

**GREEK ORTHODOX PATRIARCHAE
OF JERUSALEM – TAIBEH SCHOOL**

FINANCIAL STATEMENTS

For the year ended August 31, 2015

And Independent Auditor's Report

- Table of Contents -	Page
Independent auditors' report	2
Statement of financial position	5
Statement of activities	6
Statement of cash flow	7
Notes' to the financial statements	8



Independent Auditor's Report

To The Board of Directors of:

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – TAIBEH SCHOOL

Report on the audit of the financial Statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Taibeh School, as at August 31, 2015, and its financial Activities and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements comprise:

- the statement of financial position as at August 31, 2015;
- the statement of activities 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Institute 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 these requirements and the IESBA Code.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles in Palestine (GAAP), 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.

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

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



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 Institute'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 Institute'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 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 the Institute 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.

Report on other legal and legislative requirements

The entity maintains an organization's accounting records fairly, and agrees in all material respects with the accompanying financial statements and recommends their approval.

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

HLB Palestia for Auditing & Professional Services

Omran Naser

License Number 106/2001

Ramallah, Palestine

STATEMENT OF FINANCIAL POSITION
(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-15</u>	<u>31-Aug-14</u>
Assets			
Current assets			
Cash and Cash equivalents	(3)	16,509	76,447
Students Account Receivable	(4)	1,010,765	743,343
Total current asses		<u>1,027,275</u>	<u>819,790</u>
Non - Current Assets			
Property , Plant and equipment, net	(5)	270,186	145,919
Total non current assets		<u>270,186</u>	<u>145,919</u>
Total Assets		<u>1,297,460</u>	<u>965,709</u>
Liabilities and Net Assets			
Current liabilities			
Account payable	(6)	3,952,755	3,313,830
Other Current Liabilities	(7)	153,357	133,876
Total current liabilities		<u>4,106,112</u>	<u>3,447,706</u>
Non-Current Liabilities			
Employees End of Service Indemnity	(8)	1,126,627	1,102,903
Total non current liabilities		<u>1,126,627</u>	<u>1,102,903</u>
Total Liabilities		<u>5,232,739</u>	<u>4,550,609</u>
Net Assets			
Unrestricted Net Assets			
From Operations		(3,935,279)	(3,584,900)
For Fixed Assets		-	-
Total Net Assets		<u>(3,935,279)</u>	<u>(3,584,900)</u>
Total liabilities and Net Assets		<u>1,297,460</u>	<u>965,709</u>

- Notes (1 to 12) to the financial statements form an integral part thereof.

Chairman

STATEMENT OF ACTIVITIES

(All amounts in New Israeli Shekels)

	Note	2015	2014
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
Tuition fees		918,620	817,718
Uniform sales		16,845	15,531
Book sales		39,504	18,640
Other revenues		63,170	1,000
Donations	(9)	105,000	52,106
Total Revenues, Grants and Other Revenues		1,143,139	904,995
Net Assets Released from Temporary Restrictions		-	-
Total Changes in Unrestricted Net Assets		1,143,139	904,995
Expenditures			
Cost of Activities	(10)	(1,241,735)	(1,200,072)
General and administrative expenses	(11)	(264,625)	(242,392)
Total expenditures		(1,506,360)	(1,442,464)
Net revenues (expenses) before financing expenses		(363,221)	(537,469)
Financing Income (Expenses), Net	(12)	12,842	(918)
Increase (Decrease) in Unrestricted Net Assets		(350,379)	(538,387)
Changes in Net Assets for the Beginning of the year		(3,584,900)	(3,046,513)
Changes in Net Assets for the End of the year		(3,935,279)	(3,584,900)

- Notes (1 to 12) to the financial statements form an integral part thereof.

STATEMENT OF CASH FLOWS

(All amounts in New Israeli Shekels)

	<u>2015</u>	<u>2014</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(350,379)	(538,387)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	34,878	19,793
Increase in provision for end of service benefits	23,724	146,645
(Increase) decrease in accounts receivable	(267,422)	(191,450)
Increase (decrease) in account payable	638,925	652,030
Increase (decrease) in other current liabilities	19,481	48,969
Net cash flow (used in) from operating activities	<u>99,207</u>	<u>137,600</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	(159,145)	(117,543)
Net cash flow used in investing activities	<u>(159,145)</u>	<u>(117,543)</u>
Net (decrease) increase in cash and cash equivalents	(59,938)	20,057
Cash and Cash Equivalents, beginning of year	76,447	56,390
Cash and Cash Equivalents, end of year	<u>16,509</u>	<u>76,447</u>

- Notes (1 to 12) to the financial statements form an integral part thereof.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

NOTE (1) GENERAL

Greek Orthodox Patriarchae of Jerusalem established the Greek Orthodox School in Taybeh village East Ramallah city in 19th century , the school has been served students of small ages from the rejoin. The school has been expanding and developing from then . In recent years , it contains 2 floor old building adjacent to 2 floor new building , it serves all grades from Kintergardens to twelve grades and includes all facilities From playgrounds , gardens , library and labs.

