

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
  
AND INDEPENDENT AUDITOR'S REPORT**

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## Independent auditor's report to the Board of Directors of Atfaluna Society for Deaf Children - ASDC

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### Our opinion

In our opinion, the financial statements of Atfaluna Society for Deaf Children (hereinafter the “Society” or “ASDC”) present fairly, in all material respects the financial position of the Society as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### What we have audited

The Society's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- 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.

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### 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 Society 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.

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### 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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



## Independent auditor's report to the Board of Directors of Atfaluna Society for Deaf Children - ASDC (continued)

### 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 skepticism 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 Society'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

21... May 2019  
Ramallah, Palestine

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**

Financial statements for the year ended December 31, 2018

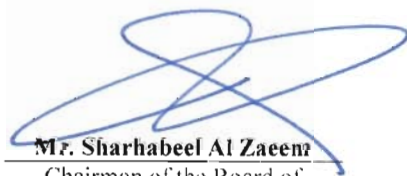
**STATEMENT OF FINANCIAL POSITION**

(All amounts in US Dollars)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	(5)	<u>1,371,352</u>	<u>1,256,660</u>
<b>Current assets</b>			
Inventory	(6)	319,294	269,521
Contributions receivable	(7)	1,538,795	449,025
Accounts receivable and other current assets	(8)	83,569	78,084
Cash and bank balances	(9)	<u>510,837</u>	<u>326,988</u>
		<u>2,452,495</u>	<u>1,123,618</u>
<b>Total assets</b>		<u>3,823,847</u>	<u>2,380,278</u>
<b>Net assets and liabilities</b>			
<b>Net assets</b>			
Unrestricted net assets		<u>353,364</u>	<u>326,624</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred contributions related to assets	(10)	800,187	683,453
Provision for employees' benefit	(11)	<u>705,184</u>	<u>680,616</u>
		<u>1,505,371</u>	<u>1,364,069</u>
<b>Current liabilities</b>			
Accounts payable and other accruals	(12)	107,268	89,928
Deferred contributions related to operations	(13)	<u>1,857,844</u>	<u>599,657</u>
<b>Total current liabilities</b>		<u>1,965,112</u>	<u>689,585</u>
<b>Total liabilities</b>		<u>3,470,483</u>	<u>2,053,654</u>
<b>Total net assets and liabilities</b>		<u>3,823,847</u>	<u>2,380,278</u>

-The notes on pages 7 to 28 form an integral part of these financial statements.

-The financial statements on pages 4 to 29 were authorized for issue by General Assembly on 30 April 2019 and were signed on its behalf.



**Mr. Sharhabeel Al Zaen**  
Chairman of the Board of  
Directors



**Mr. Naim Kabaja**  
Director General



**Mr. Imad Al-Araj**

Treasurer



**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
 Financial statements for the year ended December 31, 2018

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
 (All amounts in US Dollar)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Contributions and revenues</b>			
Unrestricted contributions	(14)	-	8,376
In-Kind revenues	(15)	6,123	22,629
Operating revenues	(16)	295,806	350,579
Other revenues	(17)	38,601	9,817
		<u>340,530</u>	<u>391,401</u>
Deferred contributions related to operations recognized as revenues	(13)	806,954	689,078
Deferred contributions related to assets recognized as revenues	(10)	132,470	161,423
		<u>1,279,954</u>	<u>1,241,902</u>
<b>Expenses</b>			
Program expenses	(18)	(1,027,736)	(1,089,166)
General and administrative expenses	(19)	(80,845)	(80,454)
Depreciation expense	(5)	(134,512)	(163,811)
Bad debt expense		(5,443)	-
(loss) gain from foreign currency translation		(4,678)	8,083
		<u>(1,253,214)</u>	<u>(1,325,348)</u>
<b>Changes in net assets for the year</b>		<b>26,740</b>	<b>(83,446)</b>
<b>Net assets, beginning of the year</b>		<u>326,624</u>	<u>410,070</u>
<b>Net assets, end of the year</b>		<u><b>353,364</b></u>	<u><b>326,624</b></u>

-The notes on pages 7 to 29 form an integral part of these financial statements.

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
 Financial statements for the year ended December 31, 2018

**STATEMENT OF CASH FLOWS**  
 (All amounts in US Dollar)

	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>			
Changes in net assets for the year		26,740	(83,446)
<b>Adjustments</b>			
Depreciation expenses	(5)	134,512	163,811
Provision for employees' benefits	(11)	46,358	100,773
Deferred revenue recognized from assets	(10)	(132,470)	(161,423)
<b>Cash flows from operating activities before payment of employees benefits paid and changes in working capital</b>		<b>75,140</b>	<b>19,715</b>
Employees' benefits paid	(11)	(21,790)	(51,974)
<b>Changes in working capital:</b>			
Inventory	(6)	(49,773)	20,677
Contributions receivable	(7)	(1,089,770)	(108,800)
Accounts receivable and other current assets	(8)	(5,485)	(23,004)
Deferred contributions related to assets	(10)	249,204	37,445
Deferred contributions related to operations	(13)	1,258,187	134,103
Accounts payable and other accruals	(12)	17,340	14,387
<b>Net cash generated from operating activities</b>		<b>433,053</b>	<b>42,549</b>
<b>Cash outflows from investing activities</b>			
Long-term deposits	(9)	(2,043)	192,393
Purchase of property and equipment	(5)	(249,204)	(37,445)
<b>Net cash used in investing activities</b>		<b>(251,247)</b>	<b>154,948</b>
<b>Net changes in cash and cash equivalents</b>		<b>181,806</b>	<b>197,497</b>
Cash and cash equivalents, beginning of the year		236,971	39,474
<b>Cash and cash equivalents, end of the year</b>	(9)	<b>418,777</b>	<b>236,971</b>

-The notes on pages 7 to 29 form an integral part of these financial statements.

