



Iraqi Al-Amal Association Third Conference
Baghdad, 18 -19 / 12 / 2008

The Financial Report

Submitted to the Third Association's Assembly in 2008

Introduction

Finance is the back bone of the Association's work. On finance depends the continuation of the Association's activities, their development, diversity, and their spreading in different parts of Iraq, corresponding to the Association's objectives, set in its Rules of Procedures and its strategy work plan. Financing requires constant work, so as to locate funding sources, both internal and external, from parties that respects the independency of the Association and agrees not to interfere in its internal affairs and its general policy.

And taking into consideration the Qualitative leap of the Association's work, since the relocation of its general center to its natural locating in Baghdad, according to the Rules of Procedures, after the fall of the former regime, and its presence in most of the provinces, we have based our financial report on demonstrating the finances of the Association starting from 1999 till 13/12/2007.

During this period the Association gained new sources to fund its programs, from International non-governmental organizations and from UN organizations, which has exceeded in number 40 sources at the present time, most of these sources are totally new. The Amal clinic in Arbil is a good example, it has not only achieved self- sufficiency, but it has also provided a remarkable annual surplus covering most of Arbil's office administrative expenditures.

The main office in Baghdad, experienced difficult times concerning financial management. The Association's accountant left her job suddenly in the last quarter of 2006, without having a replacement, and the same thing happened with our former cashier in 2007, which caused a lot of confusion in the Association's accountings, and caused a delay in finalizing the general budget for the year 2006.

Financial Management

The financial management of the temporary general center in Damascus was carried out by the Administrative Committee, assisted by one of our volunteers. An accounting program was used to organize the finances, at the same time the financial records and the Association's budget were audited by a chartered accountant from Syria.

Starting from 2004, the Association's accountings were based on the Unified Accounting System approved in Iraq. Also, an accounting program, which was designed especially for the Association's requirements, was applied. With the beginning of 2006 the Association hired an Accountant and a cashier. The financial records, are audited systematically by a chartered accountant, registered in The Iraqi Union of Accountants and Legal Auditors, who also has been organizing the Association's budget since 2004 till the present time, and the report is sent annually to our partner establishments, which had its positive effects on our relationship with these partners. And starting from 2005 the Association's main office and Arbil's office have been audited by the same accountant, and both their budgets have been merged.

The Association has continued applying the financial regulations approved by the temporary center in Damascus and Kurdistan's Branch. A few adjustments have been made to it at the end of 2007, upon an agreement reached between the chartered accountant, the cashier and the financial secretary of the General Committee.

Since the establishment of the Association, until 2006, its funds used to be transferred from Lebanon to Kurdistan and to Baghdad through Syria, and delivered by hand, due to the fact that there was no reliable bank in Iraq at the time. This operation was very risky, and was the responsibility of a few members of the General Committee. Transferring these sums became more dangerous after 1999, when the sums reached approximately half a million dollars annually. Also, the Association's funds were not kept in Kurdistan's or Baghdad's Banks, for the above mentioned reason, so The Branch Secretary for Financial Affairs was responsible for these sums, in such unsafe times, which imposed a direct threat to his life. We must note here the robbery of \$35897 from the Association's main office in May 2004. All the police's attempts to find the thief were unsuccessful.

At the present, the funds of the Association are deposited in two Banks, one in Iraq, the other abroad, to preserve the funds in case any bank has an emergency situation, as happened when the Association's account in Baghdad was frozen for a period of time, due to a wrongful decision made by the secretariat of the prime minister's council, which effected all non-governmental Iraqi organizations. We were able during this period to depend on our funds abroad, in order to manage the Association's work, till we succeeded in canceling this decision.

The Financial Secretary and the General Secretary are authorized by the Chairman of the Association, to sign bonds, financial records, cheques and to move accounts. Also the chartered accountant, the accountant and the cashier, all depend on the banks' statements as a base to

register the accounts and audit them. The cashier has exclusive access to the Association's funds.

The Returns and Expenditures

The last four years, since 2004 till 2007 demonstrates a remarkable development in the financial affairs of the Association. There are projects and programs implemented by the Association, which are considerably large in comparison with projects implemented by local organizations, which depend mostly on funding, grants and partnerships with organizations and UN agencies, and this can be considered a standard to evaluate the past work of the Association.

