

GAZA COMMUNITY MENTAL HEALTH PROGRAMME
FINANCIAL STATEMENTS
DECEMBER 31, 2011

Independent Auditors' Report to Members of the General Assembly of Gaza Community Mental Health Programme

We have audited the accompanying financial statements of Gaza Community Mental Health Programme (GCMHP), which comprise the statement of financial position as at December 31, 2011, the statement of activities and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 auditors' 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 financial position of GCMHP as at December 31, 2011 and the results of its activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of a Matter

Without qualifying our opinion, as explained in note (21) to the accompanying financial statements, GCMHP reported a deficit in unrestricted net assets as at December 31, 2011 and 2010. GCMHP's ability to continue depends on obtaining sufficient funding to finance its activities.

Other Matters

The financial statements of GCMHP for the year ended December 31, 2010 were audited by another auditor whose report dated March 29, 2011 expressed an unqualified opinion on those financial statements before the restatements depicted in note (24).

Ernst + Young

Saeed Abdallah

April 25, 2012
Gaza, Palestine

STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	Notes	(Restated note 24)		
		2011 U.S. \$	2010 U.S. \$	January 1, 2010 U.S. \$
ASSETS				
Non-current assets				
Property and equipment	3	518,770	545,564	625,957
Investment property	4	89,024	89,024	89,024
		<u>607,794</u>	<u>634,588</u>	<u>714,981</u>
Current assets				
Inventory of medical supplies	9	25,059	38,798	53,310
Students loans receivable	5	88,077	76,167	348,900
Contributions receivable	6	2,159,452	724,963	640,409
Other current assets	7	34,307	43,796	26,250
Cash on hand and at banks	8	2,060,469	2,798,127	2,470,798
		<u>4,367,364</u>	<u>3,681,851</u>	<u>3,539,667</u>
TOTAL ASSETS		<u>4,975,158</u>	<u>4,316,439</u>	<u>4,254,648</u>
NET ASSETS AND LIABILITIES				
Net assets				
Unrestricted net assets		<u>(603,289)</u>	<u>(678,271)</u>	<u>(238,062)</u>
Total net assets		<u>(603,289)</u>	<u>(678,271)</u>	<u>(238,062)</u>
Non-current liabilities				
Deferred revenues	9	483,173	523,706	618,611
Employees' end of service benefits	10	2,337,502	2,196,201	2,691,185
		<u>2,820,675</u>	<u>2,719,907</u>	<u>3,309,796</u>
Current liabilities				
Bank overdraft	11	88,143	204,693	32,806
Accounts payable and accruals	12	407,136	1,073,531	263,212
Temporarily restricted contributions	13	2,262,493	996,579	886,896
		<u>2,757,772</u>	<u>2,274,803</u>	<u>1,182,914</u>
Total Liabilities		<u>5,578,447</u>	<u>4,994,710</u>	<u>4,492,710</u>
TOTAL NET ASSETS AND LIABILITIES		<u>4,975,158</u>	<u>4,316,439</u>	<u>4,254,648</u>

The attached notes 1 to 25 form part of these financial statements

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2011

		2011	(restated note 24) 2010
	Notes	U.S. \$	U.S. \$
<u>Revenues</u>			
Temporarily restricted contributions released from restriction	13	2,105,264	2,636,545
Deferred revenues recognized	9	171,323	243,151
Unrestricted contributions	14	91,912	6,214
Other revenues	15	18,147	29,311
Total revenues		<u>2,386,646</u>	<u>2,915,221</u>
<u>Expenses</u>			
Programs	16	1,547,311	2,078,281
Administrative and general	16	545,760	770,216
Fundraising	16	86,274	95,926
Depreciation		87,259	121,937
Donated property and equipment	9	-	44,134
Provision for students loans loss	5	21,032	244,936
Legal provision	17	24,028	-
Total expenses		<u>2,311,664</u>	<u>3,355,430</u>
Increase (decrease) in net assets		74,982	(440,209)
Net assets, beginning of the year		<u>(678,271)</u>	<u>(238,062)</u>
Net assets, end of year		<u><u>(603,289)</u></u>	<u><u>(678,271)</u></u>

STATEMENT OF CASH FLOWS

Year ended December 31, 2011

	Note	2011 U.S. \$	(restated note 24) 2010 U.S. \$
<u>Operating activities</u>			
Increase (decrease) in net assets		74,982	(440,209)
Adjustments:			
Depreciation		87,259	121,937
Provision for students loans loss		21,032	244,936
Employees' end of service benefits		295,985	453,711
Deferred revenues recognized		(87,259)	(166,071)
Donated property and equipment		-	44,134
		<u>391,999</u>	<u>258,438</u>
Changes in working capital:			
Inventory of medical supplies		13,739	14,512
Students loans receivable		(32,942)	27,797
Contributions receivable		(1,434,489)	(84,554)
Other current assets		9,489	(17,546)
Temporarily restricted contributions		1,312,640	180,849
Accounts payable and accruals		(736,785)	154,862
Employees' end of service benefits paid		(84,294)	(293,238)
Net cash (used in) from operating activities		<u>(560,643)</u>	<u>241,120</u>
<u>Investing activities</u>			
Purchase of property and equipment		(60,465)	(85,678)
Net cash used in investing activities		<u>(60,465)</u>	<u>(85,678)</u>
<u>Financing activities</u>			
Bank overdraft		(116,550)	171,887
Net cash (used in) from financing activities		<u>(116,550)</u>	<u>171,887</u>
(Decrease) increase in cash and cash equivalents		(737,658)	327,329
Cash and cash equivalents, beginning of the year		<u>2,398,127</u>	<u>2,070,798</u>
Cash and cash equivalents, end of year	8	<u><u>1,660,469</u></u>	<u><u>2,398,127</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

1. General

Gaza Community Mental Health Programme (GCMHP) was established in Gaza in 1990 and registered with the Ministry of Interior as a not-for-profit organization under registration number 7025 in accordance with the Community Organizations Law.

GCMHP's objective is to operate as a comprehensive community based mental health programme targeting at achieving the following main strategic goals:

Goal 1 - Contribute to providing mental health environment to the society and the Palestinian families.

Goal 2 - Enhance the understanding and the adoption of community to practices compatible with the requirements and standards of human rights and community mental health.

Goal 3 - Strengthening the role of the GCMHP as excellence center in the field of providing and developing therapeutic services and community mental health services.

Goal 4 - Dealing with and reacting to emergent psychological needs of community resulting from crisis.

Goal 5 - Enhance the sustainability of the GCMHP through institutional development

GCMHP works in the fields of mental health through its community centers in Gaza, Khan Younis, and Dair Al Balah areas providing psychological, social, training, research, lobbying and advocacy services for children, women, and victims of violence and human rights violations.

The financial statements were authorized for issuance by GCMHP's Board of Directors on April 25, 2012.

2. Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

The financial statements have been presented in U.S. Dollar, which is the functional currency of GCMHP.

The financial statements have been prepared under the historical cost convention.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year after the restatements depicted in note 24 with the exception of adopting the following new and amended IFRS. Adoption of these standards did not have any effect on the financial performance or position of GCMHP.

IAS 24 - Related Party Disclosures (Amendment)

IAS 32 - Financial Instruments: Presentation (Amendment)

The following standards have been issued but are not yet mandatory, and have not been adopted by GCMHP. These standards are those that GCMHP reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. GCMHP intends to adopt these standards when they become effective.

IFRS 7 - Financial Instruments: Disclosures – (Amendment).

