

The Palestinian Center for Development and Media Freedoms

(MADA)



Financial statements and the auditor's report

31st December 2015

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 2015, 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 2015 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 April 06, 2016

BDO
Accounting Audit & Tax Services
[Signature]

The Palestinian Center for Development and Media Freedoms (MADA)

Statement of financial position as of Dec, 31, 2015

All amounts in USD

Statement	Note	2014	2015
<u>Current Assets</u>			
Cash	3	311	0
Deposit in Quds Bank	3	250	250
Cash in Quds Bank	3	30,767	115,282
Total Current Assets		<u>31,328</u>	<u>115,532</u>
<u>Fixed Assets</u>			
Furniture	Table1	5,965	5,965
Furniture Accumulated depreciation	Table1	(2,856)	(3,453)
Machines	Table1	17,021	17,346
Machines Accumulated depreciation	Table1	(8,808)	(11,555)
Total Fixed Assets		<u>11,322</u>	<u>8,304</u>
Total Assets		<u>42,650</u>	<u>123,836</u>
<u>Liabilities and net assets</u>			
Unposted Checks		6,757	21,990
Income tax deductions		7,030	213
Accrued expenses	4	13,633	2,756
Net Assets		15,230	98,877
Total liabilities and net assets		<u>42,650</u>	<u>123,836</u>

The Palestinian Center for Development and Media Freedoms (MADA)

Statement of activities and the change in net asset value

for the year ended at 31 December 2015

All amounts in USD

Statement	Note	2014	2015
Revenues	5	285,620	374,523
Total of Revenues		<u>285,620</u>	<u>374,523</u>
Less: Activities expenses	6	199,648	181,463
Net assets before Operating expenses		<u>85,972</u>	<u>193,060</u>
Less: Operating expenses	7	105,636	109,413
Changes during the year		<u>(19,664)</u>	<u>83,647</u>
Change in net asset at the beginning of the year		34,894	15,230
Adjusting from previous years		0	0
Change at the end of the year		<u>15,230</u>	<u>98,877</u>

The Palestinian Center for Development and Media Freedoms (MADA)

Cash Flow Statement for the year ended on 31st December 2015

All amounts in USD

Statement	2015
Cash flow from operating activities	
Net change in assets during the year	83,647
Depreciation Year's	3,344
Decrease (Increase) in assets	0
Increase (Decrease) in liabilities	(2,461)
Net cash flow from operations	84,530
Cash flow from investment	
Decrease (Increase) in fixed assets	(326)
operations & investment net cash flow	84,204
Change in cash and bank balances during the year	
Cash at the beginning of the year	31,328
Cash and bank at the end of the year	115,532

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 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 used 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	04 %
Computer program	20 %

- 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.

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.

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

All amounts in USD

Statement	2014	2015
Cash in hand	311	0
Deposit in Quds Bank	250	250
Al-Quds Bank/000/ USD	4,643	115
Al-Quds Bank/000/ NIS EQUAL IN USD	687	348
Al-Quds Bank/000/ EU EQUAL IN USD	23,085	28,712
Al-Quds Bank/000/ 002/ USD	(2)	3,777
Al-Quds Bank/000/ 004/ USD	1	82,329
Al-Quds Bank/000/ 005/ USD	2,353	1
<u>Total</u>	<u>31,328</u>	<u>115,532</u>

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

All amounts in USD

Statement	2014	2015
Accrued debt from previous year	0	0
Audit fees	1,500	500
Accrued Rents	5,627	100
Design activities expense	1,017	-
Audit projects expense	2,419	2,120
Internet Expenses	32	36
Telephone expenses	106	-
Electricity Expenses	112	-
Media reports and publications	2,820	-
Salaries expenses	0	-
<u>Total</u>	<u>13,633</u>	<u>2,756</u>

Note (5)- Revenues

All amounts in USD

statement	2014	2015
Other revenues	4,644	6,573
Members	121	56
UNESCO Grants	18,000	6,000
FOSI Grants	62,241	199,870
IFEX Grants	-	8,925
FLC Grants	-	32,400
European Union Grants	178,065	102,611
Institute of International Education Grants	13,955	2,658
IMS Grants	8,428	15,430
Currency differences	166	-
<u>Total</u>	<u>285,620</u>	<u>374,523</u>

