

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



**Financial statements and the auditor's report  
31<sup>st</sup> December 2020**

**Tu'meh Audit Bureau**  
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## **Independent Auditors' Report**

**Messrs. Respected members of the General Assembly**  
**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 2020, 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 chartered accountant 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.



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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 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 2020 and the financial performance and its cash flows for the year then ended.

**Tu'meh Audit Bureau**  
**Mahmoud 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 03, 2021**

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

**Statement of financial position as of 31<sup>st</sup> December 2020**

| Description   |         | 2,020          | 2019          |
|---|---------|----------------|---------------|
| Assets  | Note    | USD            | USD           |
| <b>Current Assets</b>                                 |         |                |               |
| Deposit in Quds Bank                                  | 3       | 500            | 500           |
| Cash in Quds Bank                                     | 3       | 170,881        | 78,615        |
| Prepaid Expenses                                      |         | 5,400          | 0             |
| <b>Total Current Assets</b>                           |         | <b>176,781</b> | <b>79,115</b> |
| <b>Fixed Assets</b>                                   |         |                |               |
| Furniture   | Annex 1 | 5,965          | 5,965         |
| Furniture Accumulated depreciation                    | Annex 1 | (5,779)        | (5,573)       |
| Office Tools and Equipment's                          | Annex 1 | 13,517         | 13,517        |
| Office Tools and Equipment's accumulated depreciation | Annex 1 | (11,810)       | (11,119)      |
| <b>Total Fixed Assets</b>                             |         | <b>1,893</b>   | <b>2,790</b>  |
| <b>Total Assets</b>                                   |         | <b>178,674</b> | <b>81,905</b> |
| <b>Liabilities and net assets</b>                     |         |                |               |
| Post dated Checks                                     |         | 47,257         | 23,128        |
| Accrued expenses                                      | 4       | 13,956         | 8,693         |
| Net Assets – Page 6                                   |         | 117,460        | 50,084        |
| <b>Total liabilities and net assets</b>               |         | <b>178,674</b> | <b>81,905</b> |

*“The accompanying notes form an integral part of this statement”*

Chief of BOD

Treasure

**Dr. Gazi Hanania**

**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 31<sup>st</sup> December 2020**

| Description   |      | 2020           | 2019           |
|---|------|----------------|----------------|
|   | Note | USD            | USD            |
| Revenues  | 6    | 361,349        | 360,240        |
| <b>Total Revenues</b>                                   |      | <b>361,349</b> | <b>360,240</b> |
| Less: Projects expenses                                 | 7    | (197,987)      | (228,869)      |
| <b>Net assets before Operating expenses</b>             |      | <b>163,362</b> | <b>131,371</b> |
| Less: Operating expenses                                | 8    | (103,445)      | (117,677)      |
| Exchange differences                                    |      | 7,459          | (4,851)        |
| Changes during the year                                 |      | 67,376         | 8,843          |
| <b>Change in net asset at the beginning of the year</b> |      | <b>50,084</b>  | <b>41,241</b>  |
| <b>Change at the end of the year – Page 5</b>           |      | <b>117,460</b> | <b>50,084</b>  |

*“The accompanying notes form an integral part of this statement”*

**Chief of BOD**

**Treasure**

**Dr. Gazi Hanania**

**Dr. Taleb Awad**

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

### Cash Flow Statement for the year ended 31<sup>st</sup> December 2020

| Description   | 2020<br>USD    | 2019<br>USD    |
|---|----------------|----------------|
| <b>Cash flow from operating activities</b>              |                |                |
| Net change in assets during the year                    | 67,376         | 8,843          |
| Depreciation  | 897            | 1,197          |
| Prepaid expenses  | (5,400)        | 0              |
| <b>Total</b>  | <b>62,873</b>  | <b>10,040</b>  |
| <b>Decrease / Increase in liabilities</b>               |                |                |
| Payables & Accrued expenses                             | 29,392         | (11,779)       |
| <b>Net cash flow from operations</b>                    | <b>92,265</b>  | <b>(1,739)</b> |
| <b>Cash flow from investing activities</b>              |                |                |
| Fixed assets purchase                                   | 0              | (800)          |
| <b>Net cash flow</b>                                    | <b>92,265</b>  | <b>(2,539)</b> |
| <b>Change in cash and bank balances during the year</b> |                |                |
| Cash at the beginning of the year                       | 79,116         | 81,655         |
| <b>at the end of the year and bank Cash</b>             | <b>171,381</b> | <b>79,116</b>  |

## **The Palestinian Center for Development and Media Freedoms (MADA) Notes to the financial statements of the year ended Dec.31<sup>st</sup> 2020**

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### **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 is 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.

