

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

FINANCIAL STATEMENTS

For the year ended August 31, 2020

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, 2020, 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, 2020;
- 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.

Other Matters Paragraph

According to our audit procedures and requirements, we provided school's management with Donors Confirmation Template and requested donors replies to confirm these balances.

Unfortunately, and until this moment, we did not get any reply from any donor.

The agreements were viewed as another measure to verify grants.

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

17/12/2020

HLB - Palestia
For Auditing and Professional Services

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

	<u>Note</u>	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Assets			
Current assets			
Cash and Cash equivalents	(3)	47,259	269,429
Students Account Receivable	(4)	1,914,435	1,359,012
Total current asses		<u>1,961,694</u>	<u>1,628,441</u>
Non - Current Assets			
Property , Plant and equipment, net	(5)	805,539	874,545
Total non current assets		<u>805,539</u>	<u>874,545</u>
Total Assets		<u>2,767,233</u>	<u>2,502,986</u>
Liabilities and Net Assets			
Current liabilities			
Account payable	(6)	8,390,253	7,480,455
Other Current Liabilities	(7)	129,890	145,923
Banking facilities		56,969	-
Total current liabilities		<u>8,577,112</u>	<u>7,626,378</u>
Non-Current Liabilities			
Employees End of Service Indemnity	(8)	1,505,152	1,534,127
Total non current liabilities		<u>1,505,152</u>	<u>1,534,127</u>
Total Liabilities		<u>10,082,265</u>	<u>9,160,505</u>
Net Assets			
Unrestricted Net Assets			
From Operations		(7,280,012)	(6,236,584)
For Fixed Assets		(35,020)	(420,935)
Total Net Assets		<u>(7,315,032)</u>	<u>(6,657,519)</u>
Total liabilities and Net Assets		<u>2,767,233</u>	<u>2,502,986</u>

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



Chairman



STATEMENT OF ACTIVITIES
(All amounts in New Israeli Shekels)

	<u>Note</u>	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
Tuition fees		1,079,106	931,800
Prior period adjustment		4,191	(635,313)
Uniform sales		4,090	11,200
Book sales		20,732	79,149
Other revenues		11,160	24,960
Donations	(9)	57,262	403,720
Total Revenues, Grants and Other Revenues		<u>1,176,541</u>	<u>815,517</u>
Net Assets Released from Temporary Restrictions		<u>-</u>	<u>-</u>
Total Changes in Unrestricted Net Assets		<u>1,176,541</u>	<u>815,517</u>
Expenditures			
Cost of Activities	(10)	(1,412,203)	(1,412,644)
General and administrative expenses	(11)	(416,004)	(540,383)
Total expenditures		<u>(1,828,206)</u>	<u>(1,953,027)</u>
Net revenues (expenses) before financing expenses		<u>(651,665)</u>	<u>(1,137,511)</u>
Financing Income (Expenses), Net	(12)	(5,848)	(2,038)
Increase (Decrease) in Unrestricted Net Assets		<u>(657,513)</u>	<u>(1,139,548)</u>
Changes in Net Assets for the Beginning of the year		<u>(6,657,519)</u>	<u>(5,517,971)</u>
Changes in Net Assets for the End of the year		<u>(7,315,032)</u>	<u>(6,657,519)</u>

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

STATEMENT OF CASH FLOWS

(All amounts in New Israeli Shekels)

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(657,513)	(1,139,548)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	104,027	209,476
Increase in provision for end of service benefits	(28,975)	98,168
(Increase) decrease in accounts receivable	(555,423)	407,033
Increase (decrease) in account payable	909,798	1,036,150
Increase (decrease) in other current liabilities	(16,033)	(129,726)
Net cash flow (used in) from operating activities	<u>(244,119)</u>	<u>481,553</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	(35,020)	(420,935)
Net cash flow used in investing activities	<u>(35,020)</u>	<u>(420,935)</u>
Cash Flow from financing Activities		
Banking facilities	56,969	-
Net cash flow used in investing activities	<u>56,969</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(222,170)	60,618
Cash and Cash Equivalents, beginning of year	<u>269,429</u>	<u>208,811</u>
Cash and Cash Equivalents, end of year	<u>47,259</u>	<u>269,429</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 Kindergarten 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 straight-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. Transactions 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:

	<u>F.C</u>	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Cash on hand		47,259	79,307
The National Bank - ILS		-	190,122
		<u>47,259</u>	<u>269,429</u>

Note (4) - Account receivable

Details:

	<u>31-Aug-20</u>	<u>31-Aug-19</u>
Students receivables	548,122	948,280
Allowance for Doubtful Accounts	1,268,530	291,964
Collectable Checks	20,100	-
Cheques in transit	77,683	118,768
	<u>1,914,435</u>	<u>1,359,012</u>

Note (5) - Fixed Assets -Net

Details:

	<u>Equipments</u>	<u>Office Furniture</u>	<u>Building Improvement</u>	<u>Total</u>
Historical Cost				
Beginning balance	276,617	333,550	657,307	1,267,474
Additions during the year	35,020	-	-	35,020
Disposal during the year	-	-	-	-
End of year	<u>311,637</u>	<u>333,550</u>	<u>657,307</u>	<u>1,302,494</u>
Accumulated Depreciation				
Beginning balance	140,004	220,950	31,974	392,928
Accumulated Depreciation for the year	47,285	30,449	26,292	104,026
Disposal during the year	-	-	-	-
End of year	<u>187,289</u>	<u>251,399</u>	<u>58,266</u>	<u>496,954</u>
Net Book Value, December 31,2019	<u>124,348</u>	<u>82,151</u>	<u>599,041</u>	<u>805,539</u>
Net Book Value, December 31,2018	<u>136,613</u>	<u>251,399</u>	<u>625,333</u>	<u>874,545</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (6) - Account Payable

Details:

	31-Aug-20	31-Aug-19
Greek Orthodox Patriarchae of Jerusalem	8,273,454	7,478,455
Outstanding Checks	116,799	2,000
	<u>8,390,253</u>	<u>7,480,455</u>

Note (7) - Other current liabilities

Details:

	31-Aug-20	31-Aug-19
Employees	66,007	141,771
Accrued expenses / audit fees	4,152	4,152
Accounts Payable - Suppliers	2,000	-
Unearned Revenue Registration Fees	56,265	-
Income tax- payroll tax	1,466	-
	<u>129,890</u>	<u>145,923</u>

Note (8) - Employees End of Service Indemnity

Details:

	31-Aug-20	31-Aug-19
Balance - beginning of the year	1,534,127	1,435,959
Add: provision made during the year	109,946	236,655
Less: payments of benefits made during the year	(138,920)	(138,487)
Balance - end of the year	<u>1,505,152</u>	<u>1,534,127</u>

Note (9) - Donations

Details:

	31-Aug-20	31-Aug-19
Pontifical Mission	29,070	44,040
Individual Donation	762	10,580
Nasr Orthodox Foundation	23,940	153,200
Soliarite Apostolic Delegation	-	10,400
Palestine National Fund	-	185,500
UTAA	3,490	-
	<u>57,262</u>	<u>403,720</u>

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (10) - Cost of Activities

Details:

	31-Aug-20	31-Aug-19
Salaries & Wages	1,175,025	1,049,415
Health insurance	25,600	3,875
Severance pay expenses	91,255	196,424
Books and teaching materials	60,758	53,960
School uniform	7,673	10,200
Graduation and social activities	4,760	51,947
Utilities	21,512	18,102
Printing Expense&PR Material	50	1,037
Rent and maintenance expenses	5,000	17,284
Donation expenses	20,570	10,400
	1,412,203	1,412,644

Note (11) - General and Administrative expenses

Details:

	31-Aug-20	31-Aug-19
Management salaries , Wages	240,668	247,591
Medicine & Treatment Expense	985	944
Management Severance pay expenses	18,691	40,231
Building maintenance and cleaning expenses	18,961	16,380
Professional fees/Audit fees	4,060	4,152
Office supplies and stationary	1,850	1,354
Transportation expenses	8,699	4,487
Computers and other equipments maintenance	12,483	13,600
Communication	1,891	2,168
Subscription Fees	3,690	-
Depreciation expenses	104,026	209,476
	416,004	540,383

Note (12) - Financing expenses

Details:

	31-Aug-20	31-Aug-19
Interest and bank charges	5,848	1,134
Currency Variances	-	903
	5,848	2,038