IFRS 13 - Fair Value Measurement

2.3 Estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying GCMHP's accounting policies. GCMHP's management continually evaluates its estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

Useful lives of property and equipment

GCMHP's management reassesses the useful lives of property and equipment, and makes adjustments if applicable, at each financial year-end.

Impairment of debts and receivable

When GCMHP has objective evidence that it will not be able to collect certain debts, estimates, are used in determining the level of debts that GCMHP believes will not be collected.

Fair value of investment property

GCMHP uses independent appraisers to assess the fair value of investment property disclosed in the financial statements.

Allocation of expenses

Allocation of GCMHP expenses to programs, administrative and general and fundraising functions is based on GCMHP management's best estimate of allocation basis

Management believes that the estimates and assumptions used are reasonable.

2.4 Summary of significant accounting policies

Donation revenues

Donors' unconditional pledges are those pledges where donors do not specify prerequisites that have to be carried out by the recipient before obtaining the fund.

Donation revenues from unconditional pledges are recognized as follows:

- Unconditional pledges that are not restricted for a specific purpose or time are recognized when the pledge is obtained.
- Unconditional pledges that are temporarily restricted by the donor for a specific purpose or time are recognized when such purpose or time is satisfied.

In-kind donations

Donated materials are recorded as revenues based on their estimated fair values and expensed when consumed or disposed.

Deferred revenues

Donations related to property and equipment and assets are recorded at fair value at the time of the donation and recorded as deferred revenue. Deferred revenue is recognized as income on a systematic basis over the useful life of the property and equipment and as the assets are consumed or disposed.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits with an original maturity of three months or less net of restricted bank deposits.

Cash on hand and at banks presented in the statement of financial position comprise cash on hand, cash at banks and time deposits at banks.

Inventory of medical supplies

Inventory of medical supplies are stated at cost or net realizable value. Costs are those amounts incurred in bringing each item of inventory to its present location and condition.

Contributions receivable

Contributions receivable are stated at the original amount of the unconditional pledge less amounts received and any uncollectible pledges. An estimate for the uncollectible amount is made when the collection of full unconditional pledge is no longer probable.

Students loans receivable

Students loans receivable are carried at cost net of provision for students loans loss.

Provision for students loans loss is made when collection of amounts due to GCMHP is not possible and when there is objective evidence that one or more events occurred after the initial recognition of the loans that has a negative impact on the estimated future cash flows of the loans and can be reliably estimated. Provision for students loans loss is recognized in the statement of activities and changes in net assets.

Loans and related provision for students loans loss are written off when collection procedures become ineffective. Collections of previously written off loans are recognized as revenues.

Investment properties

Investment properties are measured at cost, including transaction costs, Investment properties are derecognized when either they have been disposed of or when no future economic benefit is expected to be generated from the investment property. Gain or loss resulting from derecognizing investment property is recognized in the statement of activities and changes in net assets in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change

in use. If owner occupied property becomes an investment property, GCMHP accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of activities and changes in net assets as incurred. Land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	Useful Lives (years)
Building	50
Furniture and fixtures	5
Computers and printers	5
Office equipment	5
Library books	5
Fence	50
Motor vehicles	5

Any item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of activities and changes in net assets when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Income tax

GCMHP is a not-for-profit organization; accordingly, it is not subject to income tax.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

Provisions

Provisions are recognized when GCMHP has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees' end of service benefits

Employees' end of service indemnity is calculated in accordance with the Labor Law prevailing in Palestine, and GCMHP's internal policies, based on one-month indemnity for each year of employment.

GCMHP employees' saving fund scheme covers all permanent employees. The contribution of GCMHP and permanent employees to the saving fund are %7 and %10 of their basic salary, respectively.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are recognized in the statement of activities and changes in net assets.

3. Property and Equipment

	Land	Building	Furniture and fixtures	Computers and printers	Office equipment	Library books	Fence**	Motor vehicles	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2011									
Cost									
At January 1, 2011	60,656	256,097	226,646	537,941	468,723	66,154	28,941	31,297	1,676,455
Additions	-	-	15,786	36,723	7,956	-	-	-	60,465
At December 31, 2011	<u>60,656</u>	<u>256,097</u>	<u>242,432</u>	<u>574,664</u>	<u>476,679</u>	<u>66,154</u>	<u>28,941</u>	<u>31,297</u>	<u>1,736,920</u>
Accumulated Depreciation									
At January 1, 2011	-	67,060	173,620	425,460	372,392	58,168	2,894	31,297	1,130,891
Depreciation charge for the year	-	12,804	13,987	30,420	27,067	1,534	1,447	-	87,259
At December 31, 2011	-	<u>79,864</u>	<u>187,607</u>	<u>455,880</u>	<u>399,459</u>	<u>59,702</u>	<u>4,341</u>	<u>31,297</u>	<u>1,218,150</u>
Net book value									
At December 31, 2011	<u>60,656</u>	<u>176,233</u>	<u>54,825</u>	<u>118,784</u>	<u>77,220</u>	<u>6,452</u>	<u>24,600</u>	<u>-</u>	<u>518,770</u>
	Land	Building	Furniture and fixtures	Computers and printers	Office equipment	Library books	Fence**	Motor vehicle	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2010									
Cost									
At January 1, 2010	60,656	256,097	254,712	616,303	542,155	66,154	28,941	54,797	1,879,815
Additions	-	-	25,481	23,254	36,943	-	-	-	85,678
Disposal*	-	-	(53,547)	(101,616)	(110,375)	-	-	(23,500)	(289,038)
At December 31, 2010	<u>60,656</u>	<u>256,097</u>	<u>226,646</u>	<u>537,941</u>	<u>468,723</u>	<u>66,154</u>	<u>28,941</u>	<u>31,297</u>	<u>1,676,455</u>
Accumulated Depreciation									
At January 1, 2010	-	54,256	200,933	476,095	414,785	56,245	1,447	50,097	1,253,858
Depreciation charge for the year	-	12,804	18,094	37,896	45,073	1,923	1,447	4,700	121,937
Disposal*	-	-	(45,407)	(88,531)	(87,466)	-	-	(23,500)	(244,904)
At December 31, 2010	-	<u>67,060</u>	<u>173,620</u>	<u>425,460</u>	<u>372,392</u>	<u>58,168</u>	<u>2,894</u>	<u>31,297</u>	<u>1,130,891</u>
Net book value									
At December 31, 2010	<u>60,656</u>	<u>189,037</u>	<u>53,026</u>	<u>112,481</u>	<u>96,331</u>	<u>7,986</u>	<u>26,047</u>	<u>-</u>	<u>545,564</u>
Net book value									
At January 1, 2010	<u>60,656</u>	<u>201,841</u>	<u>53,779</u>	<u>140,208</u>	<u>127,370</u>	<u>9,909</u>	<u>27,494</u>	<u>4,700</u>	<u>625,957</u>

* Disposal represents items of property and equipment transferred to entities established as a result of the Spin-off plan of the Women Empowerment Program (WEP) in 2010.

** The item represents a fence constructed on a parcel of land subsidized by the Palestinian Land Authority in 2005 for the benefit of GCMHP for the purpose of constructing building to be used by GCMHP as its main building. This land is recorded at a nominal amount of U.S.\$ 1. Until the date of the financial statements, GCMHP has not started constructing the building.

Property and equipment includes U.S. \$ 1,158,740 and U.S. \$ 1,104,081 of fully depreciated assets that are still used in GCMHP's activities as of December 31, 2011 and 2010, respectively.