**NOTE (1) GENERAL**

The Atfaluna Society for Deaf Children (hereinafter the "ASDC" or "Society") 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 hosting other services and programs. The ASDC was registered in the Ministry of Interior under registration number (2076) on May 23, 2001 according to the community organizations law of the year 2000.

**NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set below. These policies have been consistently applied to all years presented, unless otherwise stated.

**Basis of preparation**

The financial statements are prepared according to International Financial Reporting Standards (IFRS) based on the historical cost convention and are presented in US Dollars (USD).

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 applying the entity's accounting policies. The financial position and results of activities are sensitive to accounting methods, assumptions, estimates and judgments that underlie the preparation of the financial statements. ASDC bases its estimates on its past experience and on various other assumptions deemed reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Due to different assumptions and situations, the actual results may differ significantly from these estimates.

**Changes in accounting policies and disclosures**

The accounting policies adopted are consistent with those of the previous year, except as stated in Note 22. Furthermore, several standards and interpretations have been issued but are not yet mandatory. Management believes that the new standards and interpretations will have no significant impact on disclosures, financial position or performance when applied at a future date.

*(a) New and amended standards adopted by the Society*

The Society has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 9, 'Financial instruments: Classification and Measurement' (effective from 1 January 2018)

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

*(i) Classification and measurement*

On 1 January 2018 (the date of initial application of IFRS 9), the Society's management has assessed which business models apply to the financial assets held by the Society and has classified its financial instruments into the appropriate IFRS 9 categories.

There is no impact on the classification and measurement of the financial assets and financial liabilities of the Society.

*(ii) Impairment of financial assets*

The Society's financial assets are subject to IFRS 9's new expected credit loss model.

The Society was required to revise its impairment methodology under IFRS 9. The impact of the change in impairment methodology was immaterial.

*(b) IFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018)*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.



**Change in accounting policies** (continued)

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Management has carried out an assessment of the impact on the financial statements and no adjustments have been recorded in the financial statements as the impact is not material. The adoption of these amendments do not have any impact on the current or any prior year period.

(b) *New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted*

- IFRS 16, 'Leases' (effective 1 January 2019). It will result in almost all leases being recognised in the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will primarily affect the accounting for the Society's operating leases.
- As of the reporting date, the Society has no non-cancellable operating lease commitments.
- At this stage, the Society does not intend to adopt the standard before its effective date.

(c) *Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019). The following improvements were finalised in December 2017:*

- IFRS 3 - clarified that obtaining control of a business that is a joint operation in a business combination achieved in stages.
- IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on ASDC's financial statements.

**Property and equipment**

Property and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on their estimated useful lives, as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Buildings	50
Building renovation	14
Furniture and fixtures	11
Equipment	5-10
Computers and printers	4
Vehicles	5

**Property and equipment (continued)**

The cost of the property and equipment includes all of the expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Impairment of non-financial assets**

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**Inventory**

The inventory consist of three items. The inventory of vocational training products, raw materials and hearing aid devices. The inventory of vocational training products 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 inventory of raw materials represents the materials used for producing the vocational training products. Such items include strings, fabrics, wood, paint, colors and glass. The inventory is measured at the lower of cost or net realizable value (selling price after deducting the maximum discount rate at 30%) whichever is lower.

**Financial instruments**

Financial assets and liabilities are recognised on the Society's statement of financial position when the Society becomes a part of the contractual provision of the instruments.

*(a) Financial assets*

**Classification**

The Society classifies its financial assets in accordance with IFRS 9. The Society financial assets consist of Contributions receivables, Accounts receivables and other current assets, and cash and bank balances. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. The Society's financial assets are classified as financial assets at amortized costs.

***i. Contributions receivable***

Contributions receivable are stated at the original amount of the conditional pledge less amounts received and any uncollectible pledges. They are generally due from settlements in one year or less and therefore are all classified as current, if not they are classified as non-current.

***ii. Accounts receivable and other current assets***

Accounts receivable and other current assets are amounts due from customers and related parties for goods sold or services performed in the ordinary course of business. They are generally due for settlement in one year or less and therefore are all classified as current. If not, they are classified as non-current assets.

***iii. Cash and bank balances***

Cash and cash balances consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less after deducting any restricted deposits.

**Financial instruments (continued)**

**Recognition and measurement**

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. If, in a subsequent period, the amount of the impaired loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized such as an improvement in the debtor's credit rating, the reversal of the previously recognised impairment loss is recognised in the statement of financial position.

**Impairment of financial assets**

*i. Contributions and accounts receivable*

IFRS (9) replaced the 'incurred loss' model in IAS (39) with a forward-looking 'expected credit loss' model. Which requires the use of estimates and judgements to estimate economic factors. The model will be applied to all financial assets – contributions and accounts receivables which are classified at amortized cost

Impairment losses were calculated in accordance with the requirements of IFRS (9) in accordance with the following rules:

- 12 month impairment loss: the expected impairment is calculated for the next 12 months from the date of the financial statements.
- Impairment losses for the lifetime of the instrument: the expected impairment of the life of the financial statement is calculated until the maturity date from the date of the financial statements.

The expected credit loss mechanism depends on the probability of default (PD), which is calculated according to the credit risk and future economic factors, the loss in default (LGD), which depends on the value of the existing collateral, the exposure at default (EAD).

*ii. Cash and bank balances*

Cash and bank balances are also subject to the impairment requirements of IFRS 9.

**Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Society has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Society has transferred substantially all the risks and rewards of the asset, or (b) the Society has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*(b) Financial liabilities*

Financial liabilities mainly comprise Accounts payable and other accruals. Financial liabilities are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. The Society's financial liabilities are classified as financial liabilities at amortized costs. They presented as current liabilities unless payment is not due within 12 months after the reporting period.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

*i. Financial liabilities at amortized costs*

After initial recognition, accounts payable and other accruals are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of activities and changes in net assets when the liabilities are derecognized as well as through the amortization process.