#### **MADA 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.

The financial statements were approved by the Board of Directors on .....



## **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 rates:

|                              |      |
|------------------------------|------|
| Office furniture             | 10 % |
| Office tools and equipment's | 20 % |
| Buildings                    | 4 %  |
| Computer program             | 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 subsequence 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 from 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. The financial statements did not show a balance for the allowance as it was paid in full until the date of the financial statements through one of the grants.

**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 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:

Financial statements appeared in the currency of the US dollar, transactions in foreign currencies were translated during the year according to the prevailing exchange rates at that time, assets and liabilities recorded in foreign currencies at the end of the year are transferred to the US dollar using the exchange rates prevailing at end of the financial statements, and currency differences that arise from the above transactions included in the statement of activities.

### **Note (3): Cash at Bank**

| Description                             | 2020              |                      | 2019              |                      |
|---|-------------------|----------------------|-------------------|----------------------|
|   | Equivalent to USD | Amount in currencies | Equivalent to USD | Amount in currencies |
| Cash on hand                            |                   |                      | 0                 | 0                    |
| Deposit in Quds Bank                    | 500               | 500                  | 500               | 500                  |
| <b>Cash in Banks</b>                    |                   |                      |                   |                      |
| Al-Quds Bank/000/ USD                   | 51,615            | 51,615               | 12,180            | 12,180               |
| Al-Quds Bank/000/ NIS<br>EQUAL IN USD   | 985               | 3,212                | 2,364             | 8,214                |
| Al-Quds Bank/000/ EU<br>EQUAL IN USD    | 8,268             | 7,245                | 35,816            | 32,581               |
| Al-Quds Bank/000/ 004/ USD              | 99,065            | 99,065               | 27,080            | 27,080               |
| Al-Quds Bank/001/ EU<br>EQUAL IN USD    | 10,947            | 9,594                | 1,176             | 1,070                |
| <b>Total Cash in banks</b>              | <b>170,881</b>    |                      | <b>78,616</b>     |                      |
| <b>Total Cash &amp; Cash equivalent</b> | <b>171,381</b>    |                      | <b>79,116</b>     |                      |

### **Note (4): Fixed Assets**

| Description                     | Office Furniture<br>USD | Equipment<br>USD | Total<br>USD  |
|---------------------------------|-------------------------|------------------|---------------|
| <b>Fixed Assets cost</b>        |                         |                  |               |
| Balance as of 31/12/2019        | 5,965                   | 13,517           | 19,482        |
| Additions                       | 0                       | 0                | 0             |
| Disposals                       | 0                       | 0                | 0             |
| <b>Balance as of 31/12/2020</b> | <b>5,965</b>            | <b>13,517</b>    | <b>19,482</b> |
| <b>Accumulated depreciation</b> |                         |                  |               |
| Balance as of 31/12/2019        | 5,573                   | 11,119           | 16,692        |
| Additions                       | 206                     | 691              | 897           |
| Disposal                        |                         | 0                | 0             |
| <b>Balance as of 31/12/2020</b> | <b>5,779</b>            | <b>11,810</b>    | <b>17,589</b> |
| <b>Net fixed assets</b>         |                         |                  |               |
| <b>12/31/2019</b>               | <b>392</b>              | <b>2,398</b>     | <b>3,188</b>  |
| <b>12/31/2020</b>               | <b>186</b>              | <b>1,707</b>     | <b>1,893</b>  |
| Depreciation percentage         | 10%                     | 20%              |               |

