

GREEK ORTHODOX PATRIARCHAE OF JERUSALEM – TAIBEH SCHOOL

FINANCIAL STATEMENTS

For the year ended August 31, 2021

And Independent Auditor's Report

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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, 2021, 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, 2021;
- 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

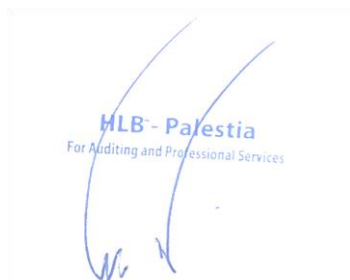
HLB Palestia for Auditing & Professional Services

Omran Naser

License Number 106/2001

Ramallah, Palestine

29 September 2021



HLB - Palestia
For Auditing and Professional Services

STATEMENT OF FINANCIAL POSITION

(All amounts in New Israeli Shekels)

	Note	31-Aug-21	31-Aug-20
Assets			
Current assets			
Cash and Cash equivalents	(3)	541	47,259
Students Account Receivable	(4)	1,976,689	1,914,435
Total current asses		1,977,230	1,961,694
Non - Current Assets			
Property , Plant and equipment, net	(5)	796,747	805,539
Total non current assets		796,747	805,539
Total Assets		2,773,978	2,767,233
Liabilities and Net Assets			
Current liabilities			
Account payable	(6)	8,601,724	8,390,253
Other Current Liabilities	(7)	453,785	129,890
Banking facilities		27,500	56,969
Total current liabilities		9,083,009	8,577,112
Non-Current Liabilities			
Employees End of Service Indemnity	(8)	1,677,207	1,505,152
Total non current liabilities		1,677,207	1,505,152
Total Liabilities		10,760,216	10,082,265
Net Assets			
Unrestricted Net Assets			
From Operations		(7,189,492)	(6,509,493)
For Fixed Assets		(796,747)	(805,539)
Total Net Assets		(7,986,239)	(7,315,032)
Total liabilities and Net Assets		2,773,978	2,767,233

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



Chairman



STATEMENT OF ACTIVITIES

(All amounts in New Israeli Shekels)

	Note	31-Aug-21	31-Aug-20
Changes in Unrestricted Net Assets			
Revenues, grants, and other gains			
Tuition fees		1,061,913	1,079,106
Prior period adjustment		-	4,191
Uniform sales		480	4,090
Book sales		55,567	20,732
Other revenues		3,574	11,160
Donations	(9)	31,200	57,262
Total Revenues, Grants and Other Revenues		1,152,734	1,176,541
Net Assets Released from Temporary Restrictions		-	-
Total Changes in Unrestricted Net Assets		1,152,734	1,176,541
Expenditures			
Cost of Activities	(10)	(1,396,092)	(1,412,203)
General and administrative expenses	(11)	(402,343)	(416,004)
Total expenditures		(1,798,435)	(1,828,206)
Net revenues (expenses) before financing expenses		(645,701)	(651,665)
Financing Income (Expenses), Net	(12)	(25,506)	(5,848)
Increase (Decrease) in Unrestricted Net Assets		(671,207)	(657,513)
Changes in Net Assets for the Beginning of the year		(7,315,032)	(6,657,519)
Changes in Net Assets for the End of the year		(7,986,239)	(7,315,032)

*Part of the school fees were from donors, and directly to the students' account.(33,116 ILS)

- 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-21</u>	<u>31-Aug-20</u>
Cash Flow from Operating Activities		
Change in net assets for the year	(671,207)	(657,513)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	103,262	104,027
Increase in provision for end of service benefits	172,055	(28,975)
(Increase) decrease in accounts receivable	(62,254)	(555,423)
Increase (decrease) in account payable	211,471	909,798
Increase (decrease) in other current liabilities	323,895	(16,033)
Net cash flow (used in) from operating activities	<u>77,222</u>	<u>(244,119)</u>
Cash Flow from Investing Activities		
Purchase of fixed assets	(94,470)	(35,020)
Net cash flow used in investing activities	<u>(94,470)</u>	<u>(35,020)</u>
Cash Flow from financing Activities		
Banking facilities	(29,469)	56,969
Net cash flow used in investing activities	<u>(29,469)</u>	<u>56,969</u>
Net (decrease) increase in cash and cash equivalents	(46,718)	(222,170)
Cash and Cash Equivalents, beginning of year	47,259	269,429
Cash and Cash Equivalents, end of year	<u>541</u>	<u>47,259</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:

	31-Aug-21	31-Aug-20
Cash on hand	541	47,259
	541	47,259

Note (4) - Account receivable

Details:

	31-Aug-21	31-Aug-20
Students receivables	515,360	548,122
Allowance for Doubtful Accounts	1,268,530	1,268,530
Collectable Checks	115,116	20,100
Cheques in transit	77,683	77,683
	1,976,689	1,914,435

Note (5) - Fixed Assets -Net

Details:

	Equipments	Office Furniture	Building Improvement	Total
Historical Cost				
Beginning balance	311,637	333,550	657,307	1,302,494
Additions during the year	31,200	-	63,270	94,470
Disposal during the year	-	-	-	-
End of year	342,837	333,550	720,577	1,396,964
Accumulated Depreciation				
Beginning balance	187,289	251,399	58,266	496,954
Accumulated Depreciation for the year	48,100	27,372	27,790	103,262
Disposal during the year	-	-	-	-
End of year	235,389	278,772	86,056	600,216
Net Book Value, December 31,2020	107,448	54,778	634,521	796,747
Net Book Value, December 31,2019	124,348	82,151	599,041	805,539

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (6) - Account Payable

Details:

	31-Aug-21	31-Aug-20
Greek Orthodox Patriarchae of Jerusalem	8,601,724	8,273,454
Outstanding Checks	-	116,799
	8,601,724	8,390,253

Note (7) - Other current liabilities

Details:

	31-Aug-21	31-Aug-20
Employees	179,130	66,007
Accrued expenses /audit fees	4,152	4,152
Accounts Payable - Suppliers	2,000	2,000
Unearned Revenue Registration Fees	267,921	56,265
Income tax- payroll tax	582	1,466
	453,785	129,890

Note (8) - Employees End of Service Indemnity

Details:

	31-Aug-21	31-Aug-20
Balance - beginning of the year	1,505,152	1,534,127
Add: provision made during the year	179,455	109,946
Less: payments of benefits made during the year	(7,400)	(138,920)
Balance - end of the year	1,677,207	1,505,152

*This balance represents an obligation on the institution, and it is preferable to maintain a balance in the bank .

According to the local law, the end of service expense is calculated as follows:

An employee who works for the school from one to five years is entitled to 1/3 salary for each year.

An employee who works for the school from five to ten years is entitled to 2/3 salary for each year.

An employee who works for the school over ten years is entitled to a full salary for each year.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (9) - Donations

Details:

	31-Aug-21	31-Aug-20
Pontifical Mission	-	29,070
Individual Donation	-	762
Nasr Orthodox Foundation	-	23,940
UTAA	-	3,490
IOCC	31,200	-
	31,200	57,262

Note (10) - Cost of Activities

Details:

	31-Aug-21	31-Aug-20
Salaries & Wages	1,176,289	1,175,025
Health insurance	14,700	25,600
Severance pay expenses	148,947	91,255
Books and teaching materials	35,532	60,758
School uniform	-	7,673
Graduation and social activities	195	4,760
Utilities	5,091	21,512
Printing Expense&PR Material	-	50
Rent and maintenance expenses	15,338	5,000
Donation expenses	-	20,570
	1,396,092	1,412,203

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in New Israeli Shekels)

Note (11) - General and Administrative expenses

Details:

	31-Aug-21	31-Aug-20
Management salaries ,Wages	249,820	240,668
Medicine & Treatment Expense	1,090	985
Management Severance pay expenses	30,507	18,691
Building maintenance and cleaning expenses	2,502	18,961
Professional fees/Audit fees	4,152	4,060
Office supplies and stationary	943	1,850
Transportation expenses	6,778	8,699
Computers and other equipments maintenance	-	12,483
Communication	2,989	1,891
Subscription Fees	300	3,690
Depreciation expenses	103,262	104,026
	402,343	416,004

Note (12) - Financing expenses

Details:

	31-Aug-21	31-Aug-20
Interest and bank charges	25,506	5,848
	25,506	5,848