**Financial liabilities (continued)**

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of activities and changes in net assets.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**IFRS 15 'Revenue from contracts with customers'**

**Operating and other revenues**

Other revenues are recognised when economic benefits are likely to flow to ASDC, and when the amount of revenue can be reliably measured and are recorded as revenues.

**Unrestricted contributions**

- Unrestricted contributions: These are contributions not restricted for a specific purpose or time are recognized when the pledge is obtained.

**Deferred contributions**

Contributions are recognised where there is reasonable assurance that the contribution will be received and all attached conditions will be complied with.

When the contribution relates to an expense item, it is recognised as income over the period necessary to match the contribution on a systematic basis to the costs that it is intended to compensate. To the extent that the contribution is not matched to expenditure in the year, it is recognised as deferred income.

Where the contribution relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**Provision for employee' benefits**

*Provision for Severance Pay:* Provision for severance pay is payable to the employees at the end of their services and it is provided in accordance with the guidelines set by the local labor laws. The provision is computed and provided for based on one month for the latest salary of each employee.

**Provisions**

Provisions are recognized when the Society has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**Translation of foreign currencies**

The accompanying financial statements are denominated in US Dollars. Transactions in other currencies are translated to US Dollars using the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollars by applying the exchange rates prevailing at the reporting date. Exchange gains or losses resulting from the settlement of such transactions are recognised in the *statement of activities and changes in net assets*. The exchange rates of other currencies against the US dollar as of December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
New Israeli Shekel (NIS)	3.763	3.479
Jordanian Dinars (JD)	0.709	0.709
EURO	0.874	0.833

**Expenditures recognition**

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

**Income tax**

The Society is a non-profit membership-based organization. Accordingly, it is not subject to income tax.

**NOTE (3) RISK MANAGEMENT**

The Society manages various risks through a strategy that addresses those risks and the procedures to mitigate them by applying reporting systems aiming to review and adopt appropriate risk mitigating procedures. In addition, the various departments are responsible for identifying risks associated with their activities and to apply and monitor appropriate control procedures. The overall responsibility of managing and monitoring risks rests with the Board of Directors.

Risk measurement and reporting systems

Managing risks is established by monitoring limits for each type of risk. The limits reflect the Society strategy and market condition. Information is gathered from each department and analysed to identify expected risk. Information is presented and analysed to the Board of Directors. The Society management oversees and monitors risks and ensures strategic and optimal allocation of assets and liabilities. These risks include market risk, liquidity risk and credit risk.

**a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk.

Interest rate risk: Since the financial assets and liabilities are not bearing significant interest rate, changes in market interest rates do not have a direct and significant impact on the results of the Society.

Foreign Currency Risk: Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. These fluctuations in the exchange rates resulted in a loss of US Dollars 4,678 for the year ended December 31, 2018 and a gain of 8,083 for the year ended December 31, 2017.

**b) Liquidity risk**

Liquidity risk is the risk that the Society will not be able to meet its commitments associated with financial liabilities as they fall due. To mitigate this risk, management diversifies financing resources and manages assets. The table below summarizes the maturity profile of the Society financial instruments based on contractual undiscounted payments:

	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
<b>December 31, 2018</b>				
Accounts payable and other accruals	37,460	-	69,809	107,269
<b>December 31, 2017</b>				
Accounts payable and other accruals	32,920	-	57,008	89,928

**c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all categories of financial assets held by the Society, the maximum exposure to credit risk is the carrying value as disclosed in the statement of financial position. To minimise these risks the Society obtains funds only from donors who have good reputation and in accordance with signed agreements and there is minimal risk associated with their settlement. Also, they maintain their cash in banks with good reputation and there are no restrictions on using these amounts.

**NOTE (4) KEY JUDGEMENT AND SOURCE OF ESTIMATION AND UNCERTAINTY**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The major estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

*(a) Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the management assessment,
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes,
- The nature of the processes in which the asset is deployed,
- Availability of funding to replace the asset,
- Changes in the market in relation to the asset,

*(b) Impairment of contributions and accounts receivable*

The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments or the time value of money. The charge is based on the expected credit losses, contributions and accounts receivable that have been grouped together based on their shared credit risk characteristics and the days past due of the aging of the party accounts, the party's credit worthiness and historic write-off experience. Changes to the estimated impairment provision may be required if the financial condition of the customers was to improve or deteriorate.

ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)  
 Financial statements for the year ended December 31, 2018

NOTE (5) PROPERTY AND EQUIPMENT

	Land	Buildings	Building renovation	Furniture and fixtures	Equipment	Computers and printers	Vehicles	Total
<b>Cost</b>								
At January 1, 2018	167,473	1,104,659	333,856	346,377	1,333,764	238,714	184,938	3,709,781
Additions during the year	-	-	-	-	232,589	16,615	-	249,204
<b>At December 31, 2018</b>	<b>167,473</b>	<b>1,104,659</b>	<b>333,856</b>	<b>346,377</b>	<b>1,566,353</b>	<b>255,329</b>	<b>184,938</b>	<b>3,958,985</b>
<b>Accumulated Depreciation</b>								
At January 1, 2018	-	353,622	221,557	284,481	1,213,385	225,584	154,492	2,453,121
Change for the year	-	22,093	23,360	14,432	56,783	7,044	10,800	134,512
<b>At December 31, 2018</b>	<b>-</b>	<b>375,715</b>	<b>244,917</b>	<b>298,913</b>	<b>1,270,168</b>	<b>232,628</b>	<b>165,292</b>	<b>2,587,633</b>
<b>Net Book Value as of December 31, 2018</b>	<b>167,473</b>	<b>728,944</b>	<b>88,939</b>	<b>47,464</b>	<b>296,185</b>	<b>22,701</b>	<b>19,646</b>	<b>1,371,352</b>
	Land	Buildings	Building renovation	Furniture and fixtures	Equipment	Computers and printers	Vehicles	Total
<b>Cost</b>								
At January 1, 2017	167,473	1,070,625	333,856	346,377	1,330,353	238,714	184,938	3,672,336
Additions during the year	-	34,034	-	-	3,411	-	-	37,445
<b>At December 31, 2017</b>	<b>167,473</b>	<b>1,104,659</b>	<b>333,856</b>	<b>346,377</b>	<b>1,333,764</b>	<b>238,714</b>	<b>184,938</b>	<b>3,709,781</b>
<b>Accumulated Depreciation</b>								
At January 1, 2017	-	331,529	198,198	266,404	1,131,564	217,923	143,692	2,289,310
Change for the year	-	22,093	23,359	18,077	81,821	7,661	10,800	163,811
<b>At December 31, 2017</b>	<b>-</b>	<b>353,622</b>	<b>221,557</b>	<b>284,481</b>	<b>1,213,385</b>	<b>225,584</b>	<b>154,492</b>	<b>2,453,121</b>
<b>Net Book Value as of December 31, 2017</b>	<b>167,473</b>	<b>751,037</b>	<b>112,299</b>	<b>61,896</b>	<b>120,379</b>	<b>13,130</b>	<b>30,446</b>	<b>1,256,660</b>

