

Association for Women and Child Protection (AISHA)
Gaza – Palestine

Financial Statements
and Independent Auditor's Report
for the Year Ended December 31, 2014

Talal Abu Ghazaleh & Co. International
Certified Public Accountants



Association for Women and Child Protection (AISHA)
Gaza – Palestine

Table of Contents

	<u>Page</u>	<u>Exhibit</u>
Independent Auditor's Report	1	—
Statement of Financial Position as of December 31, 2014	3	(A)
Statement of Activities for the Year Ended December 31, 2014	4	(B)
Statement of Changes in Net Assets for the Year Ended December 31, 2014	5	(C)
Statement of Cash Flows for the Year Ended December 31, 2014	6	(D)
Notes to the Financial Statements	7-14	—



Independent Auditor's Report

Messrs. Members of the General Assembly
Association for Women and Child Protection (AISHA)
Gaza – Palestine

We have audited the accompanying financial statements of **Association for Women and Child Protection (AISHA)**, which comprise the statement of financial position as at December 31, 2014 and the statement of activities and statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial and accounting policies described in note (2). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

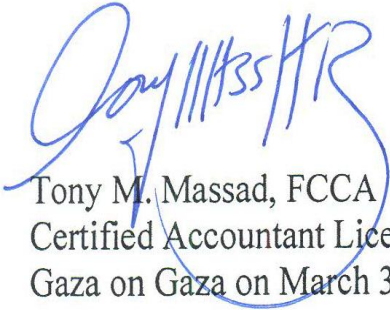
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Association for Women and Child Protection (AISHA)**, as of December 31, 2014 and its financial performance and changes in net assets and cash flows for the year then ended in accordance with the financial and accounting policies described in note (2).

Talal Abu – Ghazaleh & Co. International
License No. 251/97


Tony M. Massad, FCCA
Certified Accountant License # (1/2011)
Gaza on Gaza on March 31, 2015



Association for Women and Child Protection (AISHA)
Gaza – Palestine
Statement of Financial Position as of December 31, 2014

Exhibit (A)

(Amounts are expressed in NIS)

	Note	December 31	
		2014	2013
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalent	3	1,119,381.79	218,570.21
Accrued Revenues	4	32,784.85	167,765.41
Other Assets	5	16,712.39	16,746.73
Total Current Assets		1,168,879.03	403,082.35
<u>Non-Current Assets</u>			
Property, Plant and Equipment, Net	6	138,694.36	132,323.36
Total Non-Current Assets		138,694.36	132,323.36
Total Assets		1,307,573.39	535,405.71
<u>Liabilities and Net Assets</u>			
<u>Current Liabilities</u>			
Accrued Liabilities	7	103,980.77	63,052.16
Total Current Liabilities		103,980.77	63,052.16
Provision for End of Service Indemnity	2-4	185,889.60	--
Total Liabilities		289,870.37	63,052.16
<u>Net Assets</u>			
Net Assets - Beginning of the Year		472,353.55	272,748.00
Net Assets for the Year - Exhibit (B)		545,349.47	199,605.55
Net Assets – End of The Year -Exhibit (C)		1,017,703.02	472,353.55
Total Liabilities and Net Assets		1,307,573.39	535,405.71

The accompanying notes constitute an integral part of these financial statements

Association for Women and Child Protection (AISHA)
Gaza – Palestine
Statement of Activities for the Year Ended December 31, 2014
(Amounts are expressed in NIS)

Exhibit (B)

	<u>Note</u>	<u>December 31</u>	
		<u>2014</u>	<u>2013</u>
<u>Revenues</u>			
Grants' and Projects' Revenues	8	4,394,397.49	3,848,996.27
Cash Donations		263,995.52	390,002.20
In-Kind Donations	9	30,306.00	9,376.18
Other Revenues	10	36,059.30	28,705.50
Currency Exchange Differences		35,740.57	--
Total Revenues		4,760,498.88	4,277,080.15
 <u>Expenses</u>			
Grants' and Projects' Expenses	8	3,760,458.79	3,869,255.15
General and Administration Expenses	11	256,494.52	196,672.44
In-Kind Donations (Food Parcels)		30,306.00	--
Depreciation for the Year	6	37,185.50	28,517.64
Total Expenses		4,084,444.81	4,094,445.23
Net Assets for the Year from Activity		676,054.07	182,634.92
Other Items:			
Prior Years Adjustments	12	(130,704.60)	16,970.63
Net Assets for the Year – Exhibit (A)		545,349.47	199,605.55