4. Investment Property

This item represents investment in a parcel of land located in Dair Al Balah area with a cost of U.S. \$ 89,024. Fair value of the investment property that was provided by real estate specialists amounted to U.S. \$ 268,337 as at December 31, 2011.

5. Students Loans Receivable

GCMHP modified its accounting treatment of its non-interest bearing loans provided to Diploma students. Previous accounting treatment accounted for total loans disbursed to students as an expense in the statement of activities and changes in net assets. GCMHP retroactively corrected the treatment and recognized collectible portion of the loans as loans receivable (note 24). Movement on students loans receivable during the year is as follows:

	<u>2011</u>	<u>2010</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance, beginning of the year	190,416	348,900
Loans granted during the year *	35,052	59,328
Loans repaid during the year	(2,110)	(87,125)
Loans written off during the year	-	(130,687)
	<u>223,358</u>	<u>190,416</u>
Provision for students loans loss	<u>(135,281)</u>	<u>(114,249)</u>
Balance, end of the year	<u>88,077</u>	<u>76,167</u>

* The amount represents the collectible portion of loans granted to Diploma students on the basis of 50% of total amounts granted.

Following is the movement of the provision for students loans loss during the year.

	<u>2011</u>	<u>2010</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Balance, beginning of the year	114,249	-
Provision for students loans loss for the year	21,032	244,936
Written off during the year	-	(130,687)
Balance, end year	<u>135,281</u>	<u>114,249</u>

As an incentive for settlement of loans receivable, GCMHP writes off 50-60% of the loan collectible amount at the time of full settlement with students. Impairment loss on students loans is made on such basis.

6. Contributions Receivable

Contributions receivable comprise unconditional pledges to give. Movement during the year is as follows:

	Balance, Beginning of the year	Additions during the year	Received during the year	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2011				
Consortium				
Rehabilitation and Research Center for Torture Victims (RCT)	79,243	225,840	(305,083)	-
Swiss Agency for Development and Cooperation (SDC)	50,000	2,000,000	(570,000)	1,480,000
Swedish International Development Agency (SIDA) through Palestine Solidarity Association of Sweden (PGS)	-	503,642	(503,642)	-
Non-Consortium				
Academy for Innovative Education, Psychology and Economy (INA gGmbH) at the Free University of Berlin and Office for Psychosocial Issues (OPSI)	139,801	-	(71,811)	67,990
International Medical Corps (IMC)	327,383	-	(78,267)	249,116
United Nations Development Programme (UNDP Palestine)	40,702	37	(40,739)	-
United Nation Voluntary Fund for Victims of Torture (UNVFVT)	40,500	-	(40,500)	-
Welfare Association	37,020	49,808	(81,847)	4,981
United Nations Relief and Works Agency (UNRWA)	10,314	-	(10,314)	-
Grassroots International	-	6,500	(6,500)	-
Norwegian Representative Office to the Palestinian Authority	-	124,867	(124,867)	-
Bread for the World (BftW)	-	110,000	(55,000)	55,000
Quaker Service Norway (QSN)	-	95,000	(95,000)	-
National Endowment for Democracy	-	21,700	(12,800)	8,900
Enfants De Gaza	-	5,680	(5,680)	-
Palestinian Counseling Center	-	9,685	(5,350)	4,335
Medico International Switzerland	-	3,120	(3,120)	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - Germany	-	153,029	(18,645)	134,384
University of Tampere, School of Social Sciences and Humanities / Psychology - Finland	-	19,264	(19,264)	-
War Child - Holland	-	38,724	(19,050)	19,674
Qatar Red Crescent in Cooperation with Palestinian Red Crescent Society	-	135,072	-	135,072
	<u>724,963</u>	<u>3,501,968</u>	<u>(2,067,479)</u>	<u>2,159,452</u>

	Balance, Beginning of the year	Additions during the year	Received during the year	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2010				
Consortium				
Rehabilitation and Research Center for Torture Victims (RCT)	-	406,913	(327,670)	79,243
Swiss Agency for Development and Cooperation (SDC) *	600,000	455,000	(1,005,000)	50,000
Swedish International Development Agency (SIDA) through Palestine Solidarity Association of Sweden (PGS)	-	463,468	(463,468)	-
Ministry of Foreign Affairs of the Netherlands	-	332,956	(332,956)	-
Non-Consortium				
Academy for Innovative Education, Psychology and Economy (INAGmbH) at the Free University of Berlin and Office for Psychosocial Issues (OPSI)	-	157,364	(17,563)	139,801
International Medical Corps (IMC)**	-	351,957	(24,574)	327,383
United Nations Development Programme (UNDP Palestine)	-	40,702	-	40,702
United Nation Voluntary Fund for Victims of Torture (UNVFVT)	-	40,500	-	40,500
Welfare Association	-	83,288	(46,268)	37,020
United Nations Relief and Works Agency (UNRWA)	-	30,944	(20,630)	10,314
Grassroots International	-	22,667	(22,667)	-
Norwegian Representative Office to the Palestinian Authority	-	100,012	(100,012)	-
Bread for the World (BftW)	-	57,495	(57,495)	-
Quaker Service Norway (QSN)	17,250	49,451	(66,701)	-
Palestine Solidarity Association of Sweden (PGS)	-	108,004	(108,004)	-
Acsur Las Segovias	-	15,654	(15,654)	-
Gaza Mental Health Foundation USA	-	60,000	(60,000)	-
International Rehabilitation Council for Torture Victims (IRCT)	-	4,842	(4,842)	-
Association Iceland - Palestine	-	12,815	(12,815)	-
Austcare - Australia	6,509	34,325	(40,834)	-
Congressional Church - USA	-	984	(984)	-
Network of Oxford Women for Justice	-	2,580	(2,580)	-
Cooperazione Internzionale Sud Sud (CISS)	-	42,153	(42,153)	-
Association for Rural Development (ARD)	-	20,400	(20,400)	-
Representative Office of the Kingdom of the Netherlands to the Palestinian Authority	16,650	-	(16,650)	-
	<u>640,409</u>	<u>2,894,474</u>	<u>(2,809,920)</u>	<u>724,963</u>

* The addition during the year of U.S. \$ 455,000 represents two installments, the first of which is in the amount of U.S. \$ 50,000 to cover the deficit in the year 2010 and the second installment in the amount of U.S. \$ 405,000 for the bridge funding for period from January to March 2011.

** The contribution received from IMC includes donated property and equipment in the amount of U.S. \$ 4,829.

7. Other Current Assets

	2011	2010	January 1, 2010
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Due from institutions and individuals	32,275	32,275	32,275
Prepaid expenses	34,307	30,667	26,250
Others	-	13,129	-
	<u>66,582</u>	<u>76,071</u>	<u>58,525</u>
Impairment provision	<u>(32,275)</u>	<u>(32,275)</u>	<u>(32,275)</u>
	<u>34,307</u>	<u>43,796</u>	<u>26,250</u>

8. Cash on Hand and at Banks

Cash on hand and at banks include the following:

	2011	2010	January 1, 2010
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Cash on hand	1,727	340	938
Current accounts at banks	155,317	511,671	236,090
Deposits at banks in U.S. Dollar	49,692	22,853	84,099
Deposits and current accounts designated for employees' end of service benefits (note 10)	<u>1,853,733</u>	<u>2,263,263</u>	<u>2,149,671</u>
	<u>2,060,469</u>	<u>2,798,127</u>	<u>2,470,798</u>

Deposits at banks represent deposits in U.S. Dollar with one of the local banks with an original maturity of one to three months. The average interest rate on these deposits was 0.2% for the years ended December 31, 2011 and 2010.

