

A. M. QATTAN FOUNDATION - PALESTINE

FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2017

AND INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Board of Trustee of the A. M. Qattan Foundation

Report on the audit of the financial statements

Our opinion

In our opinion, A. M. Qattan Foundation (hereinafter "Foundation") financial statements present fairly, in all material respects, the financial position of the foundation as March 31, 2017 and, its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2017;
- 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 audit opinion.

Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). 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, 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 Foundation'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 foundation or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditor's Report

To the Board of Trustee of the A. M. Qattan Foundation

Report on the audit of the financial statements (continued)

Auditors' 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, 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 Foundation'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 Foundation'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 foundation 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
June 19, 2017
Ramallah, Palestine

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned to the right of the printed text.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

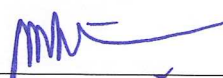
STATEMENT OF FINANCIAL POSITION

(All amounts are in US Dollars)

	<u>Note</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
<u>ASSETS</u>			
Non-current assets			
Property, plant and equipment	(4)	6,887,925	7,055,435
Projects in progress	(5)	9,046,625	5,167,779
Assets limited as to use	(6)	1,636,823	2,357,427
Total non-current assets		<u>17,571,373</u>	<u>14,580,641</u>
Current assets			
Contributions receivable	(7)	3,953,778	1,467,665
Prepayments and other current assets	(8)	95,353	110,592
Term deposit with maturities of more than three months and less than one year		9,950,000	4,651,690
Cash and cash equivalents	(9)	2,507,864	4,048,436
Total current assets		<u>16,506,995</u>	<u>10,278,383</u>
Total assets		<u>34,078,368</u>	<u>24,859,024</u>
<u>NET ASSETS AND LIABILITIES</u>			
Net assets			
Temporarily restricted net assets	(10)	14,011,274	7,873,533
Unrestricted net assets		18,402,935	14,365,363
Total net assets		<u>32,414,209</u>	<u>22,238,896</u>
Non-current liabilities			
Provision for severance pay	(11)	1,410,562	1,267,270
Provision for provident fund	(12)	226,261	1,090,157
Total non-current liabilities		<u>1,636,823</u>	<u>2,357,427</u>
Current liabilities			
Accrued expenses and other current liabilities	(13)	27,336	262,701
Total current liabilities		<u>27,336</u>	<u>262,701</u>
Total liabilities		<u>1,664,159</u>	<u>2,620,128</u>
Total net assets and liabilities		<u>34,078,368</u>	<u>24,859,024</u>

- The notes on pages 8 to 21 are an integral part of these financial statements.

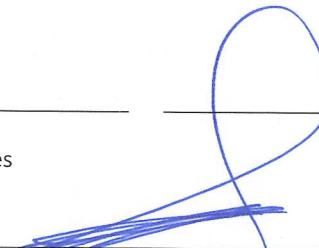
- The financial statements on page 4 to 21 were authorized for issue by the Board of Trustees on June 14, 2017 and were signed on its behalf.



 Mr. Omar Al-Qattan
 Chairman of the Board of Trustees



 Mr. Ziad Khalaf
 Director General



 Mr. Bashar Idkaidek
 Director of Finance

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

STATEMENT OF ACTIVITIES

(All amounts are in US Dollars)

	Note	March 31, 2017	March 31, 2016
<u>Changes in unrestricted net assets:</u>			
Grants, revenues and gains			
Unrestricted donations	(14)	4,510,514	4,646,634
In kind donations	(15)	-	2,292,783
Other revenues	(16)	103,266	190,717
Finance income	(17)	36,126	51,515
Total grants, revenues and gains		4,649,906	7,181,649
Net assets released from restrictions	(10)	5,600,379	6,461,439
Total unrestricted grants, revenues, gains and other support		10,250,285	13,643,088
Expenditures and losses			
General and administrative expenditures	(18)	925,875	772,763
Depreciation	(4)	451,375	382,213
Programs expenditures	(19)	4,835,463	5,467,559
Total expenditures and losses		6,212,713	6,622,535
Net change in unrestricted net assets		4,037,572	7,020,553
<u>Changes in temporarily restricted net assets:</u>			
Grants and donations	(10)	11,838,389	9,072,520
Net assets released from restrictions	(10)	(5,600,379)	(6,461,439)
Currency exchange	(10)	(10,178)	(27,598)
Amounts written off	(10)	(90,091)	(838,618)
Net changes in temporarily restricted net assets		6,137,741	1,744,865
Net changes in net assets for the fiscal year		10,175,313	8,765,418