### **Note (5): Postdated Checks**

| Description         | 2020                 | Amount<br>in<br>currencies | 2019                 |                         |
|---------------------|----------------------|----------------------------|----------------------|-------------------------|
|                     | Equivalent<br>to USD |                            | Equivalent<br>to USD | Amount in<br>currencies |
| USD Post checks     | 20,389               | 20,389                     | 2,063                | 2,063                   |
| NIS Post checks     | 4,576                | 14,915                     | 1,100                | 3,671                   |
| Euro Post checks    | 2,814                | 2,466                      | 7,042                | 5,710                   |
| USD bank transfers  | 10,520               | 10,520                     | 12,219               | 12,219                  |
| NIS bank transfers  | 0                    | 0                          | 209                  | 720                     |
| Euro bank transfers | 8,958                | 7,850                      | 495                  | 450                     |
| <b>Total</b>        | <b>47,257</b>        |                            | <b>23,128</b>        |                         |

### **Note (6): Accrued expenses at the end of the year**

| Description   | 2020          | 2019         |
|---|---------------|--------------|
|   | USD           | USD          |
| Audit fees  | 1,972         | 1,972        |
| Accrued Expenses  | 354           | 0            |
| Design activities expense                                 | 613           | 1301         |
| Accrued survey fees                                       | 3,688         | 3,225        |
| Accrued translation fees                                  | 1,858         | 1352         |
| Accrued legal fees  | 419           | 475          |
| Due fees for Projects' assessment                         | 1,651         | 0            |
| Due fees for monitoring and documenting field researchers | 2,442         | 0            |
| Accrued media expenses                                    | 959           | 368          |
| <b>Total</b>  | <b>13,956</b> | <b>8,693</b> |

### **Note (7)- Revenues**

| Description           | 2020           | 2019           |
|-----------------------|----------------|----------------|
|                       | USD            | USD            |
| Unrestricted grants   | -              | 7,141          |
| Members Subscriptions | 81             | 89             |
| UNESCO Grants         | -              | 5,000          |
| FOSI Grants           | 199,940        | 100,000        |
| IFEX Grants           | -              | 1,678          |
| European Union Grants | 100,539        | 181,372        |
| IMS Grants            | 60,789         | 64,960         |
| <b>Total Revenues</b> | <b>361,349</b> | <b>360,240</b> |

## **Note (8)- Projects Expenses**

| <b>Description</b>   | <b>2020</b>    | <b>2019</b>    |
|--|----------------|----------------|
|  | <b>USD</b>     | <b>USD</b>     |
| Publications, studies and reports  | 2,969          | 6,530          |
| Publications Studies (feminist press and freedom of opinion and expression in Palestine) | 2,000          | 0              |
| Digital rights campaign  | 3,000          | 12,442         |
| Media campaign to stop violation against journalists                                     | 0              | 3042           |
| Materials to promote for Freedom of Expression   | 591            | 1,498          |
| Trainers' wages  | 534            | 1,109          |
| Hospitality , rental of halls and establishment of workshops                             | 330            | 4,211          |
| Internal transportation  | 0              | 1,738          |
| Coordination of project activities   | 0              | 1,920          |
| International missions travel  | 251            | 15,406         |
| Film production  | 0              | 3,000          |
| Design promotional materials   | 1,090          | 4,737          |
| Wages for the coordinators and staff of the projects                                     | 102,946        | 94,587         |
| Projects' audit  | 8,075          | 1,505          |
| Translation  | 5,912          | 8,719          |
| A survey of media freedoms in Palestine  | 6,153          | 12,151         |
| Legal unit   | 16,975         | 20,558         |
| Self-censorship campaign   | 16,459         | 0              |
| Hate speech media campaign   | 0              | 10,250         |
| Monitoring and documentation of the field researchers                                    | 22,337         | 17,672         |
| Rental of signs  | 5,450          | 5,114          |
| Project's measurement  | 2,915          | 2,680          |
| <b>Total</b>   | <b>197,987</b> | <b>228,869</b> |

