

Arab Foundations Forum

Financial Statements

31 December 2012

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS
ARAB FOUNDATIONS FORUM
AMMAN - JORDAN**

We have audited the accompanying financial statements of Arab Foundations Forum (The Forum) which comprise the statement of assets and liabilities as at 31 December 2012 and the statement of revenues and expenses and the statement of cash flows for the period from inception on 11 August 2011 to 31 December 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements 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.

Auditors' 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 Associate'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 statement of assets and liabilities of the Forum as of 31 December 2012 and its the revenues and expenses and cash flows for the period from inception on 11 August 2011 to 31 December 2012 in the accordance with accounting policies disclosed in Note (2).

Amman – Jordan
24 April 2013



Arab Foundations Forum
Statement of Assets & Liabilities
As at 31 December 2012

	<u>Note</u>	<u>USD</u>
<u>Assets</u>		
Non – current assets-		
Property and equipment	3	<u>293</u>
Current assets-		
Membership receivables		15,439
Other current assets	4	15,751
Cash and bank balances	5	<u>214,745</u>
		<u>245,935</u>
Total assets		<u><u>246,228</u></u>
Cumulative Surplus & Liabilities		
Cumulative Surplus		<u>235,090</u>
Liabilities		
Other current liabilities	6	<u>11,138</u>
Total liabilities		<u>11,138</u>
Total cumulative surplus & liabilities		<u><u>246,228</u></u>

The attached notes 1 to 8 from part of these financial statements

Arab Foundations Forum
Statement of Revenues and Expenses
For the period from inception on 11 August 2011 to 31 December 2012

	<u>Note</u>	<u>USD</u>
Revenue-		
Grants	7	199,957
Memberships		177,977
In-kind donations		<u>19,789</u>
Total Revenues		<u>397,723</u>
Expenses-		
Activities and administrative expenses	8	<u>162,633</u>
Total expenses		<u>162,633</u>
Surplus for the period		<u><u>235,090</u></u>

The attached notes 1 to 8 from part of these financial statements

Arab Foundations Forum
Statement of Cash Flow
For the period from inception on 11 August 2011 to 31 December 2012

	<u>USD</u>
<u>Operating Activities</u>	
Surplus for the period	235,090
Adjustments	
Depreciation	130
Working capital changes	
Membership receivables	(15,439)
Other current assets	(15,751)
Other current liabilities	11,138
Net cash flows from operating activities	<u>215,168</u>
<u>Investing activities</u>	
Purchase of property and equipment	(423)
Net cash flows used in investing activities	<u>(423)</u>
Net increase in cash and cash equivalents	214,745
Cash and cash equivalent at the beginning of the period	<u>-</u>
Cash and cash equivalents at the end of the period	<u><u>214,745</u></u>

The attached notes 1 to 8 from part of these financial statements

Arab Foundations Forum
Notes To The Financial Statements
31 December 2012

(1) GENERAL

Arab Foundations Forum was established and registered at the Ministry of Social Development on 11 August 2011, and has been operating since 2006 as a project hosted by the Welfare Association.

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.

(2-1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with then accounting policies mentioned in note (2-2).

The financial statements are presented in US Dollars "\$" which is the functional currency of the Forum.

(2-2) SUMMARY OF 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

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 or less often the deduction of the bank overdrafts.

Accounts payable and accruals

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

Recognition of Revenues & Expenses

Donation and subscription revenues are recognised when realised.

Activities and administrative expenses are recognised on an accrual basis.

(3) PROPERTY AND EQUIPMENT

For the period from inception on 11 August 2011 to 31 December 2012	Computers	Total
	USD	USD
Cost		
Additions	423	423
Balance at 31 December 2012	423	423
Accumulated Depreciation		
Depreciation for the period	130	130
Balance at 31 December 2012	130	130
Net book value:		
31 December 2012	293	293

(4) OTHER CURRENT ASSETS

	2012
	USD
Prepaid expenses	10,800
Sales tax receivables	4,951
	15,751

(5) CASH AND BANK BALANCES

	<u>2012</u> USD
Bank balances	214,724
Cash in hand	<u>21</u>
	<u>214,745</u>

(6) OTHER CURRENT LIABILITIES

	<u>2012</u> USD
Accrued expenses	5,042
Provident fund	5,911
Other	<u>185</u>
	<u>11,138</u>

(7) GRANTS

	from inception on 11 August 2011 to 31 December 2012 <u>USD</u>
Ford Foundation	100,000
Open Society Foundations	<u>99,957</u>
	<u>199,957</u>

(8) ACTIVITIES AND ADMINISTRATIVE EXPENSES

From inception on
11 August 2011 to
31 December
2012

USD

Salaries and benefits	72,066
Health insurance	1,238
Rent	4,782
Utilities	9,520
Maintenance	679
Communication	3,699
Official fees	2,743
Professional fees	17,094
Designing and printing	11,808
Translation and editing	643
Travel expenses	11,452
Video and photography	1,572
Entertainment	1,955
Depreciation	129
Courier	231
Hospitality	3,116
Meetings and workshops	19,789
Other	117
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