The accompanying notes constitute an integral part of these financial statements

Association for Women and Child Protection (AISHA)
Gaza – Palestine
Statement of Changes in Net Assets for the Year Ended December 31, 2014 Exhibit (C)

(Amounts are expressed in NIS)

	General Net Assets	Investment in Property, Plant and Equipment	Total
Net Assets on January 1, 2014	340,030.19	132,323.36	472,353.55
Net Assets for the Year - Exhibit (B)	545,349.47	--	545,349.47
Deprecation of Property, Plant and Equipment	37,185.50	(37,185.50)	--
Additions to Property, Plant & Equipment	(43,556.50)	43,556.50	--
Net Assets on January 31, 2014 – Exhibit (A)	879,008.66	138,694.36	1,017,703.02
Net Assets on January 1, 2013	134,849.00	137,899.00	272,748.00
Net Assets for the Year - Exhibit (B)	199,605.55	--	199,605.55
Deprecation of Property, Plant and Equipment	28,517.64	(28,517.64)	--
Additions to Property, Plant & Equipment	(23,658.00)	23,658.00	--
Disposals from Property, Plant & Equipment	5,584.78	(5,584.78)	--
Disposals from Accumulated Depreciation	(4,868.78)	4,868.78	--
Net Assets on January 31, 2013 – Exhibit (A)	340,030.19	132,323.36	472,353.55

The accompanying notes constitute an integral part of these financial statements

Association for Women and Child Protection (AISHA)
Gaza – Palestine
Statement of Cash Flows for the Year Ended December 31, 2014 **Exhibit (D)**

(Amounts are expressed in NIS)

	December 31	
	2014	2013
<u>Cash Flows from Operating Activities</u>		
Net Assets for the Year	545,349.47	199,605.55
<u>Adjustments to Reconcile Net Assets for the Year</u>		
<u>to Net Cash Provided by Operating Activities</u>		
Depreciation of Property, Plant and Equipment	37,185.50	28,517.64
Change in Provision for End of Service Indemnity	185,889.60	--
Change in Accrued Revenues	134,980.56	(167,765.41)
Change in Other Assets	34.34	(11,575.73)
Change in Accrued Liabilities	40,928.61	49,858.16
Net Cash Flows Generated by Operating Activities	944,368.08	98,640.21
<u>Cash Flows from Investing Activities</u>		
Additions to Property, Plant and Equipment	(43,556.50)	(23,658.00)
Disposals From Property, Plant and Equipment	--	5,584.78
Accumulated Depreciation of Disposed Assets	--	(4,868.78)
Net Cash Flows (Used in) Investing Activities	(43,556.50)	(22,942.00)
Net Cash Flows Generated during the Year	900,811.58	75,698.21
Cash and Cash Equivalent, Beginning of the Year	218,570.21	142,872.00
Cash and Cash Equivalent, End of the Year – Exhibit (A) – Note (3)	1,119,381.79	218,570.21

The accompanying notes constitute an integral part of these financial statements

Association for Women and Child Protection (AISHA)
Gaza – Palestine
Notes to the Financial Statements

(Amounts are expressed in NIS)

1. General Information

1-1 Legal Status

Association for Women and Child Protection (AISHA) was established in Gaza Strip on September 15, 2009 and registered at the Ministry of Interior under registration no. (8136) according to the Non-Profit Societies Act. No. (1) for the year 2000. The Association is seeking at providing protection to the Palestinian families from the violence, establishing the principles at socialization and targeting of women and their children particularly.

1-2 Goals & Objectives

Association for Women and Child Protection (AISHA) seeks towards achieving and embodiment the following objectives:

- Increase effectiveness and efficiency of women, participation in community development through enhanced access to support services and protection.
- Create a sensitive environment to safeguard and support the development of the children and their families for better future.
- Legislators and decision makers are participating in the process of empowering women and children through favorable laws and regulations.
- AISHA is a capable organization in the administrative, professional and financial fields.

2. Summary of Significant Accounting Policies

2-1 Basis of Preparation

The financial statements have been prepared on historical cost basis and the accrual basis of accounting.

