

**The Palestinian Association for Empowerment and  
Local Development-REFORM**

**Financial Statements**

For the Year Ended December 31, 2017

**And Independent Auditor's Report**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of the Palestinian Association for Empowerment and Local Development-REFORM  
Ramallah, Palestine**

### **Report on the audit of the financial statements**

#### **Our Opinion**

In our opinion, the financial statements of the Palestinian Association for Empowerment and Local Development (hereinafter "REFORM"), for the year ended December 31, 2017, are prepared, in all material respects, in accordance with the basis of accounting described in Note (2) to the financial statements.

#### **What we have audited**

REFORM financial statements comprise:

- The statement of financial position as of December 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of REFORM 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.

#### **Basis of accounting and restriction on use and distribution**

We draw attention to Note (2) to the financial statements, which describes the basis of accounting. The financial statements are prepared to provide information to REFORM. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for REFORM and should not be distributed to or used by parties other than REFORM. Our opinion is not modified in respect of this matter.

The financial statement does not comprise a full set of financial statements prepared in accordance with International Financial Reporting standards (IFRSs). Our report is not modified in respect of this matter.

#### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note (2) to the financial statements, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing REFORM'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 the entity or to cease operations, or has no realistic alternative but to do so.

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

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Note: From Arab Countries Please dial 970 instead of 972*



**Independent auditor's report to the Board of Directors of the Palestinian Association for Empowerment and Local Development-REFORM (continued)**

**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 exists. 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 entity'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 the entity'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 information 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 entity to cease to continue as a going concern.

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.

**Other matter**

The financial statements as of December 31, 2016 were audited by another auditor whose report dated March 5, 2017 expressed an unqualified opinion on those statements.

**PricewaterhouseCoopers  
Ramallah, Palestine  
April 30, 2018**

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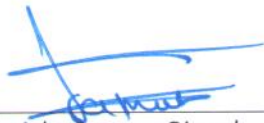
**STATEMENT OF FINANCIAL POSITION**

(All amounts are in New Israeli Shekel)

	Note	2017	2016
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(4)	117,254	115,195
<b>Total non-current assets</b>		<b>117,254</b>	<b>115,195</b>
<b>Current assets</b>			
Cash and cash equivalents	(5)	906,774	717,498
Other current assets	(6)	8,938	975
<b>Total current assets</b>		<b>915,712</b>	<b>718,473</b>
<b>Total assets</b>		<b>1,032,966</b>	<b>833,668</b>
<b>Liabilities and net assets</b>			
<b>Current liabilities</b>			
Other current liabilities	(7)	379,828	171,929
<b>Total current liabilities</b>		<b>379,828</b>	<b>171,929</b>
<b>Non-current liabilities</b>			
Provision for Severance Pay	(8)	136,357	81,571
<b>Total non-current liabilities</b>		<b>136,357</b>	<b>81,571</b>
<b>Total liabilities</b>		<b>516,185</b>	<b>253,500</b>
<b>Net assets</b>			
Unrestricted net assets		(99,686)	(49,341)
Temporarily restricted net assets	(9)	616,467	629,509
<b>Total net assets</b>		<b>516,781</b>	<b>580,168</b>
<b>Total liabilities and net assets</b>		<b>1,032,966</b>	<b>833,668</b>

-Notes to the financial statements on pages (7 to 15) form an integral part thereof.

-The financial statements from pages (4 to 15) were authorized for issue by REFORM management on April 29, 2018, and were signed on its behalf.