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	2011	2010	January 1, 2010
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Cash on hand and at banks	2,060,469	2,798,127	2,470,798
Restricted deposits for GCMHP's credit facilities (note 11)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>
	<u>1,660,469</u>	<u>2,398,127</u>	<u>2,070,798</u>

9. Deferred Revenues

This item represents property and equipment and medical supplies acquired out of the temporarily restricted contributions. The movement on deferred revenues during the year was as follow:

	Property and equipment <u>U.S. \$</u>	Medical supplies <u>U.S. \$</u>	Total <u>U.S. \$</u>
<u>December 31, 2011</u>			
Balance, beginning of the year	484,908	38,798	523,706
Additions during the year (note 13)	60,465	70,325	130,790
Deferred revenues recognized	<u>(87,259)</u>	<u>(84,064)</u>	<u>(171,323)</u>
Balance, end of year	<u>458,114</u>	<u>25,059</u>	<u>483,173</u>
<u>December 31, 2010</u>			
Balance, beginning of the year	565,301	53,310	618,611
Additions during the year (note 13)	85,678	62,568	148,246
Deferred revenues recognized *	<u>(166,071)</u>	<u>(77,080)</u>	<u>(243,151)</u>
Balance, end of year	<u>484,908</u>	<u>38,798</u>	<u>523,706</u>

* Included in deferred revenues recognized in 2010 an amount of U.S. \$ 44,134, which represents the book value of property and equipment transferred to Women Empowerment Program (WEP) as part of the reform process that took place in 2010 which were also recognized as donated property and equipment as part of expenses.

10. Employees' End of Service Benefits

The movement on employees' end of service benefits during the year was as follows:

	Employees' indemnity <u>U.S. \$</u>	Saving scheme <u>U.S. \$</u>	Total <u>U.S. \$</u>
<u>December 31, 2011</u>			
Balance, beginning of the year	1,299,831	896,370	2,196,201
Additions during the year	133,968	162,017	295,985
Payments	(20,309)	(63,985)	(84,294)
Transfer to current liability (note 12)	<u>(70,390)</u>	<u>-</u>	<u>(70,390)</u>
Balance, end of year	<u>1,343,100</u>	<u>994,402</u>	<u>2,337,502</u>
<u>December 31, 2010</u>			
Balance, beginning of the year	1,618,938	1,072,247	2,691,185
Additions during the year	164,111	289,600	453,711
Payments	(125,489)	(167,749)	(293,238)
Transfer to current liability (note 12)	<u>(357,729)</u>	<u>(297,728)</u>	<u>(655,457)</u>
Balance, end of year	<u>1,299,831</u>	<u>896,370</u>	<u>2,196,201</u>

The board of directors internally designated the following assets (at their fair values) to cover employees' end of service benefits obligations:

	<u>2011</u>
	<u>U.S. \$</u>
Cash at banks (note 8)	1,853,733
Fair value of investment property (note 4)	268,337
Total	<u>2,122,070</u>

In addition to the above assets, GCMHP intends to allocate the proceeds of the land classified under property and equipment referred to in note (3), if sold, to cover obligations of the end of service benefits (Fair value of this part of the land is U.S. \$ 182,827).

11. Bank Overdraft

GCMHP obtained credit facility in the form of bank overdraft from one of the local banks with a ceiling of U.S. \$ 400,000. Annual interest rate on the overdraft facility is 11% on the utilized balance. The credit facility is secured by an interest bearing deposit of U.S. \$ 400,000, (note 8). Utilized balance of the credit facility is U.S. \$ 88,143 and U.S. \$ 204,693 as at December 31, 2011 and 2010, respectively.

12. Accounts Payable and Accruals

	<u>2011</u>	<u>2010</u>	<u>January 1,</u> <u>2010</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>U.S. \$</u>
Accounts payable	194,392	141,732	123,160
WEP Spin-off - saving fund *	-	297,728	-
WEP Spin-off - employees' indemnity *	-	357,729	-
Accrued salaries	1,960	130,846	1,960
Transferred from end of service benefits **	70,390	-	-
Payroll income tax	54,339	45,647	82,216
University support fees	20,000	40,000	20,000
Accrued expenses	27,811	56,394	35,193
Legal provision (note 17)	24,028	-	-
Due to an employee	12,835	-	-
Others	1,381	3,455	683
	<u>407,136</u>	<u>1,073,531</u>	<u>263,212</u>

* This item represents the portion of employees' end of service benefits related to staff that were transferred to other entities as part of the WEP Spin-off process that took place in 2010. These amounts were paid to respected entities during the year.

** The amount represents the remaining part of end of service benefits of the former president of GCMHP.

13. Temporarily Restricted Contributions

This item comprises temporarily restricted contributions subject to purpose restriction. It represents the difference between the donation pledged and the expenditures made out to satisfy the purpose stipulated by the donor. Movement on temporarily restricted contributions during the year was as follows:

	Balance, Beginning of the year U.S. \$	Additions U.S. \$	Temporarily restricted contribution released from restriction * U.S. \$	Deferred revenues ** U.S. \$	Balance, end of year U.S. \$
2011					
Consortium					
Rehabilitation and Research Center for Torture Victims (RCT)	79,243	225,840	(288,874)	(16,209)	-
Swiss Agency for Development and Cooperation (SDC) ***	405,000	2,000,000	(788,924)	(58,435)	1,557,641
Swedish International Development Agency (SIDA) through Palestine Solidarity Association of Sweden (PGS)	-	503,642	(454,991)	(48,651)	-
Non-Consortium					
Academy for Innovative Education, Psychology and Economy (INA gGmbH) at the Free University of Berlin and Office for Psychosocial Issues (OPSI)	139,801	-	(57,790)	-	82,011
International Medical Corps (IMC)	322,978	-	(85,299)	(1,700)	235,979
United Nations Development Programme (UNDP Palestine)	-	37	(37)	-	-
United Nation Voluntary Fund for Victims of Torture (UNVFVT)	40,500	-	(40,500)	-	-
Welfare Association	-	49,808	(49,808)	-	-
United Nations Relief and Works Agency (UNRWA)	458	-	(458)	-	-
Grassroots International	-	6,500	(6,500)	-	-
Norwegian Representative Office to the Palestinian Authority	-	124,867	(124,867)	-	-
Bread for the World (BftW)	-	110,000	(49,760)	(5,240)	55,000
Quaker Service Norway (QSN)	8,599	95,000	(103,599)	-	-
National Endowment for Democracy	-	21,700	(12,800)	-	8,900
Enfants De Gaza	-	5,680	(5,680)	-	-
Palestinian Counseling Center	-	9,685	(9,685)	-	-
Medico International Switzerland	-	3,120	(3,120)	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) - Germany	-	153,029	(3,308)	(555)	149,166
University of Tampere, School of Social Sciences and Humanities / Psychology - Finland	-	19,264	(19,264)	-	-
War Child - Holland	-	38,724	-	-	38,724
Qatar Red Crescent in Cooperation with Palestine Red Crescent Society	-	135,072	-	-	135,072
	<u>996,579</u>	<u>3,501,968</u>	<u>(2,105,264)</u>	<u>(130,790)</u>	<u>2,262,493</u>

* Temporarily restricted contribution released from restriction include an amount of U.S. \$ 70,104 disbursed to Diploma students, out of which U.S. \$ 35,052 were expensed and the remaining U.S. \$ 35,052 are recoded as receivable from Diploma students (note 5).

