

ATFALUNA SOCIETY FOR DEAF CHILDREN

FINANCIAL STATEMENTS

For the year ended December 31, 2016

AND INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors
Atfaluna Society for Deaf Children**

Independent Auditor's Report

Our opinion

In our opinion, Atfaluna Society for Deaf Children (hereinafter “the Association” or “ASDC”) financial statements present fairly, in all material respects the financial position of the Association as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with IFRS.

What we have audited

Atfaluna Society for Deaf Children financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of activities and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Palestine. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation *and fair presentation of the financial statements* in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Palestine Limited
7 June 2017
Ramallah, Palestine

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ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC
 Financial statements for the year ended December 31, 2016

STATEMENT OF FINANCIAL POSITION

(All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Non-Current Assets			
Property, Plant, and equipment	(4)	1,383,026	1,466,664
Total non-current assets		1,383,026	1,466,664
Current assets			
Inventory of vocational training products	(5)	141,169	141,195
Pledges Receivable	(6)	340,225	973,519
Other current assets	(7)	55,080	42,348
Cash and cash equivalents	(8)	321,884	663,725
Total current assets		858,358	1,820,787
Total assets		2,241,384	3,287,451
NET ASSETS AND LIABILITIES			
Net assets			
Unrestricted net assets		261,041	582,304
Total net assets		261,041	582,304
Non-Current Liabilities			
Deferred revenues	(9)	807,431	867,113
Provision for End-of-service indemnity	(10)	631,817	605,247
Total non-current liabilities		1,439,248	1,472,360
Current liabilities			
Other current liabilities	(11)	75,541	61,729
Temporarily restricted contributions	(12)	465,554	1,171,058
Total current liabilities		541,095	1,232,787
Total liabilities		1,980,343	2,705,147
Total net assets and liabilities		2,241,384	3,287,451

- The notes on pages from (7) to (23) are an integral part of these financial statements.

- The financial statements were authorized for issue by the Board of Trustees on June 6, 2017 and were signed on its behalf.

 Mr. Sharhabeel Al Zaeem
Chairman

 Mr. Naim Kabaja
Director General

 Mr. Aed El Muzaini
Financial Manager

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC
Financial statements for the year ended December 31, 2016

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Changes in unrestricted net assets:			
Grants, revenues and gains			
Unrestricted contributions	(13)	5,441	2,548
In-kind revenues	(14)	20,787	39,646
Operating revenues	(15)	303,104	357,952
Other revenues	(16)	45,395	64,807
Total unrestricted grants, revenues and other support		374,727	464,953
Temporarily restricted contributions released from restriction	(12)	866,147	1,061,544
Deferred revenues recognized	(9)	166,132	173,069
Total Revenues		1,407,006	1,699,566
Expenses			
Projects expenses	(17)	(1,378,689)	(1,581,322)
General and administrative expenses	(18)	(141,724)	(188,754)
Depreciation	(4)	(196,827)	(207,649)
Bad debt expense	(7)	(8,859)	-
Currency variances (losses) gains		(2,170)	(46,096)
Total expenses		(1,728,269)	(2,023,821)
Net changes in unrestricted net assets – general fund		(321,263)	(324,255)
Net assets, beginning of the year		582,304	906,559
Net assets, end of the year		261,041	582,304

- The notes on pages from (7) to (22) are an integral part of these financial statements.

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC
 Financial statements for the year ended December 31, 2016