### **Note (9)- Operating expenses**

| <b>Description</b>                        | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|
|   | <b>USD</b>     | <b>USD</b>     |
| Salaries                                  | 67,032         | 76,218         |
| Bank commissions                          | 625            | 634            |
| Audit                                     | 1,972          | 1,972          |
| Rents                                     | 11,160         | 11,160         |
| Internet                                  | 224            | 1257           |
| Newspapers                                | 182            | 271            |
| Maintenance                               | 962            | 1036           |
| Mail and telegraph                        | 530            | 136            |
| Electricity                               | 1,192          | 1,312          |
| Telephone                                 | 1,233          | 1,318          |
| Insurance                                 | 653            | 650            |
| Furniture depreciation                    | 206            | 329            |
| Machines depreciation                     | 691            | 868            |
| Stationery                                | 438            | 317            |
| Hospitality                               | 2,753          | 2,530          |
| Internal transportation                   | 514            | 4,148          |
| Membership in International organizations | 1,350          | 200            |
| Website expenses                          | 0              | 348            |
| End of service benefits                   | 11,728         | 12,973         |
| <b>Total</b>                              | <b>103,445</b> | <b>117,677</b> |

### Note (9)-Analysis of Expenses by cost center:

| Account  | Total          | Project       |               |                |
|--|----------------|---------------|---------------|----------------|
|  |                | IMS           | OSF           | EU             |
|  | USD            | USD           | USD           | USD            |
| Salaries   | 67,032         | -             | 51,672        | 15,360         |
| Office Stationery  | 439            | -             | 35            | 404            |
| Bank commissions   | 625            | 117           | 277           | 231            |
| Audit  | 1,972          | -             | 1,972         | -              |
| Rents  | 11,160         | -             | 5,160         | 6,000          |
| Internet   | 224            | -             | 224           | -              |
| Newspapers   | 182            | -             | 182           | -              |
| Maintenance  | 962            | -             | 165           | 797            |
| Electricity  | 1,192          | -             | 1,192         | -              |
| Telephone  | 1,233          | -             | 1,233         | -              |
| Insurance  | 653            | -             | 100           | 553            |
| Furniture depreciation                                       | 206            | -             | 206           | -              |
| Machines depreciation  | 691            | -             | 691           | -              |
| Membership in International organizations                    | 750            | -             | -             | 750            |
| Hospitality  | 2,753          | -             | 2,649         | 104            |
| Internal transportation                                      | 514            | -             | -             | 514            |
| End of service benefits                                      | 11,728         | 9,767         | -             | 1,961          |
| Publications, studies and reports                            | 2,766          | -             | -             | 2,766          |
| Activities stationary  | 202            | -             | -             | 202            |
| Study and research expense                                   | 2,000          | -             | 2,000         | -              |
| Trainers' wages  | 534            | -             | -             | 534            |
| Rental of signs  | 5,450          | -             | -             | 5,450          |
| Hospitality , rental of halls and establishment of workshops | 330            | -             | 330           | -              |
| Projects Assessments   | 2,915          | -             | -             | 2,915          |
| Postage and telegraph expense activities                     | 530            | -             | -             | 530            |
| International missions travel                                | 251            | -             | 251           | -              |
| Promotional materials  | 591            | -             | -             | 591            |
| Design promotional materials                                 | 1,090          | -             | -             | 1,090          |
| Projects' audit  | 8,075          | 1,535         | -             | 6,540          |
| GFMD Foundation Subscription                                 | 400            | -             | -             | 400            |
| IFEX Membership Subscription                                 | 200            | -             | -             | 200            |
| A survey of media freedoms in Palestine                      | 6,153          | -             | -             | 6,153          |
| Media campaign for digital rights                            | 3,000          | -             | 3,000         | -              |
| Allowance for field researchers                              | 22,337         | -             | -             | 22,337         |
| Translation  | 5,912          | -             | -             | 5,912          |
| Legal unit   | 16,975         | -             | -             | 16,975         |
| Self-censorship campaign                                     | 16,459         | -             | 300           | 16,159         |
| Wages for the coordinators and staff of the projects         | 102,946        | 40,337        | -             | 62,609         |
| <b>Total</b>   | <b>301,432</b> | <b>51,756</b> | <b>71,639</b> | <b>178,037</b> |
| <b>Expense analysis:</b>                                     |                |               |               |                |
| Projects expenses  | 197,987        |               |               |                |
| General and administrative expenses                          | 103,445        |               |               |                |
| <b>Total</b>   | <b>301,432</b> |               |               |                |