** The additions to deferred revenues in the amount of U.S. \$ 130,790 consists of U.S. \$ 70,325 of additions of inventory of medical supplies (note 9) and U.S. \$ 60,465 of additions of property and equipment (note 3).

	Balance, Beginning of the year	Additions	Temporarily restricted contribution released from restriction *	Deferred revenues **	Balance, end of year
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
2010					
Consortium					
Rehabilitation and Research Center for Torture Victims (RCT)	-	406,913	(309,758)	(17,912)	79,243
Swiss Agency for Development and Cooperation (SDC)	600,000	455,000	(610,236)	(39,764)	405,000
Swedish International Development Agency (SIDA) through Palestine Solidarity Association of Sweden (PGS)	-	463,468	(419,433)	(44,035)	-
Ministry of Foreign Affairs of the Netherlands	16,650	332,956	(337,023)	(12,583)	-
Non-Consortium					
Academy for Innovative Education, Psychology and Economy (INA gGmbH) at the Free University of Berlin and Office for Psychosocial Issues (OPSI)	4,719	157,364	(22,282)	-	139,801
International Medical Corps (IMC)	-	351,957	(2,285)	(26,694)	322,978
United Nations Development Programme (UNDP Palestine)	6,687	40,702	(47,389)	-	-
United Nation Voluntary Fund for Victims of Torture (UNVFVT)	-	40,500	-	-	40,500
Welfare Association	-	83,288	(83,288)	-	-
United Nations Relief and Works Agency (UNRWA)	-	30,944	(30,486)	-	458
Grassroots International	-	22,667	(22,667)	-	-
Norwegian Representative Office to the Palestinian Authority	-	100,012	(100,012)	-	-
Bread for the World (BftW)	-	57,495	(52,833)	(4,662)	-
Quaker Service Norway (QSN)	17,250	49,451	(58,102)	-	8,599
Palestine Solidarity Association of Sweden (PGS)	3,894	108,004	(111,898)	-	-
Acsur Las Segovias	-	15,654	(15,654)	-	-
Gaza Mental Health Foundation USA	20,000	60,000	(80,000)	-	-
International Rehabilitation Council for torture victims (IRCT)	-	4,842	(4,842)	-	-
Association Iceland - Palestine	-	12,815	(12,815)	-	-
Austcare - Australia	6,509	34,325	(38,238)	(2,596)	-
Congressional Church - USA	-	984	(984)	-	-
Network of Oxford Women for Justice	-	2,580	(2,580)	-	-
Foundation Open Society Institute	163,566	-	(163,566)	-	-
Cooperazione Internzionale Sud Sud (CISS)	-	42,153	(42,153)	-	-
Association for Rural Development (ARD)	-	20,400	(20,400)	-	-
Academy of Finland Development Studies	17,622	-	(17,622)	-	-
British Salam - UK	2,806	-	(2,806)	-	-
Associazione Comunta Papa Giovanni - Italy	27,193	-	(27,193)	-	-
	<u>886,896</u>	<u>2,894,474</u>	<u>(2,636,545)</u>	<u>(148,246)</u>	<u>996,579</u>

* Temporarily restricted contribution released from restriction include an amount of U.S. \$ 118,656 disbursed to Diploma students, out of which U.S. \$ 59,328 were expensed and the remaining U.S. \$ 59,328 are recoded as receivable from students (note 5).

** The additions to deferred revenues in the amount of U.S. \$ 148,246 consists of U.S. \$ 62,568 of additions of inventory of medical supplies (note 9) and U.S. \$ 85,678 of additions of property and equipment (note 3)

14. Unrestricted Contributions

This item represents unrestricted contribution from various individuals and entities.

	<u>2011</u>	<u>2010</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Palestine Solidarity Association of Sweden	32,123	-
Gaza Mental Health Foundation - USA	35,000	-
Enfants De Gaza	14,081	-
Arab Women Association - London	6,472	-
Donations from individuals	4,236	6,214
	<u>91,912</u>	<u>6,214</u>

15. Other Revenues

	<u>2011</u>	<u>2010</u>
	<u>U.S. \$</u>	<u>U.S. \$</u>
Training and research income	2,000	9,706
Local activities income	9,160	14,554
Bank interest income	6,987	5,051
	<u>18,147</u>	<u>29,311</u>

16. Expenses

	2011				2010			
	Programs	Administrative and general	Fundraising	Total	Programs	Administrative and general	Fundraising	Total
	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$	U.S. \$
Salaries and related expenses	1,014,555	401,404	72,933	1,488,892	1,250,810	549,008	78,770	1,878,588
Trainers and consultants	22,728	8,400	-	31,128	56,426	4,388	-	60,814
Stationery and printing	28,209	6,789	-	34,998	67,942	15,254	-	83,196
Supplies and material -training and workshops	55,349	11,411	-	66,760	110,538	21,271	-	131,809
Medical supplies	84,064	-	-	84,064	77,080	-	-	77,080
Rent of premises	53,010	24,784	-	77,794	91,570	45,959	-	137,529
Utilities and maintenance	34,630	13,701	2,489	50,820	25,013	10,979	1,575	37,567
Transportation and vehicle costs	59,267	23,449	4,260	86,976	84,886	37,258	5,346	127,490
Publications and subscriptions	18,800	7,438	1,351	27,589	34,321	15,064	2,160	51,545
Communications cost	28,992	11,470	2,084	42,546	40,113	17,606	2,526	60,245
Conferences and seminars	12,112	-	-	12,112	17,884	-	-	17,884
Staff capacity building	24,709	-	-	24,709	3,917	-	-	3,917
Academic Board planning meetings	-	-	-	-	5,978	-	-	5,978
Training posts - Diploma	35,052	-	-	35,052	59,328	-	-	59,328
Professional fees	22,631	9,160	-	31,791	16,802	9,758	-	26,560
Lobbying and fundraising activities	6,752	-	3,157	9,909	11,867	-	5,549	17,416
University support fees	20,000	-	-	20,000	20,000	-	-	20,000
Focus groups, public meetings and voluntary work	9,759	-	-	9,759	88,665	-	-	88,665
Sport activities	-	-	-	-	2,787	-	-	2,787
Bank fees and currency differences	-	26,421	-	26,421	-	18,958	-	18,958
Miscellaneous	16,692	1,333	-	18,025	12,354	290	-	12,644
WEP rent Spin-off donation	-	-	-	-	-	24,423	-	24,423
	<u>1,547,311</u>	<u>545,760</u>	<u>86,274</u>	<u>2,179,345</u>	<u>2,078,281</u>	<u>770,216</u>	<u>95,926</u>	<u>2,944,423</u>

17. Legal Provision

The item represents legal fee provision to cover lawsuits filed against GCMHP.

18. Fair Values of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, contributions receivable, students loans receivable and some other current assets. Financial liabilities consist of bank overdraft and accounts payables.

The fair values of financial instruments are not materially different from their carrying values.

19. Related Party Transactions

Related parties represent directors and key management personnel of GCMHP, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by GCMHP's board of directors.

The statement of financial position includes the following balances of related parties:

	<u>2011</u>	<u>2010</u>
	U.S. \$	U.S. \$
Due to the former GCMHP's president (note 12)	<u>70,390</u>	<u>-</u>

The statement of activities and changes in net assets includes the following related party transactions:

	<u>2011</u>	<u>2010</u>
	U.S. \$	U.S. \$
Compensation of key management personnel		
Salaries	<u>162,718</u>	<u>158,361</u>
Saving scheme	<u>12,282</u>	<u>15,836</u>
End of service benefits	<u>9,115</u>	<u>13,197</u>

20. Risk Management

GCMHP's principal financial liabilities comprise bank overdraft and accounts payable. The main purpose of these financial liabilities is to raise finance for the GCMHP's activities. GCMHP has various financial assets such as cash and cash equivalents, contributions receivable, students loans receivable and some other current assets which arise directly from the GCMHP's activities.

