

**The Palestinian Center for Development
and Media Freedoms
(MADA)**



**Financial statements and the auditor's report
31st December 2018**

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The Palestinian Center for Development and Media Freedoms (MADA)

**Financial statements and the auditor's report
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Independent Auditors' Report

Messrs. at the Palestinian Center for Development & Media Freedoms (MADA)
Ramallah - Palestine

We have audited the accompanying financial statements of “**The Palestinian Center For Development & Media Freedoms, MADA**”, which comprise the statement of financial position as of 31 December 2018, statement of activities and statement of cash flow for the year then ended. Besides, a summary of accounting policies and other explanatory notes.

Management's responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. . 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.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the legal auditors' assessment, 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 entity'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 entity's internal control. An audit also includes evaluation of 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 about the financial statement prepared by the center's management.

Opinion:

In our opinion, the financial statements present fairly in all material respects the financial position of "The Palestinian Center For Development & Media Freedoms, MADA" as of 31 December 2018 and the financial performance and its cash flows for the year then ended .

**Tu'meh Audit Bureau
Mahmoud Abu Tu'meh**

Certified Palestinian Public Accountant No. 111/98

Member / Fellow of Arab Society for CPA's No. 389

Member of the Society of the Palestinian Certified Public Accountants

Financial & Commercial Certified Palestinian Arbitrator No. 98/2011

Ramallah – Palestine

March 30th , 2019

The Palestinian Center for Development and Media Freedoms (MADA)

Statement of financial position as of 31st December 2018

Description		2018	2017
Assets	Note	USD	USD
Current Assets			
Retained Deposit in Quds Bank	3	250	250
Cash in Quds Bank	3	81,404	54,978
Total Current Assets		81,654	55,228
Fixed Assets			
Furniture	Annex 1	5,965	5,965
Furniture Accumulated depreciation	Annex 1	-5,244	-4,647
Office Tools and Equipment's	Annex 1	12,717	17,346
Office Tools and Equipment's accumulated depreciation	Annex 1	-10,250	-15,474
Total Fixed Assets		3,187	3,190
Total Assets		84,841	58,418
Liabilities and net assets			
Post dated Checks		33,981	1,667
Income tax deductions		847	2,093
Accrued expenses	4	8,772	4,919
Net Assets – Page 6		41,241	49,738
Total liabilities and net assets		84,841	58,417

"The accompanying notes form an integral part of this statement"

Chairman of BOD

Dr. Gazi Hanania

Treasure

Dr. Taleb Awad

The Palestinian Center for Development and Media Freedoms (MADA)
Statement of activities and the change in net asset value
for the year ended 31st December 2018

Description	Note	2018 USD	2017 USD
Revenues	5	298,652	187,921
Total Revenues		298,652	187,921
Less: Projects expenses	6	186,262	102,639
Net Surplus before Operating expenses		112,390	85,282
Less: Operating expenses	7	120,887	94,666
Changes in assets during the year		-8,497	-9,385
Change in net asset at the beginning of the year		49,738	59,123
Change at the end of the year		41,241	49,738
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" The accompanying notes form an integral part of this statement"

Chairman of BOD


Dr. Gazi Hanania

Treasure


Dr. Taleb Awad

The Palestinian Center for Development and Media Freedoms (MADA)

Cash Flow Statement for the year ended 31st December 2018

Description	2018 USD	2017 USD
Cash flow from operating activities		
Net change in assets during the year	-8,497	-9,385
Depreciation	2,604	2,336
Total	-5,893	-7,049
Decrease in liabilities		
Payables & Accrued expenses	34,921	-19,122
Net cash flow from operations	29,028	-26,170
Cash flow from investing activities		
Fixed assets changes	-2,601	0
Net cash flow	26,427	-26,170
Change in cash and bank balances during the year		
Cash at the beginning of the year	55,228	81,398
Cash and bank at the end of the year	81,654	55,228

The Palestinian Center for Development and Media Freedoms (MADA)

Notes to the financial statements

Note (1)- General

The Palestinian Center for Development & Media Freedoms (MADA):

Is an independent, non-governmental and non-profit organization that develops the Palestinian media and defends journalists and media outlets.

MADA is the foremost media organization which monitors media freedom violations in Palestine. It was licensed by the Palestinian Ministry of Interior under registration number RA-250-1.

Through MADA's reports, hundreds of national and international organizations and thousands of individuals have become more aware of the media freedom situation in Palestine and a lot of journalists, people and organizations have been encouraged by MADAs Work, and have begun to speak loudly against media freedom violations.