2-2 Foreign Currencies

The financial statements are presented in the currency of the primary economic environment in which the Society operates which is the Israeli Shekel (NIS). Transactions in currencies other than the Israeli shekel are converted to Israeli Shekel (NIS) according to the exchange rates prevailing on the date of transaction. At the date of each statement of financial position monetary items denominated in other currencies are translated to the Israeli Shekel (NIS) at rates prevailing at that date (closing date). The rates on December 31, 2014 were as follows:

- US Dollar = 3.90412 N.I.S
- EUR = 4.74538 N.I.S

Exchange differences arising are recognized in the statement of activities for the year.

2-3 Property, Plant and Equipment

Property, Plant and Equipment are carried in the statement of financial position at cost less accumulated depreciation and any accumulated impairment in value. The depreciation charge for each year is recognized in the statement of activities. Depreciation is calculated on a straight-line basis according to the depreciation ratios listed in NGOs' financial and management procedures manual (Note 6).

Vehicles	15%	Furniture	10%	Electrical Devices	%20
Computers & Printers	%20	Generator	10%		

2-4 Provisions

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount that the Society would rationally pay to settle the obligation at the statement of financial position date or to transfer it to a third party.

The Society has established a provision for end of service indemnity for its employees in accordance with the Palestinian labor law retroactively through the year ended on December 31, 2014. The provision is computed at one month salary for each year of service according to the last salary paid. The total provision recognized is NIS (185,889.60) of which NIS (130,704.60) was charged to prior years adjustments and the remaining NIS (55,185.00) charged to the current year ended on December 31, 2014.

2-5 Projects' Expenses

The expenses of activities that resulted from the provision of services to beneficiaries and which is the main objective of the Society.

2-6 General and Administrative Expenses

The expenses which related to the management and not included within the projects' expenses.

2-7 Revenues and Expenses

- Revenues are recognized when earned.
- Expenses are recognized when incurred and recorded including V.A.T.

2-8 Cash and Cash Equivalent

For the purpose of the cash flows preparation the cash and cash equivalent on December 31, 2014 comprise cash on hand and current balances and short-term deposits which matures within three months.

2-9 Other Liabilities

Liabilities are recognized for amounts payable in the future for purchase or services received, whether or not claimed by the suppliers.

3. Cash and Cash Equivalent

	December 31	
	2014	2013
<u>Cash on Hand</u>		
Petty Cash	--	7.00
Cash on Hand	--	354.96
Total Cash on Hand	--	361.96
<u>Cash at Banks</u>		
<u>Bank of Palestine</u>		
A/C 112744 – 0 Current NIS	27,343.69	4,689.90
A/C 112744 – 0 Current USD	213,375.63	75,839.29
A/C 112744 – 0 Current EUR	96,302.74	51,254.00
A/C 112744 – 1 Current NIS	5.58	1,714.68
A/C 112744 – 1 Current USD	127,892.14	33,171.22
A/C 112744 – 2 Current USD	38,924.08	--
A/C 112744 – 4 Current NIS	6,593.00	3,003.55
A/C 112744 – 4 Current USD	20,160.02	17,635.42
A/C 112744 – 5 Current NIS	1.96	27,015.00
A/C 112744 – 5 Current USD	7.65	6.82
A/C 112744 – 5 Current EUR	35,346.82	--
A/C 112744 – 7 Current NIS	16.93	1,728.02
A/C 112744 – 7 Current USD	--	2,465.20
A/C 112744 – 6 Current NIS	11,670.00	--
A/C 112744 – 6 Current USD	617,961.29	2,156.00
A/C 112744 – 8 Current NIS	1,101.27	5.73
A/C 112744 – 8 Current USD	93,808.62	59,239.66
Total Cash at Bank of Palestine	1,290,511.42	279,924.49
Total Cash at Banks	1,290,511.42	279,924.49
<u>Postponed Checks</u>		
A/C 112744 – 0 NIS	16,168.00	3,857.00
A/C 112744 – 0 USD	13,859.63	31,041.60
A/C 112744 – 8 USD	45,966.13	--
A/C 112744 – 1 USD	--	1,050.00
A/C 112744 – 4 NIS	3,584.00	6,849.00
A/C 112744 – 6 USD	960.00	--
A/C 112744 – 6 USD	54,462.47	--
A/C 112744 – 4 USD	25,220.62	7,979.64
A/C 112744 – 5 NIS	--	1,000.00
A/C 112744 – 7 NIS	--	3,658.00
A/C 112744 – 7 USD	--	6,090.00
A/C 112744 – 8 NIS	10,908.78	191.00
Total Postponed Checks	(171,129.63)	(61,716.24)
Total Cash and Cash Equivalent – Exhibit (A)	1,119,381.79	218,570.21

