cash equivalents at the end of the year	<u>23,479.53,</u>	<u>32,649.06</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

Notes to the Financial Statements
For the Year Ended December 31, 2014



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.



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

Gaza – Palestine

Notes to the Financial Statements

As of December 31, 2014



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

	December 31	
	2013	2014
	NIS	NIS
Cash on hand (NIS)	19.00	727.00
Bank of Cairo Amman \$ 00	6,676.98	10,888.41
Bank of Cairo Amman \$ 01	25,791.15	302.28
Bank of Cairo Amman \$ 02	242.13	1,054.80
Bank of Cairo Amman \$ 03	(19.00)	143.34
Bank of Cairo Amman Nis 00	13,181.21	9,405.45
Bank of Cairo Amman Nis 01	4,698.36	8,698.16
Bank of Cairo Amman Nis3	452.23	(31.65)
Bank of Cairo Amman Nis4	2,430.81	0.00
Bank of Cairo Amman Nis5	6.36	(60.80)
Bank of Cairo Amman Nis6	0.00	1,091.26
Bank of Cairo Amman (Saving)	0.00	430.81
	53,479.23	32,649.06



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

	2013	2014
	NIS	NIS
Accrued rent expenses	5,922.32	0.00
Accrued licensing car expenses	1,070.00	0.00
	6,992.32	0.00

5. Fixed Assets – Net (Note No. 3)

	Cost	Last Accumulated depreciation	Depreciation 2014	Accumulated depreciation	Net value
Furniture and Decor	32,333.38	7,029.11	2,897.87	9,926.98	22,406.40
Cars	66,300.00	29,835.00	9,945.00	39,780.00	26,520.00
Office equipment's	8,951.20	3,262.35	1,280.24	4,542.59	4,408.61
Theater equipment's	9,303.28	3,200.01	930.32	4,130.33	5,172.95
Electric equipment's	112,138.53	45,265.92	13,213.91	58,479.83	53,658.70
	229,026.39	88,592.39	28,267.34	116,859.73	112,166.66



6. Accounts payables (Note No. 4)

December 31

	2013	2014
	NIS	NIS
Accrued salary expenses	64,210.00	0.00
Accrued Indemnity expenses	18,442.00	11,475.00
Accrued audit expenses	1,233.00	975.00
Accrued tax expenses	2,472.26	2,515.50
Accrued other expenses	1,908.00	2,685.00
	88,265.26	17,650.50

7. Grants and projects (Note No. 5)

December 31

	2013	2014
	NIS	NIS
Diakonia	35,108.48	34,210.82
CRS	190,734.33	325,506.61
War children	291,210.00	410,202.00
National assembly OCHA	75,779.79	0.00
US Consulate	35,896.41	27,600.00
Future Society for the Deaf Donation	0.00	21,662.02
Tamer Institute Donation	0.00	16,419.38
THEATER HOLLAND Donation	0.00	16,330.50
	628,729.01	851,931.33

8 Grants and projects expenses (Note No.6)	Total	Dikonia/NAD		U.S. consulate		Tamer		Volunteers for Change		UN-Dary		War Child Emergency 1		War Child Emergency 2		Future Society For Deaf Adults		War child		Total
		2013	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	
salary	370,128.68	22,922.50	10,387.50	0.00	46,650.00	0.00	0.00	0.00	12,066.48	0.00	0.00	0.00	0.00	9,294.00	0.00	143,770.00	233,024.00			
Trainers	88,554.10	0.00	35,068.50	7,324.50	66,560.00	0.00	23,085.00	0.00	25,280.00	0.00	0.00	0.00	0.00	15,360.00	14,784.00	24,150.00	271,333.48			
Hospitality	32,168.93	4,201.40	0.00	7,797.90	45,409.00	0.00	37,099.00	0.00	15,322.00	0.00	0.00	0.00	0.00	5,338.03	0.00	9,711.00	105,564.30			
Stationary	37,823.22	2,449.00	2,009.30	6,212.61	13,430.80	0.00	19,009.00	0.00	469.00	0.00	0.00	0.00	0.00	2,971.00	1,540.00	7,328.00	85,760.74			
transportation	38,625.04	2,919.70	1,883.00	0.00	19,009.00	0.00	7,775.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44,739.70			
End of service benefits	2,450.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,775.00			
Gifts for child	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Rent & Hall rent	24,157.74	1,093.36	2,416.50	0.00	11,520.00	0.00	9,000.00	0.00	2,100.00	0.00	0.00	0.00	0.00	1,291.00	0.00	7,700.00	33,829.86			
Communication	8,270.72	300.00	397.00	0.00	10,988.00	0.00	6,192.00	0.00	1,291.00	0.00	0.00	0.00	0.00	2,170.00	0.00	1,836.00	21,004.00			
Service. water. Electric.	3,096.00	0.00	0.00	0.00	315.00	0.00	0.00	0.00	606.00	0.00	0.00	0.00	0.00	0.00	0.00	2,170.00	3,091.00			
Decors	2,855.46	0.00	4,346.40	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,700.00	7,046.40			
Valanters	26,360.40	0.00	0.00	0.00	38,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,900.00			
System development	5,657.83	0.00	0.00	0.00	2,800.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,800.00			
Banks intrest	562.80	36.33	70.57	0.00	259.04	68.26	220.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	909.24			
Auditing fees	363.00	346.00	0.00	0.00	3,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,250.00			
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,900.00			
	0.00	0.00	0.00	0.00	0.00	1,539.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,539.00			
	641,073.92	34,268.29	56,578.77	21,335.01	267,865.84	14,142.74	170,316.04	74,124.00	21,662.03	202,520.00	862,812.72									

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





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

	December 31	
	2013	2014
	NIS	NIS
Salaries	204,977.77	190,356.87
Rent	6,975.88	13,561.76
Tax	4,396.76	3,586.55
Audit fees	1,790.00	1,693.00
Car insurance	4,099.00	2,180.00
Car maintenance	6,940.02	1,048.00
End of service benefits	31,136.20	10,750.00
Communication	1,750.00	115.00
Stationary	730.00	3,210.20
Service , water . electric . fees	600.00	1,595.00
Material donation	---	348.00
Transportation	---	2,000.00
Other expenses	147.00	(44.00)
Currency differences	7,723.98	349.00
Bank commissions	1,389.47	(2,643.93)
Hospitality	993.84	1,117.88
Web Design	2,137.00	700.00
	0.00	1,150.00
	275,787.71	231,073.33

10. Court cases

There are no material cases that the Centre was involved in as of December 31, 2014.

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.