The main risks arising from GCMHP's financial instruments are interest rate risk, credit risk, liquidity risk, and foreign currency risk. GCMHP's board of directors reviews and approves policies for managing these risks which are summarized below.

Interest rate risk

The following table demonstrates the sensitivity of the statement of activities and changes in net assets to reasonably possible changes in interest rates as of December 31, 2011, with all other variables held constant.

The sensitivity of the statement of activities and changes in net assets is the effect of the assumed changes in interest rates on GCMHP's performance for one year, based on the floating rate of financial assets and financial liabilities at December 31, 2011 and 2010. There is no direct impact on GCMHP's net assets. The effect of decrease in interest rate is expected to be equal and opposite to the effect of increases shown below:

	<u>Increase in interest rate</u> Basis points	<u>Effect on statement of activities and changes in net assets</u> U.S. \$
<u>2011</u>		
U.S. Dollar	+10	1,863
<u>2010</u>		
U.S. Dollar	+10	2,246

Credit risk

GCMHP provide students loans to a number of Diploma students. Students receiving loans sign on judicially executed notes receivable which can be enforced for payment without a court decision. In addition, GCMHP follows up on collection of loans receivable in coordination with its attorney. It is not the practice of GCMHP to obtain collateral over receivables; therefore, they are unsecured.

With respect to credit risk arising from the other financial assets of GCMHP, exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Liquidity risk

GCMHP limits its liquidity risk by maintaining adequate cash balances through funding from multiple donors and obtaining bank overdraft to meet its current obligations and to finance its activities. Most of GCMHP's financial liabilities are due within a year.

Foreign currency risk

The table below indicates GCMHP's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the U.S. \$ currency rate against the EURO, Israeli Shekels (ILS), and other currencies with all other variables held constant, on the statement of activities and changes in net assets. The effect of decrease in foreign currency exchange rates is expected to be equal and opposite to the effect of increases shown below:

	Increase in EURO rate to U.S.\$ <u> %</u>	Effect on statement of activities and changes in net assets <u> U.S. \$</u>	Increase in ILS rate to U.S.\$ <u> %</u>	Effect on statement of activities and changes in net assets <u> U.S. \$</u>	Increase in other currenci es rates to U.S.\$ <u> %</u>	Effect on statement of activities and changes in net assets <u> U.S. \$</u>
<u>2011</u>	+10	(8,499)	+10	230	+10	71
<u>2010</u>	+10	(3,490)	+10	1,502	+10	(1,350)

21. Financial Stability and Management Plans

GCMHP reported a deficit in net assets as at December 31, 2011 and 2010. Management plans to reduce and bypass deficit in the future by increasing efforts in fundraising activities through seeking unrestricted donations and carrying out costs reduction plan during the next three years

Management believes that the deficit will be reduced and bypassed during the next three years.

22. Concentration of Risk in Geographic Area

GCMHP is carrying out all of its activities in Palestine. The political and economical destabilization in the area increases the risk of carrying out activities and may adversely affect GCMHP's performance.

23. Contingent Liabilities

GCMHP appears a defendant to (2) lawsuits filed against GCMHP. Up to the date of these financial statements, no court decision has been reached. GCMHP management does not believe that the amounts expected to be settled and outcome of these lawsuits will have a material impact on the statement of activities and changes in net assets or financial position other than what was provided for.

24. Restatements

The following are the details of restatements of prior years.

- a. In prior years, GCMHP recorded temporarily restricted contributions as part of net assets and recognized its related revenues upon receiving the contribution rather than upon satisfying the purpose of the restriction. In addition, GCMHP practice was to recognize contributions receivable when incurring expenses related to contributions not received at reporting date instead of recognizing contribution receivable when receiving the pledge to give.

During the year, GCMHP changed its accounting treatment retroactively and started to record the temporarily restricted contributions as liability and recognizing it as revenue upon satisfying the purpose of the restricted donation. In addition, GCMHP retroactively changed its accounting treatment concerning contributions receivable and started recognizing contributions receivable at the original amount of the unconditional pledge less amounts received and any uncollectible pledges.

- b. GCMHP modified its accounting treatment related to loans provided to Diploma students. Previously, GCMHP recorded loans disbursed to students as expenses and recorded collections from students in a liability account. The correction took effect retroactively and GCMHP recognized the collectible portion of the loans as students loans receivable (note 5).
- c. During the year, GCMHP, with a retroactive effect, started recording medical supplies purchased out of temporarily restricted donation as deferred revenues and recognized related revenues upon expensing/distribution to beneficiaries (note 9).
- d. In prior year, GCMHP understated depreciation expenses and related deferred revenues in the amount of U.S. \$ 6,020. However, net effect on net assets was nil. On the other hand, this affected the carrying amount of property and equipment and deferred revenues as of January 1, 2010 by an increase of U.S. \$ 6,020. In addition, GCMHP transferred, with a retroactive effect, part of a land on which a building is being used as its Dair Al Balah community center from investment property to property and equipment. Net effect on net assets was nil. However, this affected January 1, 2010 carrying amount of property and equipment by an increase of U.S. \$ 60,656 and a decrease in the carrying amount of investment property by the same amount.
- e. Payroll expenses related to year 2010 in the amount of U.S. \$ 15,105 was recorded in 2011. GCMHP restated 2010 accounts by increasing payroll expense in the amount of U.S.\$ 15,105 and liabilities by the same amount.

The following are the effect of the restatements above:

- Effect of restatements on unrestricted net assets as of January 1, 2010:

	January 1, 2010
	U.S. \$
Unrestricted net assets - before restatements	(530,519)
Effect of restatement of students loans receivable (b)	348,900
Effect of restatement of deferred revenues (c)	(53,310)
Other restatements	(3,133)
Unrestricted net assets - after restatements	(238,062)
- The effect of the restatements on the financial statements for the year ended December 31, 2010 are as follows:

Restatements to the statement of financial position items:

	Before restatements	Restatements	After restatements
Ref.	U.S. \$	U.S. \$	U.S. \$
<u>Assets</u>			
Property and equipment	d	490,928	54,636
Investment property	d	149,680	(60,656)
Students loans receivable	b	-	76,167
Contributions receivable	a	140,552	584,411
Other current assets		45,071	(1,275)
Cash on hand and at banks		2,799,891	(1,764)
<u>Liabilities</u>			
Deferred revenues	c & d	490,928	32,778
Accounts payable and Accruals	b & e	1,145,551	(72,020)
Temporarily restricted contribution	a	409,291	587,288
<u>Net assets</u>			
Unrestricted net assets		(781,744)	103,473
			(678,271)

Restatements to the statement of activities and changes in net assets

	Before restatements	Restatements	After restatements
	U.S. \$	U.S. \$	U.S. \$
Temporarily restricted contributions released from restriction	2,668,629	(32,084)	2,636,545
Deferred revenues recognized	166,071	77,080	243,151
Expenses	2,988,646	(44,223)	2,944,423
Impairment loss on students loans	-	244,936	244,936

25. Comparative Amounts

The corresponding figures for 2010 have been reclassified in order to conform with the presentation for the current year. Except for the effect of restatements in note (24), the reclassifications do not affect previously reported results. In addition, the opening balances of 2010 were reported.

