

**The Palestinian Centre for Rapprochement  
Between People**

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**Independent Auditor's Report**

**and**

**Financial Statements**

**31 December 2014**

# The Palestinian Centre for Rapprochement Between People

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**Independent Auditor's Report**

**To the Board of Trustees of  
The Palestinian Centre for Rapprochement Between People  
Beit Sahour**

***Report on the financial statements***

We have audited the accompanying statement of financial position of **The Palestinian Centre for Rapprochement Between People (Not for Profit Centre)** as of **31 December 2014** and the related statements of activities and changes in net assets, cash flows and functional expenses 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 International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 116, 117, and 124 related to financial statements of Not-For-Profit organizations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting polices, 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 Centre'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 internal control of the Centre. 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.



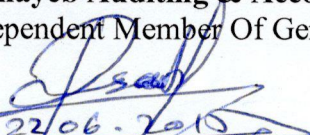
**Independent Auditor's Report ( Cont.)**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Palestinian Centre for Rapprochement Between People (Not for Profit Centre)** as of 31 December 2014, the results of its operations, its cash flows and its functional expenses for the year then ended in accordance with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 116, 117, and 124 related to financial statements of Not-For-Profit organizations.

**Issa Al Shayeb Abu Farha**  
**Certified Public Accountant**  
**AlShayeb Auditing & Accountancy Co.**  
Independent Member Of Geneva Group International

**Bethlehem**  
**22 June 2015**

  
22.06.2015  
**Issa Abu Farha**  
**C.P.A**  
**License No. 34**



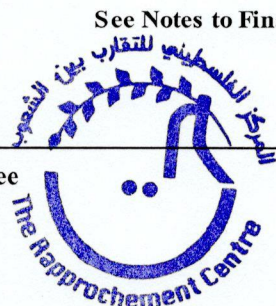


**The Palestinian Centre for Rapprochement Between People**  
**Statement of Financial Position**  
**As of 31 December 2014**

	Note	2014	2013
		U.S. \$	U.S. \$
<b>Assets</b>			
Cash on hand and at banks	3	51,618	160,692
Account Receivables & Others	4	5,818	8,273
Property, Plant & Equipment	5	18,694	22,369
Pledges Receivables	6	26,431	33,885
<b>Total Assets</b>		<b>102,561</b>	<b>225,219</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Payables and accruals	7	63,031	66,190
Reserves for employees' end of service indemnity	8	35,962	30,836
Unearned Group Revenue	9	-	98,305
<b>Total liabilities</b>		<b>98,993</b>	<b>195,330</b>
<b>Net Assets :</b>			
Unrestricted		10,563	8,731
Temporarily restricted		(6,994)	21,158
<b>Total net assets - ( Statement - C )</b>		<b>3,568</b>	<b>29,889</b>
<b>Total liabilities and Net Assets</b>		<b>102,561</b>	<b>225,219</b>

See Notes to Financial Statements

Head of Board of Trustee



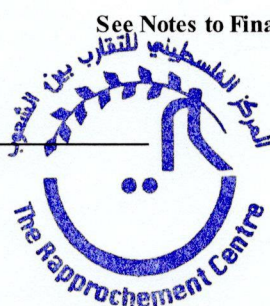
Treasurer



**The Palestinian Centre for Rapprochement Between People**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended 31 December 2014**

	Note	Temporarily		Total	
		Unrestricted	Restricted	2014	2013
		USD	USD	USD	USD
<b>Operating revenues:</b>					
Grants and donations for projects	10		57,745	57,745	35,977
Groups' Revenues		478,875		478,875	477,207
Guest House Revenue		1,402	-	1,402	11,724
Other Revenues		15,247	-	15,247	14,359
<b>Total operating revenues</b>		<b>495,524</b>	<b>57,745</b>	<b>553,269</b>	<b>539,267</b>
Net assets released from restrictions	10	55,584	(55,584)	-	-
		<b>551,108</b>	<b>2,161</b>	<b>553,269</b>	<b>539,267</b>
Projects' Expenses	11	55,584	-	55,584	51,443
<b>Total projects' expenses</b>		<b>55,584</b>	<b>-</b>	<b>55,584</b>	<b>51,443</b>
<b>Operating and Administrative expenses :</b>					
Groups' Expenses	12	378,678	-	378,678	358,666
Management and general Expenses	13	27,121		27,121	18,242
Siraj Project Expenses	14	110,775	-	110,775	102,776
Depreciation	5	9,559	-	9,559	13,991
<b>Total Operating and Administrative expenses :</b>		<b>526,132</b>	<b>-</b>	<b>526,132</b>	<b>493,675</b>
<b>Total expenses</b>		<b>581,716</b>	<b>-</b>	<b>581,716</b>	<b>545,118</b>
Gain/Loss from currency fluctuations		1,959	-	1,959	(3,942)
<b>Increase ( decrease ) in net assets during the year</b>		<b>(28,649)</b>	<b>2,161</b>	<b>(26,489)</b>	<b>(9,793)</b>