4. Accrued Revenues

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Support the Leadership Role of Women in the Gaza Strip (MA'AN Development Center)	1,952.06	--
Protecting Children and Adolescents from Gender Based Violence through the Promotion of their Sexual and Reproductive Rights in the Gaza Strip Project (SCI)	30,832.79	--
Project of Alleviating Physical & Humiliating Punishment in the Gaza Strip (SCI)	--	32,353.56
Project for Providing Psychological Support for Displaced Women after the Israeli Aggression on Gaza (OCHA)	--	117,651.84
Project for 16 Day Campaign to Eliminate Violence against Women (UN Women), (OCHAR) & (UNRWA)	--	17,760.01
Total Accrued Revenues – Exhibit (A)	<u>32,784.85</u>	<u>167,765.41</u>

5. Other Assets

	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Staff Advances	15,736.36	15,876.73
Cash Insurance	976.03	870.00
Total Other Assets – Exhibit (A)	<u>16,712.39</u>	<u>16,746.73</u>

6. Property, Plant and Equipment Net

	<u>Vehicles</u>	<u>Furniture</u>	<u>Electrical Devices</u>	<u>Computers & Printers</u>	<u>Generator</u>	<u>Total</u>
<u>Cost</u>						
January 1, 2014	75,000.00	20,598.42	25,072.00	41,534.80	18,750.00	180,955.22
Disposals	--	320.00	21,382.10	21,854.40	--	43,556.50
December 31, 2014	75,000.00	20,918.42	46,454.10	63,389.20	18,750.00	224,511.72
<u>Accumulated Depreciation</u>						
January 1, 2014	23,024.00	3,894.98	8,941.28	8,934.60	3,837.00	48,631.86
This Year Deprecation	11,250.00	2,091.84	9,290.82	12,677.84	1,875.00	37,185.50
December 31, 2014	34,274.00	5,986.82	18,232.10	21,612.44	5,712.00	85,817.36
<u>Net Book Value</u>						
December 31, 2014	40,726.00	14,931.60	28,222.00	41,776.76	13,038.00	138,694.36
December 31, 2013	51,976.00	16,703.44	16,130.72	32,600.20	14,913.00	132,323.36

7. Accrued Liabilities

	December 31	
	2014	2013
Communications	2,220.66	1,145.23
Professional Fees	2,928.09	2,610.00
Income Tax - Gender Initiative Project	50,342.02	55,851.78
Accrued Emergency Aid - Global Fund	48,360.00	--
Accrued Hospitality	130.00	--
Water & Electricity	--	325.75
Accrued Insurance	--	1,740.00
Income Tax – Society’s Staff	--	1,379.40
Total Accrued Liabilities – Exhibit (A)	103,980.77	63,052.16

8. Projects' Revenues and Expenses

Project	Donor	Revenues	Expenses	Fixed Assets	Surplus (Deficit)
Maria Fund	Iceland	89,559.58	(54,639.70)	(286.26)	34,633.62
Project to Protecting Women Victims of Violence and at Risk in Gaza and Northern Governorates (K.T.K)	K.T.K	168,657.86	(163,310.77)	(12,180.00)	(6,832.91)
Project for 16 Day Campaign to Eliminate Violence Against Women	UNRWA – OCHAR– UN Women	--	(5,855.00)	--	(5,855.00)
Financial and Administrative Facilitation for the Projects of Gender Initiative Programme	UNRWA	2,331,218.02	(2,318,556.69)	--	12,661.33
Providing Psychosocial Support to Affected Women from the Israeli Offensive 2014 in Al Shija'eya and Beit Hanoun	OCHA	730,884.10	(193,057.15)	--	537,826.95
Gatzella and WELIF / For a Life free of Violence	Italian Project	90,062.24	(65,395.40)	(5,908.14)	18,758.70
Protecting Children and Adolescents from Gender Based Violence through the Promotion of their Sexual and Reproductive Rights in the Gaza Strip	SCI	17,215.48	(50,527.23)	(3,480.00)	(36,791.75)
Project Youth Create Change	GIZ	19,105.00	(45,348.00)	--	(26,243.00)
Domestic violence Awareness-Raising in the Community	UNRWA	325,247.98	(316,772.26)	--	8,475.72
Project for Installation of Cameras Monitoring and Warning Theft	Front Line Defenders	17,104.20	--	(17,104.20)	--
Support the leadership Role of Women in the Gaza Strip Project	MA'AN Development Center	7,435.81	(5,961.01)	--	1,474.80
Project for Protecting Children and Adolescents from Gender Based Violence through the Promotion of their Sexual and Reproductive Rights in the Gaza Strip	SCI	300,573.72	(298,182.46)	--	2,391.26
Psychological Support and Entertainment Project (ISW)	KTK	36,660.00	(36,675.00)	--	(15.00)
Project Youth Create Change (2014)	GIZ	176,645.00	(138,822.12)	--	37,822.88
Project for 16 Day Campaign to Eliminate Violence Against Women (2014)	UNWOMEN & KTK	30,136.50	(9,780.00)	--	20,356.50
Project For Empowerment Program for Female Heads of Household in Gaza Strip	UNRWA	--	(1,715.00)	--	(1,715.00)
Emergency Funding	Global Fund for Women	53,892.00	(55,861.00)	--	(1,969.00)
Total - Exhibit (B)		4,394,397.49	(3,760,458.79)	(38,958.60)	*594,980.10