Goals

- Defending media freedom.
- Promoting a culture of freedom of opinion and expression and working to develop legislation for these rights.
- Raising the level of media institutions, work and the professional performing of Palestinian journalists.
- Encouraging journalism and media creativity in Palestine.
- Contributing to human rights defense and democracy to enhance in Palestine society.
- Cooperating with similar Arab and International organizations.

Note (2) – Basis of Financial Statements preparation

- The accompanying financial statements are prepared in accordance with current international financial reporting standards. International financial reporting standards do not include any specific requirements regarding non-profit organization in connection with the accounting policies or the presentation of the financial statements.
- The financial statements are prepared under the historical cost convention.
- The financial statements have been presented in U.S dollars.

Following are MADA significant accounting policies:

A. Change in accounting policies :

The accounting policies used are similar to those used in the previous year.

B. Cash and cash equivalent:

Cash and cash equivalent includes cash on hand and cash at local banks.

C. Fixed assets:

Fixed assets are stated at net cost after accumulated depreciation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rate:

Office furniture	10 %
Office tools and equipment's	20 %

- The Carrying Values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recordable.
- If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.
- Any subsequent expenditures are capitalized only when they increased in the future economic benefits of the related fixed assets.
- All other expense are recognized in the statement of activities once incurred.

D. Post dated checks:

Post-dated checks are not deleted as of the balance sheet and shown under accounts payable.

E. Reserve for severance pay:

Benefits payable to the employees of MADA at the end of their services are provided for in accordance with the guidelines set by the local labor laws.

F. Revenue recognition:

Donations and contributions are registered upon receipt depending on the budget of the project.

G. Expenditures recognition:

Expenses are recognized when incurred based on the accrual basis of accounting.

H. Temporarily restricted grants:

As per international accounting standards number 8 paragraph 10, in the absence of standard and interpretation that specifically applies to transaction, other event or condition, management can use its judgment in developing and applying accounting policy that results in information that is relevant and reliable. In doing so, management can consider the standards set by other standard-setting bodies.

Accordingly, MADA's management has selected to record temporarily restricted grants as unrestricted if restriction are met in the same period in accordance with financial accounting standard board pronouncement number 116 or as temporarily restricted until restrictions are met.

When donors' restrictions expire, temporarily restricted net assets are classified to unrestricted and reported in the statement of activities as net assets released from restrictions

I. Judgment and estimation uncertainty:

- MADA's financial position and results of activities are sensitive to accounting methods, assumptions, estimates and judgments that underline the preparation of the financial statements.
- MADA bases its estimates on its past experience and on various other assumptions deemed reasonable, the result of which from the basis for making judgment the carrying values of assets and liabilities. Due to different assumptions and about situations, the actual results might differ significantly from these estimates.

J. Translation of foreign currencies:

The accompanying financial statements are denominated in U.S Dollars. Transactions denominated in foreign currency during the year were translated according to prevailing rates at the time each transaction took place. Monetary assets and liabilities.

Denominated in foreign currencies are translated in to U.S dollars by applying the exchange rates prevailing at the financial statements reporting date. Exchange gains or losses that arise from the above mentioned transactions are reflected in the statement of activities.

Note (3): Cash in hand & cash in Bank

Description	2018		2017	
	Amount in currencies	Equivalent to USD	Amount in currencies	Equivalent to USD
Cash on hand	0	0	0	0
Retained Deposit in Quds Bank	250	250	250	250
Cash in Banks				
Al-Quds Bank/000/ USD	10,424	10,424	-2	-2
Al-Quds Bank/000/ NIS EQUAL IN USD	0	0	1,009	291
Al-Quds Bank/000/ EURO EQUAL IN USD	61,461	70,284	-1,023	-1,227
Al-Quds Bank/000/ 004/ USD	696	696	55,917	55,917
Total Cash in banks		81,404		54,978
Total Cash & Cash equivalent		81,654		55,228

Note (4): Accrued expenses at the end of the year

Description	2018	2017
	USD	USD
Audit fees	1,972	1,972
Accrued Rents	1,800	1,370
Design activities expense	0	397
Accrued survey fees	0	1,000
Telephone expenses	0	129
Accrued postage fees	0	51
Hate speech media campaign	5,000	0
Total	8,772	4,919

Note (5)- Revenues

Description	2018	2017
	USD	USD
Unrestricted grants	2,107	4,801
Members	50	50
UNESCO Grants	29,000	0
FOSI Grants	0	96,500
IFEX Grants	829	10,000
FLC Grants	26,072	33,500
European Union Grants	170,288	0
EED Grants	11,806	42,910
IMS Grants	46,041	0
Pyalara Grant / Germans	12,459	0
Currency exchange differences	0	160
Total Revenues	298,652	187,921

