



**INTERNATIONAL MEDICAL CORPS –GAZA (IMC)**

**Financial Statements and  
Independent Auditor's Report**

**For the Year Ended on December 31<sup>st</sup>, 2023**

**June 2024**

## Contents

<b>Independent Auditors' Report</b> .....	3
<b>Statement of Financial Position</b> .....	5
<b>Statement of Activities and Changes in Net Assets</b> .....	6
<b>Statement of Cash Flows</b> .....	7
<b>Notes to the Financial Statements</b> .....	8

## Independent Auditors' Report

### To the Management of International Medical Corps- Gaza (IMC)

#### Our Opinion

We have audited the accompanying financial statements of International Medical Corps- Gaza (IMC) which comprise of the statement of financial position as of December 31, 2023, and the statement of activities and changes in net assets and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IMC as it is on December 31, 2023, and its financial performance and its cash flows for the year, then ended in accordance with the basis of accounting described in note (2).

#### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibility under those standards is further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of IMC in accordance with the International Ethics Standards Board for Accountants' code of ethics for professional accountants (IESBA code), and we have fulfilled our ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Head Office for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described 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 misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing IMC's ability to continue as an ongoing concern, disclosing, as applicable, matters related to this concern, and using it as a basis of accounting unless the management either intends to liquidate IMC or to cease operation, or has no realistic alternative but to do so.

The head office is responsible for overseeing IMC's financial reporting process.

#### Auditor's Responsibility 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 it is not a guarantee that an audit conducted in accordance with the International Standards of Auditing (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 aggregate, they

could reasonably be expected to influence the economic decisions of the user taken on the basis of these financial statements.

As part of the audit process in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout our 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 the risk resulting from error, as fraud may include collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Understanding of the 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 IMC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 IMC's ability to continue as a going concern. If we conclude that a material certainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause IMC to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**BDO Accounting, Audit & Tax Services**

**Nabeel Zeidan**

**Signature & Stamp**

**License No. 110/2005**

**Ramallah, on 26 June 2024**



**BDO**  
Accounting, Audit & Tax Services  
*Nabeel Zeidan*

## Statement of Financial Position

	<u>Note</u>	<u>2023</u> <u>U.S \$</u>	<u>2022</u> <u>U.S \$</u>
<b><u>Assets</u></b>			
<b>Current assets</b>			
Prepayments and other debt balances	3	4,797	19,012
Cash and bank balances	4	80,068	998
<b>Total current assets</b>		<b>84,865</b>	<b>20,010</b>
<b>Total assets</b>		<b>84,865</b>	<b>20,010</b>
<b><u>Head office and liabilities</u></b>			
<b>Head office</b>			
Head office account	5	(305,199)	(834,624)
<b>Liabilities</b>			
Provision for employees end of service benefits	6	289,497	193,539
Payable and other credit balances	7	100,567	661,095
<b>Total liabilities</b>		<b>390,064</b>	<b>854,634</b>
<b>Total head office and liabilities</b>		<b>84,865</b>	<b>20,010</b>

## Statement of Activities and Changes in Net Assets

	<u>Notes</u>	<u>2023</u> <u>U.S \$</u>	<u>2022</u> <u>U.S \$</u>
<b><u>Revenues</u></b>			
Transfers from Head Office		4,718,768	5,515,980
		<u>4,718,768</u>	<u>5,515,980</u>
<b><u>Expenses</u></b>			
Salaries and related expenses	8	2,080,511	1,649,238
Buildings cost	9	186,745	234,780
Travel and Transportation		70,629	101,541
Vehicle costs		34,950	43,565
Program activities		1,390,915	3,558,194
Professional fees		23,616	23,964
Communications and Related costs		23,157	24,133
Other operating expenses	10	31,983	83,091
Capital expenditures	11	346,837	155,645
		<u>4,189,343</u>	<u>5,874,151</u>
<b>Serplus (Deficit) of revenues over expenses for the year</b>		<u>529,425</u>	<u>(358,171)</u>

## Statement of Cash Flows

	<u>2023</u>	<u>2022</u>
	<u>U.S \$</u>	<u>U.S \$</u>
<b><u>Operating activities</u></b>		
Serplus (Deficit) of revenues over expenses for the year	529,425	(358,171)
<b>Adjustments:</b>		
Provision for severance	118,420	128,742
	<b><u>647,845</u></b>	<b><u>(229,429)</u></b>
<b><u>Changes in working capital:</u></b>		
Prepayments and other debt balances	14,215	25,059
Payables and other credit balances	(560,528)	203,909
End of service paid	(22,462)	-
<b>Net cash used in operating activities</b>	<b><u>79,070</u></b>	<b><u>(461)</u></b>
<b>Increase (Decrease) in cash and bank balances</b>	79,070	(461)
Cash and Cash equivalents, beginning of the year	998	1,459
<b>Cash and bank balances, end of year</b>	<b><u>80,068</u></b>	<b><u>998</u></b>

## **Notes to the Financial Statements**

### **Note (1) General**

International Medical Corps (IMC) was established in 1984 in the USA. IMC is a private voluntary, non-political, non-sectarian organization. IMC established a branch in Gaza on October 21, 2007, and was registered as a not-for-profit entity with the Palestinian Ministry of Interior under registration number QR-0072-F in accordance with the Law of non-governmental organization Law No (1) of the year 2000. The main objectives of IMC are helping and supporting the Palestinian medical needs and health of the Gaza strip and the West Bank, and to other vulnerable communities in the region.

### **Note (2) Accounting Policies**

#### **Basis of preparation**

Revenues are recognized when received and expenses are recognized when incurred.