**NOTE (6) INVENTORY**

	<u>2018</u>	<u>2017</u>
Vocational training products	115,374	120,492
Raw materials	166,816	149,029
Hearing devices	37,104	-
	<u>319,294</u>	<u>269,521</u>

The vocational training products are embroidered dresses and pieces of clothes, mirrors, trays, arabesque chairs and tables of different sizes, dishes and paintings. Such inventory items are measured at the lower of cost or net realizable value (selling price after deducting the maximum discount rate of 30%) whichever is lower. The raw materials item represents raw materials used to produce the vocational training products, such inventory item was measured at cost.



**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
**Financial statements for the year ended December 31, 2018**

**NOTE (7) CONTRIBUTIONS RECEIVABLES**

As at December 31, 2018:

<b>Donor-Party</b>	<b>Beginning balance</b>	<b>Additions during the year</b>	<b>Cash received</b>	<b>Right off</b>	<b>Currency variance</b>	<b>Ending balance</b>
CBM Germany - Regular budget	-	542,742	(233,479)	-	-	309,263
Campaign for the Children of Palestine - Japan (CCoP)	30,000	30,000	(30,000)	-	-	30,000
Mel Wolf Foundation	-	31,825	(31,825)	-	-	-
The Lady Fatemah Charitable Trust	42,413	61,775	(68,780)	-	-	35,408
Taawon Association	2,618	-	(2,618)	-	-	-
The Islamic University of Gaza	3,046	-	(3,056)	-	10	-
Swiss Agency for Development and Cooperation (SDC)	-	50,000	(39,936)	-	-	10,064
Lafayette Orinda Presbyterian Church (LOPC)	-	34,961	(34,961)	-	-	-
Qatar Red Crescent (QRC)	99,636	-	(99,128)	-	-	508
BMZ through CBM, Germany	-	1,198,082	(225,037)	-	-	973,045
Human Appeal - UK	-	27,121	(17,396)	-	-	9,725
World Health Organization (WHO)	-	24,250	-	-	-	24,250
American Consulate - Jerusalem	8,510	-	(8,510)	-	-	-
P.A.I.S France	2,802	55,000	(47,821)	-	-	9,981
Middle East Children's Alliance (MECA)	-	14,280	(14,280)	-	-	-
Church of Scotland	-	5,062	(5,063)	-	1	-
Save the Children International	-	31,043	(24,834)	-	-	6,209
United Nations Development Programme (UNDP)	-	90,000	(15,300)	-	-	74,700
GIZ- Germany	-	63,800	(60,183)	-	(323)	3,294
Kuwait Fund for Arab Economic Development	260,000	52,340	(259,992)	-	-	52,348
Palcrafts	-	978	(978)	-	-	-
	<b>449,025</b>	<b>2,313,259</b>	<b>(1,223,177)</b>	<b>-</b>	<b>(312)</b>	<b>1,538,795</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
**Financial statements for the year ended December 31, 2018**

**NOTE (7) CONTRIBUTIONS RECEIVABLES (CONTINUED)**

As at December 31, 2017:

<b>Donor-Party</b>	<b>Beginning balance</b>	<b>Additions during the year</b>	<b>Cash received</b>	<b>Right off</b>	<b>Currency variance</b>	<b>Ending balance</b>
CBM Germany - Regular budget	22	272,857	(272,856)	-	(23)	-
Campaign for the Children of Palestine - Japan (CCoP)	-	30,000	-	-	-	30,000
Mel Wolf Foundation	-	23,750	(23,750)	-	-	-
The Lady Fatemah Charitable Trust	11,014	68,660	(37,261)	-	-	42,413
Taawon Association	-	26,183	(23,565)	-	-	2,618
The Islamic University of Gaza	14,920	-	-	(11,874)	-	3,046
Lafayette Orinda Presbyterian Church (LOPC)	-	45,961	(45,961)	-	-	-
Qatar Red Crescent (QRC)	199,272	-	(99,636)	-	-	99,636
BMZ through CBM, Germany	114,997	-	(83,711)	(31,286)	-	-
Australian Representative Office - Jerusalem	-	19,840	(19,840)	-	-	-
French Consulate- Jerusalem	-	39,802	(39,802)	-	-	-
American Consulate - Jerusalem	-	17,020	(8,510)	-	-	8,510
P.A.I.S France	-	13,791	(10,989)	-	-	2,802
Middle East Children's Alliance (MECA)	-	16,214	(16,214)	-	-	-
Church of Scotland	-	6,565	(6,572)	-	7	-
The Islamic Solidarity Fund	-	37,000	(36,961)	-	(39)	-
United Nations Development Programme (UNDP)	-	10,000	(9,996)	-	(4)	-
Unit' Aide	-	7,059	(7,022)	-	(37)	-
Kuwait Fund for Arab Economic Development	-	260,000	-	-	-	260,000
Presbyterian Hunger Program (PHP)	-	10,529	(10,490)	-	(39)	-
	<b>340,225</b>	<b>905,231</b>	<b>(753,136)</b>	<b>(43,160)</b>	<b>(135)</b>	<b>449,025</b>

