

Arab Foundations Forum

Financial Statements

31 December 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS ARAB FOUNDATIONS FORUM
Amman- Jordan**

Opinion

We have audited the financial statements of Arab Foundations Forum ("The Forum"), which comprise the statement of assets and liabilities as at 31 December 2016, and the statement of revenues and expenses and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and liabilities of the Forum as at 31 December 2016, and its revenues and expenses and its cash flows for the year then ended in accordance with accounting policies disclosed in Note (2).

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 are independent of the The Forum in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 in accordance with accounting policies disclosed in Note (2), 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 The Forum ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the The Forum or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the The Forum financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the The Forum internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the The Forum ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the The Forum 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.

Amman – Jordan,
28 June 2017

Ernst + Young

Arab Foundations Forum
Statement of Assets & Liabilities
As at 31 December 2016

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		JD	JD
<u>Assets</u>			
Non-current assets			
Property and equipment	3	1,512	2,252
Current assets			
Accounts receivable	4	5,314	5,417
Other current assets	5	1,633	5,655
Cash and bank balances	6	73,810	13,854
		<u>80,757</u>	<u>24,926</u>
Total assets		<u>82,269</u>	<u>27,178</u>
Cumulative Surplus and Liabilities			
Cumulative Surplus		<u>73,844</u>	<u>5,137</u>
Liabilities			
Other current liabilities	7	8,425	22,041
Total liabilities		<u>8,425</u>	<u>22,041</u>
Total cumulative surplus and liabilities		<u>82,269</u>	<u>27,178</u>

The attached notes 1 to 9 from part of these financial statements

Arab Foundations Forum
Statement of Revenues and Expenses
For the year ended 31 December 2016

	<u>Note</u>	<u>2016</u> JD	<u>2015</u> JD
Revenue			
Grants	8	243,521	36,210
Memberships		59,640	54,612
Others		6,019	1,791
Total Revenues		<u>309,180</u>	<u>92,613</u>
Expenses			
Administrative expenses	9	<u>(240,473)</u>	<u>(206,736)</u>
Total expenses		<u>(240,473)</u>	<u>(206,736)</u>
Surplus (Deficit) for the year		<u>68,707</u>	<u>(114,123)</u>

The attached notes 1 to 9 from part of these financial statements

Arab Foundations Forum
Statement of Cash Flows
For the year ended 31 December 2016

	<u>2016</u>	<u>2015</u>
	JD	JD
<u>Operating Activities</u>		
Surplus (deficit) for the year	68,707	(114,123)
Adjustments		
Depreciation	856	602
Working capital changes:		
Account receivable	103	(2,595)
Other current assets	4,022	6,314
Other current liabilities	(13,616)	18,890
Net cash flows from (used in) operating activities	<u>60,072</u>	<u>(90,912)</u>
<u>Investing activities</u>		
Purchase of property and equipment	(116)	(1,910)
Net cash flows used in investing activities	<u>(116)</u>	<u>(1,910)</u>
Net increase (decrease) in cash and cash equivalents	59,956	(92,822)
Cash and cash equivalent at 1 January	13,854	106,676
Cash and cash equivalents at 31 December	<u>73,810</u>	<u>13,854</u>

The attached notes 1 to 9 from part of these financial statements

Arab Foundations Forum
Notes to the financial statements
31 December 2016

(1) GENERAL

Arab Foundations Forum was established and registered at the Ministry of Social Development on 11 August 2011.

The forum's objectives are:

- Establish strategic partnerships among foundations and with stakeholders from other sectors of Society.
- Improve the professional capacity and conduct of Arab foundations.
- Enhance access to relevant information and best practice in the field of philanthropy.
- Build transparent, accountable and socially responsible conduct of foundations.

(2) BASIS OF PREPARATION

The financial statements have been prepared in accordance with then accounting policies mentioned below.

The financial statements are presented in Jordanian Dinars which is the functional currency of the Forum.

Significant accounting policies:

Property and equipment

Property and equipment are stated at cost of purchase. Depreciation is computed on a straight - line basis over its expected useful life as the following percentages:

	<u>%</u>
Computers	33
Furniture and fixture	25

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand, bank balances and short term deposits with an original maturity of three months net of bank overdrafts.

(2) BASIS OF PREPARATION (CONTINUED)

Significant accounting policies (continued)

Recognition of Revenues and Expenses

Donation and subscription revenues are recognised when collected.

Activities and administrative expenses are recognised on an accrual basis.

(3) PROPERTY AND EQUIPMENT

2016	Computers	Furniture & Fixture	Total
	JD	JD	JD
Cost:			
At 1 January 2016	3,045	487	3,532
Additions during the year	116	-	116
Balance at 31 December 2016	3,161	487	3,648
Accumulated Depreciation:			
At 1 January 2016	1,048	232	1,280
Depreciation for the year	784	72	856
At 31 December 2016	1,832	304	2,136
Net book value at 31 December 2016	1,329	183	1,512
2015	Computers	Furniture & Fixture	Total
	JD	JD	JD
Cost:			
At 1 January 2015	1,135	487	1,622
Additions during the year	1,910	-	1,910
Balance at 31 December 2015	3,045	487	3,532
Accumulated Depreciation:			
At 1 January 2015	519	159	678
Depreciation for the year	529	73	602
At 31 December 2015	1,048	232	1,280
Net book value at 31 December 2015	1,997	255	2,252

(4) ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
	JD	JD
Subscription receivables	5,314	5,417
	<u>5,314</u>	<u>5,417</u>

(5) OTHER CURRENT ASSETS

	<u>2016</u>	<u>2015</u>
	JD	JD
Prepaid expenses	951	976
Sales tax receivables	682	4,679
	<u>1,633</u>	<u>5,655</u>

(6) CASH AND BANK BALANCES

	<u>2016</u>	<u>2015</u>
	JD	JD
Bank balances	69,105	12,803
Cash in hand	4,705	1,051
	<u>73,810</u>	<u>13,854</u>

(7) OTHER CURRENT LIABILITIES

	<u>2016</u>	<u>2015</u>
	JD	JD
Accrued expenses	7,767	21,560
Other	<u>658</u>	<u>481</u>
	<u>8,425</u>	<u>22,041</u>

(8) GRANTS

	<u>2016</u>	<u>2015</u>
	JD	JD
Ford Foundation	71,000	-
Open Society Foundation (OSF)	47,925	-
Gates Foundation	120,700	-
International Center for Not for Profit Law (ICNL)	3,896	14,910
Rockefeller Rots Fund	-	<u>21,300</u>
	<u>243,521</u>	<u>36,210</u>

(9) ADMINISTRATIVE EXPENSES

	<u>2016</u>	<u>2015</u>
	JD	JD
Salaries and benefits	128,291	108,612
Trainings, meetings and workshops	53,460	23,162
Transportation	-	2,097
Travel	18,930	26,033
Designing and advertising	8,485	9,434
Rent	-	8,773
Bank charges	3,306	2,422
Depreciation	856	602
Professional fees	17,610	15,977
Cleaning	-	903
Governmental	-	931
Telephone and internet	3,452	3,866
Water and electricity	1,145	1,459
Maintenance	-	275
Stationary	1,612	550
Subscriptions	3,326	1,640
	<u>240,473</u>	<u>206,736</u>