We may underline some points in the light of the Association's financial affairs, in USD for the period 2004-2007, as follows:-

- The grand total of the Association's returns was \$4,169,427 and in the year 2007 alone \$1,347,051

The largest sources of funding from 2004 till 2007

The organization	Sums in \$	The Percentage
UN agencies	875419.05	Approx. 21% of the returns
UNDP	373097	
UNIFEM	346610.5	
UNOPS	155712	
International Immigration organization	602459	More than 14%
Church peace Council-Holland	391483	More than 9%
The Office of the President of Iraq ,and the Ministers' Council in Kurdistan	570000	Nearly % 14
French People's Relief	281994	nearly7%

- The Association implemented and with full support of the German Establishment of Heinrich Bell, five training and experience gaining workshops. These workshops were carried out to meet the Association's need since 2004 till now, many Association staff members, organizations' members and many activists, close to our Association participated in these workshops. The cost of these workshops is estimated by \$180000.
 - The Association received medicines and medical equipment from two Spanish Establishments and the Greek Committee for International Democratic Solidarity, estimated by \$75000.
- The Associations fixed assets is estimated after depreciation in 1/1/2008 , by \$70,000, which represents the cost of eight generators and two cars (one microbus and one saloon car), twenty five A/C, seventy two computers -desktop and laptop-, three internet receivers and office furniture.

The Expenditures

- The expenditures for the four years reached \$3,806,037, and in 2007 alone \$1,366,399.
- The spending on projects was \$3,410,440; \$306,174 on the Clinic in Arbil, the remainder which is \$3,104,266 was for the rest of the projects, which forms 90% form the total of the Association's expenditures.
- The salaries, expended (not from projects) = \$113,320, forming nearly 3% of the total expenditures. The rents of both Baghdad and Arbil's offices only, reached \$57,320 reaching 1.5. % of the expenditures.

Projects	Sum in \$	percentage
Gender Programs	561619.05	More than 16% of the Association's income
Two projects for aiding the displaced in Karbala & Arbil	594512	More than 17%
Health Projects	471544.25	nearly 14%
Two projects : Let's Write Iraq's constitution together and The constitution amendments	330580	Nearly 10%
Youth and Students Projects	281557	More than 8%

- Till 1/12008, the spending on the construction of AL Najaf's Training center reached \$187053,92, including \$12000 for renting the land, for 10 years extendable. Also an Association's office was opened in Karbala and a house was rented, in addition to the employment of two permanent representatives for the Association in Sulaimaniya and Kirkuk.

There were some administrative expenditures of the Association, which were counted with the projects expenditures, therefore they do not appear in some years, and in other years they appear separately, following the suggestion of the legal auditor, so the expenditures may indicate the activities of the center more clearly.

The administrative expenditures formed a heavy burden on the Association' budget, we note here the large sums spent on generators' gas, maintenance and oil changing , especially in the summer with the constant electricity cuts lasting for several days, and with the increase of the activities in the Association, the spending reached \$12000 in the summer of 2006 for only two months, due to gas prices doubling many times, and in spite of all the attempts to cut down the spending in this aspect in 2007, the raise in the dinnar's exchange rate against the dollar, and the raise in prices once again , rendered these efforts insignificant especially in summer.

In the first two years of the Association's work, staff members were appointed, with small salaries under harsh security circumstances, some of whom are still working in the Association till now.

Salaries were raised more than once, taking into account the raise of the Iraqi dinar's exchange rate, and with the expansion of work and the increase in the tasks, we suggest to the new management, to study the level of the salaries, and to consider this matter when formulating the administrative and financial new rules

The work began in Baghdad's center with a few employees, not more than five, and with the expansion of work their number increased, at times reaching more than fifteen employees, yet many of them quitted work for different reasons, such as; the security situation, others left the country to seek asylum, some found other job opportunities and for many other reasons. And in spite of the opportunities of training, skills and capacities development , which the Association provides for its employees, there is still a large deficiency in abilities and financial and administrative expertise and financial management experience , a fact that demands seeking specialized training opportunities for the employees , in order to enhance their efficiency and performance in preparing administrative and financial project reports , also in managing the work of the Association in order to develop institutional work in it.

The Association balance account at the end of 2007 was \$787482, which represents the circulating funds in the safe and in the banks, including also the fixed assets, loans related to activities, debts and ongoing projects. The cash in the safe at the end of 2007 was \$16416.

In banks the sum was \$450029 including a fixed stand by sum of \$100000. The remainder represents sums allocated for projects implemented during 2008, and for projects under work, most important of which is the under construction clinic project in Arbil. In Arbil's safe there is \$5288 and \$297152 in the Bank

Suggestions

- To study Arbil's experience and pass it on to other similar projects in order to find diverse sources of self-funding, which secures a large part of the administrative expenditures of the Associations and sustains the continuity of some of its projects.
- The availability of a specialized accountant to work at the Association's center, capable to manage records accurately and assist in analyzing the accounts and plan the Association's policy, is regarded a priority.
- The necessity of setting an annual estimated budget for all the Association's facilities before the end of each year.

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