

Young Artists Forum
Ramallah – Palestine

Auditors' Report
& Financial Statements
for the period from December 23, 2002
till December 31, 2003

Talal Abu-Ghazaleh & Co.
Certified Public Accountants

Young Artists Forum
Ramallah – Palestine

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Auditors' Report

**To the Members and Board of Directors
Young Artist Forum
Ramallah – Palestine**

We have audited the accompanying statement of financial position of **Young Artists Forum** as at December 31st, 2003 and the related statements of activities and cash flows for the period from December 23, 2002 till December 31, 2003. These financial statements are the responsibility of Forum's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of **Young Artists Forum** as at December 31st, 2003 and the result of its operations and its cash flows for the period from December 23, 2002 till December 31, 2003, in conformity with International Standards of Financial Reporting.

Talal Abu-Ghazaleh & Co.

**Jamal Milhem
Certified Public Accountant (License No. 100/98)
Ramallah, March 1, 2005**

Young Artists Forum
Ramallah – Palestine
Statement of financial position
as at December 31st, 2003

Exhibit "A"

	<u>Note</u>	<u>2003</u>
		NIS
<u>Assets</u>		
<u>Current assets</u>		
Cash in hand and at bank	3	81,963
Other receivables		4,435
		86,398
<u>Fixed assets</u>		
At cost	4	74,346
Accumulated depreciation		(8,603)
		65,743
Total assets		152,141
<u>Liabilities and net assets</u>		
<u>Current liabilities</u>		
Due to bank		54,138
Accounts payable		47,540
Other payables		581
		102,259
<u>Net assets</u>		
Net assets - Exhibit "B"		49,882
		49,882
Total liabilities and net assets		152,141

"The accompanying notes constitute an integral part of this statement"

Young Artists Forum

Ramallah – Palestine

Statement of activities for the period from December 23, 2002

till December 31st, 2003

Exhibit "B"

	<u>Note</u>	<u>From Dec. 23, 2002 till Dec. 31, 2003</u>
		NIS
<u>Revenues</u>		
Revenues from donors	7	391,952
Participation fees		84,000
Renting of halls		15,660
Other revenues	5	61,325
Total revenues		552,937
<u>Expenses</u>		
Activities expenses	7	358,008
General and administrative expenses	6	136,444
Depreciation		8,603
Total expenses		(503,055)
Changes in net assets		49,882
Net assets- beginning of the period		--
Net assets -ending of the period-Exhibit"A"		49,882

"The accompanying notes constitute an integral part of this statement"

Young Artists Forum**Ramallah – Palestine****Cash flows statement for the period from December 23, 2002****till December 31st, 2003****Exhibit "C"**

	<u>From Dec. 23, 2002</u> <u>till Dec. 31, 2003</u>
<u>Operating activities</u>	NIS
Cash received from donors and others	552,937
Expenses paid to suppliers and employees	(396,628)
	<hr/>
Net cash provided by operating activities	156,309
	<hr/>
<u>Investing activities</u>	
Purchase of fixed assets	(74,346)
	<hr/>
Net cash used by investing activities	(74,346)
	<hr/>
Increase in cash in hand and at bank	81,963
Cash in hand and at bank– beginning of period	--
	<hr/>
Cash in hand and at bank - ending of period	81,963
=====	
<u>Adjustments to reconcile change in net assets</u> <u>to net cash provided by operating activities</u>	
Change in net assets	49,882
Increase in depreciation expenses	8,603
Increase in other receivables	(4,435)
Increase in payable due to banks	54,138
Increase in accounts payable	47,540
Increase in other payables	581
	<hr/>
Total	156,309
	<hr/> <hr/>

“The accompanying notes constitute an integral part of these financial statements”

Young Artists Forum
Ramallah – Palestine
Notes to the financial statements

1. Background:

The Young Artists Forum (YAF) is a Palestinian non-governmental and non-profit organization. It was established on 23/12/2002, and located in Ramallah. It is specialized on Fine Arts for Young Artists. It is like an evening school that works for increasing the artists knowledge of children. The Forum aims to enhance the beauty values in society that raise the cultural level of people and the way they look at the other.

2. Significant accounting policies:

One. Basis of preparation:

The financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board.

Two. Fixed assets:

Fixed assets are recorded. Depreciation is computed on a straight-line method over the estimates useful lives of the assets at the following estimated annual rates:

- Furniture	10%
- Office equipment	15%-25%
- Computer software	25%

Three. Foreign currencies translations:

The recording currency is NIS. Transactions in foreign currencies are translated at the rate prevailing at the time of transaction. Assets and liabilities in other currencies are translated into NIS at exchange rates prevailing at the financial position date. Exchange differences arising from these translations are recorded in the statement of activities.