STATEMENT OF CASH FLOWS

(All amounts are in US Dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities			
Changes in net assets for the year		(321,263)	(324,255)
<u>Adjustments of non-cash items</u>			
Depreciation expense	(4)	196,827	207,649
Provision of end -of- service for the year	(10)	70,386	65,358
Deferred revenue recognized	(9)	(166,132)	(173,069)
Gain from sale of plant, property and equipment		(26,419)	(12,000)
		(246,601)	(236,317)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Inventory of vocational training products	(5)	26	(704)
Pledges receivable	(6)	633,294	(622,674)
Other current assets	(7)	(12,732)	14,337
End-of-service payments	(10)	(43,816)	(31,523)
Other current liabilities	(11)	13,812	2,007
Temporarily restricted contributions	(12)	(599,054)	746,101
Net cash used in operating activities		(255,071)	(128,773)
Cash flows from investing activities			
Purchases of property, plant and equipment	(4)	(113,189)	(87,906)
Proceeds from sale of property, plant, and equipment	(4)	26,419	12,000
Net cash used in investing activities		(86,770)	(75,906)
Decrease in cash and cash equivalents		(341,841)	(204,679)
Cash and cash equivalents, beginning of the year	(8)	663,725	868,404
Cash and cash equivalents, end of the year	(8)	321,884	663,725

- The notes on pages from (7) to (22) are an integral part of these financial statements.

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (1) GENERAL

The Atfaluna Society for Deaf Children (hereinafter the "ASDC") is a Palestinian not-for-profit organization established in 1992 working in the field of deaf education and allied services. The ASDC serves people with disabilities, particularly deaf people, children and adults and their families through education, audiology, speech therapy, income generating programs for the deaf, vocational training, parents', teachers', community training and awareness programs as well as hosing other services and programs. The ASDC was registered the in Ministry of Interior under registration number (2076) on May 23, 2001 according to the community organizations law of the year 2000.

ASDC Mission:

To improve the lives of the deaf persons in the Gaza Strip through social, economic, cultural, and civil empowerment

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared according to International Financial Reporting Standards under the historical cost convention and presented in USD. Currently, International Financial Reporting Standards do not include any specific requirements regarding not-for-profit organizations in connection with the accounting policies or the presentation of the financial statements. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of selecting and applying accounting policies. Following is a summary of the ASDC's significant accounting policies:

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as indicated. Furthermore, a number of new standards and amendments to standards and interpretations have been issued and effective for annual periods beginning on 1 January 2015. ASDC management believes that due to the nature of the entity's structure and activities, these new standards and amendments will not have any material effect on the financial statements.

2.3 Property, Plant and equipment

Property and equipment are stated at cost net 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 rates:

	<u>%</u>
Buildings	2%
Building renovation	7%
Furniture and fixtures	9%
Equipment	10-20%
Computers and printers	25%
Vehicle	20%

The cost of the property and equipment includes all of the expenditures incurred so as to make the assets ready for use. Any subsequent expenditure is capitalized only when they increase the future economic benefits of the related property and equipment.

2.4 Inventory of vocational training Products

This item represents products produced by the vocational deaf trainees. Such products include embroidered dresses and pieces of clothes, mirrors, trays, arabesque chairs and tables of different sizes, dishes and paintings. The ASDC policy is to measure the inventory value at net realizable value (selling price minus maximum discount rate of 30%) and not at cost.

2.5 Pledges receivable

Pledges receivable are stated at the original amount of the conditional pledge less amounts received and any uncollectible pledge. An estimate for the uncollectible amount is made when the collection of full conditional pledge is no longer probable.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and short term deposits with a maturity of three months or less.

2.7 Net assets

Unrestricted net assets – net assets whose use by the ASDC is not subject to donor-imposed restrictions.

2.8 Temporarily restricted contributions

Temporarily restricted contributions – contributions whose use by the ASDC is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and released by actions of the ASDC pursuant to those donor-imposed stipulations.

2.9 Deferred revenues

Donations related to plant, property and equipment are stated at fair value at the time of purchase, recorded as deferred revenues and recognized as revenues on a systematic based over the useful lives of the assets.

2.10 Impairment of assets

The carrying values of the assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indications exist and when the carrying values exceed the estimated recoverable amounts, the values of the assets are decreased to the recoverable amount, and the difference is recognized in the statement of activities.

2.11 Provision for end of service indemnity:

Benefits payable to the employees of the ASDC at the end of their services are provided for in accordance with the guidelines set by the local labour laws and ASDC's bylaw.

2.12 Accruals and other current liabilities

Accruals and other current liabilities are recognized for the amounts to be paid in the future for goods and services received, whether billed by the suppliers or not.