Note (6)- Activities Expenses

All amounts in USD

Statement	2014	2015
Publications, studies and reports	11,668	9,663
Materials to promote for Freedom of Expression	12,494	730
Advocacy campaign to limit the Self-censorship	900	0
Advocacy campaign to reform media laws	19,711	15,437
Advocacy campaigns to improve freedom of expression	739	300
Trainers' wages	8,834	11,687
Catering at workshops	14,858	17,974
Internal transportation	5,328	2,204
Hotel accommodation for the trainees	3,470	3,462
The coordination of projects and activities	802	1,728
International missions' travel	584	1,234
Film production	2,637	12,856
Couriers	928	1,143
Design promotional materials	2,391	1,500
MADA's application for smart phones	1,000	1,500
Editing and preparing training and media materials	10,750	18,292
Wages for the coordinators and staff of the projects	100,007	70,200
Other expenses	128	115
Projects' audit	2,419	2,120
Projects Evaluation	-	3,751
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	-	900
<u>Total</u>	<u>199,648</u>	<u>188,463</u>

Note (7)- Operating expenses

All amounts in USD

Statement	2014	2015
Salaries	76,167	73,008
Bank commissions	507	723
Audit	1,500	1,500
Rents	14,120	14,680
Internet	427	401
Newspapers	443	211
Maintenance	553	955
Couriers	85	34
Electricity	971	700
Telephone	1,436	1,111
Insurance	180	-
Furniture depreciation	589	597
Machines depreciation	2,969	2,747
Stationery	1,302	1,344
Hospitality	2,375	2,086
Internal transportation	1,412	1,820
Membership in International organizations	600	500
Website expenses	-	696
Currency differences expenses	-	6,300
<u>Total</u>	<u>105,636</u>	<u>109,413</u>

Table (1)

Fixed assets					The accumulated depreciation					Net fixed assets
statement	The date of purchase	Balance in	Additions	Assets balance	Consumption rate	Consumption date	Consumption	Balance	Balance	
		1/1/2015	2015	31/12/2015				1/1/2015	31/12/2015	
Office Furniture										
Offices	01-2009	1,340	-	1,340	10%	12	134	804	938	402
Offices	06-2009	1,900	-	1,900	10%	12	190	1,059	1,249	651
Chairs	06-2009	387	-	387	10%	12	39	217	256	131
Refrigerator	06-2009	160	-	160	10%	12	16	73	89	71
Chairs	09-2010	390	-	390	10%	12	39	169	208	182
Office Decor	12-2010	508	-	508	10%	12	51	208	259	249
Office Furniture	07-2011	550	-	550	10%	12	55	193	248	302
Medical chair	06-2012	430	-	430	10%	12	43	111	154	277
Office Furniture	04-2014	300	-	300	10%	9	30	23	53	248
Total		5,965		5,965			597	2,856	3,453	2,513
Equipment										
Computer	01-2009	935	-	935	20%	0	-	935	935	-
Computer	06-2009	800	-	800	20%	5	-	800	800	-
Printer	06-2009	200	-	200	20%	5	-	200	200	-
Computer	01-2011	800	-	800	20%	12	15	785	800	-
Computer	07-2011	995	-	995	20%	12	83	912	995	-
TV	09-2011	975	-	975	20%	12	130	845	975	-
Apple MAC computer	07-2012	3,500	-	3,500	20%	12	700	2,450	3,150	350
Recorder	01-2013	148	-	148	20%	12	30	87	116	32
Computer	08-2013	688	-	688	20%	12	139	332	471	217
Printer "Brother"	02-2014	676	-	676	20%	11	135	124	259	417
photocopier	02-2014	4,062	-	4,062	20%	11	812	745	1,557	2,505
Laptop	02-2014	3,242	-	3,242	20%	11	648	594	1,243	1,999
Tablet	03-2015	-	325	325	20%	10	54	-	54	271
Total		17,021	325	17,346			2,747	8,808	11,555	5,791