  
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 Adv. Sameer Qirresh  
 Chairman of Board of Director

  
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 Mr. Hasan Mahareeq  
 Treasurer

**The Palestinian Association for Empowerment and Local Development-REFORM**  
Financial statements for the year ended December 31, 2017

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

(All amounts are in New Israeli Shekel)

	Note	2017		2016
		Unrestricted net assets	Temporarily Restricted net assets	
<b>Grants and revenues</b>				
Grants from funding agencies	(10,9)	-	1,353,006	1,236,218
Donations		-	-	542
Contributions		33,262	-	46,770
<b>Total revenues, gains and other support</b>		<b>33,262</b>	<b>1,353,006</b>	<b>1,283,530</b>
<b>Expenses</b>				
Projects expenses	(11,9)	-	1,366,048	1,110,482
General and administrative expenses	(12)	91,673	-	38,355
Depreciation expenses	(4)	32,354	-	28,969
<b>Total expenses</b>		<b>124,027</b>	<b>1,366,048</b>	<b>1,177,806</b>
Currency variance gain (loss)		34,420	-	(35,380)
<b>(Decrease) increase in net assets</b>		<b>(56,345)</b>	<b>(13,042)</b>	<b>70,344</b>
Prior period adjustment		6,000	-	11,171
<b>Net assets, beginning of the year</b>		<b>(49,341)</b>	<b>629,509</b>	<b>498,653</b>
<b>Net assets, ending of the year</b>		<b>(99,686)</b>	<b>616,467</b>	<b>580,168</b>

-Notes to the financial statements on pages (7 to 15) form an integral part thereof.

**STATEMENT OF CASH FLOWS**

(All amounts are in New Israeli Shekel)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>			
Changes in net assets for the year		(69,387)	70,344
Prior period adjustment		6,000	11,171
Changes in net assets for the year after prior period adjustment		63,387	81,515
<b>Adjustments of non-cash items</b>			
Provision of end of service for the year	(8)	56,876	34,341
Depreciation	(4)	32,354	28,969
<b>Changes in working capital</b>			
Other current assets	(6)	(7,963)	6,400
Other current Liabilities	(7)	207,899	23,692
Payments during the year for end of Severance benefits	(8)	(2,090)	(16,133)
<b>Net cash provided by operating activities</b>		<b>223,689</b>	<b>158,784</b>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment	(4)	(34,413)	(13,918)
Adjustments of property plant and equipment		-	(503)
<b>Net cash used in investing activities</b>		<b>(34,413)</b>	<b>(14,421)</b>
<b>Increase in cash and cash equivalents</b>			
<b>Cash and cash equivalents, beginning of year</b>		<b>717,498</b>	<b>573,135</b>
<b>Cash and cash equivalents, end of year</b>	(5)	<b>906,774</b>	<b>717,498</b>

-Notes to the financial statements on pages (7 to 15) form an integral part thereof.

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in New Israeli Shekel)

### NOTE (1) GENERAL

The Palestinian Association for Empowerment and Local Development (here in after "REFORM") is a Not for Profit and independent Palestinian association established in 2012. It has been licensed under No. RA-22795-HR, REFORM strives for a Palestinian society where everyone has the capacity to participate effectively, individual and collective rights are respected and pluralism is ensured in an independent Palestinian state.

#### General and Sub-Strategic Objectives:

- Enhance good governance and develop public sector responsiveness to citizens' needs.
- Empower marginalized groups, especially youth and women, in taking active roles in developmental processes.
- Develop alternative production patterns within the processes of sustainable development.
- Strengthen REFORM's human and institutional capacity.

### 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 years presented, unless otherwise stated.

#### 2.1 Basis of preparation

##### (a) Accounting basis

The accompanying financial statements are prepared in accordance with the modified accrual basis of accounting. Under this basis, revenues are recognized when received, and expenses; except for prepayments, accruals and end of service benefits, are recognized when paid.

##### (b) Historical cost basis

The financial statements are prepared on the historical cost basis.

#### 2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

#### 2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to REFORM and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of activities and changes in net assets during the financial period in which they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	%
Furniture	10
Equipment	20
Computers	20
Intangible Asset	33.3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in New Israeli Shekel)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of activities and changes in net assets.

### 2.4 Provision for Severance Pay

Provision for severance pay is payable to the employees at the end of their services and it is provided in accordance with the guidelines set by the local labour laws. The provision is computed and provided for based on one month for the latest salary of each employee.