2.13 Revenue recognition

- Service sales and other revenues are recognized when earned.
- Unrestricted contributions are recognized when contributions and/or donations are pledged. Pledged amounts that relate to the current reporting period but were not received are accounted for as pledges receivable.

2.14 Expense recognition

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

2.15 Translation of foreign currencies

The ASDC's functional currency is the United States Dollar (hereinafter "USD"). Transactions in other currencies are translated to USD using the exchange rate prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated into USD using year end exchange rate and the resulting gains and losses are recognised in the statement of activities.

Exchange rates against (USD) as of December 31, 2016 and 2015 were as follows:

<u>Currency</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
NIS	3.848	3.905
JOD	0.709	0.708
EUR	0.956	0.955

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (3) RISK MANAGEMENT

1) Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This risk is detailed as follows:

A) Fully performing assets:

Analysis of this risk is presented in the following section by quality of credit.

Item	Carrying amount	Carrying amount
	2016	2015
Pledges receivable	340,225	973,519
Other current assets	55,080	42,348
Cash and cash equivalent	321,884	663,725

- The ASDC has an amount of 340,225 USD as Pledges receivable, this balance represents contracts signed with donors for the implementation of a number of projects, accordingly a significant amount of this balance is expected to be collected during the year 2017 as project activities are performed.
- The ASDC has an amount of 55,080 as other current assets, the majority of such amount is related to receivables resulted from the sale of vocational training products.
- The ASDC has an amount of 321,884 USD as cash at banks and cash on hand.

2) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The schedule below presents expected cash outflow resulting from financial liabilities broken down by time brackets:

Items	Expected timing of cash outflow				
	Carrying amounts	0-6 Month	7M-1 Year	1-2 Years	More than 2 Years
Other current liabilities	75,541	75,541	-	-	-
	75,541	75,541	-	-	-

- The ASDC will pay the amount during the first 6 months of the year 2016. It will use the available cash to pay these liabilities.

3) Market risk

Market risk is defined as the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

The main market risk faced by the ASDC is currency risk. Currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Fluctuations in the exchange rates resulted in a net loss of 2,170 USD.

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (4) PROPERTY, PLANT, AND EQUIPMENT

Details:

<u>2016</u>	<u>Land</u>	<u>Buildings</u>	<u>Building renovation</u>	<u>Furniture and fixtures</u>	<u>Equipment</u>	<u>Computers and printers</u>	<u>Vehicles</u>	<u>Total</u>
<u>Cost</u>								
Beginning balance	167,473	1,016,090	330,915	332,255	1,312,622	214,854	262,333	3,636,542
Additions *	-	54,535	2,941	14,122	17,731	23,860	-	113,189
Disposals	-	-	-	-	-	-	(77,395)	(77,395)
Ending balance	167,473	1,070,625	333,856	346,377	1,330,353	238,714	184,938	3,672,336
<u>Accumulated depreciation</u>								
Beginning balance	-	310,760	174,901	247,867	1,026,380	208,935	201,035	2,169,878
Additions	-	20,769	23,297	18,537	105,184	8,988	20,052	196,827
Disposals	-	-	-	-	-	-	(77,395)	(77,395)
Ending balance	-	331,529	198,198	266,404	1,131,564	217,923	143,692	2,289,310
Net book value 2016	167,473	739,096	135,658	79,973	198,789	20,791	41,246	1,383,026

*Plant, property and equipment additions include an amount of USD 11,910, which represents furniture produced in-house by the ASDC employees and finances by Mel Wolf foundation. The cost of the furniture was computed as the direct salaries of the employees who produced it.