The financial statements have been prepared on a historical cost basis.

The financial statements have been presented in United States Dollar (U.S. \$)

#### **Capital expenditures**

Capital expenditures consist of fixed assets procured and recorded as expenses on the date of Purchase.

#### **Account 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.

#### **Provision for local employees' end of service benefits**

Provision for local employees' end of service benefits is calculated in accordance with the labor law prevailing in Palestine, and IMC'S internal policies, based on one-month salary for each year of employment.

#### **Income taxes**

IMC- Gaza is not-for-profit organization; accordingly, it's not subject to income tax.

#### **Foreign currencies**

IMC'S functional currency in the Unites States Dollar (U.S. \$). IMC uses the weighted average exchange rate during the month to record transactions denominated in other currencies.

Net currency differences from currency fluctuation are recorded in the statement of revenues and expense as addition or reduction of expenses.



### 3. Prepayments and other debit balances

	<u>2023</u>	<u>2022</u>
	U.S \$	U.S \$
Prepaid expenses	3,500	16,574
Due from employees	1,297	2,211
Other debt balances	-	227
	<u>4,797</u>	<u>19,012</u>

### 4. Cash and Bank balances

	<u>2023</u>	<u>2022</u>
	U.S \$	U.S \$
Cash at banks ILS	27,310	39
Cash at banks U.S.\$	52,682	676
Cash on hand ILS	67	74
Cash on hand U.S.\$	9	209
	<u>80,068</u>	<u>998</u>

### 5. Head office account

	<u>2023</u>	<u>2022</u>
	U.S \$	U.S \$
Balance, beginning of the year	(834,624)	(476,453)
Expenditures incurred	(4,189,343)	(5,874,151)
Cash transferred from head office	4,718,768	5,515,980
Balance, end of year	<u>(305,199)</u>	<u>(834,624)</u>

### 6. Provision for employees end of service benefits

	<u>2023</u>	<u>2022</u>
	U.S \$	U.S \$
Balance, beginning of the year	193,539	64,797
Additions during the year	118,420	128,742
Payments	(22,462)	-
Balance, end of year	<u>289,497</u>	<u>193,539</u>

### 7. Payable and other credit balances

	<b>2023</b>	<b>2022</b>
	<b>U.S \$</b>	<b>U.S \$</b>
Accrued salaries	1,173	159,458
Accrued expenses	64,188	364,134
Sub-recipient payables	8,500	125,550
Other credit balances	26,706	11,953
	<b>100,567</b>	<b>661,095</b>

### 8. Salaries and related expenses

	<b>2023</b>	<b>2022</b>
	<b>U.S \$</b>	<b>U.S \$</b>
Salaries- local staff	1,718,533	1,395,430
Temporary employees	2,451	6,665
Local staff benefits	359,527	247,143
	<b>2,080,511</b>	<b>1,649,238</b>

### 9. Building costs

	<b>2023</b>	<b>2022</b>
	<b>U.S \$</b>	<b>U.S \$</b>
Offices, guest house, and warehouse	147,572	197,775
Office running expenses	39,173	34,126
Security Services	-	2,879
	<b>186,745</b>	<b>234,780</b>

### 10. Other operating expenses

	<b>2023</b>	<b>2022</b>
	<b>U.S \$</b>	<b>U.S \$</b>
Stationery and printing	2,629	13,304
Bank charges and currency exchange differences	13,794	40,249
Insurance	3,539	1,715
Staff capacity building	-	21,112
Others	12,021	6,711
	<b>31,983</b>	<b>83,091</b>

### 11. Capital expenditures

	<b>2023</b>	<b>2022</b>
	<b>U.S \$</b>	<b>U.S \$</b>
Furniture and fixtures	233	44,878
Computers and printers	588	110,767
Medical Equipment	344,580	-
Other Equipment	1,436	-
	<b>346,837</b>	<b>155,645</b>

**Note (12) Fair Values of Financial Instruments**

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of contributions receivable, cash and cash equivalents, and some other current assets. Financial liabilities consist of accounts payable, some other current liabilities, and temporarily restricted contributions.

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

**Note (13) Risk Management**

Risks affecting the operations of IMC are liquidity risk and foreign currency risk. The management of IMC sets policies and procedures to manage these risks as follows:

**Liquidity Risk**

IMC limits its liquidity risk by maintaining adequate cash balances transferred from the head office to meet its current obligations and finance its operating activities.

• Expenditure breakdown per project for year 2023

	<u>USAID Project</u> U.S. \$	<u>BHA 4407 Project</u> U.S. \$	<u>BHA 4676 Project</u> U.S. \$	<u>Shefa 4516 Project</u> U.S. \$	<u>Private Fund</u> U.S. \$	<u>Total</u> U.S. \$
<b><u>Expenses</u></b>						
Salaries and related expenses	79,664	912,726	152,091	874,158	61,872	2,080,511
Building costs	9,561	98,180	12,517	64,488	1,999	186,745
Travel and Transpiration	2,205	39,508	2,612	17,580	8,724	70,629
Vehicle Costs	2,116	21,354	3,010	8,099	371	34,950
Program Activities	197,554	771,188	312,085	92,139	17,949	1,390,915
Professional Fees	5,637	9,407	1,172	5,407	1,993	23,616
Communication Expenses	895	11,903	1,822	8,449	88	23,157
Other Operating Expenses	5,003	21,050	2,599	2,799	532	31,983
Capital expenditures	344,813	416	-	1,608	-	346,837
<b>Total</b>	<b>647,448</b>	<b>1,885,732</b>	<b>487,908</b>	<b>1,074,727</b>	<b>93,528</b>	<b>4,189,343</b>