- The notes on pages 8 to 21 are an integral part of these financial statements.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

STATEMENT OF CHANGES IN NET ASSETS

(All amounts are in US Dollars)

	Unrestricted net assets	Temporarily restricted net assets	Total
Balance March 31, 2015	7,344,810	6,128,668	13,473,478
Changes during the fiscal year	7,020,553	1,744,865	8,765,418
Balance March 31, 2016	14,365,363	7,873,533	22,238,896
Changes during the fiscal year	4,037,572	6,137,741	10,175,313
Balance March 31, 2017	18,402,935	14,011,274	32,414,209

- The notes on pages 8 to 21 are an integral part of these financial statements.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

STATEMENT OF CASH FLOWS

(All amounts are in US Dollars)

	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Changes in net assets for the fiscal year	10,175,313	8,765,418
Adjustments:		
Depreciation	451,375	382,213
Provision for severance pay	287,032	233,272
Provision for provident fund	234,373	254,623
Loss from property, plant and equipment disposal	1,204	166
Interest received	(48,829)	(56,366)
Adjustments to reconcile changes in net assets to net Cash provided by operating activities:		
Contributions receivable	(2,486,113)	1,023,218
Prepayments and other current assets	15,239	20,955
Accrued expenses and other current liabilities	(235,365)	116,197
Severance pay - paid	(143,740)	(43,110)
Provident fund - paid	(1,098,269)	(75,966)
Net cash flow provided by operating activities	7,152,220	10,620,620
Cash flows from investing activities		
Purchase of property, plant and equipment	(286,941)	(3,583,467)
Proceed from disposal of property, plant and equipment	1,872	677
Projects in progress	(3,878,846)	(3,178,821)
Assets limited as to use	720,604	(371,401)
Term deposit with maturities of more than three months and less than one year	(5,298,310)	(4,651,690)
Interest received	48,829	56,366
Net cash used in investing activities	(8,692,792)	(11,728,336)
Net change in cash and cash equivalents	(1,540,572)	(1,107,716)
Cash and cash equivalents, beginning of the fiscal year	4,048,436	5,156,152
Cash and cash equivalents, end of the fiscal year	2,507,864	4,048,436

- The notes on pages 8 to 21 are an integral part of these financial statements.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (1) GENERAL

The A. M. Qattan Foundation - Palestine (hereinafter the "Foundation") is a branch of a charitable company in the United Kingdom. The Foundation was legally registered on May 9, 1998 with the Palestinian Ministry of Interior as a not-for-profit organization under registration number (5056). Pursuant to charity societies and non-government organizations Palestinian law number 1 issued in 2000, the Foundation was re-registered with the Ministry of Interior as a not-for-profit organization on December 7, 2004 under the registration number (QR-0035-F).

The Foundation is committed to enhancing the education and cultural development and awareness and the furthermore preserving cultural heritage of the Arab people, Palestinian's people in particular.

Currently, the Foundation operates mainly through four programs; the Educational Research and Development Program, the Child Centre, Gaza and the Culture and Arts Program and the Public Program.

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 fiscal 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.

The preparation of the financial statement 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. The foundation 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 fiscal year. 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.

Property, plant and equipment

Property, plant 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>Depreciation Percentages</u>
Buildings and renovations	5%
Furniture, fixtures and light fittings	15%
Office equipment	15%
Electrical and mechanical equipment	20%
Computers	30%
Vehicles	20%
Books	10%

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

The cost of the property, plant and equipment includes all of the expenditures incurred so as to make the assets ready for use. Expenditures incurred to replace a component of an item of property, plant and equipment that are accounted for separately is capitalized, and the carrying amount of the component that is replaced is written off. Other subsequent expenditures are capitalized only when they increase future economic benefits of the related item of property, plant and equipment. All other expenditures are recognized in the statement of activities as an expense when incurred.

