

The Palestinian Center for Development and Media Freedoms

(MADA)



Financial statements and the auditor's report

31st December 2016

The Palestinian Center for Development and Media Freedoms (MADA)

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

Independent Auditors' Report

We have audited the accompanying financial statements of “**The Palestinian Center For Development & Media Freedoms, MADA**”, which comprise of the statement of financial position as of 31 December 2016, the statement of activities and the statement of cash flow for the year ended at the same date. 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 MADA Center as of 31 December 2016 and the financial performance and its cash flows for the year then ended in accordance with the basis in note 2.

Nabeel Mahmoud Zeidan

License No. 110/2005

BDO Accounting, Audit & Tax Services

Member of the Society of the Palestinian Certified Public Accountants

Ramallah on May 23, 2017

BDO
Accounting Audit & Tax Services
[Signature]

The Palestinian Center for Development and Media Freedoms(MADA)

Statement of financial position

For the Year Ended Dec, 31, 2016

Assets	Note	2016	2015
		USD	USD
Current Assets			
Deposit in Quds Bank	3	250	250
Cash in Quds Bank	3	81,148	115,282
Total Current Assets		81,398	115,532
Fixed Assets			
Furniture	Table 1	5,965	5,965
Furniture Accumulated depreciation	Table 1	(4,050)	(3,452)
Machines	Table 1	17,346	17,346
Machines Accumulated depreciation	Table 1	(13,735)	(11,555)
Total Fixed Assets		5,526	8,304
Total Assets		86,924	123,836
Liabilities and net asset			
Un posted Checks		11,000	21,990
Income tax deductions		-	213
Accrued expenses	4	16,801	2,756
Net Assets		59,123	98,877
Total liabilities and net assets		86,924	123,836

" The accompanying notes are an integral part of these financial statements "

The Palestinian Center for Development and Media Freedoms(MADA)

Statement of activities and the change in net asset value

For the Year Ended Dec, 31, 2016

		<u>2016</u>	<u>2015</u>
	<u>Note</u>	<u>USD</u>	<u>USD</u>
Revenues	5	150,053	374,523
Total of Revenues		150,053	374,523
Less: Activities expenses	6	96,610	181,463
Net assets before Operating expenses		53,443	193,060
Less: Operating expenses	7	93,197	109,413
Change in net asset at the beginning of the year		98,877	15,230
Changes during the year		(39,754)	83,647
Change at the end of the year		59,123	98,877

" The accompanying notes are an integral part of these financial statements "

The Palestinian Center for Development and Media Freedoms(MADA)

Statement of Cash Flow

For the Year Ended Dec, 31, 2016

	<u>2016</u>
	<u>USD</u>
Cash flow from operating activities	
Net change in assets during the year	(39,754)
Depreciation Year's	2,778
	<u>(36,976)</u>
Increase (Decrease) in liabilities	
Creditors and Accrued Expenses	2,842
Net cash flow from operations	<u>(34,134)</u>
Cash flow from investment	
Decrease (Increase) in fixed assets	
Purchase Fixed Assets	-
Net cash flow from investment	<u>(34,134)</u>
Change in cash and bank balances during the year	
Cash and bank at the beginning of the year	<u>115,532</u>
Cash and bank at the end of the year	<u><u>81,398</u></u>

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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.

“The accompanying notes are an integral part of these financial statements”

Note (2) – Basis of 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 same those in the previous year.

B. Cash and cash equivalent:

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

C. Available –for sale financial assets:

- Available- for sale financial assets are non derivative financial assets that are either designated in this category or not classified in any of the other categories.
- Unrealized gains and losses arising from changes in the fair value are determined by quoted prices in an active market.
- For available for sale financial assets that do not have active market, MADA calculates fair value using the latest audited financial statements of those financial assets.

D. Fixed assets:

Fixed assets are stated at cost of 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 equipment's	20 %
Buildings	40 %
Computer program	20 %

“ The accompanying notes are an integral part of these financial statements”

- The Carrying Values of fixed 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.

E. Post dated checks:

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

F. 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.

G. Revenue recognition:

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

H. Expenditures recognition:

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

I. 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.

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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

J. 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.

K. 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.

" The accompanying notes are an integral part of these financial statements"

Note (3): Cash in Bank

	All Amounts in USD	
	2016	2015
	USD	USD
Deposit in Quds Bank	250	250
Al-Quds Bank/000/ USD	788	115
Al-Quds Bank/000/ NIS EQUAL IN USD	727	348
Al-Quds Bank/000/ EU EQUAL IN USD	548	28,712
Al-Quds Bank/000/ 002/ USD	-	3,777
Al-Quds Bank/000/ 004/ USD	79,085	82,329
Al-Quds Bank/000/ 005/ USD	-	1
Total	81,398	115,532