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

2015	Land	Buildings	Building renovation	Furniture and fixtures	Equipment	Computers and printers	Vehicles	Total
<u>Cost</u>								
Beginning balance	167,473	1,016,090	330,915	328,469	1,285,095	212,261	246,771	3,587,074
Additions	-	-	-	3,786	27,527	2,593	54,000	87,906
Disposals	-	-	-	-	-	-	(38,438)	(38,438)
Ending balance	167,473	1,016,090	330,915	332,255	1,312,622	214,854	262,333	3,636,542
<u>Accumulated depreciation</u>								
Beginning balance	-	290,438	151,737	225,234	907,298	206,016	219,944	2,000,667
Additions	-	20,322	23,164	22,633	119,082	2,919	19,529	207,649
Disposals	-	-	-	-	-	-	(38,438)	(38,438)
Ending balance	-	310,760	174,901	247,867	1,026,380	208,935	201,035	2,169,878
Net book value 2015	167,473	705,330	156,014	84,388	286,242	5,919	61,298	1,466,664

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (5) INVENTORY OF VOCATIONAL TRAINING

Details:

	<u>2016</u>	<u>2015</u>
Vocational training products	<u>141,169</u>	<u>141,195</u>
	<u>141,169</u>	<u>141,195</u>

This item represents products such as embroidered dresses and pieces of clothes, mirrors, trays, arabesque chairs and tables of different sizes, dishes and paintings. The inventory was not measured at cost but it's the ASDC accounting policy to value inventory at net realizable value (selling price after deducting the maximum discount rate of 30%)

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (6) PLEDGES RECEIVABLE

Details:

Donor	Beginning balance	Additions	Received during the year	Adjustment	Currency (gains) losses	Ending balance 2016
Christoffel - Blindenmission (CBM)- Regular budget	141,294	-	(141,223)	-	(49)	22
Campaign for Children of Palestine- Japan (CCP)	59,193	73,203	(132,396)	-	-	-
Mel Wolf Foundation	30,000	-	(30,000)	-	-	-
NGO Development Center (NDC)	14,307	-	(14,307)	-	-	-
The Lady Fatema Charitable Trust	4,400	43,142	(36,528)	-	-	11,014
Welfare Association	-	50,563	(50,563)	-	-	-
Qatar Red Crescent through Islamic University	29,840	-	(14,920)	-	-	14,920
LOPC	-	25,000	(24,966)	(34)	-	-
Palcrafts	-	12,143	(12,143)	-	-	-
Qatar Red Crescent (QRC)	464,968	-	(265,696)	-	-	199,272
Christoffel - Blindenmission (CBM)- P3198	16,591	-	(15,753)	(838)	-	-
Christoffel - Blindenmission (CBM)- P3142	209,826	-	(94,829)	-	-	114,997
Christoffel - Blindenmission (CBM)- Revaluation cost for Atfaluna	-	20,915	(20,915)	-	-	-
Help Age International	3,100	-	(3,100)	-	-	-
Paltel Group	-	30,000	(30,000)	-	-	-
Sub-total	973,519	254,966	(887,339)	(872)	(49)	340,225

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

Donor	Beginning balance	Additions	Received during the year	Adjustment	Currency (gains) losses	Ending balance 2016
Sub- total from previous page	973,519	254,966	(887,339)	(872)	(49)	340,225
Hoping Foundation – UK	-	4,950	(4,950)	-	-	-
Ali Sagwani- (DAMAC Group)	-	6,373	(6,373)	-	-	-
Church of Scotland	-	6,170	(6,170)	-	-	-
Sub-total	-	17,493	(17,493)	-	-	-
Grand total	973,519	272,459	(904,832)	(872)	(49)	340,225

In addition to the contribution received stated in the schedule above, ASDC received USD 17,045 from various donors for the benefit of certain named children during the year ended December 31, 2016. ASDC acts as transitional and the amounts received are recorded as liabilities until being paid the final beneficiaries. The cash received in the year 2016 was as follows:

	<u>2016</u>	<u>2015</u>
Hashem El Shawa Sr. Orphan fund	15,324	19,946
The Lady Fatema	-	8,282
Others	1,721	4,727
	<u>17,045</u>	<u>32,955</u>
Balance, beginning of the year	6,841	4,914
Received during the year	17,045	32,955
Paid to the children	(19,035)	(31,028)
Balance, end of the year (note 11)	<u>4,851</u>	<u>6,841</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (7) OTHER CURRENT ASSETS

Details:

	<u>2016</u>	<u>2015</u>
Accrued transportation revenues – net *	16,946	-
Account receivable from sales of vocational training products	35,076	30,269
Others	2,742	4,108
Due from Employees	316	7,971
	<u>55,080</u>	<u>42,348</u>

*The accrued transportation revenues is recorded in the net amount out of the allowance for uncollectable amounts:

	<u>2016</u>	<u>2015</u>
Accrued transportation revenues	25,805	-
Allowance for uncollectable transportation fees	(8,859)	-
	<u>16,946</u>	<u>-</u>

NOTE (8) CASH AND CASH EQUIVALENTS

Details:

	<u>2016</u>	<u>2015</u>
Cash on hand	202	231
Cash at banks	39,272	175,408
Deposits at banks	282,410	488,086
	<u>321,884</u>	<u>663,725</u>

NOTE (9) DEFERRED REVENUES

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	867,113	963,670
Additions	106,450	76,512
Deferred revenues recognized	(166,132)	(173,069)
Balance, end of the year	<u>807,431</u>	<u>867,113</u>

NOTE (10) PROVISION FOR END OF SERVICE INDEMNITY

Details:

	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	605,247	571,412
Add: provision made during the year	70,386	65,358
Less: payments made during the year	(43,816)	(31,523)
Balance, end of the year	<u>631,817</u>	<u>605,247</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (11) OTHER CURRENT LIABILITIES

Details:

	<u>2016</u>	<u>2015</u>
Accrued expenses	8,991	7,153
Undistributed beneficiaries' money	4,851	6,841
Account payable	19,295	19,056
Salary tax payable	42,404	28,679
	<u>75,541</u>	<u>61,729</u>

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (12) TEMPORARILY RESTRICTED NET ASSETS

Details:

<u>Donor</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Fixed Assets</u>	<u>Adjustments</u>	<u>Currency (gains) losses</u>	<u>Ending balance 2016</u>
Christoffel - Blindenmission (CBM)- Regular budget	141,294	-	(140,266)	-	-	(1,028)	-
NGO Development Center (NDC)	8,528	-	(8,528)	-	-	-	-
European Commission and Christoffe - Blindenmission Deutschland	857	-	-	-	-	-	857
Campaign for Children of Palestine- Japan (CCP)	63,860	73,203	(137,063)	-	-	-	-
Drosos Foundation	4,500	-	(4,500)	-	-	-	-
Christoffel - Blindenmission (CBM)- P3198	79,934	-	(56,727)	(18,869)	(4,338)	-	-
Christoffel - Blindenmission (CBM)- P3142	254,593	-	(68,703)	(51,268)	-	-	134,622
Qatar Red Crescent (QRC)	499,107	-	(295,516)	(3,392)	-	-	200,199
Qatar Red Crescent through Islamic University	43,238	-	(24,240)	-	-	-	18,998
Help Age International	3,100	-	(3,100)	-	-	-	-
Mel Wolf Foundation	55,374	-	(35,600)	(16,121)	-	-	3,653
The Lady Fatema Charitable Trust	-	43,142	(32,129)	-	-	-	11,013
Welfare Association	-	50,563	-	-	-	-	50,563
LOPC	16,673	25,000	(30,139)	-	-	-	11,534
Palcrafts	-	12,143	(12,143)	-	-	-	-
Sub-total	1,171,058	204,051	(848,654)	(89,650)	(4,338)	(1,028)	431,439

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

<u>Donor</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Released from restriction</u>	<u>Assets</u>	<u>Adjustments</u>	<u>Currency (gains) losses</u>	<u>Ending balance 2016</u>
Sub- total from previous page	1,171,058	204,051	(848,654)	(89,650)	(4,338)	(1,028)	431,439
Chrestoffel Blindenmission (CBM)- Revaluation cost for Atfaluna	-	20,915	-	-	-	-	20,915
Paltel Group	-	30,000	-	(16,800)	-	-	13,200
Hoping Foundation – UK	-	4,950	(4,950)	-	-	-	-
Church of Scotland	-	6,170	(6,170)	-	-	-	-
Ali Sagwani- (DAMAC Group)	-	6,373	(6,373)	-	-	-	-
Sub-total	-	68,408	(17,493)	(16,800)	-	-	34,115
Grand total	1,171,058	272,459	(866,147)	(106,450)	(4,338)	(1,028)	465,554