Projects in progress

Projects in progress consist of the costs incurred on incomplete projects, which include design and construction costs, direct wages and a portion of the indirect costs. After completion, all project costs are capitalized and transferred to property, plant and equipment.

Net assets

Net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets - net assets whose use by the Foundation, is not subject to donor-imposed restrictions.
- Temporarily restricted net assets - net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of the Foundation pursuant to those donor-imposed stipulations.

Contributions receivable:

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

Cash and cash equivalents:

Cash and cash equivalents 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.

Accruals and other current liabilities:

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

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.

Revenue recognition

Donors' unconditional pledges are those pledges where donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Donations' revenue from unconditional pledges is recognised as follows:

- i. Unconditional pledges that are not restricted for a specific purpose or time are recognised as revenue when the pledge is obtained.
- ii. Unconditional pledges that are temporarily restricted by the donor for a specific purpose or time are recognised as revenues when the purpose or time is satisfied.
- iii. In kind donations related are stated at fair value, recorded as donation in kind and recognized as unrestricted revenue through the statement of activities and changes in net assets.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

Expenditures

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

Provision for severance pay, provident fund and assets limited as to use

Benefits payable to the employees of the Foundation at the end of their services are provided for in accordance with the guidelines set by the local labour laws, by accruing one month compensation for each year of service based on last salary paid. The amount of the provision is deposited in a separate bank account and presented on the statement of financial position as "assets limited as to use".

The Foundation deducts 8% from the employees' monthly basic salaries for the provident fund and contributes a similar amount. Both contributions are deposited in a separate bank account and presented on the statement of financial position as "assets limited as to use".

Translation of foreign currencies

The accompanying financial statements are denominated in US Dollars. Transactions in other currencies are accounted for at 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 arising from the above transactions are reflected in the statement of activities. The exchange rates of other currencies against the US dollar as of March 31, 2017 and 2016 are as follows:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
NIS	0.276	0.264
EURO	1.059	1.101

NOTE (3) RISK MANAGEMENT

The Foundation 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 Trustees.

Risk measurement and reporting systems

Managing risks is established by monitoring limits for each type of risk. The limits reflect the Foundation's 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 Trustee.

The Foundations follows financial policies in managing risks as a part of certain strategies. Management oversees and monitors risks and ensures strategic and optimal allocation of assets and liabilities. These risks include market risk (interest rate risk and foreign currency 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 Foundation.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

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.

The main currencies that are used by the Foundation are the US Dollar, the New Israeli Shekel (NIS) and the Euro. The fluctuations in the exchange rates resulted in a loss of US Dollars 12,703 for the fiscal year ended March 31, 2017 (loss of US Dollars 4,851 during the fiscal year ended March 31, 2016).

b) Liquidity risk

Liquidity risk is the risk that the Foundation 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 and liabilities and keeps enough cash and cash equivalent. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds from cash and cash equivalents are available to meet any commitments as they arise.

The table below summarizes the maturity profile of the Foundation's financial instruments based on contractual undiscounted payments; the Foundation monitors the maturity dates of these instruments in order to ensure that the Foundation is liquid.

	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to 12 months</u>	<u>Total</u>
March 31, 2017				
Accrued expenses	15,121	-	-	15,121
Accounts payable	12,215	-	-	12,215
	<u>27,336</u>	<u>-</u>	<u>-</u>	<u>27,336</u>
March 31, 2016				
Accounts payable - Partners	134,323	-	-	134,323
Accrued expenses	32,418	-	-	32,418
Postdated checks	95,960	-	-	95,960
	<u>262,701</u>	<u>-</u>	<u>-</u>	<u>262,701</u>

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 Foundation, the maximum exposure to credit risk is the carrying value as disclosed in the statement of financial position.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

The following table details the financial assets held with the Foundation:

Financial asset	March 31, 2017	March 31, 2016
Assets limited as to use	1,636,823	2,357,427
Contributions receivable	3,953,778	1,467,665
Prepayments and other current assets	95,353	110,592
Term deposit with maturities of more than three months and less than one year	9,950,000	4,651,690
Cash and cash equivalents	2,507,864	4,048,436

