

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



**Financial statements and the auditor's report
31st December 2017**

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The Palestinian Center for Development and Media Freedoms (MADA)

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Mahmoud Tu'meh (PCPA No. 111/98)

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 2017, 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.



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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 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 2017 and the financial performance and its cash flows for the year then ended .

Tu'meh Audit Bureau / A member firm of MOORE STEPHENS INT.
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

April 24, 2018

The Palestinian Center for Development and Media Freedoms (MADA)

Statement of financial position as of 31st December 2017

Description		2017	2016
Assets	Note	USD	USD
Current Assets			
Cash	3	0	0
Deposit in Quds Bank	3	250	250
Cash in Quds Bank	3	54,978	81,148
Total Current Assets		55,228	81,398
Fixed Assets			
Furniture	Annex 1	5,965	5,965
Furniture Accumulated depreciation	Annex 1	-4,647	-4,050
Office Tools and Equipment's	Annex 1	17,346	17,346
Office Tools and Equipment's accumulated depreciation	Annex 1	-15,474	-13,735
Total Fixed Assets		3,190	5,526
Total Assets		58,418	86,924
Liabilities and net assets			
Post dated Checks		1,667	11,000
Income tax deductions		2,093	0
Accrued expenses	4	4,919	16,801
Net Assets – Page 6		49,738	59,123
Total liabilities and net assets		58,418	86,924

" 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 31st December 2017

Description	Note	2017	2016
		USD	USD
Revenues	5	187,921	150,053
Total Revenues		187,921	150,053
Less: Projects expenses	6	102,639	96,610
Net assets before Operating expenses		85,282	53,443
Less: Operating expenses	7	94,666	93,197
Changes during the year		-9,385	-39,754
Change in net asset at the beginning of the year		59,123	98,877
Change at the end of the year – Page 5		49,738	59,123

“ 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 31st December 2017

	2017
Description	USD
Cash flow from operating activities	
Net change in assets during the year	(9,385)
Depreciation	2,336
Total	(7,049)
Decrease in liabilities	
Payables & Accrued expenses	(19,122)
Net cash flow from operations	(26,170)
Change in cash and bank balances during the year	
Cash at the beginning of the year	81,398
Cash and bank at the end of the year	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 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.

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 %
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 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	2017 USD	2016 USD
Cash on hand	0	0
Deposit in Quds Bank	250	250
Cash in Banks		
Al-Quds Bank/000/ USD	-2	788
Al-Quds Bank/000/ NIS EQUAL IN USD	291	727
Al-Quds Bank/000/ EU EQUAL IN USD	-1,227	548
Al-Quds Bank/000/ 004/ USD	55,917	79,085
Total Cash in banks	54,978	81,148
Total Cash & Cash equivalent	55,228	81,398

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

	2017	2016
Description	USD	USD
Audit fees	1,972	1,500
Accrued Rents	1,370	6,555
Design activities expense	397	0
Accrued survey fees	1,000	0
Telephone expenses	129	95
Accrued postage fees	51	51
Salaries expenses	0	8,600
Total	4,919	16,801

Note (5)- Revenues

	2017	2016
Description	USD	USD
Unrestricted grants	4,801	1,153
Members	50	63
UNESCO Grants	0	5,000
FOSI Grants	96,500	96,500
IFEX Grants	10,000	0
FLC Grants	33,500	32,700
European Union Grants	0	14,573
EED Grants	42,910	0
IMS Grants	0	64
Currency differences	160	0
Total Revenues	187,921	150,053

Note (6)- Projects Expenses

Description	2017	2016
	USD	USD
Publications, studies and reports	1,868	2,875
Publications of studies (Women's press and freedom of opinion and expression in Palestine)	0	4,710
Digital rights campaign	10,154	0
Media campaign to stop violation against journalists	755	1,763
Materials to promote for Freedom of Expression	1,727	1,853
Trainers' wages	2,704	6,509
Hospitality , rental of halls and establishment of workshops	9,945	31,391
Internal transportation	2,937	1,251
Coordination of project activities	1,155	1,050
International missions travel	4,301	3,790
Film production	1,349	2,100
Postages	0	661
Design promotional materials	1,134	970
MADA's application for smart phones	500	650
Promote application for smart phones	0	504
Editing and preparing training and media materials	672	785
Wages for the coordinators and staff of the projects	58,364	32,410
Projects' audit	0	2,600
Participation in international competition	75	106
Translation	0	632
A survey of media freedoms in Palestine	5,000	0
Total	102,639	96,610

Note (7)- Operating expenses

Description	2017	2016
	USD	USD
Salaries	70,564	68,643
Bank commissions	461	404
Audit	1,972	1,500
Rents	11,263	12,556
Internet	338	364
Newspapers	252	238
Maintenance	592	76
Couriers	0	0
Electricity	1,010	738
Telephone	1,360	1,425
Insurance	100	0
Furniture depreciation	597	597
Machines depreciation	1,739	2,180
Stationery	756	531
Hospitality	2,002	2,138
Internal transportation	1,012	1,125
Membership in International organizations	300	200
Website expenses	348	0
Currency differences expenses	0	482
Total	94,666	93,197

Annex (1)

Fixed Assets				Accumulated Depreciation					Net fixed assets
Description	The date of purchase	Balance in	Additions	Assets balance	Consumption rate	Consumption date	Consumption	Balance	
		1/1/2017	2017	31/12/2017				1/1/2017	31/12/2017
Office Furniture									
Offices	01-2009	1,340	-	1,340	10%	12	134	1,072	1,206
Offices	06-2009	1,900	-	1,900	10%	12	190	1,439	1,629
Chairs	06-2009	387	-	387	10%	12	39	295	334
Refrigerator	06-2009	160	-	160	10%	12	16	105	121
Chairs	09-2010	390	-	390	10%	12	39	247	286
Office Decor	12-2010	508	-	508	10%	12	51	310	361
Office Furniture	07-2011	550	-	550	10%	12	55	303	358
Medical chair	06-2012	430	-	430	10%	12	43	197	240
Office Furniture	04-2015	300	-	300	10%	12	30	82	112
Total		5,965	-	5,965			597	4,050	4,647
Equipment									
Computer	01-2009	935	-	935	20%	0	-	935	935
Computer	06-2009	800	-	800	20%	0	-	800	800
Printer	06-2009	200	-	200	20%	0	-	200	200
Computer	01-2011	800	-	800	20%	0	-	800	800
Computer	07-2011	995	-	995	20%	0	-	995	995
TV	09-2011	975	-	975	20%	0	-	975	975
Apple MAC computer	07-2012	3,500	-	3,500	20%	12	-	3,500	3,500
Recorder	01-2013	148	-	148	20%	12	-	148	148
Computer	08-2013	688	-	688	20%	12	79	609	688
Printer “Brother”	02-2014	676	-	676	20%	12	135	394	529
photocopier	02-2014	4,062	-	4,062	20%	12	812	2,369	3,181
Laptop	02-2014	3,242	-	3,242	20%	12	648	1,891	2,539
Tablet	03-2015	325	-	325	20%	12	65	119	184
Total		17,346	-	17,346			1,739	13,735	15,474
									1,872