See Notes to Financial Statements


  
Head of Board of Trustee


  
Treasurer



**The Palestinian Centre for Rapprochement Between People**  
**Statement of Changes in Net Assets**  
**Year Ended 31 December 2014**

	Temporarily		Total
	Unrestricted	Restricted	
	U.S. \$	U.S. \$	U.S. \$
Net Assets at beginning of year 2014	8,731	21,158	29,889
Reallocated from Temporarily to Unrestricted	30,313	(30,313)	-
Prior Period Adjustment	168	-	168
<b>Adjusted net assets at beginning of year</b>	<b>39,212</b>	<b>(9,155)</b>	<b>30,057</b>
Increase in net assets during the year-Statement (B)	(28,649)	2,161	(26,489)
<b>Net Assets as at 31 December 2014</b>	<b>10,563</b>	<b>(6,994)</b>	<b>3,568</b>

See Notes to Financial Statements



**The Palestinian Centre for Rapprochement Between People**  
**Statement of Cash Flows**  
**Year Ended 31 December 2014**

	<b>2014</b>	<b>2013</b>
	<b>U.S. \$</b>	<b>U.S. \$</b>
<b>Cash flows from operating activities:</b>		
Grants received from contributors	57,745	35,977
Groups Revenues & Others	480,277	488,931
Other Revenues	15,247	14,359
Cash paid to employees and suppliers	(656,459)	(482,495)
<b>Cash flows provided (used in) operating activities</b>	<b>(103,190)</b>	<b>56,772</b>
<b>Cash flows from investing activities:</b>		
Procurement of fixed assets	(5,884)	(2,466)
<b>Cash flows (used in) investing activities</b>	<b>(5,884)</b>	<b>(2,466)</b>
<b>Decrease in cash during the year</b>	<b>(109,074)</b>	<b>54,306</b>
Cash on hand and at banks at beginning of year	160,692	106,386
<b>Cash on hand and at banks at end of year</b>	<b>51,618</b>	<b>160,692</b>
<b>Adjustments to reconcile change in net assets</b>		
<b>to net cash provided from (used in) operating activities:</b>		
Change in net assets	(26,489)	(9,793)
Prior Period Adjustment	168	
Depreciation	9,559	13,991
(Increase) in Unearned Revenues	(98,305)	57,283
(Increase) in Reserves for employees' end of service indemnity	5,126	6,617
(Increase) in Payables and accruals	(3,159)	(12,616)
(Increase) in pledges receivables	7,454	(2,635)
(Increase) in Account Receivables & Others	2,455	3,925
<b>Total cash (used in) operating activities</b>	<b>(103,190)</b>	<b>56,773</b>

**See Notes to Financial Statements**



# **The Palestinian Centre for Rapprochement Between People**

## **Notes to Financial Statements Year Ended 31 December 2014**

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### **1. The Centre:**

The Palestinian Centre for Rapprochement Between People is a non-profit non-governmental organization registered at the Palestinian National Authority, registration number (BL-447-S) since 2004.

The Palestinian Centre for Rapprochement Between People fully adopts and teaches peaceful means to solve conflicts on different levels.

#### **Our Mission:**

The Palestinian Centre for Rapprochement Between People works to bridge the gap between Palestinians and peoples from all around the world, informing the public about the reality in Palestine, and empowering the community through nonviolent direct action.

#### **Our Goals:**

- 1) Promote arriving at a just and peaceful Palestine
- 2) Promote harmony and rapprochement within society and between societies
- 3) Raise awareness Provide accurate and first-hand information about Palestine
- 4) Enhance civic duty and civic responsibility especially for empowering youth, women, and for marginalized segments of our society.