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (13) UNRESTRICTED CONTRIBUTIONS

Details:

	<u>2016</u>	<u>2015</u>
Local individuals	539	-
Others	4,902	2,548
	<u>5,441</u>	<u>2,548</u>

NOTE (14) IN-KIND REVENUES

Details:

	<u>2016</u>	<u>2015</u>
Food	20,787	17,195
Educational Supplies and gifts	-	22,240
Hearing supplies	-	211
	<u>20,787</u>	<u>39,646</u>

NOTE (15) OPERATING REVENUES

Details:

	<u>2016</u>	<u>2015</u>
Sales of vocational training products	171,513	191,310
Revenue of Atfaluna restaurant and cafeteria	5,316	81,193
Audio logical and speech therapy revenues	66,913	71,710
Conference hall rental revenues	16,408	4,554
Transportation revenue	41,364	9,185
Others	1,590	-
	<u>303,104</u>	<u>357,952</u>

NOTE (16) OTHER REVENUES

Details:

	<u>2016</u>	<u>2015</u>
Award of innovation and excellence	-	50,000
Gain from sale of plant, property and equipment	26,419	12,000
Bank interest	8,382	132
Bidding fees	2,064	2,011
Membership fees	179	173
Others	8,351	491
	<u>45,395</u>	<u>64,807</u>

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (17) PROJECTS EXPENSES

Details:

Description	LOPC Classroom 2015/2016	Mel Wolf foundation	Chrestoffel Blindenmission (CBM)- Regular budget	Chrestoffel Blindenmission (CBM)- P3198	Drosos Foundation	Campaign for Children of Palestine- Japan (CCP)	Total
Salaries and related benefits	24,719	35,600	94,995	17,225	-	82,218	254,757
Communication	-	-	-	-	-	247	247
Design and publication	-	-	-	5,644	-	24,470	30,114
Fuel	-	-	-	2,220	-	1,992	4,212
Hearing aid devices and supplies	-	-	9,544	10,323	-	17,660	37,527
Hospitality	-	-	1,937	911	-	-	2,848
Maintenance	-	-	4,941	-	-	-	4,941
Media, awareness, lobbying and advocacy	-	-	-	-	-	1,030	1,030
Micro projects support	-	-	-	-	4,500	-	4,500
Miscellaneous	-	-	-	147	-	-	147
Rent	-	-	3,442	-	-	1,610	5,052
School uniforms an shoes	-	-	5,394	-	-	-	5,394
Stationery and printing	-	-	3,284	-	-	1,641	4,925
Toys for therapy sessions	-	-	-	1,517	-	-	1,517
Training and education	-	-	9,394	11,025	-	4,320	24,739
Travel and Transportation	5,420	-	2,313	2,268	-	1,875	11,876
Food and meals	-	-	5,022	-	-	-	5,022
Professional fees	-	-	-	5,447	-	-	5,447
Sub-total	30,139	35,600	140,266	56,727	4,500	137,063	404,295

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Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