Note (6)- Projects Expenses

Description	2018 USD	2017 USD
Publications, studies and reports	1,132	1,868
Publications of studies (Women's press and freedom of opinion and expression in Palestine)	1,478	0
Digital rights campaign	836	10,154
Media campaign to stop violation against journalists	10,465	755
Materials to promote Freedom of Expression	1,492	1,727
Trainers' wages	9,704	2,704
Hospitality , rental of halls and establishment of workshops	11,920	9,945
Internal transportation	4,288	2,937
Coordination of project activities	1,222	1,155
International missions travel	7,953	4,301
Film production	1,110	1,349
Design promotional materials	1,782	1,134
MADA's application for smart phones	0	500
Editing and preparing training and media materials	7,655	672
Wages for the coordinators and staff of the projects	80,368	58,364
Projects' audit fees	5,897	0
Participation in international competition	0	74
Interpretation	5,705	0
A survey of media freedoms in Palestine	2,536	5,000
Legal unit	9,911	0
Court prize campaign	1,000	0
Hate speech media campaign	8,000	0
Monitoring and documentation of the field researchers	6,285	0
Rental of signs	5,523	0
Total	186,262	102,639

Note (7)- Operating expenses

Description	2018	2017
	USD	USD
Salaries	64,642	70,564
Bank commissions	646	461
Audit fees	1,972	1,972
Rents	12,658	11,263
Internet	496	338
Newspapers	231	252
Maintenance	598	592
Electricity	949	1,010
Telephone	1,098	1,360
Insurance	6,128	100
Furniture depreciation	597	597
Machines depreciation	2,007	1,739
Stationery	191	756
Hospitality	3,444	2,002
Internal transportation	4,671	1,012
Membership in International organizations	400	300
Website expenses	348	348
End of service	12,595	0
Currency differences expenses	7,216	0
Total	120,887	94,666

Annex (1) : Fixed assets and accumulated depreciation as of 31 December 2018

A. Fixed Assets summary :

Description	Office Furniture	Equipment	Total
	USD	USD	USD
Fixed Assets cost			
Balance as of 31/12/2017	5,965	17,346	23,311
Additions		2,601	2,601
Disposals		-7,230	-7,230
Balance as of 31/12/2018	5,965	12,717	18,682
Accumulated depreciation			
Balance as of 31/12/2017	4,647	15,474	20,121
Additions	597	2,006	2,603
Disposal		-7,230	-7,230
Balance as of 31/12/2018	5,244	10,250	15,494
Net fixed assets			
31/12/2017	1,318	1,872	3,190
31/12/2018	721	2,467	3,187
Depreciation percentage	10%	20%	

B. Fixed Assets details :

Description	The date of purchase	Fixed Assets				Accumulated Depreciation				Net fixed assets
		Balance in	Additions	Assets balance	Consumption rate	Consumption date	Consumption	Balance	Balance	
		01/01/2018	2018	31/12/2018				01/01/2018	31/12/2018	
Office Furniture										
Offices	Jan-09	1,340	-	1,340	10%	12	134	1,206	1,340	0
Offices	Jun-09	1,900	-	1,900	10%	12	190	1,629	1,819	81
Chairs	Jun-09	387	-	387	10%	12	39	334	373	14
Refrigerator	Jun-09	160	-	160	10%	12	16	121	137	23
Chairs	Sep-10	390	-	390	10%	12	39	286	325	65
Office Decor	Dec-10	508	-	508	10%	12	51	361	412	96
Office Furniture	Jul-11	550	-	550	10%	12	55	358	413	137
Medical chair	Jun-12	430	-	430	10%	12	43	240	283	147
Office Furniture	Apr-15	300	-	300	10%	12	30	112	142	158
Total		5,965	-	5,965			597	4,647	5,244	721
Equipment										
TV	Sep-11	975	-	975	20%	0	-	975	975	0
Recorder	Jan-13	148	-	148	20%	12	-	148	148	0
Computer	Aug-13	688	-	688	20%	12	-	688	688	0
Printer "Brother"	Feb-14	676	-	676	20%	12	135	529	664	12
photocopier	Feb-14	4,062	-	4,062	20%	12	812	3181	3993	69
Laptop	Feb-14	3,242	-	3,242	20%	12	648	2539	3187	55
Tablet	Mar-15	325	-	325	20%	12	65	184	249	76
4 Laptops	May - 18		2601	2601			347	-	347	2254
Total		10,116	-	12,717			2,007	8,244	10,251	2,467