" The accompanying notes are an integral part of these financial statement "

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

<u>Statement</u>	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
Accrued debt from previous year	-	-
Audit fees	1,500	500
Accrued Rents	6,555	100
Audit projects expense	-	2,120
Internet Expenses	-	36
Telephone expenses	95	-
Transport and postal expenses	51	-
Salaries expenses	8,600	-
Total	<u>16,801</u>	<u>2,756</u>

" The accompanying notes are an integral part of these financial statement "

Note (5) Revenues

	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
Other revenues	1,153	6,573
Members	63	56
UNESCO Grants	5,000	6,000
FOSI Grants	96,500	199,870
IFEX Grants	-	8,925
FLC Grants	32,700	32,400
European Union Grants	14,573	102,611
Institute of International Education Grants	-	2,658
IMS Grants	64	15,430
Total Revenues	<u>150,053</u>	<u>374,523</u>

" The accompanying notes are an integral part of these financial statement "

Note (6) - Activities Expenses

	2016	2015
	USD	USD
Publications, studies and reports	2,875	9,663
Publications of Studies (Women's Press and Freedom of Opinion and Expression in Palestine)	4,710	-
Advocacy campaign to reform media laws	-	15,437
Advocacy campaigns to improve freedom of expression	-	300
Photo Gallery (3 May)	-	1,440
Digital rights campaign	-	2,349
Media campaign to stop violations against journalists	-	878
Media campaign to promote the importance of the right of access to information	1,763	900
Materials to promote for Freedom of Expression	1,853	730
Trainers' wages	6,509	11,687
Hospitality , Rental of halls and establishment of workshops	31,391	21,436
Internal transportation	1,251	2,204
The coordination of projects and activities	1,050	1,728
International missions' travel	3,790	1,234
Film production	2,100	12,856
Couriers	661	1,143
Design promotional materials	970	1,500
MADA's application for smart phones	650	1,500
Promote Application for smart phones	504	0
Editing and preparing training and media materials	785	18,292
Wages for the coordinators and staff of the projects	32,410	70,200
Other expenses	-	115
Projects' audit	2,600	2,120
Participation in International competitions	106	-
Immediate translation	632	-
Projects Evaluation	-	3,751
Total	96,610	181,463

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Note (7) - Operating expenses

	2016	2015
	USD	USD
Salaries	68,643	73,008
Bank commissions	404	723
Audit	1,500	1,500
Rents	12,556	14,680
Internet	364	401
Newspapers	238	211
Maintenance	76	955
Couriers	-	34
Electricity	738	700
Telephone	1,425	1,111
Insurance	-	-
Furniture depreciation	597	597
Machines depreciation	2,180	2,747
Stationery	531	1,344
Hospitality	2,138	2,086
Internal transportation	1,125	1,820
Membership in International organizations	200	500
Website expenses	-	696
Currency differences expenses	482	6,300
Total	93,197	109,413

" The accompanying notes are an integral part of these financial statements "

Table number (1)
The Palestinian Center for Development and Media Freedoms (MADA)
Fixed assets and accumulated depreciation as at 31, December 2016

Statement	The date of purchase	Fixed assets			The accumulated depreciation							Net fixed assets
		Balance in 01/01/2016	Additions 2016	Assets balance 31/12/2016	Consumption rate	Consumption date	Consumption	Balance 01/01/2016	Balance 31/12/2016			
Office Furniture												
Offices	01-2009	1,340	-	1,340	10%	12	134	938	1,072	268		
Offices	06-2009	1,900	-	1,900	10%	12	190	1,249	1,439	461		
Chairs	06-2009	387	-	387	10%	12	39	256	295	92		
Refrigerator	06-2009	160	-	160	10%	12	16	89	105	55		
Chairs	09-2010	390	-	390	10%	12	39	208	247	143		
Office Decor	12-2010	508	-	508	10%	12	51	259	310	198		
Office Furniture	07-2011	550	-	550	10%	12	55	248	303	247		
Medical chair	06-2012	430	-	430	10%	12	43	154	197	233		
Office Furniture	04-2014	300	-	300	10%	12	30	52	82	218		
Total		5,965	-	5,965			597	3,453	4,050	1,915		
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	350	3,150	3,500	-		
Recorder	01-2013	148	-	148	20%	12	32	116	148	-		
Computer	08-2013	688	-	688	20%	12	138	471	609	79		
Printer "Brother"	02-2014	676	-	676	20%	12	135	259	394	282		
photocopier	02-2014	4,062	-	4,062	20%	12	812	1,557	2,369	1,693		
Laptop	02-2014	3,242	-	3,242	20%	12	648	1,243	1,891	1,351		
Tablet	03-2015	325	-	325	20%	12	65	54	119	206		
Total		17,346	-	17,346			2,180	11,555	13,735	3,611		

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