Four. Severance payable:

Employees' severance payable is calculated to cover contractual and legal commitments of the employees' services in accordance with the labor law in Palestine.

Five. Income taxes:

Young Artists Forum is a non-profit-organization and it is exempted from income tax.

3. Cash in hand and at bank:

This item consists of:

	<u>2003</u>
	NIS
- Cash in hand	2,816
- Bank of Palestine – A/C# 3000/001/0205757	77,137
- Bank of Palestine – A/C# 3710/099/0205757	1,000
- Bank of Palestine – A/C# 3710/099/0205902	1,000
- Bank of Palestine – A/C# 3000/099/0205902	10
Total	<u>81,963</u>
	=====

4. Fixed assets:

This item consists of:

	<u>Furniture</u> NIS	<u>Office Equipment</u> NIS	<u>Computer Software</u> NIS	<u>Total</u> NIS
<u>Cost:</u>				
Balance as at 23/12/2002	--	--	--	--
Additions	16,937	48,804	8,605	74,346
Balance as at 31/12/2003	16,937	48,804	8,605	74,346
<u>Depreciation as at:</u>				
23/12/2002	--	--	--	--
Additions	737	6,599	1,267	8,603
Balance as at 31/12/2003	737	6,599	1,267	(8,603)
<u>Net book value as at:</u>				
31/12/2003	16,200	42,205	7,338	65,743

5. Other revenues:

This item consists of:

	From Dec. 23, 2002 till Dec. 31, 2003 NIS
- Contribution from trainers	58,169
- Renting of sound equipment	3,140
- Bank interest	16
Total	61,325

6. General and administrative expenses:

This item consists of:

	From Dec. 23, 2002 till Dec. 31, 2003 NIS
- Salaries/payroll	71,078
- Office rent	18,866
- Employees remuneration	8,085
- Miscellaneous	4,260
- Transportation	6,544
- Advertisements	3,564

- Trainers/specialist	2,797
- Exchange currency	2,737
- Office maintenance	2,570
- Telecommunication	1,850
- Hospitality	1,581
- Stationery	1,457
- Consultant	1,253
- Bank charges	1,129
- Equipment maintenance	1,122
- Office supplies	865
- Video and documentation	832
- Materials	755
- Cleaning supplies	718
- Team building capacity	628
- Municipality fees	512
- Professional fees	500
- Subscriptions fees	454
- Editing	445
- Printings	445
- Legal fees	300
- Kitchen supplies	261
- Office utilities	200
- Decors & sets	175
- Postage & parcel	155
- Registration fees	100
- Per diem	88
-Computer software and supplies	118
Total	136,444

7. Revenues from donors and activities expenses:

This item consists of:

Description	<u>From Dec. 23, 2002 till Dec. 31, 2003</u>					<u>Total</u> NIS
	<u>Diakonia</u> NIS	<u>Maram</u> NIS	<u>UNDP</u> NIS	<u>UNESCO</u> NIS	<u>National</u> <u>Committee</u> NIS	
Revenues	89,596	176,145	58,736	22,270	45,205	391,952
<i>Total revenues</i>	<i>89,596</i>	<i>176,145</i>	<i>58,736</i>	<i>22,270</i>	<i>45,205</i>	<i>391,952</i>
Expenses						
Trainers / specialist	--	(99,946)	(14,452)	(28,161)	--	(142,559)
Salaries / payroll	--	(67,655)	--	--	--	(67,655)
Materials	--	(35,637)	(120)	--	--	(35,757)
Transportation	--	(27,820)	(800)	(3,129)	--	(31,749)
Rental of halls	--	(22,620)	--	--	--	(22,620)
Rental of sound and light system	--	(22,450)	--	--	--	(22,450)
Hospitality	--	(18,565)	--	--	--	(18,565)
Video & documentation	--	(6,912)	--	(396)	--	(7,308)
Per diem	--	--	(402)	(3,129)	--	(3,531)
Office rent	--	--	--	(2,504)	--	(2,504)
Equipment maintenance	--	--	--	(1,122)	--	(1,122)
Stationery	--	(588)	(158)	--	--	(746)
Telecommunication	--	(675)	--	--	--	(675)
Advertisements	(437)	--	--	--	--	(437)
Computer software and supplies	--	(330)	--	--	--	(330)
<i>Total expenses</i>	<i>(437)</i>	<i>(303,198)</i>	<i>(15,932)</i>	<i>(38,441)</i>	<i>--</i>	<i>(358,008)</i>
Grand total	89,159	(127,053)	42,804	(16,171)	45,205	33,944

8. **General:**

These are the first financial statements issued since the establishment of the Young Artists Forum.