NOTE (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in Palestine (GAAP) for Not for profit organizations. Following is a summary of the significant accounting policies: 2.1 Fixed Assets - Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed using the staright-line method over the estimated useful life of these assets based on the following annual percentage rates:-

Equipment 15-20%

Furniture 5-15%

2.2 Net Assets - Net assets and contributions are classified based on the existence or absence of donor imposed restrictions. Therefore, net assets are classified as either unrestricted or temporarily restricted.

2.3 Revenue - Revenue is recognized when contributions and/or donations are received or services are performed. Contributions are recorded as either temporarily or permanently restricted if they are received with donor stipulation that limits the use of donation. When donor restriction expires, temporarily restricted net assets are reclassified to Unrestricted net assets and reported in the statements of activities as net assets Released from restrictions. In accordance with Financial Accounting Standards Board Pronouncement number 116.

2.4 Severance Pay - Benefits payable to the employees of Taybeh School at the end of their services are provided for in accordance with the guidelines set by the Palestinian labor laws. The reserve for employee's severance pay for the year is calculated at the rate of one month's salary per year of service based on the last salaries paid.

2.5 Translation of Foreign Currencies - The accompanying financial statements are denominated in new Israeli Shekel. Tranactions in other currencies during the year were translated according to prevailing rates at the time the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated into

FINANCIAL RISK MANAGEMENT**Liquidity risk**

The Institute minimize its liquidity risk by ensuring that credit facilities are available, and following up on the collection of the pledges receivable.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all categories of financial assets held by the Organization , the maximum exposure to credit risk is the carrying value, as disclosed in the statement of financial position.

(1) Cash and cash equivalents and deposits:

The Organization deposits its funds with reputable banks, and there are no restrictions on their use.

(2) Students Account receivables:

The Organization receives cash direct to the banks that deal with them and which enjoy excellent reputation.

Market risk**(i) Exchange rate**

The institute is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the ILS and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities. To manage their foreign exchange risk arising from future commercial transactions, the organization's management maintains cash balances in different currencies.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (3) - Cash and Cash Equivalents

Details:

		2015	2014
Cash on hand		8,324	75,439
The National Bank - ILS		2,414	-
Bank of Jordan - ILS		4,688	1,008
Bank of Jordan - \$	276	1,084	-
		16,509	76,447

Note (4) - Account receivable

Details:

		2015	2014
Students receivables		686,517	413,879
Students receivables -Bad Debt		291,964	291,964
Collectable Checks		32,284	37,500
		1,010,765	743,343

Note (5) - Fixed Assets -Net

Details:

	Equipments	Office Furniture	Total
Historical Cost			
Beginning balance	140,428	56,763	197,191
Additions during the year	40,295	118,850	159,145
Disposal during the year	-	-	-
End of year	180,723	175,613	356,336
Accumulated Depreciation			
Beginning balance	47,381	3,891	51,272
Accumulated Depreciation for the year	23,454	11,424	34,878
Disposal during the year	-	-	-
End of year	70,835	15,315	86,150
Net Book Value, December 31,2017	109,888	160,298	270,186
Net Book Value, December 31,2016	93,047	52,872	145,919

Note (6) - Account Payable

Details:

		2015	2014
Greek Orthodox Patriarchae of Jerusalem		3,952,755	3,312,830
Outstanding cheques		-	-
		3,952,755	3,312,830

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (7) - Other current liabilities

Details:

	2015	2014
Employees	145,937	131,076
Accrued expenses / audit fees	7,420	2,800
	153,357	133,876

Note (8) - Employees End of Service Indemnity

Details:

	2015	2014
Balance - beginning of the year	1,102,903	956,258
Add: provision made during the year	60,439	158,837
Less: payments of benefits made during the year	(36,715)	(12,192)
Balance - end of the year	1,126,627	1,102,903

Note (9) - Donations

Details:

	2015	2014
Pontifical Mission	105,000	-
Qustandi Elia Qustandi Naser	-	52,106
	105,000	52,106

Note (10) - Cost of Activities

Details:

	2015	2014
Salaries & Wages	1,016,331	962,712
Health insurance	43,029	3,110
Severance pay expenses	50,769	132,772
Books and teaching materials	50,976	19,651
School uniform	23,497	-
Graduation and social activities	19,827	33,828
School renovation	5,970	31,659
Utilities	19,557	11,110
Rent and maintenance expenses	11,780	5,230
	1,241,735	1,200,072

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - General and Administrative expenses

Details:

	2015	2014
Management salaries ,Wages	176,014	166,728
Health insurance	4,781	310
Management Severance pay expenses	9,670	26,065
Building maintenance and cleaning expenses	6,681	8,548
Professional fees/Audit fees	4,620	2,800
Office supplies and stationary	12,495	12,419
Transportation expenses	2,103	1,544
Computers and other equipments maintenance	9,803	1,799
Communication	1,813	1,846
Internet and Website expenses	360	540
Advertising expenses	297	-
Attorney Fees	1,000	-
Registration Fees	110	-
Depreciation expenses	34,878	19,793
	264,625	242,392

Note (12) - Financing expenses

Details:

	2015	2014
Interest and bank charges	1,266	918
Currency Variances	(14,108)	-
	(12,842)	918

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – TAIBEH SCHOOL

Financial Statements for the year ended August 31, 2015

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)