NOTE (4) PROPERTY, PLANT AND EQUIPMENT

Details:

March 31, 2017	April 1, 2016	Additions	Disposals	March 31, 2017
Cost:				
Land	4,690,018	-	-	4,690,018
Buildings and renovations	3,123,572	2,937	-	3,126,509
Furniture, fixtures and light fittings	512,781	10,173	(9,126)	513,828
Office equipment	248,658	12,731	(12,905)	248,484
Electrical and Mechanical equipment	536,682	147,789	(13,908)	670,563
Computers	697,720	64,893	(28,625)	733,988
Vehicles	125,632	-	-	125,632
Books	538,655	20,918	-	559,573
Art Works	51,500	27,500	-	79,000
	10,525,218	286,941	(64,564)	10,747,595
Accumulated depreciation				
Buildings and renovations	1,642,939	149,836	-	1,792,775
Furniture, fixtures and light fittings	477,569	12,703	(8,078)	482,194
Office equipment	177,487	21,706	(11,695)	187,498
Electrical and Mechanical equipment	409,324	72,025	(13,908)	467,441
Computers	324,661	149,115	(27,807)	445,969
Vehicles	45,326	20,470	-	65,796
Books	392,477	25,520	-	417,997
	3,469,783	451,375	(61,488)	3,859,670
Net book value	7,055,435			6,887,925

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

Details:

March 31, 2016	April 1, 2015	Additions	Disposals	March 31, 2016
Cost:				
Land	1,681,901	3,008,117	-	4,690,018
Buildings and renovations	2,997,147	126,425	-	3,123,572
Furniture, fixtures and light fittings	517,716	5,948	(10,883)	512,781
Office equipment	242,953	16,475	(10,770)	248,658
Electrical and Mechanical equipment	501,504	37,596	(2,418)	536,682
Computers	399,741	360,809	(62,830)	697,720
Vehicles	125,632	-	-	125,632
Books	516,358	22,297	-	538,655
Art works	45,700	5,800	-	51,500
	7,028,652	3,583,467	(86,901)	10,525,218
Accumulated depreciation				
Buildings and renovations	1,492,375	150,564	-	1,642,939
Furniture, fixtures and light fittings	475,325	12,713	(10,469)	477,569
Office equipment	164,773	23,328	(10,614)	177,487
Electrical and Mechanical equipment	344,735	66,734	(2,145)	409,324
Computers	310,321	77,170	(62,830)	324,661
Vehicles	21,157	24,169	-	45,326
Books	364,942	27,535	-	392,477
	3,173,628	382,213	(86,058)	3,469,783
Net book value	3,855,024			7,055,435

NOTE (5) PROJECTS IN PROGRESS

This amount represents construction costs incurred during the fiscal year to construct a new building for the Foundation in Ramallah.

NOTE (6) ASSETS LIMITED AS TO USE

This amount represents restricted deposits against employees' severance pay and provident fund. These deposits are with an average interest rate of 1% to 3.5% for the years ended March 31, 2017 and March 31, 2016 and represent 100% at March 31, 2017 (100% March 31, 2016) of provision for severance pay and provident fund.

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (7) CONTRIBUTIONS RECEIVABLE

Details:

	Beginning Balance	Additions	Amount Received	Currency Variance	Amount Written Off	Ending Balance
Welfare Association- Co- Curricular Activities for the Orphans of the 2014 Assault on Gaza	87,500	-	(85,117)	-	(2,383)	-
Welfare Association- Co-Curricular Activities for the Children of Wajd Program- Phase2	-	140,000	(126,000)	-	-	14,000
Save the Children- Community Based Heart Program	7,195	-	(7,193)	-	(2)	-
Save the Children- Future Cognitive, Social, Emotional & Physical Development of Children through ECCD	248,138	-	(141,558)	(1,364)	(2,254)	102,962
Save the Children- Promoting Healing and Learning for Children and Empowering Women in Gaza	22,340	-	(19,336)	-	(3,004)	-
International Development and Relief Foundation (IDRF)- Explore, Learn, and Enjoy	101,257	-	(69,140)	(987)	(17,443)	13,687
Swiss Agency for Development and Cooperation(SDC)- Child Friendly Spaces	6,000	-	(6,000)	-	-	-
Swiss Agency for Development and Cooperation(SDC)- Culture, Arts & Social Engagement	624,462	-	-	-	-	624,462
United Palestinian Appeal (UPA)- Child Friendly Spaces	37,500	-	(37,500)	-	-	-
Norwegian Refugee Council (NRC)- Improved Education	10,000	-	(9,935)	-	(65)	-
Norwegian Refugee Council (NRC)- Improved Education- Phase2	-	39,464	(35,517)	-	-	3,947
Prince Claus Fund- Selat 2: Links Through the Arts	157,386	-	(47,546)	(4,500)	-	105,340
The Swedish International Development Agency (SIDA)- Virtual Arts, A Flourishing Field (VAFF)	-	4,042,455	(1,004,005)	-	(6,570)	3,031,880
European Commission (EC)- Performing Arts Project	105,854	-	(63,920)	(4,136)	(37,798)	-
Bank of Palestine- Mobile Library Project	57,500	-	-	-	-	57,500
Mr. Omar Al-Qattan- New Building	-	7,613,213	(7,613,213)	-	-	-
Centre for Culture and Development (CKU)-Supporting Contemporary Art Productions and Practices in Gaza 2015-2016	2,533	438	(2,971)	-	-	-
	1,467,665	11,835,570	(9,268,951)	(10,987)	(69,519)	3,953,778

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (8) PREPAYMENTS AND OTHER CURRENT ASSETS

Details:

	March 31, 2017	March 31, 2016
Due from employees	51,626	70,328
Advance payment to partners	-	2,258
Due from A. M. Qattan Foundation - London	-	3,023
Advances to suppliers	2,700	1,211
Accounts receivable	15,130	28,216
Refundable deposit	15,931	-
Prepaid expenses	9,966	5,556
	<u>95,353</u>	<u>110,592</u>

NOTE (9) CASH AND CASH EQUIVALENTS

Details:

	March 31, 2017	March 31, 2016
Cash on hand	2,000	3,000
Cash at banks (current accounts)	732,036	1,660,513
Cash at banks (time deposit) *	1,773,828	2,384,923
	<u>2,507,864</u>	<u>4,048,436</u>

* Time deposits are USD deposits, with an average interest rate of 1% to 3.5% for the fiscal years ended March 31, 2017 and March 31, 2016.

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Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (10) TEMPORARILY RESTRICTED NET ASSETS

Details:

	Beginning Balance	Additions	Released from restriction	Currency Variance (Loss)/ Gain	Amounts Written Off	Ending Balance
Welfare Association- Co- Curricular Activities for the Orphans of the 2014 Assault on Gaza	23,491	-	(21,108)	-	(2,383)	-
Welfare Association- Co-Curricular Activities for the Children of Wajd Program- Phase2	-	140,000	(94,540)	-	-	45,460
Save the Children- Community Based Heart Program	5,998	-	(5,996)	-	(2)	-
Save the Children- Future Cognitive, Social, Emotional & Physical Development of Children through ECCD	210,083	-	(123,328)	(3,882)	(2,254)	80,619
Save the Children- Promoting Healing and Learning for Children and Empowering Women in Gaza	24,330	-	(21,326)	-	(3,004)	-
International Development and Relief Foundation (IDRF)- Explore, Learn, and Enjoy	107,436	-	(89,993)	-	(17,443)	-
Swiss Agency for Development and Cooperation(SDC)- Culture, Arts & Social Engagement	840,424	-	(215,085)	-	-	625,339
United Palestinian Appeal (UPA)- Child Friendly Spaces	36,615	-	(36,615)	-	-	-
Norwegian Refugee Council (NRC)- Improved Education	3,309	-	(3,244)	-	(65)	-
Norwegian Refugee Council (NRC)- Improved Education- Phase2	-	39,464	(9,940)	-	-	29,524
Prince Claus Fund- Selat: Links Through the Arts	2,819	-	-	-	(2,819)	-
Prince Claus Fund- Selat 2: Links Through the Arts	157,386	2,819	(49,000)	(5,037)	-	106,168
The Swedish International Development Agency (SIDA)- Performing Arts Network Program (PAN)	31,703	-	(13,157)	-	(18,546)	-
The Swedish International Development Agency (SIDA)- Virtual Arts, A Flourishing Field (VAFF)	-	4,042,455	(13,918)	-	(6,570)	4,021,967
Mr. Walid Kattan-The Walid & Helen Kattan Science Education Project	634,459	-	(634,459)	-	-	-
European Commission (EC)- Performing Arts Project	89,354	-	(51,090)	(1,259)	(37,005)	-
American Near East Refugee Aid (ANERA)- The Walid & Helen Kattan Science Education Project	316,470	-	(316,470)	-	-	-
Bank of Palestine- Mobile Library Project	60,020	-	(7,891)	-	-	52,129
Mr. Abdel Mohsin Al-Qattan- New Building	3,769,379	-	(3,769,379)	-	-	-
Mr. Omar Al-Qattan- New Building	1,546,322	7,613,213	(109,467)	-	-	9,050,068
Centre for Culture and Development (CKU)-Supporting Contemporary Art Productions and Practices in Gaza 2015-2016	13,935	438	(14,373)	-	-	-
	7,873,533	11,838,389	(5,600,379)	(10,178)	(90,091)	14,011,274

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Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (11) PROVISION FOR SEVERANCE PAY

Details:

	March 31, 2017	March 31, 2016
Balance, beginning of the fiscal year	1,267,270	1,077,108
Add: provision made during the fiscal year	287,032	233,272
Less: payments made during the fiscal year	(143,740)	(43,110)
Balance, end of the fiscal year	1,410,562	1,267,270

NOTE (12) PROVISION FOR PROVIDENT FUND

Details:

	March 31, 2017	March 31, 2016
Balance, beginning of the fiscal year	1,090,157	911,500
Add: provision made during the fiscal year	234,373	254,623
Less: payments made during the fiscal year	(1,098,269)	(75,966)
Balance, end of the fiscal year	226,261	1,090,157

NOTE (13) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Details:

	March 31, 2017	March 31, 2016
Accounts payable - Partners	-	134,323
Accrued expenses	15,121	32,418
Accounts payable	12,215	-
Postdated checks	-	95,960
	27,336	262,701

NOTE (14) UNRESTRICTED DONATIONS

During the fiscal year, the Foundation received unrestricted donations in the amount of US Dollars 1,227,500 from Al-Qattan Charitable Trust (Guernsey), and an amount of US Dollars 3,283,014 from Mr. Abdel Mohsin Al-Qattan.

NOTE (15) IN KIND DONATIONS

Details:

	March 31, 2017	March 31, 2016
A. M. Qattan land and building contribution	-	2,291,983
Other	-	800
	-	2,292,783

A. M. QATTAN FOUNDATION - PALESTINE

Financial statements for the fiscal year ended March 31, 2017

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in US Dollars)

NOTE (16) OTHER REVENUES

Details:

	March 31, 2017	March 31, 2016
Contribution from others to EC project	-	121,035
Equipment rental	27,203	22,062
Other revenues *	38,336	22,662
Administration service provided to projects	37,727	24,958
	103,266	190,717

* This figure represents miscellaneous income that does not fit in any of the normal revenue categories, such as library fees, subscriptions fees, individual's donations, tender fees and others.