**The following schedules do not form part of the
audited financial statements of
Gaza Community Mental Health Programme
for the year ended December 31, 2011**

**To the Members of General Assembly of
Gaza Community Mental Health Programme**

Our audit of the financial statements of Gaza Community Mental Health Programme (GCMHP) for the year ended December 31, 2011, has been made primarily for the purpose of expressing an opinion on the financial statements based on our audit. The schedule of functional expenses, classified by strategic goals and the schedule of revised budget versus actual and schedule of revised budget versus actual classified by strategic goals as set out in following pages (2 to 5) are presented for analysis purposes and are not considered necessary for presenting fairly, in all material respects, the financial position of GCMHP as at December 31, 2011 and the results of its activities and its cash flows for the year then ended. Accordingly, we do not express any opinion thereon.

Ernst + Young
Saeed Abdallah

Gaza - Palestine
April 25, 2012

Gaza Community Mental Health Programme

Schedule of Functional Expenses, Classified by Strategic Goals
For the Year Ended December 31, 2011

The following schedule shows a breakdown of GCMHP expenses allocated to GCMHP's strategic goals and bridge funding during the year ended December 31, 2011:

	Bridge Funding (January - March 2011) U.S.\$	Strategic Goals (April - December 2011)					Total U.S.\$
		Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	
		U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	
Salaries and related expenses	350,406	260,288	301,846	367,132	50,488	158,732	1,488,892
Trainers and consultants	8,400	16,561	400	5,620	-	147	31,128
Stationery and printing	5,338	9,433	11,370	3,468	77	5,312	34,998
Supplies and material -training and workshops	18,019	15,148	14,455	13,508	262	5,368	66,760
Medical supplies	17,562	24,342	42,160	-	-	-	84,064
Rent of premises	19,156	7,250	15,250	35,778	360	-	77,794
Utilities and maintenance	8,381	4,635	28,481	7,715	-	1,608	50,820
Transportation and vehicle costs	19,237	15,501	19,329	13,692	7,952	11,265	86,976
Publications and subscriptions	6,557	3,957	14,006	642	-	2,427	27,589
Communications cost	5,828	1,337	8,166	17,497	1,456	8,262	42,546
Conferences and seminars	-	81	6,571	5,460	-	-	12,112
Staff capacity building	4,335	3,915	5,198	8,101	-	3,160	24,709
Training posts - Diploma	22,698	-	-	12,354	-	-	35,052
Professional fees	3,435	2	3,437	3,835	1	21,081	31,791
Lobbying and fundraising activities	633	3,735	4,565	147	-	829	9,909
University support fees	-	-	-	20,000	-	-	20,000
Focus groups, public meetings and voluntary work	1,535	8,018	-	81	-	125	9,759
Bank fees and currency differences	5,111	-	-	-	-	21,310	26,421
Miscellaneous	1,256	11,396	-	-	-	5,373	18,025
	<u>497,887</u>	<u>385,599</u>	<u>475,234</u>	<u>515,030</u>	<u>60,596</u>	<u>244,999</u>	<u>2,179,345</u>

Gaza Community Mental Health Programme
Schedule of Revised Budget Versus Actual
For the Year Ended December 31, 2011

	Actual			Revised Budget			Excess (Deficit)		
	Bridge Funding	New Strategic Plan	Total	Bridge Funding	New Strategic Plan	Total	Bridge Funding	New Strategic Plan	Total
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$
Expenditures									
Staff Costs									
GCMHP Current Staff Costs	350,406	1,138,486	1,488,892	347,653	1,148,345	1,495,998	(2,753)	9,859	7,106
GCMHP Current Staff Estimated Increase Due to New Salary Scale	-	-	-	-	77,641	77,641	-	77,641	77,641
Sub-Total	350,406	1,138,486	1,488,892	347,653	1,225,986	1,573,639	(2,753)	87,500	84,747
Operating Activity Costs									
Trainers and Consultants	8,400	22,728	31,128	8,400	33,111	41,511	-	10,383	10,383
Stationary, Printings and Computer Software	5,338	29,660	34,998	5,345	43,948	49,293	7	14,288	14,295
Supplies and Material (Training and Workshops)	18,019	48,741	66,760	17,701	60,777	78,478	(318)	12,036	11,718
Medical Supplies	17,562	66,502	84,064	13,999	68,603	82,602	(3,563)	2,101	(1,462)
Rent (Including Hall and Equipment Rentals)	19,156	58,638	77,794	20,434	68,117	88,551	1,278	9,479	10,757
Occupancy Costs (Utilities and Maintenance)	8,381	42,439	50,820	7,845	31,670	39,515	(536)	(10,769)	(11,305)
Transportation and Vehicle Costs	19,237	67,739	86,976	18,856	66,823	85,679	(381)	(916)	(1,297)
Publications and Subscriptions	6,557	21,032	27,589	11,487	30,541	42,028	4,930	9,509	14,439
Communication	5,828	36,718	42,546	11,260	39,868	51,128	5,432	3,150	8,582
Conferences and Seminars	-	12,112	12,112	-	14,761	14,761	-	2,649	2,649
Staff Capacity Building	4,335	20,374	24,709	4,335	23,475	27,810	-	3,101	3,101
Training Posts	22,698	12,354	35,052	22,698	47,408	70,106	-	35,054	35,054
Professional Fees	3,435	28,356	31,791	14,400	11,483	25,883	10,965	(16,873)	(5,908)
Lobbying and Fundraising Activities	633	9,276	9,909	1,183	9,546	10,729	550	270	820
University Support Fees	-	20,000	20,000	-	20,000	20,000	-	-	-
Different Activities	1,535	8,224	9,759	1,535	31,047	32,582	-	22,823	22,823
Bank Fees and Difference of Currency	5,111	21,310	26,421	5,109	20,316	25,425	(2)	(994)	(996)
Miscellaneous (Including Family Aids)	1,256	16,769	18,025	805	16,385	17,190	(451)	(384)	(835)
Sub-Total	147,481	542,972	690,453	165,392	637,879	803,271	17,911	94,907	112,818
Total expenses	497,887	1,681,458	2,179,345	513,045	1,863,865	2,376,910	15,158	182,407	197,565

	Actual			Revised Budget			Excess (Deficit)		
	Bridge	New	Total	Bridge	New	Total	Bridge	New	Total
	Funding	Strategic		Funding	Strategic		Funding	Strategic	
	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$	U.S.\$
Capital Expenditures									
Furniture	69	15,717	15,786	69	14,450	14,519	-	(1,267)	(1,267)
Computer and Related Equipment	-	36,723	36,723	-	30,469	30,469	-	(6,254)	(6,254)
Medical Equipment	-	63	63	-	-	-	-	(63)	(63)
Training and Other Equipment (Including Play	1,214	6,679	7,893	1,246	20,890	22,136	32	14,211	14,243
Vehicles	-	-	-	-	-	-	-	-	-
Library Books	-	-	-	-	1,000	1,000	-	1,000	1,000
Sub-Total	1,283	59,182	60,465	1,315	66,809	68,124	32	7,627	7,659
Total budget/ actual expenditures	499,170	1,740,640	2,239,810	514,360	1,930,674	2,445,034	15,190	190,034	205,224

Gaza Community Mental Health Programme
 Schedule of Revised Budget Versus Actual by Goals
 For the Year Ended December 31, 2011