Attempting to match these issues, PCR has recently developed four departments, where all its activities fall under, namely the Media Department which is running the International Middle East Media Center, Travel Department which is running the Siraj Center for Holy Land Studies and the Community Service and Development Departments which is running the Angelo Frammartino Educational Center and the Advocacy Department which is running the Palestine Justice Network.

### **2. Summary of Significant Accounting Policies:**

The financial statements of The Palestinian Centre for Rapprochement Between People have been prepared on accrual basis of accounting using the historical cost convention, and in conformity with International Financial Reporting Standards and the United States of America Statements on Financial Accounting Standards No. 116, 117, and 124 related to financial statements of Not-For-Profit organizations.



## 2. Summary of Significant Accounting Policies: (Continued)

### 2.1 Adoption of new and revised International Financial Reporting Standards (IFRSs):

In the current year, The Centre management considered all new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of IASB, relevant to its activities, that were issued and effective for annual reporting periods ending on 31 December 2014. The application of the new standards and interpretations has no effect on the financial position or the results of operations of the Centre.

### 2.2 Significant accounting policies followed are as described below:

- a. The Palestinian Centre for Rapprochement Between People Centre maintains its accounts in accordance with principles of fund accounting under which the net assets of the Centre and changes therein are classified and reported as follows:
  - **Unrestricted net assets** - Net assets whose use by the Centre is not subject to donor-imposed restrictions.
  - **Temporarily Restricted Net Assets** - Net assets whose use by the Centre is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and released by actions of the Centre pursuant to those donor-imposed stipulations.
  - **Grants Receivables** - represents amounts due from funding Centres for expenses incurred through 31 December 2014.
  - **Revenues** - are reported as increase in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decrease in unrestricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as net assets released from restrictions.

#### b. Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets ranging from 7% to 20%.

When the expected recoverable amount is less than the net book value, the fixed assets amount is reduced to the lower of the cost or net realizable value and the difference (if any) is included in the statement of activities.

The useful lives of fixed assets are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the following years, being as a change in estimate.

Fixed Assets are disposed off when there is no expected future benefit from the use of that asset.



## 2. Summary of Significant Accounting Policies: (Continued)

### c. Reserve for Staff Benefits:

#### Severance Pay:

The Centre provides for employees' severance pay compensation in accordance with the Palestinian Labor Law based on the last salary paid during the year.

### d. Functional Expenses:

The Centre allocates its expenses on a functional basis among its various programs and general administration. Expenses that can be identified with a specific program or administration are charged directly. Other expenses that are common to several functions are allocated between functions based on the best estimates and judgment of management.

### e. Foreign Currency Transactions:

- The books of accounts are maintained in US Dollar. Transactions which are denominated in foreign currencies other than US Dollar currencies are converted into US Dollar equivalent at the spot exchange rate prevailing at the date of each transaction.
- Transactions and balances which are denominated or expressed in US Dollar are presented at the actual US Dollar received or paid.
- All other income and expenses in local currency are converted into US Dollar equivalent at the average rate of exchange prevailing during the year.
- Fixed assets and related depreciation are translated at historical rates. Additions to cost were translated using the average rate of exchange prevailing during the year.
- Exchange differences arising from currency conversion are charged to the statement of activities.

### f. Estimates and assumptions:

The financial statements include certain estimates and assumptions made by management relating to reporting of assets, liabilities, at the date of the statement of financial position, and the reporting of revenue, expenses, gains, and losses during the year. Actual results may differ from those estimates adopted by the Centre's management. Estimates used in the preparation of the financial statements are the assessment of useful lives of fixed assets and all other provisions.