**NOTE (8) ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS**

	<u>2018</u>	<u>2017</u>
Accrued transportation revenues – net *	24,548	20,036
Account receivable from sales of vocational training products	56,862	57,148
Others	959	900
Due from Employees	1,200	-
	<u>83,569</u>	<u>78,084</u>

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

	<u>2018</u>	<u>2017</u>
Accrued transportation revenues	38,850	28,895
Allowance for uncollectable transportation fees	(14,302)	(8,859)
	<u>24,548</u>	<u>20,036</u>

**NOTE (9) BANK BALANCES**

	<u>2018</u>	<u>2017</u>
Cash on hand	95	257
Cash at banks	418,682	236,714
Long-term deposits with maturity of over 3 months	92,060	90,017
	<u>510,837</u>	<u>326,988</u>

For the purpose of the statement of cash flows, cash at banks comprise:

	<u>2018</u>	<u>2017</u>
Cash at banks	510,837	326,988
Less: Long-term deposits with maturity of over 3 months	(92,060)	(90,017)
	<u>418,777</u>	<u>236,971</u>

Long-term deposits are placed with a local reputable commercial bank and earn interest of 2.5% per annum.

**NOTE (10) DEFERRED CONTRIBUTIONS FROM ASSETS**

	<u>2018</u>	<u>2017</u>
As at 1 January	683,453	807,431
Additions during the year	249,204	37,445
Recognized as revenues in the statement of activities and changes in net assets	(132,470)	(161,423)
As at 31 December	<u>800,187</u>	<u>683,453</u>

**NOTE (11) PROVISION FOR EMPLOYEES' BENEFITS**

	<u>As at 1 January</u>	<u>Charge during the year</u>	<u>Paid during the year</u>	<u>As at 31 December</u>
<b>2018</b>				
Severance pay provision	680,616	46,358	(21,790)	705,184
<b>2017</b>				
Severance pay provision	631,817	100,773	(51,974)	680,616

**NOTE (12) ACCOUNTS PAYABLE AND OTHER ACCRUALS**

	<u>2018</u>	<u>2017</u>
Accrued expenses	6,372	9,941
Undistributed beneficiaries' money	8,981	7,950
Due to Jabalia Rehabilitation Society	6,411	-
Accounts payable	15,695	15,029
Salary tax payable	69,809	57,008
	<u><b>107,268</b></u>	<u><b>89,928</b></u>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
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**NOTE (13) DEFERRED REVENUES FROM OPERATIONS**

As at December 31, 2018:

<b>Donor-Party</b>	<b>Beginning balance</b>	<b>Additions during the year</b>	<b>Deferred contributions released from restriction and recognized as revenues</b>	<b>Fixed Assets</b>	<b>Right off</b>	<b>Currency variance</b>	<b>Ending balance</b>
CBM – Germany	23,698	542,742	(234,740)	(1,700)	-	-	330,000
Campaign for the Children of Palestine - Japan (CCoP)	22,400	30,000	(29,947)	-	-	-	22,453
Mel Wolf Foundation	-	31,825	(31,825)	-	-	-	-
The Islamic Solidarity Fund	37,000	-	(4,000)	-	-	-	33,000
The Lady Fatemah Charitable Trust	30,759	61,775	(47,325)	-	-	-	45,209
Swiss Agency for Development and Cooperation (SDC)	-	50,000	(20,009)	-	-	-	29,991
The Islamic University of Gaza	2,700	-	-	-	-	-	2,700
Lafayette Orinda Presbyterian Church (LOPC)	18,716	34,961	(36,636)	-	-	-	17,041
United Nations Development Programme (UNDP)	10,000	90,000	(15,384)	-	-	-	84,616
Qatar Red Crescent (QRC)	83,388	-	(74,626)	-	-	-	8,762
Paltel Group	-	-	-	-	-	-	-
BMZ through CBM - Germany	22,330	1,198,082	(70,568)	-	-	3,213	1,153,057
Human Appeal - UK	-	27,121	(25,314)	-	-	(1,807)	-
World Health Organization (WHO)	-	24,250	(24,250)	-	-	-	-
French Consulate - Jerusalem	30,202	-	(29,907)	-	-	(295)	-
American Consulate - Jerusalem	4,304	-	(4,304)	-	-	-	-
P.A.I.S France	-	55,000	(54,786)	-	-	-	214
Middle East Children's Alliance (MECA)	12,214	14,280	(17,272)	-	-	-	9,222
Church of Scotland	4,565	5,062	(6,253)	-	-	-	3,374
Unit' Aide	4,679	-	(4,654)	-	-	(25)	-
Kuwait Fund for Arab Economic Development	260,000	52,340	(29,250)	(230,742)	-	-	52,348
Taawon Association - Zuhair Alami Grant	32,702	-	-	-	-	-	32,702
Save the Children International	-	31,043	(31,043)	-	-	-	-
Palcrafts	-	978	(978)	-	-	-	-
GIZ - Germany	-	63,800	(13,883)	(16,762)	-	-	33,155
	<b>599,657</b>	<b>2,313,259</b>	<b>(806,954)</b>	<b>(249,204)</b>	<b>-</b>	<b>1,086</b>	<b>1,857,844</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**

Financial statements for the year ended December 31, 2018

**NOTE (13) DEFERRED REVENUES FROM OPERATIONS (CONTINUED)**

As at December 31, 2017:

<b>Donor-Party</b>	<b>Beginning balance</b>	<b>Additions during the year</b>	<b>Deferred contributions released from restriction and recognized as revenues</b>	<b>Fixed assets</b>	<b>Right off</b>	<b>Currency variance</b>	<b>Ending balance</b>
CBM Germany - Regular budget	-	272,857	(249,159)	-	-	-	23,698
Campaign for the Children of Palestine - Japan (CCoP)	-	30,000	(7,600)	-	-	-	22,400
Mel Wolf Foundation	3,653	23,750	(27,403)	-	-	-	-
The Islamic Solidarity Fund	-	37,000	-	-	-	-	37,000
The Lady Fatemah Charitable Trust	11,013	68,660	(48,914)	-	-	-	30,759
Taawon Association	-	26,183	(26,183)	-	-	-	-
The Islamic University of Gaza	18,998	-	(4,424)	-	(11,874)	-	2,700
Lafayette Orinda Presbyterian Church (LOPC)	11,534	45,961	(38,779)	-	-	-	18,716
United Nations Development Programme (UNDP)	-	10,000	-	-	-	-	10,000
Qatar Red Crescent (QRC)	200,199	-	(116,811)	-	-	-	83,388
Paltel Group	13,200	-	-	(13,200)	-	-	-
BMZ through CBM - Germany	134,622	-	(79,114)	(1,892)	(31,286)	-	22,330
CBM Germany - Revaluation cost for Atfaluna	20,915	-	(20,300)	-	-	(615)	-
Australian Representative Office - Jerusalem	-	19,840	(19,840)	-	-	-	-
French Consulate - Jerusalem	-	39,802	(9,600)	-	-	-	30,202
American Consulate - Jerusalem	-	17,020	(12,716)	-	-	-	4,304
P.A.I.S France	-	13,791	(12,299)	(1,519)	-	27	-
Middle East Children's Alliance (MECA)	-	16,214	(4,000)	-	-	-	12,214
Church of Scotland	-	6,565	(2,000)	-	-	-	4,565
Unit' Aide	-	7,059	(2,380)	-	-	-	4,679
Kuwait Fund for Arab Economic Development	-	260,000	-	-	-	-	260,000
Taawon Association - Zuhair Alami Grant	50,563	-	-	(17,861)	-	-	32,702
European Commission and CBM Germany	857	-	-	-	-	(857)	-
Presbyterian Hunger Program (PIIP)	-	10,529	(7,556)	(2,973)	-	-	-
	<b>465,554</b>	<b>905,231</b>	<b>(689,078)</b>	<b>(37,445)</b>	<b>(43,160)</b>	<b>(1,445)</b>	<b>599,657</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
 Financial statements for the year ended December 31, 2018

**NOTE (14) UNRESTRICTED CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>
Local contributions	-	3,589
Others	-	4,787
	<u>-</u>	<u>8,376</u>

**NOTE (15) IN-KIND REVENUES**

	<u>2018</u>	<u>2017</u>
Food	6,123	21,154
Educational supplies and gifts	-	1,350
Hearing supplies	-	125
	<u>6,123</u>	<u>22,629</u>

**NOTE (16) OPERATING REVENUES**

	<u>2018</u>	<u>2017</u>
Salcs of vocational training products	150,531	163,933
Revenue of Atfaluna restaurant and cafeteria	5,113	12,213
Audio logical and speech therapy revenues	62,200	93,839
Conference hall rental revenues	20,731	18,641
Transportation revenue	39,550	53,120
Contribution of educational fees	14,770	6,521
Others	2,911	2,312
	<u>295,806</u>	<u>350,579</u>

**NOTE (17) OTHER REVENUES**

	<u>2018</u>	<u>2017</u>
Bank interest	2,101	2,466
Bidding fees	1,355	2,000
Membership fees	191	240
Others	34,954	5,111
	<u>38,601</u>	<u>9,817</u>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
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**NOTE (18) PROGRAM EXPENSES**

Following are the Society program expenses per donor for the year ended December 31, 2018.

	Middle East Children's Alliance (MECA)	CBM - Germany	BMZ through CBM - Germany	The Lady Fatimah Charitable Trust	LOPC	P.A.I.S France	American Consulate - Jerusalem	French Consulate - Jerusalem	Mel wolf Foundation	Total
Salaries, Wages and related benefits	10,800	182,437	43,620	29,921	31,240	35,210	619	10,437	23,780	368,064
Training and workshop expenses	403	11,695	704	-	-	8,008	2,032	-	-	22,842
Professional fees	-	19,809	-	-	-	-	-	-	-	19,809
Materials and supplies	-	-	24,405	-	-	-	-	3,308	-	27,713
Hearing aids, Batteries, Ear mold material and supplies	419	4,121	-	12,844	-	8,790	-	-	1,260	27,434
Travel and transportation	1,600	4,115	399	2,800	1,350	-	-	2,566	3,795	16,625
Rent	-	8,620	-	-	3,120	-	900	-	1,920	14,560
Stationary, supplies and Printing	4,000	3,470	388	600	926	-	-	28	440	9,852
Media, awareness, lobbying and advocacy	-	472	229	-	-	2,778	753	-	-	4,232
Assistive devices for beneficiaries	-	-	-	1,160	-	-	-	-	-	1,160
License and insurance	-	-	-	-	-	-	-	370	-	370
Fuel	-	-	686	-	-	-	-	1,240	-	1,926
Communication	-	-	22	-	-	-	-	434	-	456
Hospitality	-	-	114	-	-	-	-	-	630	744
Utilities	-	-	-	-	-	-	-	44	-	44
Internships opportunities	-	-	-	-	-	-	-	11,481	-	11,481
Contingency Fund	50	-	-	-	-	-	-	-	-	50
<b>Sub-total</b>	<b>17,272</b>	<b>234,739</b>	<b>70,567</b>	<b>47,325</b>	<b>36,636</b>	<b>54,786</b>	<b>4,304</b>	<b>29,908</b>	<b>31,825</b>	<b>527,362</b>