### 2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current bank accounts and checks on hand.

### 2.6 Revenue recognition

All contributions and grants are recorded and recognised in the year received. Restrictions are based on donor intention. Contributions and grants received in advance are recorded as temporarily restricted net assets. During the monthly close out process, the amount of expenses incurred is recognised as revenue under net assets released from restrictions and the temporarily restricted net assets account is reduced thereof.

Contributions of which use by REFORM is not subject to donor-imposed restrictions are recognised as unrestricted revenues.

### 2.7 Income taxes

REFORM is a not for profit organization. Accordingly, it is not subject to income taxes.

### 2.8 Net assets

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

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

### 2.9 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognised for the amounts to be paid in the future for goods and services received, whether billed by the suppliers or not.

### 2.10 Foreign currency translation

The accompanying financial statements are denominated in the New Israeli Shekel (NIS). Translation denominated in foreign currency during the year was translated according to prevailing rates at the time the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into NIS 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 and changes in net assets.

Exchange rates as of the financial statements dates are as follows:

	<u>2017</u>	<u>2016</u>
US Dollar	3.4259	3.9050
Euro	4.0926	3.9586

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in New Israeli Shekel)

### NOTE (3) RISKS MANAGEMENT

#### 3.1 Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The analysis of this risk by quality of credit is as follows:

Item	Carrying amount 2017	Carrying amount 2016	Credit Quality
Cash and cash equivalents	906,774	717,498	High

#### 3.2 Liquidity risk

The risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. REFORM expects to pay an amount of ILS 379,828 of current liabilities as of December 31, 2017 within six months from that date.

Item	Carrying amount 2017	Months	
		0 to 6	7 to 12
Other current liabilities	379,828	379,828	-

#### 3.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

The main market risk faced by REFORM is currency risk. Currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The main currencies that are used by REFORM are the US Dollar, the New Israeli Shekel (ILS) and the Euro. The fluctuations in the exchange rates resulted in a currency gain of ILS 34,420 during the year ended December 31, 2017, and currency loss of ILS 35,380 during the year ended December 31, 2016.

### NOTE (4) PROPERTY, PLANT AND EQUIPMENT

Details:

	Furniture	Equipment	Computers	Intangible assets	Total
<b>Cost</b>					
January 1, 2017	71,187	58,215	53,601	4,500	187,503
Additions	1,600	15,873	16,940	-	34,413
December 31, 2017	72,787	74,088	70,541	4,500	221,916
<b>Accumulated depreciation</b>					
January 1, 2017	18,339	24,685	26,506	2,778	72,308
Additions	7,169	12,624	11,061	1,500	32,354
December 31, 2017	25,508	37,309	37,567	4,278	104,662
Net Book value at December 31, 2017	47,279	36,779	32,974	222	117,254

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in New Israeli Shekel)

### NOTE (4) PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

Details:

	<u>Furniture</u>	<u>Equipment</u>	<u>Computers</u>	<u>Intangible assets</u>	<u>Total</u>
<b>Cost</b>					
January 1, 2016	66,935	47,814	53,601	4,500	172,850
Additions	3,517	10,401	-	-	13,918
Adjustments	735	-	-	-	735
<b>December 31, 2016</b>	<b>71,187</b>	<b>58,215</b>	<b>53,601</b>	<b>4,500</b>	<b>187,503</b>
<b>Accumulated depreciation</b>					
January 1, 2016	11,233	14,844	15,756	1,274	43,107
Additions	6,874	9,841	10,750	1,504	28,969
Adjustments	232	-	-	-	232
<b>December 31, 2016</b>	<b>18,339</b>	<b>24,685</b>	<b>26,506</b>	<b>2,778</b>	<b>72,308</b>
<b>Net Book value at December 31, 2016</b>	<b>52,848</b>	<b>33,530</b>	<b>27,095</b>	<b>1,722</b>	<b>115,195</b>

### NOTE (5) CASH AND CASH EQUIVALENTS

Details:

	<u>2017</u>	<u>2016</u>
Cash at bank EURO*	585,670	467,613
Cash at banks NIS**	315,148	246,080
Cash at bank USD	2,070	-
Petty cash	3,886	3,805
	<b>906,774</b>	<b>717,498</b>

\* This amount includes an amount of EURO 33,398 for the year 2017, represents the separate EURO bank account for the provision of severance pay.