### 3. Cash on hand and deposits with banks:

#### Composition:

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Cash On Hand - PCR	20	1,147
Cash On Hand - Siraj	571	1,165
Cash At Banks - PCR	7,738	17,907
Cash At Banks - Siraj	37,487	136,348
Fixed Deposits - Siraj	5,802	4,125
	<u><b>51,618</b></u>	<u><b>160,692</b></u>

### 4. Receivables and staff advances:

#### Composition:

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Account Receivables	230	494
Arab Women's Union	3,000	6,000
Prepaid Expenses	2,588	1,779
	<u><b>5,818</b></u>	<u><b>8,273</b></u>

### 5. Office furniture and equipment – Net of accumulated depreciation:

#### Composition: As of 31 December 2014:

	<u>Office Equip.</u>	<u>Furniture</u>	<u>Electrical Equip.</u>	<u>Cars</u>	<u>Total</u>
	<u>US Dollar</u>	<u>US Dollar</u>	<u>US Dollar</u>	<u>US Dollar</u>	<u>US Dollar</u>
Cost as 31/12/2013	24,961	9,156	28,241	25,490	87,848
Additions	4,348	-	1,536	-	5,884
Cost as 31/12/2014	<u><b>29,309</b></u>	<u><b>9,156</b></u>	<u><b>29,777</b></u>	<u><b>25,490</b></u>	<u><b>93,732</b></u>
Accumulated Dep. as 31/12/2013	24,926	8,558	24,135	7,860	65,479
Deprecation for The Year	1,833	340	4,869	2,517	9,559
Accumulated Dep. as 31/12/2014	<u><b>26,759</b></u>	<u><b>8,898</b></u>	<u><b>29,004</b></u>	<u><b>10,377</b></u>	<u><b>75,038</b></u>
Net Book Value as 31/12/2014	<u><b>2,550</b></u>	<u><b>258</b></u>	<u><b>773</b></u>	<u><b>15,113</b></u>	<u><b>18,694</b></u>
Net Book Value as 31/12/2013	<u><b>35</b></u>	<u><b>598</b></u>	<u><b>4,106</b></u>	<u><b>17,630</b></u>	<u><b>22,369</b></u>



**6. Pledges Receivables:****Composition:**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
UN HABITAT	8,010	8,010
A la Calle	4,869	8,441
Palestine Pilgrimage	13,552	17,434
	<u><b>26,431</b></u>	<u><b>33,885</b></u>

**7. Payables and accruals:****Composition:**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Due To Vendors	8,072	13,812
PDC Payables	-	368
Accrued Salaries	53,799	50,850
Accrued Audit Fees	1,160	1,160
	<u><b>63,031</b></u>	<u><b>66,190</b></u>

**8. Employees' End of Service Indemnity****Composition: PCR**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Balance at beginning of year	22,104	20,165
Provision for the year	2,778	3,301
Paid	-	(1,362)
<b>Balance at end of year</b>	<u><b>24,882</b></u>	<u><b>22,104</b></u>

**Composition: SIRAJ Project**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Balance at beginning of year	8,732	4,053
Provision for the year	4,348	4,813
Paid ( Advances to Employees )	(2,000)	(134)
<b>Balance at end of year</b>	<u><b>11,080</b></u>	<u><b>8,732</b></u>

**Grant Total**

<u><b>35,962</b></u>	<u><b>30,836</b></u>
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**9. Unearned Groups Revenue****Composition:**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Boston Collage Eve	-	23,721
Come & See	-	4,720
Fair Adventure Travel	-	5,465
Yeaney Peacemaking Tour	-	17,212
Social Justice Pilgrimage	-	14,696
Lancaster Theological	-	32,491
	<u>-</u>	<u>98,305</u>

**10. Releases from Temporarily restricted assets by funding source for the year ended 31 December 2014 is as follows:****Composition:**

<u>Project Name</u>	<u>Balance, beginning of year</u>	<u>Movement during 2014</u>		<u>Balance, end of year</u>
		<u>Additions</u>	<u>Released to unrestricted</u>	
<i>Tunes For Peace</i>	3,117	22,111	(21,137)	4,090
<i>IMEMC</i>	(6,516)	3,637	(9,129)	(12,008)
<i>Shephers Night</i>	(3,902)	9,292	(9,009)	(3,618)
<i>Through Young Eyes</i>	(1,854)	-	(3,575)	(5,429)
<i>World Bank</i>	-	22,705	(12,734)	9,971
	<u>(9,155)</u>	<u>57,745</u>	<u>(55,584)</u>	<u>(6,994)</u>