NOTE (17) FINANCE INCOME

Details:

	March 31, 2017	March 31, 2016
Currency exchange loss	(12,703)	(4,851)
Interest revenue	48,829	56,366
	36,126	51,515

NOTE (18) GENERAL AND ADMINISTRATIVE EXPENDITURES

Details:

	March 31, 2017	March 31, 2016
Salaries	500,941	371,916
Casual wages	9,933	175
Insurance	17,228	12,678
Severance pay & Provident fund	98,970	80,127
Transportation, travel & accommodation	28,582	18,369
Utilities	17,172	13,125
Maintenance & Consumables	11,584	10,755
Grants	86,185	85,345
Rent	5,760	4,491
Professional fees	83,665	138,252
Office expenses	15,460	11,667
Staff training courses	5,044	1,362
Subscriptions & Membership fees	8,228	4,466
Website development	7,095	7,310
Miscellaneous expenses	3,781	1,435
Advertisement & Promotion	8,558	1,922
Retreats	-	7,298
Taxes	11,847	-
Others	5,842	2,070
	925,875	772,763

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NOTE (19) PROGRAMS EXPENDITURES

The details of the programs expenditures were divided into two schedules A and B as follows:

Schedule A

	Art & Literature Unit (ALU)	Audio- Visual Unit (AVU)	Child Centre - Gaza (CCG)	Child Friendly Spaces - UPA	Co-Curricular Activities for the Children of Wajid - Phase 2	Cognitive, Social, Emotional & Physical Development	Community Based Heart Program	Culture, Arts & Social Engagement	ERDP	Explore, Learn & Enjoy	Improved Education - NRC	Subtotal (A)
Salaries	145,585	24,347	542,439	-	4,500	38,312	5,996	42,159	450,206	10,472	-	1,264,016
Casual wages	1,498	-	48,587	24,000	17,363	10,000	-	81,625	16,873	-	500	200,446
Insurance	5,261	2,404	42,664	-	-	-	-	-	23,289	-	-	73,618
Severance pay and provident fund	34,457	3,607	144,748	-	-	-	-	-	102,724	-	-	285,536
Transportation, travel and accommodation	7,477	-	3,341	-	2,002	6,502	-	5,520	12,210	-	67	37,119
Utilities	12,988	-	103,064	-	2,281	5,392	-	-	34,274	-	-	157,999
Maintenance and consumables	2,601	4,795	29,369	-	-	-	-	-	10,243	-	-	47,008
Grants	348,015	2,000	12,051	10,256	-	29,198	-	84,000	-	-	2,376	487,896
Rent	1,783	-	-	1,200	-	-	-	-	30,383	-	-	33,366
Research costs	-	-	-	-	-	-	-	-	33,400	-	-	33,400
Professional fees	3,182	-	9,199	-	-	4,500	-	11,500	33,035	-	-	61,416
Office expenses	10,000	-	17,111	-	-	-	-	-	13,330	-	-	40,441
Workshops' expenses	87	4,500	3,249	11,316	34,651	16,068	-	25,500	209,460	28,409	100	333,340
Staff training courses	99	-	2,922	-	-	600	-	-	-	-	-	3,621
Honorarium and Remuneration	5,500	-	-	-	-	-	-	4,400	4,800	-	-	14,700
Events and Activities	118,846	3,000	42,070	3,594	32,683	12,291	-	-	17,603	-	-	230,087
Publications	8,500	-	-	-	-	-	-	-	29,631	-	-	38,131
Subscriptions and membership fees	572	-	96	-	-	-	-	-	7,589	-	-	8,257
Website development	-	-	-	-	-	-	-	-	209	-	-	209
Residencies	16,385	-	-	-	-	-	-	-	-	-	-	16,385
Advertisement & promotion	6,937	-	10,421	753	953	466	-	295	1,223	-	200	21,248
Miscellaneous and other expenses	4,000	0	6,043	0	107	0	0	27	2,787	0	0	12,964
Subtotal (A)	733,773	44,653	1,017,374	51,119	94,540	123,329	5,996	255,026	1,033,269	38,881	3,243	3,401,203