\*\* This amount includes an amount of NIS 63,484 for the year 2017, represents the separate NIS bank account for the provision of severance pay.

### Note (6) OTHER CURRENT ASSETS

Details:

	<u>2017</u>	<u>2016</u>
Employees loan/advances	4,500	-
Account receivables	4,438	975
<b>Total</b>	<b>8,938</b>	<b>975</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are in New Israeli Shekel)

**Note (7) OTHER CURRENT LIABILITIES**

Details:

	<b>2017</b>	<b>2016</b>
Due to employees*	114,979	114,979
Other payables	138,834	-
Outstanding checks	76,925	-
Bonus and incentives	31,869	44,885
Others	12,721	1,565
Accrued expense	4,500	10,500
	<b>379,828</b>	<b>171,929</b>

\* this balance includes the amounts paid by the General manager for administrative expenses and obligations that were not financed by donors, which REFORM will pay back according to the availability of financial resources.

**Note (8) PROVISION FOR SEVERANCE PAY**

Details:

	<b>2017</b>	<b>2016</b>
<b>Balance, beginning of the year</b>	<b>81,571</b>	<b>63,363</b>
Additions during the year	56,876	34,341
Payments during the year	(2,090)	(16,133)
<b>Balance, end of the year</b>	<b>136,357</b>	<b>81,571</b>

**Note (9) TEMPORARILY RESTRICTED NET ASSETS**

Details:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Released from Restriction</b>	<b>Ending Balance</b>
FASPAR - Hand in Hand Innovation Hub	426,685	685,151	1,040,261	71,575
FASPAR - The Innovation Hub- Sociocultural Platform	-	534,213	12,760	521,453
More Job Opportunities- Up-cycling it	202,824	91,402	249,019	45,207
ZFD - Civil Peace & Social Inclusion	-	19,740	61,554	(41,814)
NDC - Active Men for Women Leaders	-	22,500	2,454	20,046
<b>Total</b>	<b>629,509</b>	<b>1,353,006</b>	<b>1,366,048</b>	<b>616,467</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are in New Israeli Shekel)

**Note (10) DONATIONS RECEIVED**

Details:

	<u>2017</u>	<u>2016</u>
<b>BMZ through GIZ</b>		
FASPAR - Hand in Hand Innovation Hub	685,151	1,033,394
FASPAR - The Innovation Hub-Sociocultural Platform	534,213	-
More Job Opportunities- Up-cycling it	91,402	202,824
ZFD - Civil Peace & Social Inclusion	19,740	-
<b>NDC</b>		
NDC - Active Men for Women Leaders	22,500	-
<b>Total</b>	<u><b>1,353,006</b></u>	<u><b>1,236,218</b></u>

**The Palestinian Association for Empowerment and Local Development-REFORM**  
Financial statements for the year ended December 31, 2017

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are in New Israeli Shekel)

**Note (11) PROJECTS EXPENSES**

Details:

	Hand in Hand Innovation Hub	The Innovation Hub- Sociocultural Platform	Up-cycling it	Civil Peace & Social Inclusion	Active Men for Women Leaders	2017	2016
Salaries	503,245	-	33,215	22,500	2,454	561,414	600,889
Provision for severance pay	41,806	-	7,380	-	-	49,186	34,341
stationary expense	12,314	-	4,960	-	-	17,274	61,285
Utilities expense	15,944	-	917	-	-	16,861	19,617
Telecommunications expense	17,841	-	550	-	-	18,391	19,273
Office rent	78,112	-	-	-	-	78,112	130,487
Accounting software expense	9,261	-	-	-	-	9,261	5,104
Advertising expense	416	-	450	-	-	866	-
Transportation expense	18,382	-	1,122	4,974	-	24,478	45,239
Hotel accommodation expense	30,938	-	-	-	-	30,938	33,469
Refreshment expense	47,338	-	25,502	-	-	72,840	57,035
Insurance expense	5,275	-	4,981	-	-	10,256	685
Design and printing fees	64,593	-	6,000	34,080	-	104,673	705
Hall rent	2,100	-	600	-	-	2,700	15,000
Contractors salaries expense	124,417	-	123,968	-	-	248,385	-
Tools and supplies	2,644	-	-	-	-	2,644	3,649
Other expense	-	-	-	-	-	-	2,522
Auditing fees	6,000	12,760	-	-	-	18,760	6,000
Bonus and incentives	16,963	-	-	-	-	16,963	34,947
Cleaning expense	4,090	-	-	-	-	4,090	2,884
Gifts and souvenirs	70	-	-	-	-	70	205
Internet expense	2,772	-	-	-	-	2,772	2,196
<b>Sub-total project expense</b>	<b>1,004,521</b>	<b>12,760</b>	<b>209,645</b>	<b>61,554</b>	<b>2,454</b>	<b>1,290,934</b>	<b>1,075,532</b>