	Actual							Revised Budget							Variance						
	New Strategic Plan, Apr Dec 2011							New Strategic Plan, Apr Dec 2011							New Strategic Plan, Apr Dec 2011						
	Bridge Funding Jan Mar 2011 U.S. \$	Goal 1 U.S. \$	Goal 2 U.S. \$	Goal 3 U.S. \$	Goal 4 U.S. \$	Goal 5 U.S. \$	Total U.S. \$	Bridge Funding Jan Mar 2011 U.S. \$	Goal 1 U.S. \$	Goal 2 U.S. \$	Goal 3 U.S. \$	Goal 4 U.S. \$	Goal 5 U.S. \$	Total U.S. \$	Bridge Funding Jan Mar 2011 U.S. \$	Goal 1 U.S. \$	Goal 2 U.S. \$	Goal 3 U.S. \$	Goal 4 U.S. \$	Goal 5 U.S. \$	Total U.S. \$
Expenditures																					
Staff Costs																					
GCMHP Current Staff Costs	350,406	260,288	301,846	367,132	50,488	158,732	1,488,892	347,653	279,133	298,476	401,305	42,049	127,382	1,495,998	(2,753)	18,845	(3,370)	34,173	(8,439)	(31,350)	7,106
GCMHP Current Staff Estimated Increase Due to New Salary Scale	-	-	-	-	-	-	-	-	18,873	20,180	27,133	2,843	8,613	77,642	-	18,873	20,180	27,133	2,843	8,613	77,642
Sub-Total	350,406	260,288	301,846	367,132	50,488	158,732	1,488,892	347,653	298,006	318,656	428,438	44,892	135,995	1,573,640	(2,753)	37,718	16,810	61,306	(5,596)	(22,737)	84,748
Operating Activity Costs																					
Trainers and consultants	8,400	16,561	400	5,620	-	147	31,128	8,400	8,049	8,606	11,571	1,212	3,673	41,511	-	(8,512)	8,206	5,951	1,212	3,526	10,383
Stationery, printings and computer software	5,338	9,433	11,370	3,468	77	5,312	34,998	5,345	10,683	11,423	15,358	1,609	4,875	49,293	7	1,250	53	11,890	1,532	(437)	14,295
Supplies and material (training and workshops)	18,019	15,148	14,455	13,508	262	5,368	66,760	17,701	14,773	15,797	21,239	2,225	6,742	78,477	(318)	(375)	1,342	7,731	1,963	1,374	11,717
Medical Supplies	17,562	24,342	42,160	-	-	-	84,064	13,999	25,111	43,492	-	-	-	82,602	(3,563)	769	1,332	-	-	-	(1,462)
Rent of Premises	19,156	7,250	15,250	35,778	360	-	77,794	20,434	8,422	17,715	41,562	418	-	88,551	1,278	1,172	2,465	5,784	58	-	10,757
Occupancy costs (utilities and maintenance)	8,381	4,635	28,481	7,715	-	1,608	50,820	7,845	7,698	8,232	11,068	1,160	3,513	39,516	(536)	3,063	(20,249)	3,353	1,160	1,905	(11,304)
Transportation and vehicle costs	19,237	15,501	19,329	13,692	7,952	11,265	86,976	18,856	15,291	19,068	13,507	7,844	11,113	85,679	(381)	(210)	(261)	(185)	(108)	(152)	(1,297)
Publications and subscriptions	6,557	3,957	14,006	642	-	2,427	27,589	11,487	5,746	18,339	2,932	-	3,524	42,028	4,930	1,789	4,333	2,290	-	1,097	14,439
Communication	5,828	1,337	8,166	17,497	1,456	8,262	42,546	11,260	1,452	8,867	18,998	1,581	8,971	51,129	5,432	115	701	1,501	125	709	8,583
Conferences and seminars	-	81	6,571	5,460	-	-	12,112	-	3,588	3,837	5,158	540	1,637	14,760	-	3,507	(2,734)	(302)	540	1,637	2,648
Staff capacity building	4,335	3,915	5,198	8,101	-	3,160	24,709	4,335	5,706	6,102	8,204	860	2,604	27,811	-	1,791	904	103	860	(556)	3,102
Training posts	22,698	-	-	12,354	-	-	35,052	22,698	11,524	12,322	16,567	1,736	5,259	70,106	-	11,524	12,322	4,213	1,736	5,259	35,054
Professional fees	3,435	2	3,437	3,835	1	21,081	31,791	14,400	-	1,393	1,553	-	8,537	25,883	10,965	(2)	(2,044)	(2,282)	(1)	(12,544)	(5,908)
Lobbying and fundraising activities	633	3,735	4,565	147	-	829	9,909	1,183	2,320	2,481	3,336	350	1,059	10,729	550	(1,415)	(2,084)	3,189	350	230	820
University support fees	-	-	-	20,000	-	-	20,000	-	-	-	20,000	-	-	20,000	-	-	-	-	-	-	-
Different activities	1,535	8,018	-	81	-	125	9,759	1,535	7,547	8,070	10,850	1,137	3,444	32,583	-	(471)	8,070	10,769	1,137	3,319	22,824
Bank fees and difference of currency	5,111	-	-	-	-	21,310	26,421	5,109	-	-	-	-	20,316	25,425	(2)	-	-	-	-	(994)	(996)
Miscellaneous (Family Aids, Toys for Counseling Units-PECEP, ect)	1,256	11,396	-	-	-	5,373	18,025	805	3,983	4,259	5,726	600	1,817	17,190	(451)	(7,413)	4,259	5,726	600	(3,556)	(835)
Sub-Total	147,481	125,311	173,388	147,898	10,108	86,267	690,453	165,392	131,893	190,003	207,629	21,272	87,084	803,273	17,911	6,582	16,615	59,731	11,164	817	112,820
Total Expenses	497,887	385,599	475,234	515,030	60,596	244,999	2,179,345	513,045	429,899	508,659	636,067	66,164	223,079	2,376,913	15,158	44,300	33,425	121,037	5,568	(21,920)	197,568
Capital Expenditures																					
Furniture	69	-	3,143	12,574	-	-	15,786	69	3,512	3,756	5,050	529	1,603	14,519	-	3,512	613	(7,524)	529	1,603	(1,267)
Computer and Related Equipment	-	-	7,134	28,536	-	1,053	36,723	-	7,406	7,919	10,648	1,116	3,380	30,469	-	7,406	785	(17,888)	1,116	2,327	(6,254)
Medical Equipment	-	-	63	-	-	-	63	-	-	-	-	-	-	-	-	-	(63)	-	-	-	(63)
Training and Other Equipment (including Play Therapy Toys)	1,214	-	751	5,928	-	-	7,893	1,246	5,078	5,430	7,300	765	2,317	22,136	32	5,078	4,679	1,372	765	2,317	14,243
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	-	-	-	-	-	-	-	-	243	260	349	37	111	1,000	-	243	260	349	37	111	1,000
Sub-Total	1,283	-	11,091	47,038	-	1,053	60,465	1,315	16,239	17,365	23,347	2,447	7,411	68,124	32	16,239	6,274	(23,690)	2,447	6,358	7,659
Total Budget/Actual Expenses	499,170	385,599	486,325	562,068	60,596	246,052	2,239,810	514,360	446,138	526,024	659,414	68,611	230,490	2,445,037	15,190	60,539	39,697	97,346	8,015	(15,562)	205,227

Occupancy costs (utilities and maintenance): GCMHP management believes that above-mentioned over budget can be justified due to procurement of safety work for Dair El Balah Community center in the amount of U.S. \$ 16,100.
 Professional fees: this cost has increased due to requesting additional works from consultants.