**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
**Financial statements for the year ended December 31, 2018**

**NOTE (18) PROGRAM EXPENSES (CONTINUED)**

	CCoP	Church of Scotland	Unit' Aide	QRC	Save the Children International	GIZ- Germany	Human Appeal - UK	Palcrafts	SDC	Total
<b>Sub-total from previous page</b>										<b>527,362</b>
Salaries, Wages and related benefits	23,500	5,688	-	11,400	6,008	13,883	4,478	-	15,200	<b>80,157</b>
Training and workshop expenses	600	-	-	-	-	-	-	-	-	<b>600</b>
Materials and supplies	-	-	-	-	-	-	10,925	-	-	<b>10,925</b>
Hearing aids, Batteries, Ear mold material and supplies	-	100	-	-	25,035	-	-	978	2,200	<b>28,313</b>
Travel and transportation	453	-	1,080	-	-	-	519	-	2,260	<b>4,312</b>
Food and meals	-	-	2,774	-	-	-	-	-	-	<b>2,774</b>
Stationary, supplies and Printing	639	465	800	-	-	-	-	-	349	<b>2,253</b>
Media, awareness, lobbying and advocacy	-	-	-	2,500	-	-	-	-	-	<b>2,500</b>
Assistive devices for beneficiaries	-	-	-	9,862	-	-	-	-	-	<b>9,862</b>
Fuel	-	-	-	-	-	-	551	-	-	<b>551</b>
Communication	505	-	-	-	-	-	-	-	-	<b>505</b>
Hospitality	573	-	-	-	-	-	-	-	-	<b>573</b>
Utilities	2,000	-	-	100	-	-	-	-	-	<b>2,100</b>
Internships opportunities	-	-	-	-	-	-	8,841	-	-	<b>8,841</b>
Micro Project support	-	-	-	50,764	-	-	-	-	-	<b>50,764</b>
Non curriculum activities	1,678	-	-	-	-	-	-	-	-	<b>1,678</b>
<b>Sub-total</b>	<b>29,948</b>	<b>6,253</b>	<b>4,654</b>	<b>74,626</b>	<b>31,043</b>	<b>13,883</b>	<b>25,314</b>	<b>978</b>	<b>20,009</b>	<b>734,070</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
**Financial statements for the year ended December 31, 2018**

**NOTE (18) PROGRAM EXPENSES (CONTINUED)**

	WHO	UNDP	The Islamic Solidarity Fund	Kuwait Fund for Arab Economic Development	ASDC	Total
<b>Sub-total from previous page</b>						<b>734,070</b>
Salaries, Wages and related benefits	6,300	4,500	-	-	164,283	<b>175,083</b>
Training and workshop expenses	1,280	-	-	-	-	<b>1,280</b>
Professional fees	-	-	4,000	-	3,147	<b>7,147</b>
Materials and supplies	8,001	183	-	-	1,641	<b>9,825</b>
Hearing aids, Batteries, Ear mold material and supplies	-	9,999	-	29,250	7,402	<b>46,651</b>
Travel and transportation	503	667	-	-	18,557	<b>19,727</b>
Rent	920	-	-	-	-	<b>920</b>
Food and meals	120	-	-	-	6,171	<b>6,291</b>
Media, awareness, lobbying and advocacy	35	35	-	-	1,353	<b>1,423</b>
Assistive devices for beneficiaries	151	-	-	-	-	<b>151</b>
Miscellaneous	-	-	-	-	3,200	<b>3,200</b>
License and insurance	-	-	-	-	4,539	<b>4,539</b>
Fuel	-	-	-	-	24,905	<b>24,905</b>
Cleaning and hygiene supplies	-	-	-	-	1,393	<b>1,393</b>
Communication	-	-	-	-	4,684	<b>4,684</b>
Hospitality	1,440	-	-	-	1,063	<b>2,503</b>
Utilities	-	-	-	-	4,729	<b>4,729</b>
Internships opportunities	4,000	-	-	-	239	<b>4,239</b>
In-kind expenses - Food and others	-	-	-	-	6,123	<b>6,123</b>
Embroidery	-	-	-	-	10,143	<b>10,143</b>
Maintenance and repair	-	-	-	-	3,850	<b>3,850</b>
Delivery cost for craft product	-	-	-	-	4,633	<b>4,633</b>
<b>Sub-total</b>	<b>22,750</b>	<b>15,384</b>	<b>4,000</b>	<b>29,250</b>	<b>279,855</b>	<b>343,439</b>
<b>Grand total</b>						<b>1,077,509</b>
<b>Less: Inventory deducted from expenses</b>						<b>(49,773)</b>
<b>Total amount allocated to expenses</b>						<b>1,027,736</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
 Financial statements for the year ended December 31, 2018

**NOTE (18) PROGRAM EXPENSES (CONTINUED)**

Following are the Society program expenses per donor for the year ended December 31, 2017

	Middle East Children's Alliance	CBM- Regular Budget	BMZ THROUGH CBM, GERMANY	The Lady Fatimah Charitable Trust	LOPC	PLA.S France	Welfare Association	US Consulate	French Consulate	Total
Salaries and related benefits	3,600	208,189	48,127	30,200	32,029	6,875	2,380	2,468	6,138	340,006
Training and workshop expenses	-	3,234	7,289	-	-	-	22,500	7,188	1,387	41,598
Professional fees	-	22,974	4,799	-	-	-	-	-	-	27,773
Materials and supplies	-	7,271	18,365	-	-	-	-	-	-	25,636
Hearing aids, Batteries, Ear mold material and supplies	-	16,523	-	7,190	-	-	-	-	-	23,713
Travel and transportation	400	-	-	8,200	3,630	-	-	1,200	2,037	15,467
Rent	-	1,133	-	-	3,120	-	-	1,800	-	6,053
Food and meals	-	5,115	-	-	-	-	-	-	-	5,115
Stationary, Printing	-	2,407	-	2,000	-	-	-	-	-	4,407
Media, awareness, lobbying and advocacy	-	1,488	534	-	-	37	1,303	-	37	3,399
School Uniform and bags	-	-	-	-	-	2,537	-	-	-	2,537
Assistive devices for beneficiaries	-	-	-	1,324	-	-	-	-	-	1,324
Miscellaneous	-	-	-	-	-	1,282	-	-	-	1,282
Fuel	-	-	-	-	-	1,250	-	-	-	1,250
Cleaning and hygiene supplies	-	1,125	-	-	-	-	-	-	-	1,125
Communication	-	-	-	-	-	318	-	-	-	318
Hospitality	-	-	-	-	-	-	-	60	-	60
<b>Sub-total</b>	<b>4,000</b>	<b>269,459</b>	<b>79,114</b>	<b>48,914</b>	<b>38,779</b>	<b>12,299</b>	<b>26,183</b>	<b>12,716</b>	<b>9,599</b>	<b>501,063</b>