**The Palestinian Association for Empowerment and Local Development-REFORM**  
Financial statements for the year ended December 31, 2017

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are in New Israeli Shekel)

**Note (11) PROJECTS EXPENSES (CONTINUE)**

Details:

	Hand in Hand Innovation Hub	The Innovation Hub- Sociocultural Platform	Up-cycling it	Civil Peace & Social Inclusion	Active Men for Women Leaders	2017	2016
<b>Sub-total project expense</b>	<b>1,004,521</b>	<b>12,760</b>	<b>209,645</b>	<b>61,554</b>	<b>2,454</b>	<b>1,290,934</b>	<b>1,075,532</b>
Maintenance expense	460	-	204	-	-	664	2,081
Music materials	-	-	-	-	-	-	-
Up cycling materials	11,795	-	17,770	-	-	29,565	11,428
Registration fee	-	-	-	-	-	-	942
Kitchen supplies	15	-	-	-	-	15	-
Mail & Couriers expenses	391	-	-	-	-	391	-
Newspaper subscription	620	-	-	-	-	620	-
Training expenses	60	-	14,400	-	-	14,460	-
Video production expense	16,000	-	-	-	-	16,000	-
Car rent	-	-	-	-	-	-	130
Radio and TV broadcasting expense	400	-	7,000	-	-	7,400	18,000
Delivery / freight expense	-	-	-	-	-	-	370
Fuel expense	5,999	-	-	-	-	5,999	1,999
<b>Total project expense</b>	<b>1,040,261</b>	<b>12,760</b>	<b>249,019</b>	<b>61,554</b>	<b>2,454</b>	<b>1,366,048</b>	<b>1,110,482</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(All amounts are in New Israeli Shekel)

**Note (12) GENERAL AND ADMINISTRATIVE EXPENSES**

Details:

	2017	2016
Contractors salaries expense	26,899	-
Salaries	25,476	10,057
Transportation expense	11,556	266
Hotel Accommodation expense	9,175	-
End of service	7,690	-
Travel expenses	4,420	-
Insurance expense	1,583	-
Bonus and incentives	1,308	1,198
Stationary expenses	1,095	180
Tools and supplies	793	-
Interest and bank charges	571	1,523
Water expense	336	-
Refreshment expense	271	16,060
Newspaper subscription	250	350
Cleaning expenses	140	-
Registration fees	100	-
Training Expenses	10	-
Audit fees	-	6,000
Donation expense	-	1,600
Other expense	-	771
Maintenance expenses	-	180
Gifts and souvenirs	-	120
Telecommunication expenses	-	50
<b>Total</b>	<b>91,673</b>	<b>38,355</b>

**Note (13) RELATED PARTIES**

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

a) Transactions with related parties are as follows:

	2017	2016
<b>Key management compensation</b>		
Key management compensation - salaries	192,000	192,000
Key management compensation - bonus	16,000	16,000
End of service severance expense	16,000	16,000

b) Balances with related parties are as follows:

	2017	2016
<b>Key management compensation</b>		
Key management compensation - End of service severance benefits	56,767	40,767
Due to employees	114,979	114,979