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Schedule B

	Improved Education -Phase2 - NRC	Mobile Library - BoP	Performing Arts - European Commission	Performing Arts Network (PAN)	PHL for Children & Empowering Women in Gaza	Public Programme	Selat 2: Links Through the Arts	Supporting Contemporary Art Production in Gaza-CKU	Visual Arts: A Flourishing Field (VAFF)	Wajd- Co-Curricular Activities for the Orphans	Walid & Helen Kattan Science Edu. Project	Subtotal (B)	Grand Total (A)+(B)	Total 2016
Salaries	1,584	-	-	10,476	10,000	49,726	18,480	-	7,839	-	278,423	376,528	1,640,544	1,472,746
Employee bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	1,670
Casual wages	1,000	23,400	-	1,575	8,000	3,420	-	-	-	1,700	21,136	60,231	260,677	191,063
Insurance	-	-	-	-	-	568	787	-	-	-	9,016	10,371	83,989	75,654
Severance pay and provident fund	-	-	-	711	-	1,873	1,924	-	-	-	27,289	31,797	317,333	268,058
Transportation, travel and accommodation	438	2,147	1,027	-	1,162	5,927	136	-	-	-	126,004	136,841	173,960	76,337
Utilities	493	-	-	-	1,601	2,249	275	-	-	-	11,010	15,628	173,627	141,799
Maintenance and consumables	-	-	-	-	-	1,146	-	-	-	-	266,383	267,529	314,537	68,360
Grants	4,041	-	-	-	-	-	115,111	18,500	-	-	4,736	142,388	630,284	1,322,282
Rent	-	-	-	-	-	1,440	735	-	-	-	33,333	35,508	68,874	70,848
Research costs	-	-	-	-	-	-	-	-	-	-	-	-	33,400	73,018
Professional fees	-	-	12,492	-	-	4,588	-	3,000	-	-	137,702	157,782	219,198	169,048
Retreats	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office expenses	581	4,172	363	-	-	1,894	85	-	-	-	8,791	15,886	56,327	66,896
Workshops' expenses	1,802	-	3,232	-	-	1,616	-	-	-	9,988	10,889	27,527	360,867	423,452
Staff training courses	-	-	-	-	-	-	-	-	-	-	1,183	1,183	4,804	29,893
Honorarium and remuneration	-	-	-	-	-	-	3,342	-	-	-	-	3,342	18,042	36,954
Events & Activities	-	457	-	-	-	49,908	-	-	-	7,697	14,561	72,623	302,710	870,988
Publications	-	-	-	-	-	881	-	-	-	-	-	881	39,012	14,913
Subscriptions and membership fees	-	-	-	-	-	147	-	-	-	-	417	564	8,821	10,979
Website development	-	-	-	-	-	-	-	-	-	-	-	-	209	2,066
Residencies	-	-	-	-	-	-	-	-	-	-	-	-	16,385	18,303
Tools and exhibit raw materials	-	-	-	-	-	-	-	-	-	-	12,102	12,102	12,102	-
Advertisement and promotion	-	1,768	86	-	563	15,823	990	-	-	1,700	1,137	22,067	43,315	20,583
Miscellaneous and other expenses	-	287	37,331	396	-	239	1,046	-	1,949	22	2,212	43,482	56,446	41,649
Subtotal (B)	9,939	32,231	54,531	13,158	21,326	141,445	142,911	21,500	9,788	21,107	966,324	1,434,260	4,835,463	5,467,559

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NOTE (20) RELATED PARTIES

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

a) Transactions with related parties are as follows:

Details:

	March 31, 2017	March 31, 2016
Key management salaries and related benefits	583,930	498,207
Unrestricted contribution from Al-Qattan Charitable Trust - Guernsey	1,227,500	4,646,634
Unrestricted contribution from Mr. Abdel Mohsin Al-Qattan	3,283,014	-
In-kind donation from Mr. Abdel Mohsin Al-Qattan	-	2,291,983
Contribution released from restrictions from Mr. Abdel Mohsin Al-Qattan - New Building	3,769,379	2,547,832
Contribution released from restrictions from Mr. Omar Al-Qattan - New Building	109,467	3,143,619
Contribution released from restrictions from Mr. Omar Al-Qattan - Land	-	822,800

b) Balances with related parties are as follows:

Details:

	March 31, 2017	March 31, 2016
Payable in respect of key management salaries and related benefits	351,448	582,184
Due from A. M. Qattan Foundation - London	-	3,023
Temporarily restricted net assets from Mr. Abdel Mohsin Al-Qattan - New Building	-	3,769,379
Temporarily restricted net assets from Mr. Omar Al-Qattan - New Building	9,050,068	1,546,322