**ATFALUNA SOCIETY FOR DEAF CHILDREN (ASDC)**  
**Financial statements for the year ended December 31, 2018**

**NOTE (18) PROGRAM EXPENSES (CONTINUED)**

Following are the Society program expenses per donor for the year ended December 31, 2017

	Melwolf Founda tion	CCP	Church of Scotland	Unit aide	QRC	Australian Representat ive Office	PHP	Islamic University	ASDC	Total
<b>Sub-total from previous page</b>										<b>501,063</b>
Salaries and related benefits	27,403	7,600	2,000	1,780	33,500	-	7,556	4,424	234,465	<b>318,728</b>
Micro Project support	-	-	-	-	46,611	-	-	-	-	<b>46,611</b>
Job creation	-	-	-	-	34,200	-	-	-	-	<b>34,200</b>
Travel and transportation	-	-	-	600	-	-	-	-	32,849	<b>33,449</b>
Hearing aids, Batteries, Ear mold material and supplies	-	-	-	-	-	19,840	-	-	8,060	<b>27,900</b>
Fuel	-	-	-	-	-	-	-	-	26,511	<b>26,511</b>
In-kind expenses - Food and others	-	-	-	-	-	-	-	-	22,504	<b>22,504</b>
Materials and supplies	-	-	-	-	-	-	-	-	22,320	<b>22,320</b>
Embroidery	-	-	-	-	-	-	-	-	9,612	<b>9,612</b>
Utilities	-	-	-	-	-	-	-	-	9,173	<b>9,173</b>
Food and meals	-	-	-	-	-	-	-	-	7,544	<b>7,544</b>
Maintenance and repair	-	-	-	-	-	-	-	-	6,227	<b>6,227</b>
License and insurance	-	-	-	-	-	-	-	-	5,397	<b>5,397</b>
Cleaning and hygiene supplies	-	-	-	-	-	-	-	-	3,552	<b>3,552</b>
Miscellaneous	-	-	-	-	-	-	-	-	3,537	<b>3,537</b>
Media, awareness, lobbying and advocacy	-	-	-	-	2,500	-	-	-	794	<b>3,294</b>
Communication	-	-	-	-	-	-	-	-	3,048	<b>3,048</b>
Rent	-	-	-	-	-	-	-	-	2,975	<b>2,975</b>
Hospitality	-	-	-	-	-	-	-	-	1,521	<b>1,521</b>
<b>Sub-total</b>	<b>27,403</b>	<b>7,600</b>	<b>2,000</b>	<b>2,380</b>	<b>116,811</b>	<b>19,840</b>	<b>7,556</b>	<b>4,424</b>	<b>400,089</b>	<b>588,103</b>
<b>Grand total</b>										<b>1,089,166</b>

**NOTE (19) GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2018</u>	<u>2017</u>
Salaries and related benefits	66,180	68,086
Professional fees	7,251	3,326
Fuel	2,767	2,946
Bank charges	1,498	1,236
Utilities	834	1,019
Travel and transportation	112	847
Maintenance and repair	428	692
License and insurance	504	600
Miscellaneous	356	393
Communication	521	339
Cleaning	155	336
Rent	-	331
Hospitality	118	169
Stationary, Printing	121	134
	<u>80,845</u>	<u>80,454</u>

**NOTE (20) RELATED PARTIES**

This item represents transactions and balances with related parties, i.e., Directors, directors (management) and organizations over which they exercise control.

**a) Transactions with related parties are as follows:**

	<u>2018</u>	<u>2017</u>
Provision for end of service indemnity	37,329	43,694
Number of key management personnel	4	4

**b) Balances with related parties are as follows:**

	<u>2018</u>	<u>2017</u>
Salaries and related benefits	52,217	58,721

**NOTE (21) FINANCIAL INSTRUMENTS BY CATEGORY**

<b>Financial assets</b>	<u>2018</u>	<u>2017</u>
Contributions receivable	1,538,795	449,025
Accounts receivable and other current assets	83,569	78,084
Bank balances	510,837	326,988
	<u>2,133,201</u>	<u>854,097</u>
<b>Financial liabilities at amortized cost</b>		
Accounts payable and other accruals	<u>107,268</u>	<u>89,928</u>

**NOTE (22) CHANGES IN ACCOUNTING POLICIES**

*(a) IFRS 9 'Financial Instruments'*

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

**NOTE (22) CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

***IFRS 9 'Financial Instruments' "Continued"***

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial information. The new accounting policies are set out below. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

*I. Classification and measurement*

There is no impact on the classification and measurement of the financial assets and financial liabilities of the Society.

*II. Impairment of financial assets*

The Society's financial assets are subject to IFRS 9's new expected credit loss model.

The Society has revised its impairment methodology under IFRS 9 for its financial assets. The impact of the change in impairment methodology on the Society's net assets was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

In addition to the above, specific provision is recorded for customers with specific impairment indicators on a case-by-case basis.

On that basis, the loss allowance as at 1 January 2018 and 31 December 2018 are as disclosed in the statement of financial position.

*(b) IFRS 15 'Revenue from contracts with customers'*

The Society has adopted IFRS 15 from 1 January 2018 which didn't result in a change in accounting policies. The adoption of these amendments do not have any impact on the current or any prior year period.

**NOTE (23) COMPARATIVE FIGURIES**

Certain comparative figures have been reclassified to comply with the financial statements presentation for the current year. Management believes that the current period presentation provides information that is more meaningful to the readers of the financial statements.