* The management of AISHA does not defer the amounts that will be used to cover projects' expenses in the following years, but recognizes all received amount during the year as revenues, thus a surplus occurs for certain projects in this year and a deficit in the following years.

9. In-Kind Donations

	December 31,	
	2014	2013
Donations Food Parcels (Emirates Red Crescent)	20,856.00	--
Donations Food Parcels (Welfare Association)	9,450.00	--
Donations - Devices	--	9,376.18
Total In-Kind Donations - Exhibit (B)	30,306.00	9,376.18

10. Other Revenues

	December 31,	
	2014	2013
Vocational Training Center	3,794.00	9,434.65
Halls Rental	2,143.40	7,889.68
Membership Fees	1,060.00	2,080.00
Tenders Fees	1,200.00	2,100.00
Miscellaneous	4,004.00	1,652.00
Revenues to Finance G&A Expenses	23,857.90	--
Training Fees	--	5,549.17
Total Other Revenues - Exhibit (B)	36,059.30	28,705.50

11. General and Administrative Expenses

	December 31,	
	2014	2013
Salaries ,Wages and Remunerations	154,187.15	133,426.06
End of Service Expense	55,185.00	--
Electricity and Water	393.95	573.00
Hospitality	3,174.33	1,971.00
Transportation	1,629.00	2,187.00
Travel Expenses	5,944.50	--
Miscellaneous Expenses	4,441.03	10,516.80
Electronic Services and Programming	971.00	2,530.00
Commissions and Bank Interest	7,772.04	3,342.11
General Maintenance	852.60	1,513.50
Insurance Expenses	943.20	1,740.00
Rent of Society's Premises	11,557.50	5,646.50
Audit Fees	6,709.59	5,235.00
Telephone and Mobile	661.63	2,579.00
Fuel & Others	2,072.00	2,784.00
Stationery and Printings	--	411.00
Cash Losses	--	656.80
Currency Differences	--	8,470.67
Management Consulting (Project Proposals)	--	13,090.00
Total General and Administrative Expenses - Exhibit (B)	256,494.52	196,672.44

12. Prior Years Adjustments

	December 31,	
	2014	2013
Provision for EOS Indemnity (Up to December 31, 2013)	(130,704.60)	--
Prior Years Revenues	--	16,970.63
Total Prior Years Adjustments - Exhibit (B)	(130,704.60)	16,970.63

13. Risk Management

The Society's management monitors and manages the financial risks relating to its operations and activities. These risks include: foreign exchange risk, credit risk, and liquidity risk.

Foreign currency risk:

The Society's management undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The Society maintains policies and procedures to manage the exchange rate risk exposure.

Credit risk:

Credit risk refers to the risk that a debtor will default in its contractual obligations resulting in financial loss to the Society. The Society maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate.

Liquidity risk

The Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

14. Fair value of Financial Instruments

The carrying values of the financial assets and liabilities are not materially different from their fair values as at the financial position date.

15. Number of Employees

The number of employees at the Society in December 2014 was (23) Permanent employees, (4) projects' employees and (4) volunteers.

16. Comparative Figures

Certain balances for the previous year were reclassified to conform to the current year presentation.