**11. Projects' Expenses:**

Expenses Tites	Tunes for Peace	IMEMC	Shepherds Nights	World Bank	Through Young Eyes	Grand Total 2014	Grand Total 2013
	USD	USD	USD	USD	USD	USD	USD
1 Salaries	-	7,200	-	5,350	-	12,550	27,961
2 Bank Charges	-	-	5	30	-	35	4
4 Transportation	-	-	-	3,836	-	3,836	-
6 Office Rent	7,200	-	-	-	-	7,200	7,222
7 Guiding	-	-	-	503	-	503	250
9 Fuel	-	-	453	-	-	453	28
10 Consulting Services	-	-	-	1,500	-	1,500	0
11 Stationary	-	-	501	-	165	667	160
12 Public Relation & Advertising	207	-	584	-	144	935	-
13 Gifts & Misc	-	-	1,280	-	-	1,280	257
14 Training	13,494	-	-	-	2,600	16,094	3,877
15 News Production - IMEMC	-	1,929	-	-	-	1,929	1,666
16 Overtime Work	-	-	-	-	-	0	290
17 Accomadation & Food	-	-	269	1,477	-	1,746	1,227
18 Stage & Band and Candles	-	-	4,850	-	-	4,850	7,053
19 Video production & Printing	237	-	623	-	176	1,036	1,100
20 Hospitality & Hall Rent	-	-	444	38	490	971	348
	21,137	9,129	9,009	12,734	3,575	55,584	51,443



**12. Groups' Expenses:**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Accommodation	194,994	165,569
Transportation	71,467	72,090
Guiding & Escort	32,781	28,188
Bank Charges	918	630
Family Stay	9,850	18,970
Lunch & Dinner	23,662	29,463
Lecture & Training	10,364	10,248
Tour & visits the holy sites	10,302	11,692
Administration Fees & Misc. Expenses	992	326
Tickets & Travel	6,973	-
Tax	-	2,795
Bands Expense	1,858	2,600
Phone,Jawwal ,& Internet	517	1,589
Gifts	1,684	964
Cleaning & Hospitality	1,426	433
Tools & Supplies	75	3,134
Fuel Expense	-	484
Stationary & Prints	1,911	5,246
Parking & tips	250	812
Rent & Fees	8,654	3,178
Medical Treatment	-	255
	<u>378,678</u>	<u>358,666</u>

**13. Management and general expenses – PCR**

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Salaries expense	12,479	6,664
Insurance expense	860	-
Bank Charges & Others	132	467
Employees' End Of Service Indemnity	2,778	3,301
Public Relation & Travel Expense	1,299	221
Stationary & Prints	248	194
Professional Fees	1,160	1,425
Phone,Jawwal ,& Internet	2,690	2,223
Tools & Office Maintenance	391	16
Property Tax & Registration Fees	-	218
Cleaning & Hospitality	2,227	1,890
Domain Name & Web Hosting	83	189
Electricity & Water	2,443	1,005
News & Video Production	150	150
Post & Gifts Expense	50	250
Misc & Fuel Expense	130	29
	<u>27,121</u>	<u>18,242</u>



#### 14. Management and general expenses – SIRAJ Project

	<u>2014</u>	<u>2013</u>
	<u>US.\$</u>	<u>US.\$</u>
Salaries & other related expense	74,462	62,370
Bank & Interest Charges	606	497
Fuel Expense	3,954	4,094
Employees' End Of Service Indemnity	4,348	4,813
Office Rent	2,600	2,400
Stationary & Prints	1,134	3,280
Car Maintenance, Insurance & license	-	355
Electricity & Water	1,254	1,968
Exhibition & Gifts	945	284
Professional Fees	-	320
Travel & Transportation Expense	2,527	3,830
Phone, Jawwal, Internet and post fees	1,588	2,959
Office Maintenance & Insurance	2,040	3,521
Registration Fees & others	1,527	3,499
Cleaning & Hospitality & Misc. Expenses	2,224	3,386
Domain Name & Web Hosting	2,418	611
Stipend & Advertising Expenses	1,643	752
Lunch & Dinner & Hosting	3,023	1,219
Tax	1,081	2,118
Donation	628	500
Video Production Fees	2,771	-
	<u>110,775</u>	<u>102,776</u>

#### 15. Contingent liabilities

There are no contingent liabilities that have been incurred by the Institution in relation to the year 2014 or 2013.

#### 16. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

#### 17. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation of the financial statements for the year.