	Chrestoffel Blindenmission (CBM)- P3142	Qatar Red Crescent- QRC	Hoping Foundation - UK	Ali Sigwani- (DAMAC Group)	The Lady Fatema	Pal craft	Total
Sub- total from previous page							404,295
Salaries and related benefits	32,662	46,304	3,900	6,373	24,821	11,143	125,203
Communication	-	360	-	-	-	-	360
Fuel	-	8,000	-	-	-	-	8,000
Hearing aid devices and supplies	-	-	-	-	3,308	-	3,308
Hospitality	-	6,604	-	-	-	-	6,604
Insurance	-	1,313	-	-	-	-	1,313
Job creation	-	50,346	-	-	-	-	50,346
Maintenance	-	-	-	-	-	1,000	1,000
Media, awareness, lobbying and advocacy	4,839	1,289	-	-	-	-	6,128
Micro projects support	-	67,035	-	-	-	-	67,035
Miscellaneous	-	416	-	-	-	-	416
Rent	-	3,600	72	-	-	-	3,672
Sponsorship for internships	-	85,800	-	-	-	-	85,800
Stationery and printing	-	303	-	-	-	-	303
Training and education	25,123	16,656	-	-	-	-	41,779
Travel and Transportation	3,311	7,190	240	-	-	-	10,741
Utilities	-	300	-	-	-	-	300
Workshops and capacity building	2,768	-	-	-	-	-	2,768
Food and meals	-	-	738	-	4,000	-	4,738
Sub-total	68,703	295,516	4,950	6,373	32,129	12,143	824,109

ATFALUNA SOCIETY FOR DEAF CHILDREN - ASDC

Financial statements for the year ended December 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

	Help Age International	Qatar Red Crescent through Islamic University-Gaza	NGO Development Center- NDC	Church of Scotland	ASDC	Total activities expenses
Sub- total from previous page	-	-	-	-	-	824,109
Salaries and related benefits	-	21,440	-	6,170	375,003	402,613
Communication	-	-	-	-	6,651	6,651
Design and publication	-	2,800	-	-	1,080	3,880
Fuel	-	-	-	-	21,355	21,355
Hearing aid devices and supplies	3,100	-	-	-	3,433	6,533
Hospitality	-	-	54	-	-	54
Insurance	-	-	-	-	3,694	3,694
Maintenance	-	-	-	-	7,346	7,346
Materials and supplies	-	-	-	-	599	599
Media, awareness, lobbying and advocacy	-	-	-	-	2,580	2,580
Micro projects support	-	-	8,396	-	16,570	24,966
Miscellaneous	-	-	-	-	6,131	6,131
Rent	-	-	-	-	4,965	4,965
School uniforms an shoes	-	-	-	-	233	233
Sponsorship for internships	-	-	-	-	1,374	1,374
Stationery and printing	-	-	-	-	1,006	1,006
Toys for therapy sessions	-	-	-	-	2,612	2,612
Training and education	-	-	-	-	292	292
Utilities	-	-	-	-	12,071	12,071
Food and meals	-	-	-	-	21,343	21,343
Professional fees	-	-	-	-	6,680	6,680
Embroidery	-	-	-	-	11,717	11,717
Bank charges	-	-	78	-	1,498	1,576
Cleaning	-	-	-	-	4,309	4,309
Grand total	3,100	24,240	8,528	6,170	512,542	1,378,689

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollar)

NOTE (18) GENERAL AND ADMINISTRATIVE EXPENSES

Details:

	<u>2016</u>	<u>2015</u>
Salaries and related benefits *	119,124	143,036
Fuel	5,924	8,731
Maintenance	2,816	5,236
Utilities	2,182	2,996
Communication	1,335	1,371
Hospitality	1,386	3,743
Other expenses	1,338	
Insurance	884	985
Cleaning	759	1,158
Stationery and printing	470	531
Travel and Transportation	219	2,692
Bank charges	278	313
Gifts	-	7,190
Publication and photocopying	-	719
Professional expenses	5,009	10,053
	<u>141,724</u>	<u>188,754</u>

*The administrative salaries were determined by the Atfaluna management as the salary of seven administrative employees (Director General, Financial Manager, programs Manager, Hearing division Manager, Vocational training manager, School Headmaster, and Public Relation Officer). In previous years it was computed as percent of the total salaries.

NOTE (19) RELATED PARTIES TRANSACTIONS

This item represents transactions and balances with related parties, i.e., directors, senior management and projects being managed by the ASDC, over which they exercise control.

-Transactions with related parties are as follows:

Key Management compensation

	<u>2016</u>	<u>2015</u>
<i>Statement of Financial Position</i>		
Provision for end of service indemnity	80,310	76,600
<i>Statement of Activities</i>		
Salaries and related benefits	113,728	112,748